



Cost of Quality Analysis on Tailors' Industry in Aceh

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Abstract

Objective – This research aims to explore and find out the application of Cost of Quality in Managerial Accounting perspective on the Tailor's businesses in Banda Aceh during the period of 2015 – 2017. In addition, the research purposes are to analyze the firms plan and control of the Cost of Quality and how the firms arrange the cost in order to improve the quality with minimum budget cost.

Design/methodology – The study uses qualitative descriptive research approach and being conducted using data from the firms annual reports and additional in-depth interview with the owners. The technique of purposive sampling is used in this study with the data availability criteria. The population of the research are the Micro, Small and Medium Enterprises (MSMEs) in Banda Aceh, and the sample criteria among others are tailor industry factories in Banda Aceh that have already prepared financial report during the observed period. CV Kuta Alam Tailor and CV Aceh Moda Tailor have been selected as the samples and as the study case location. The researcher analyzed the data by analyzing and examining the costs incurred by the firms, at how much and what kind of it, related to the cost of quality and cost of goods sold before and after the cost of quality is being added.

Results – The result shows that CV. Kuta Alam Tailor and CV. Aceh Moda Tailor in term of cost of quality is still above 2.5% of the sales, thus indicates that the cost extravagancy and there are big differences in the cost of the goods sold if the cost of quality is included into the cost of goods sold. In addition, it is also found that both firms do not make a quality cost report specifically.

Research limitations/implications – The research is based on the qualitative approach and does not using empirical research tools, so then it can not be generalized for overall tailor industry in Aceh nor Indonesia, outside of the observed firms and location. Therefore, it is necessary for the future research to explore more this phenomenon by using quantitative approach in order to analyze the influence of quality cost and firm performance or budget efficiencies.

Novelty/Originality – The research focuses on analyzing and examining the cost of Quality in manufactur industry, particularly in the Job-Process Industry, such as Tailor industry is still very novice and need to be nurtured. Thus, this study contributes to this area by examining the implementation and aplication of the cost of quality whether the cost information can produce managerial information through financial and managerial reporting that will improve the product quality toward cost effeciency.

Keywords Cost of Quality, Prevention Cost, Appraisal Cost.

1. Introduction

Quality is the ability of the product in satisfying the customer. The product must be compatible with the specifications that have been applied by the firms. Quality is also the key for the firm to compete competitively so that the quality is a strategy that cannot be ignored by management activities (Kristi, 2015). Regularly improved quality is important in creating a going concern business. However, a question arises on how

the firms measure the quality so that it can be used as a method in planning, controlling, or decision-making of the quality of products produced. As the result, to answer this question, it is the function of accounting to understand the amount of quality called cost of quality which is issued by the firms to get the quality of products desired by consumers (Susanto, 2005).

Cost of quality is defined as costs arising due to the possibility or the existence of poor quality products. There are two subcategories from the cost of quality that are cost related to the control activities and cost related to failure activities. Control activities are activities taken by the firms for detection and prevention from a bad quality product such as supplier training and process evaluation cost while Failure activities are done by the firms or customers to respond to a bad quality product such as guarantee and repaired cost (Hansen & Mowen, 2009). Cost of quality is not only done by the big firms but also by SMME (Small Micro Medium Enterprises). SMME is one of enterprise giving big portion for micro, small, and medium size of businesses that are proven by the government revealed regulations No.20 year 2008 about SMME. SMME has a special characteristic which is the quality of the product that has not been standardized. This is because most SMME do not have sufficient technological capabilities so that the risk of losing reputation will also be high (LPPI, 2017). It will be a lesson for managers to be able to control the quality that exists in the business. There are many business sectors in SMME, one of them is the industry sector. According to Banda Aceh Central Bureau of Statistics (2017), Banda Aceh industry is divided into several sections, there are traditional industry, food and drink industry, service industry, and building material. One of the traditional industry is a tailor.

