ABSTRACT

THE INFLUENCE OF QUALITY COST AND PRODUCTION COST TOWARDS TO PROFITABILITY IN PT. PINDAD (PERSERO) DIVISION TEMPA AND COR

Improving product quality even with minimal production costs is one way to increase profit. In order to produce a quality product, companies must create a program in terms of quality of an activity to maintain and improve products, to comply with the standards established. Costs that occur as a result of these activities is the element of cost of quality.

This research was conducted at PT. PINDAD (Persero) Division Tempa and Cor. The purpose of this study was to determine the level of influence of quality costs and production costs on profitability at PT. PINDAD (Persero) Division Tempa and Cor partially or simultaneously. The method used in this research is descriptive analysis method with quantitative approach.

The population used in this research that the financial statements of the consolidated cost of quality, operational expense reports, balance sheet and income statement of PT. PINDAD (Persero) Division Tempa and Cor from 1808 until now 2011. The sample selection is done by using purposive sampling motode with the amount of data as many as 28 quarters. The statistical method used was path analysis using SPSS 15.0.

The result showed that the cost of quality has not sigtifikan relationship to the cost of production. while partially showed that the cost of quality has a significant effect on profitability and production costs have a significant effect on profitability. but it simultaneously both the cost of quality and production cost has a significant effect on profitability.

Keywords: Cost of Quality, Production Cost, Profitability