

CHAPTER I

INTRODUCTION

1.1 Background

The era of globalization is increasingly becoming competitive today, every company required to be able to participate in competition. One of the usual endeavors done by the company in order to compete one way is to increase the quality of the production. Increasing competition intensity and number of competitors also demands every company to always pay attention to needs and consumer desires and trying fulfill what they expect in a way that's more satisfying than on what competitors do. With quality production results, then expected by customers or consumers will be interested and buy products offered by the company. Products that lead to satisfaction consumer is a company strategy to focus more on what is consumers want as the key competitive success. This is what basing on the current era of globalization this is the consumer era, where the position of the consumer or customer to be increasingly important and decisive survival of the company. A company that attaches importance to quality as a means to compete will has a competitive advantage against other companies in controlling the market, therefore all companies must be able superior in quality. Activities related to quality will incur costs.

According to Gunartin (2017) Micro, Small and Medium Enterprises (MSMEs) play an important role in developing the Indonesian and regional economies. At the time of the economic crisis in Indonesia, many large industries were affected by the economic crisis and only MSMEs were able to survive the economic crisis because Micro, Small and Medium Enterprises (MSMEs) did not have foreign investors and did not use imported standards, instead MSMEs relied more on their own capital. And local raw materials. Local governments are aware of the importance of MSMEs to boost the regional economy and as a place to provide jobs to reduce the unemployment rate. In an effort to accelerate the process

of empowering MSMEs during the reform era, it was also seen that there were quite a number of policies that should have been able to accelerate (accelerate) the process of empowering MSMEs. MSMEs as well as stakeholders are required to be able to give confidence to decision makers to further encourage the development of community groups at large.

Business activities carried out by the community itself have provided added value to the population in the form of income that can be used to meet their daily needs (make a living), production is based on orders and not many MSMEs have built new market access, so their production turnover is still limited . One example of business activity is the durian clay business. As with some problems in establishing the first lempuk durian business related to capital, the average capital used to set up a lempuk durian business in Bengkalis, the people use their own capital, because to borrow capital at the bank the financing is very limited because it is still newly established and requires a procedure that is complex. Second, related to working hours in the durian clay business, the working hour system has not been established because of market or community demand and because the employees are mostly from their own families, it can be said that the working hour system used is still family-related. The third, related to the length of the business, is the time spent starting a durian clay business.

According to Juran (1986: 5), the total cost of quality will reach a minimum point where there are two assumptions formed from this analysis, namely the cost of failure to close to zero where the damage is reduced and the costs of prevention and assessment are close to unlimited where the damage is reduced to the lowest level. Thus, optimal quality costs can be achieved when the composition of quality costs results in the lowest total quality cost at the maximum level of damage that is still acceptable to the company. Quality costs need to be reported to assist management as a tool in planning, controlling, and decision making and can be used for determine whether the costs incurred for quality activities are optimal and can support the achievement of company goals.

According to Hansen and Mowen, (2013: 5) "Quality" is "degrees or levels of fathers in this case quality is a relative size of good". Costs incurred to produce

quality products that are in accordance with the specifications to meet customer satisfaction called quality costs. According to Tjiptono and Diana, (2012: 34) "Quality costs" are "costs that occur or may occur due to poor quality".

The goals of quality improvement usually include goals for reduce failure costs. Hansen and Mowen (2009: 272) explain costs Quality is the cost that may or may not have been incurred poor quality product. Quality costs are required to maintain the stability of the production that is carried out before the production process,during the production process and even after the production process. Although classified as high, these costs cannot be ascertained with certainty. At the time of the company implementing quality costs, there is a need to monitor the extentquality costs that have been incurred and the results that have been obtainedquality improvement, this can be done by conducting a cost analysis quality.

The results of this quality cost analysis are expected to show how muchthe amount of costs used to improve product quality,maintain quality and even to improve product quality.Based on the Prevention Appraisal Failure (PAF) method, quality costsclassified into prevention costs, appraisal costs and failure costsaccording to Besterfield (1994: 132).

1.2 Formulation of the Problem

Based on the background described above, the researchers formulated the problem to be studied is how can the quality cost system in order to improve product quality at MSMEs Lempuk Durian "Cek Mas Ayu" in Selat Baru ?

1.3 Purposes of the Study

Based on the formulation of the problem, the purpose of this study is to know the :

1. To know the types of quality costs in improving product quality at MSMEs Lempuk Durian Cek Mas Ayu in Selat Baru ?
2. To know the constraints in the cost of quality to improve the product quality at MSMEs Lempuk Durian Cek Mas Ayu in Selat Baru ?

3. To know the solutions to the problem faced by MSMEs Lempuk Durian Cek Mas Ayu in Selat baru ?

1.4 Significance of the Study

The benefits to be achieved in the research entitled quality cost analysis in order to improve the quality of the products at MSMEs lempuk durian “cek mas ayu” in selat baru are follows :

1. For the company

As input and material for consideration to improve the quality cost system in order to improve product quality at MSMEs lempuk durian "Cek Mas Ayu" so that it is more effective in the decision-making process in product selection.

2. For the community

With this research, other parties will find out whether the system of quality costs in improving product quality at MSMEs lempuk durian “Cek Mas Ayu” and also as a reference for the same research object.

3. For researchers

To gain insight into the knowledge for the author, especially regarding the quality cost system in order to improve the quality of the product at MSMEs lempuk durian "Cek Mas Ayu".

1.5 Scope and Limitation of the Problem

This problem limitation is the scope of a problem or an attempt to limit the scope of the problem which is too broad or wide so that the researcher focuses more on one object to do. This is done so that the discussion is not too broad on aspects that are much more relevant. So that in this study the authors set limits on the scope of this study, namely:

1. This research was only conducted at MSMEs lempuk durian "Cek Mas Ayu" in selat baru.
2. This study only focuses on the cost of quality in order to improve product quality at MSMEs lempuk durian "Cek Mas Ayu" in selat baru.

1.6 Writing System

The systematic writing of research carried out for research on Quality Cost Analysis in order to Improve Product Quality at MSMEs lempuk durian "Cek Mas Ayu" in Selat Baru is as follows:

CHAPTER 1 : BACKGROUND

In this chapter, the researcher describes the background, problem formulation, research objectives, research benefits, the scope and limitations of the problem, and the research systematics.

CHAPTER 2 : LITERATURE REVIEW

This chapter describes previous research and the theoretical basis that will be used in the completion of both general and specific research which consists of previous research and theoretical basis.

CHAPTER 3 : METHOD AND PROCESS OF COMPLETION

This chapter describes the research implementation method, which consists of the location, time and object of research, types and sources of data, data analysis methods, types of research, and research schedule and budget.

CHAPTER 4 : RESULTS AND DISCUSSION

In this chapter, the author will describe the discussion of the results of research analysis that has been carried out by means of interviews, observations, and other sources.

CHAPTER 5 : CONCLUSION AND SUGGESTION

In this chapter there are conclusions and suggestions as the final description of the report.