No	District	Amount
1	Meuraxa	21
2	Jaya Baru	27
3	Banda Raya	25
4	Baiturrahman	54
5	Lueng Bata	64
6	Kuta Alam	77
7	Kuta Raja	17
8	Syiah Kuala	43
9	Ulee Kareng	94
	Total	422

Table 1
The Amount of Tailor Industry in Banda Aceh

Source: BPS Banda Aceh (2017)

Tailor is one of enterprise admitted dressmaking service for women and men and also for children using fabric which work –both individual and the group is purposively to get incomes from the service. The evolution of tailor in Banda Aceh has passed through ups and downs since 2012 to 2015. This is the result of the tailor that is famous for having good sewing that can survive in business competition. It is certainly influenced by the costs that have been issued by the firms to increase the quality of product that the cost of quality is the key of sustainability of the firm so they can compete in the market (Daerah, 2016).

Besides going through the ups and downs of the sewing business, one of the problems in tailor occurs in Syiah Kuala University's alma mater jackets of the 2014 generation that are late distributed to students. According to Nazaruddin as a committed officer (PKK), there are several problems in procurement of alma mater jackets. Alma mater jackets for a 2014 generation were already done on October 28, 2015, but when they were checked, the jackets are not as expected. Alike Nazaruddin statement, Nasir Ibrahim as Head of Student Affairs Bureau admitted that the color and size do not match with the previous years. As the result, the tender requested some more times to re-create the alma mater jackets (Iwantoni, 2016). This condition certainly makes the students complaining and demanding that the alma mater jackets issue should be solved immediately because the students had been waiting for 2 years. If

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this problem is connected with the cost of quality, the firms must spend the additional cost to fix the jackets such as repair cost and process assessment cost so that the process can be more effective. The firms should anticipate the customer losing so the firms have to must spend some related costs. Therefore, cost of quality needs to be continuously improved so that the problem would not happen again and the firms do not have to spend additional cost. This is the action that has been done by managers to create the more effective and efficient cost. Adam et al. (2016) in his research about The analysis Cost of quality Efficiency control in Aksan Bakery Manado showed that cost of quality in Aksan bakery is not efficient because cost of quality efficiency is below 2.5% of sales while cost of quality spend in Aksan Bakery is 13.89% of total sales Rp 1.606.404.000 which are 3.14% prevention cost, 4.02% appraisal cost, 4.71% internal failure cost and 2.02% external failure cost. Although control cost is greater than failure cost the cost cannot push the bad product before it arrives in consumers which can be seen from the amount of internal failure cost.

2. Literature Review and Theoretical Framework

2.1 Cost Accounting and Cost of Quality

Rainborn & Kinney, 2014: 34 said that cost showed measured resources that are spent in monetary units to produce a product or service. While according to Supriyono (2000) cost accounting is subsidiary of accounting that is used by the manager to control and decrease the cost systematically and make the cost report to be presented for the third parties. Cost accounting has financial and non-financial information so it can be used for management accountant or financial accountant related to the cost of income of company resources (Hongren & Datar, 2008).

While a quality is a dimension or a power of a product to satisfy customer desires according to product specification that has been made and to show successful key of the organization to compete competitively. According to Tanjung (2011), the quality is divided into eight dimensions, there are: (a). Performance; (b). Aesthetics; (c). Serviceability; (d). Feature; (e). Dependability; (f). Durability; (g). Reliability; (h). Conformance; and (i). Perceived Quality. In the service firms, there are three additional dimensions because there are additional characteristics that only exist within the service company in controlling the quality. There is a guarantee, real, and empathy. In making a good product the firms must compatible with a standard that has been made so that the firms must spend cost to produce a quality product. The cost is called the cost of quality. The cost of quality is a cost incurred because of bad quality (Hansen & Mowen, 2009:7). Based on the explanation above, we can conclude that the cost of quality is the cost spent by firms during the production period so that bad products do not occur. Hansen & Mowen (2009) said there are four categories of the cost of quality:

- a. Prevention cost is the cost spent to prevent the production of a bad product or service.
- b. Appraisal Cost is the cost spent to evaluate the product or service that has been compatible with the characteristics and the needs of the customer. Appraisal product included a sample of finished goods to determine whether the product meets acceptable quality standards.
- c. Internal Failure Cost is the cost occurs when the product or service after production is not compatible with the specification of the costumer's needs before it arrives at the customer.
- d. External failure cost is cost occurred by the firms when creating bad product or service because it is not compatible with the specification or customer need after it arrives at the customer.

