

CHAPTER 5:

CONCLUSION AND

RECOMMENDATION

5.1 DISCUSSION AND MANAGERIAL IMPLICATIONS

In order for any organization to achieve sustainable competitive advantage, performance measurement plays important roles, such as translating strategy into desired behaviors and results, communicating these expectations, monitoring progress, providing feedback and motivating employees.

Today almost every organization engages in quality initiatives, which aim at increasing quality of processes and products. Without performance evaluation, managers do not know how much they are successful in achieving the target. The most effective approach of performance evaluation would be quantifying every activities into dollars and assessing the effectiveness of the activities.

As discussed in this paper earlier, COQ reporting is an effective performance indicator tool to identify and assess the effectiveness of existing processes of an organization and to provide clear direction to craft the future strategies of an organization.. COQ reporting without doubt will lead any organization to achieve customer satisfaction which is the ultimate goal of any organization.

Competitive environment has forced managers today to deploy cost management leadership so that none value added activities are removed in order to remain competitive in the main stream of business. COQ reporting is a tool that every manager is looking for, to assist them in achieving and continuously improving cost management leadership.

Despite the fact that COQ reporting has been existence for past four decades and benefits are well known, Malaysian manufacturing organizations are still far behind in terms of adoption rate of COQ reporting in Malaysia. Surprisingly I organizations in Malaysia still lack the understanding and awareness on COQ reporting even though most of them have obtained quality management system certification.

This clearly show that , manufacturing organizations in Malaysia have the required system as well as sufficient workforce, but are unaware of the tools needed to drive the organization to achieve high effectiveness level s of their quality management system. COQ reporting definitely is an important tool that every manager needs to be equipped with to identify and assess the effectiveness of quality management system.

However, manufacturing organizations in Malaysia do not practice appropriate tools in order to reach expected destinations (targets) and rely mostly on the certified quality management system framework alone. Managers shall realize that quality management certification such ISO 9001 just provide general framework to establish comprehensive quality management system but does not provide specific details on what will bring the organizations to a successful quality management system.

Without doubt, organizations which had adopted COQ reporting had realized the benefits in terms of overall performance through COQ reporting. This shows manufacturing organizations in Malaysia as per their counterpart in western countries pose the appropriate techniques to collect, measure and analyze COQ information to get the highest pay off.

5.2 FUTURE RESEARCH DIRECTIONS

Numbers of areas in this study may be provided for future research. In fact the finding gives more questions than answers. This exploratory study has set the direction of study for future researches. An in depth analysis can be conducted to evaluate underlying issues involving COQ reporting in organizations.

In order to promote the adoption of COQ reporting, future researches could deploy bigger sample sizes to ensure more even participation from all the sectors as well as extend the survey to other sectors such as services sector.

Apart from that, future researches could compare the adoption and implementation of COQ reporting between services and manufacturing sectors to explore the differences between these two sectors. Lastly case studies may be conducted on selected organizations to explore in depth the underlying issues on the adoption and implementation of COQ reporting.

Thorough analysis will provide useful insight to increase the adoption rate as well as promote practices of COQ reporting among manufacturing organizations in Malaysia.

5.3 CONTRIBUTIONS OF THE STUDY

Since this is the first study, the result has provided useful insight to determine the awareness and understanding level of manufacturing organizations in Malaysia in terms of quality management practices specifically on COQ reporting.

The present study has revealed the status of COQ adoption and gives indication on what has to be next step to enhance the adoption of COQ reporting so that manufacturing organizations in Malaysia able to compete with their rival in competitive global business environment.

APPENDICES

APPENDIX 1: RESEARCH QUESTIONNAIRE

APPENDIX 2: FACTOR ANALYSIS (SPSS OUTPUT)

Communalities

	Initial	Extraction
BB2 - Reduce the company's failure rate	1.000	.771
BB3 - Increase product/service quality	1.000	.805
BB4 - Reduce process costs	1.000	.799
BB5 - Reduce product/process costs	1.000	.659
BB6 - Enable analysis regarding the impact of product/service quality on business such as sales turnover, profit and loss	1.000	.652
BB12 - The existing quality management system will become more comprehensive	1.000	.749
BB10 - Introduce new process measures in monetary terms	1.000	.594
BB13 - Improve supplier's performance	1.000	.916

Extraction Method: Principal Component Analysis.

Communalities

	Initial	Extraction
BA1 - Identify non value added processes	1.000	.534
BA2 - Reduce the company's failure rate	1.000	.571
BA3 - Increase product/service quality	1.000	.545
BA4 - Reduce Process costs	1.000	.634
BA5 - Reduce product/service costs	1.000	.626
BA6 - Enable analysis regarding the impact of product/service quality on business such as sales turnover, profit and loss	1.000	.518
BA10 - Introduce new process measures in monetary terms	1.000	.539

APPENDIX 3: T – TEST (SPSS OUTPUT)

Group Statistics				
T test	N	Mean	Std. Deviation	Std. Error Mean
T Test before implementation	33	2.0676	.57040	.09929
after implementation	33	1.8928	.58896	.10252