

ABSTRACT

Companies are always striving to produce quality goods in order to achieve success in the competitive environment business. The management needs to fully understand quality, as it is an integral factor in all organizations. The ability to produce high-quality products with lower prices is a goal to any company. It has also been pointed that quality improvement will lead to an increase of productivity and efficiency. This is why many companies implement the cost of quality and publish reports of it.

This study aims to focus on the implementation of quality cost, with research object PT. X, a private owned fertilizer company. The research will study the effect of quality cost to the productivity and efficiency of PT. X

The research uses qualitative approach of descriptive study, to attain the systematic, factual and accurate information on the facts and phenomenon under study. Researcher conducts direct observations on the factory to gain information regarding the quality cost implementation. This research is focusing how quality cost influence productivity and efficiency from year 2011 to 2013. The criteria is when the control cost increases, the defect and failure cost decreases, leading to an increase in productivity and efficiency.

In PT. X, due to the corrosive nature of manufacturing fertilizer process, the high increase in demand, and the increase in machine capacity over the years, there is a discrepancy in the control cost and failure cost, and also in productivity and efficiency. On the other hand, the control cost invested by PT. X is also towards the low side, resulting in the high amount of loss if downtime included in failure cost. This should be noted and carefully planned for the next year to improve the productivity and efficiency

Keywords: *quality cost, productivity, efficiency*