2.2 Micro, Small and Medium Enterprises (MSMEs)

Micro Small Medium Enterprises (MSMEs or UMKM) is an enterprise aimed to build an economy in society. SMME has a role in economic growth and supplying vocation for job seekers in Indonesia. Indonesia Statistic labor showed that 99.5% of labor works in the MSMEs sector. Therefore, this program should be supported by the government so that SMME can be one of the programs supporting the economic growth that has been created by government (Jauhari, 2010). MSME is divided into several sectors. One of them is industry sector. While the Industry sector is divided into several sectors and one of them is a tailor. Tailor is an informal enterprise grown in Banda Aceh which gets the income from sewing. The more salary then the more income is for the tailor, vice versa (Miswar, 2017). Furthermore, MSMEs have been described as efficient and prolific job creators (white, 1985); the seeds of big businesses and the fuel of national economics engine (Lader, 1996). While the OECD report (Estimee, 2006) described that MSMEs are the backbone of all economies and are key sources of economic growth, dynamism, and flexibility in advanced industrial countries, as well as in emerging and developing economies. Moreover, most of the largest companies were usually started as small enterprises, so the ability of MSMEs to develop and invest becomes crucial to any economy wishing to prosper (Beck & Demirguc-Kunt, 2006).

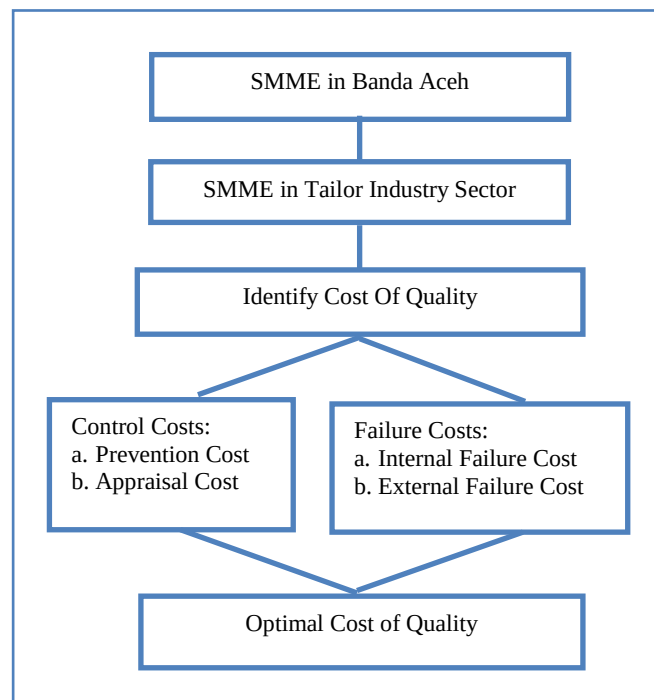


Figure 1
Theoretical
Framework Chart

3. Research Method

3.1 Research Design

The research type is descriptive research. The researcher used minimal intervention levels and tried to indicate cost that spends by firms to increase the product quality. Afterward, the researcher made the cost estimation and compared it with sales every year. This research also used nature situation or an unregulated situation. This research is the type of study on tailor in Banda Aceh or called field studies. Field study is a study to prove a correctional variable in natural condition. Unit of analysis is a financial statement of a tailor from the year 2015-2017, that is profit and loss statement.

3.2 Population and Sample

The population is the integrity of the group, people, events or something to investigate (Sekaran & Bougie, 2011). The population used in the research is a tailor in

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Banda Aceh. While the sample is a part of the population that divided into the member, group or events in a population. The sample in this research is CV. Kuta Alam Tailor and CV. Aceh Moda Tailor. The sampling method used is purposive sampling that is a sampling method according to researcher consideration based on purpose and research question.

Table 2
Sample
Determination

No	Criteria	Amount
1	SMME listed in Ministry of Industry, Trade, and Cooperatives and SMME's in Banda Aceh in 2016	9527
2	SMME not listed in the manufacturing industry sector	(7290)
3	SMME not in tailor industry sector	(1815)
4	SMME that not make financial statement	(420)
	Total	2
	Total of Samples (3 years)	6

Source: Data Processed (2018)

3.4 Data Collecting Method and Research Instrument

Data collecting method used are: (a). Literature Studies; and (b). Field Studies, with several techniques, such as: (1). Observation; (2) Interviews; and (3). Documentations. While for the research instrument, is a method that chosen or required by the researcher to combine the data to be systematic. Data collecting instrument is the method used to collect the data. In this research, the researcher used interview and observation.

3.5 Operationalizations Variables

Operationalization is used to define a variable to measure specifically. This research used several terms so it needs operationally defining to obtain the guidance in conducting the research.

Table 3
Operationalization
Variables

Annalise	Indicator	Source of Information	Measure Scale
Cost Of Quality	Prevention Cost		
	- Quality Training		
	- Selection and Evaluate Vendor	Income Statement	Ratio
	- Equipment maintenance		
	- Shop Maintenance		
	Appraisal Costs		
	- Test of in-process goods	Income Statement	Ratio
	- Product testing and inspection		
	Internal Failure Costs		
	- Rework	Income Statement	Ratio
	- Scarp		
	- Machine Failure		
	External Failure Costs		
	- Costumer Complaint	Income Statement	Ratio
	- Repairs and replacement		
	- Warranty		

Source: Data Processed (2018)

3.6 Data Analysis Method

Technique or data analysis method used in the research is descriptive qualitative analysis. Descriptive qualitative analysis conducted in the research is the quality cost of firms. It purposes to give the data illustration in order to be understood and useful for readers. The researcher wants to observe how quality cost applied in the firms. The quality cost will affect the firm income so it can be seen whether the firms are good at applying quality cost or not. There are the steps of data analysis in this research:

- a. Prepare the research questions.
- b. Identify the quality cost of firms in a financial statement related to quality cost component (prevention cost, appraisal cost, internal failure cost, and external failure cost) in the last three years.
- c. Create the quality cost statement based on real income and trend of quality cost statement in last three years.
- d. Create the proportion quality cost with sales in the last three years. The quality cost intolerance limits are below 2.5% from sales (Hansen & Mowen, 2009). The formula:

$$\text{Quality cost toward Sales Ratio} = \frac{\text{The quality cost in current periods}}{\text{Sales in current periods}} \times 100\%$$

Interpret and take the conclusion based on the result.

4. Result and Discussion

4.1 Company Profile

Kuta Alam Tailor is built in 17th July 1970 by H. Abdullah Husin while pioneered by Jamil Ikrar and it very well is known by Banda Aceh society. Kuta Alam Tailor located in Panglima Polem Street No 6 Peunayong, Banda Aceh. It has a shop with area 8 x 18 m and two floors which have two doors. Initially, Kuta Alam Tailor only has four employees and four sewing machines but after a month, the employee getting increase as well as the sewing machines. Now, Kuta Alam Tailor is aged 46 years old and led by Muhammad Abrar which has 26 employees with five permanent employees and 20 temporary employees (needs when got tender). KutaAlamTailor also has a subsidiary in Lhokseumawe. While Aceh Moda Tailor is one of a tailor in Banda Aceh with the business development every year increases. Now, Aceh Moda Tailor led by Ir. Alaidin Abu Abbas and has 25 employees while 15 permanent employees and 20 temporary employees. Aceh Moda Tailor located in Muhammad Hasan No 91-93, Batoh and has 3 shops.

4.2 Descriptive Analysis

Based on the analysis, a quality cost that spends on CV. Kuta Alam Tailor and CV. Aceh Moda Tailor divided into 3 sections, they are:

- a. Prevention cost
Prevention cost is cost spend by the firms to prevent the production of defect product, such as the cost of a qualified expert, cost of machine maintenance, etc. In this study, after doing the observation, the researcher found several costs, they are; the cost of quality expert (training), cost of store maintenance, cost of equipment maintenance, and cost of supplier selection.
- b. Appraisal Cost
Appraisal cost is cost spend by the firm to keep the production process suited with the standard that has been set efficiently and effectively. There are two types of appraisal cost in this research, the cost of materials inspection and cost of process acceptance.
- c. Internal Failure Cost
Internal Failure Cost is cost spend when defect product be produced and the product does not arrive in consumers yet. In this research, the researcher found one internal failure cost that is reworked cost.

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Cost of Quality	Years		
	2015	2016	2017
Prevention Costs			
Quality Training	Rp20.160.000	Rp21.600.000	Rp19.000.000
Shop Maintenance	Rp35.000	Rp96.000	Rp 0
Equipment maintenance	Rp3.866.000	Rp5.408.000	Rp3.484.000
Total of prevention costs	Rp24.061.000	Rp27.104.000	Rp22.124.000
Appraisal Costs			
Product testing and inspection	Rp1.800.000	Rp1.800.000	Rp1.800.000
Test of in-process goods	Rp9.000.000	Rp9.000.000	Rp9.000.000
Total of Appraisal Costs	Rp10.800.000	Rp10.800.000	Rp10.800.000
Internal Failure Costs			
Rework	Rp5.954.000	Rp5.908.000	Rp4.379.000
Total of Internal Failure Costs	Rp5.954.000	Rp5.908.000	Rp4.379.000
Total of Cost Of Quality	Rp40.815.000	Rp43.812.000	Rp37.303.000

Source: CV. Kuta Alam Tailor

Cost of Quality	Years		
	2015	2016	2017
Prevention Costs			
Quality Training	Rp20.000.000	Rp25.000.000	Rp30.000.000
Selection and Evaluate Vendor	Rp3.000.000	Rp3.000.000	Rp3.000.000
Equipment maintenance	Rp2.000.000	Rp2.500.000	Rp3.200.000
Total of prevention costs	Rp25.000.000	Rp25.500.000	Rp26.200.000
Appraisal Costs			
Product testing and inspection	Rp2.000.000	Rp2.000.000	Rp1.700.000
Test of in-process goods	Rp10.000.000	Rp10.000.000	Rp10.000.000
Total of Appraisal Costs	Rp12.000.000	Rp12.000.000	Rp11.700.000
Internal Failure Costs			
Rework	Rp7.000.000	Rp6.000.000	Rp5.500.000
Total of Internal Failure Costs	Rp7.000.000	Rp6.000.000	Rp5.500.000
Total of Cost Of Quality	Rp44.000.000	Rp43.500.000	Rp43.400.000

Source: CV. Aceh Moda Tailor

4.3 Data Interpretation and Discussion

• Cost of Quality Analysis

The analysis is an activity to learn deeply about something to see the change. The analysis allows the manager to take the fast response to fix the fault. After doing an analysis of quality cost on CV. Kuta Alam Tailor and CV. Aceh Moda Tailor, the researcher divided into several steps, they are:

a. Trends of Cost of Quality

The trend is a diagram to show growth movement in every period. Trends facilitate the readers to evaluate the growth of something whether it an increase or a decrease so it helps the manager to take better decision for the further. Trends show about the quality cost every year. The quality cost of CV. Kuta Alam Tailor and CV. Aceh Moda Tailor divided into three types, prevention cost, appraisal cost, and internal failure cost.



Figure 2
Prevention Cost in
CV Kuta Alam and
CV Aceh Moda

Prevention cost in Figure 1 shows that prevention cost spends by CV. Kuta Alam Tailor increased every years,-- 2015 Rp24.061.000, 2016 Rp27.104.000. But In 2017 is decreased significantly Rp22.124.000. This shows that CV. Kuta Alam Tailor did not give more attention to increasing the quality of the product. On the other hand, the prevention cost of CV. Aceh Moda Tailor increases every year. It is very positive and brings a good impact on the firms since the firms will give more attention to increasing the quality of the product. This is the right treatment because, of the three type of cost, this cost must be increased since it can detect the defect product.

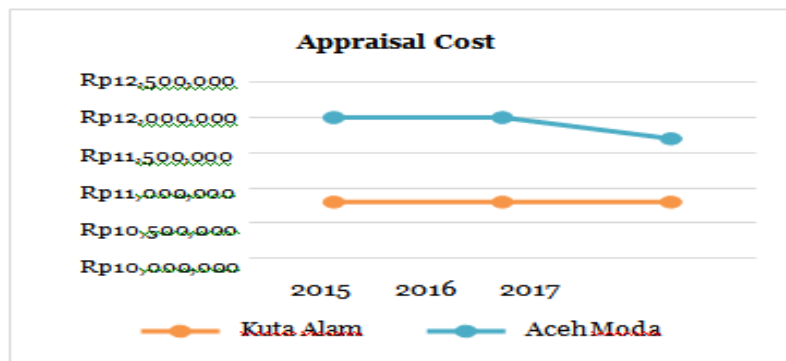


Figure 3
Appraisal Cost of CV
Kuta Alam and CV
Aceh Moda

Figure 3 shows the growing movement of appraisal cost in CV. Kuta Alam Tailor. Appraisal Cost is in the same cost every year that is Rp10.800.000. This is also a good treatment because the firm can keep the consistency of expenditure so it becomes more efficient. Appraisal cost is the second component that important for the firms to make sure there is no defect product. However, the appraisal cost of CV. Aceh Moda Tailor decrease in 2017. It reflected that the firms did not control the process of production extremely so they just focus on first handling like prevention cost. Whereas, Firms should monitor the process of production because it always has a mistake occurred when production and can take a treatment.

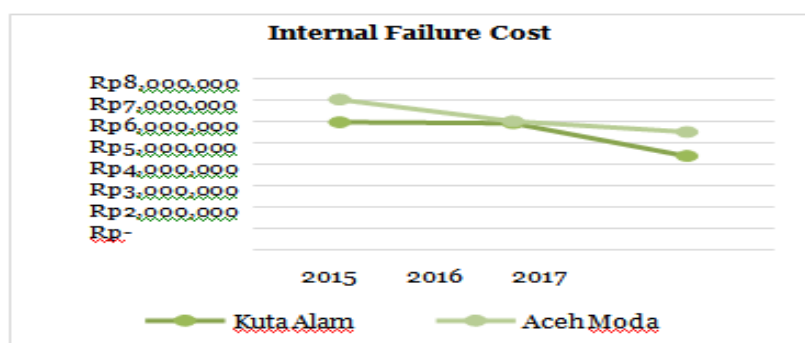


Figure 4
Internal Failure Cost
of CV Kuta Alam and
CV Aceh Moda

Cost of Quality Analysis

Internal Failure Cost in Figure 3 shows that the internal failure cost tried to press every year. The problem can be seen in CV Kuta Alam Tailor that every year getting a decrease like 2015 got Rp5.954.000 while in 2016 got Rp5.908.000 and in 2017 got Rp4.379.000. It reflected the positive effect consider internal failure cost was the worst thing if always exist in the firms. The same thing happened in the CV. Aceh Moda Tailor while try to press the cost and can be seen in a trend that getting a decrease. They try to increase control cost to decrease failure cost. Internal failure cost is a cost to indicate that prevention cost and appraisal cost in firms not so good to prevent the production of the bad product.

b. Cost of Quality on Sale Ratio

Cost of quality can be measured by comparing total cost that was spent by the firms to create the quality product appropriate with specification with sales of product every year. If the result is below 2.5% then the cost of quality in the firms is better to create a quality product. Table 6 and Table 7 show the ratio cost of quality CV. Kuta Alam Tailor and CV. Aceh Moda Tailor in 2015-2017.

Table 6
Ratio Cost of Quality
toward Sales in CV.
Kuta Alam Tailor

Year	Total Cost of Quality	Sales	Ratio (%)	Information
2015	Rp40.815.000	Rp762.267.781	5.35%	Not Good
2016	Rp43.812.000	Rp697.316.005	6.28%	Not Good
2017	Rp37.303.000	Rp509.829.100	7.31%	Not Good

Source: Data Processed (2018)

Table 7
Ratio Cost of Quality
toward Sales in CV.
Aceh Moda Tailor

Year	Total Cost of Quality	Sales	Ratio (%)	Information
2015	Rp44.000.000	Rp1.010.084.000	4.35%	Not Good
2016	Rp43.500.000	Rp1.258.936.172	3.45%	Not Good
2017	Rp43.400.000	Rp1.282.500.401	3.38%	Not Good

Source: Data Processed (2018)

Based on the table, we can see for two years the cost of quality were still not good. The ratio obtained above 2.5% may conclude that CV. Kuta Alam Tailor was still worse in controlling the cost of quality. In 2016, they have decreased the sales but the cost of quality is increased. It reflected the cost not efficient and effective so sales decrease. Every year, the cost of the quality ratio is increased continuously so it conditioned they did not give more attention to the cost of increasing the quality. It has an extravagance cost and gave the bad effect to cost so the profit is decreasing.

c. Mean of Cost of Quality

Mean is average from a set of data. Mean can be measured with an added total of data then divided by the amount of data. In this research, mean is used to calculate the average cost of quality. There are table 8 and table 9 for mean in every firm.

Table 8
Mean Cost of Quality
CV. Kuta Alam Tailor

Years	Prevention Cost	Appraisal Costs	Internal Failure Costs	External Failure Costs
2015	Rp24.061.000	Rp10.800.000	Rp5.954.000	Rp40.815.000
2016	Rp27.104.000	Rp10.800.000	Rp5.908.000	Rp43.812.000
2017	Rp22.124.000	Rp10.800.000	Rp4.379.000	Rp37.303.000
Mean	Rp24.429.666	Rp10.800.000	Rp5.413.666	Rp40.643.333

Table 9
Mean Cost of Quality
CV. Aceh Moda Tailor

Years	Prevention Cost	Appraisal Costs	Internal Failure Costs	External Failure Costs
2015	Rp25.000.000	Rp12.000.000	Rp7.000.000	Rp44.000.000
2016	Rp25.500.000	Rp12.000.000	Rp6.000.000	Rp43.500.000
2017	Rp26.200.000	Rp11.700.000	Rp5.500.000	Rp43.400.000
Mean	Rp25.566.666	Rp11.900.000	Rp6.166.666	Rp43.633.333

If we compare CV. Kuta Alam Tailor dan CV. Aceh Moda Tailor, CV. Aceh Moda Tailor has an average of cost higher than CV. Kuta Alam Tailor. It certainly influenced by sales every year while CV. Aceh Moda Tailor getting an increase in sales every year and tend to be high.

d. Mode of Cost of Quality

The mode is the value that occurs mostly in the range of data. It can be confirmed that mode is a popular value in the range of data. Cost of quality in CV. Aceh Moda Tailor and CV. Kuta Alam Tailor can take a conclusion that in graphic or table not show the same value or show more than once so the information of cost of quality does not have a mode.

The Difference between Cost of Goods Sold Before and After Inputting The Cost of Quality

To find how much cost of goods sold, first, we must find how much cost of goods production. The cost of goods production is the total of cost production product that has done and transferred into finished goods every year. It is the same cost of net purchase from the cost of goods sold to retailers. After analysis, we find the difference in the cost of goods sold before and after the input cost of quality. There are increased significantly after inputting the cost of quality. Enhancement cost of quality makes market value increased and impact to decrease profit. It could be worse because it affected to the extravagance of cost. Firms should minimize cost so market value cheaper and more efficiently.

Analysis Cost Of Quality in CV. Kuta Alam Tailor and CV. Aceh Moda Tailor

Cost of Quality is the most important component for a company to ensure the quality of the product it produces. Therefore, companies compete in terms of increasing quality so that products sold in the market are many sold and this will affect the profits generated by the company. Surely this encourages companies to minimize costs incurred so that costs become more efficient and effective. Here is a table of cost of quality analysis for CV. Aceh Moda Tailor and CV. Aceh Moda Tailor in 2017:

Cost of Quality		Cost of Quality in 2015		Analysis
		Kuta Alam Tailor	Aceh Moda Tailor	
<i>Prevention Cost</i>				
Quality Training		Rp20.160.000	Rp20.000.000	Kuta Alam spends more costs in quality training. This is certainly influenced by increasing market demand.
Shop Maintenance		Rp35.000		These costs are incurred to maintain the quality of the products stored in the store and this is only done by Kuta Alam Tailor
Equipment Maintenance		Rp3.866.000	Rp2.000.000	Both companies are already good at spending these costs so that production can go without a hitch. But the costs incurred should also not be too large.
Selection and Evaluate Vendor			Rp3.000.000	By spending this cost then the company tries to find the best supplier at a cheap price and this will affect the probability of the product.
Total (a)		Rp24.061.000	Rp25.000.000	

Cost of Quality Analysis

Table 10
Analysis Cost of Quality
in 2015

Cost of Quality	Cost of Quality in 2015		Analysis
	Kuta Alam Tailor	Aceh Moda Tailor	
<i>Appraisal Costs</i>			
Product testing and inspection	Rp1.800.000	Rp2.000.000	The two companies incur the cost indicates that they assume that the process must be maintained so that the defective product generated will also be reduced
Test of in-process goods	Rp9.000.000	Rp10.000.000	
Total (b)	Rp10.800.000	Rp12.000.000	
Internal Failure Costs			
Rework	Rp5.954.000	Rp7.000.000	This fee is issued for repairing the damaged part of the clothes and this is reasonable given the size of the clothes can change at any time
Total (c)	Rp5.954.000	Rp7.000.000	
Total (a+b+c)	Rp40.815.000	Rp44.000.000	
Source: Data Processed (2018)			

Source: Data Processed (2018)

Cost of Quality	Cost of Quality in 2016		Analysis
	Kuta Alam Tailor	Aceh Moda Tailor	
Prevention Cost			
Quality Training	Rp21.600.000	Rp25.000.000	Kuta Alam spends more costs in quality training. This is certainly influenced by increasing market demand. This cost is incurred to maintain the quality of the products stored in the store and this is only done by Kuta Alam Tailor and this is good considering the cost incurred is smaller Both companies are already good at spending these costs so that production can go without a hitch. But the costs incurred should also not be too large. By spending this cost then the company tries to find the best supplier at a cheap price and this will affect the probability of the product.
Shop Maintenance	Rp96.000		
Equipment Maintenance	Rp5.408.000	Rp2.500.000	
Selection and Evaluate Vendor		Rp3.000.000	
Total (a)	Rp27.104.000	Rp25.500.000	
Appraisal Costs			
Product testing and inspection	Rp1.800.000	Rp2.000.000	The two companies incur the cost indicates that they assume that the process must be maintained so that the defective product generated will also be reduced
Test of in-process goods	Rp9.000.000	Rp10.000.000	
Total (b)	Rp10.800.000	Rp12.000.000	

Table 11
Analysis Cost of Quality
in 2016

Cost of Quality	Cost of Quality in 2016		Analysis
	Kuta Alam Tailor	Aceh Moda Tailor	
<i>Internal Failure Costs</i>			
Rework	Rp5.908.000	Rp6.000.000	This fee is issued for repairing the damaged part of the clothes and this is reasonable given the size of the clothes can change any time
Total (c)	Rp5.908.000	Rp6.000.000	
Total (a+b+c)	Rp43.812.000	Rp43.500.000	
Source: Data Processed (2018)			

Source: Data Processed (2018)

Table 12
Analysis Cost of
Quality in 2017

Cost of Quality	Cost of Quality in 2017		Analysis
	Kuta Alam tailor	Aceh Moda Tailor	
<i>Prevention Cost</i>			
Quality Training	Rp19.000.000	Rp30.000.000	Kuta Alam spends more costs in quality training. This is certainly influenced by increasing market demand.
Shop Maintenance	Rp 0		
Equipment Maintenance	Rp3.484.000	Rp3.200.000	Both companies are already good at spending these costs so that production can go without a hitch. But the costs incurred should also not be too large.
Selection and Evaluate Vendor		Rp3.000.000	
Total (a)	Rp22.124.000	Rp26.200.000	By spending this cost then the company tries to find the best supplier at a cheap price and this will affect the probability of the product.
<i>Appraisal Costs</i>			
Product testing and inspection	Rp1.800.000	Rp1.700.000	The two companies incur the cost indicates that they assume that the process must be maintained so that the defective product generated will also be reduced
Test of in-process goods	Rp9.000.000	Rp10.000.000	
Total (b)	Rp10.800.000	Rp11.700.000	
<i>Internal Failure Costs</i>			
Rework	Rp4.379.000	Rp5.500.000	This fee is issued for repairing the damaged part of the clothes and this is reasonable given the size of the clothes can change at any time
Total (c)	Rp4.379.000	Rp5.500.000	
Total (a+b+c)	Rp37.303.000	Rp43.400.000	

Source: Data Processed (2018)

5. Conclusion, Limitation and Recommendation

5.1 Conclusion

Based on the discussion that has been described in the previous chapter can be drawn conclusions are:

- CV. Kuta Alam Tailor and CV. Aceh Moda Tailor does not have a specific quality cost report yet. Costs related to quality improvement are included in the income statement. Based on research results, CV. Kuta Alam Tailor and CV. Aceh Moda

Cost of Quality Analysis

Tailor has a value of quality costs are quite diverse. For prevention costs, CV. Aceh Moda Tailor has increased and illustrated the company gives more attention to improving the quality. However, when viewed from the assessment fee, CV. Aceh Moda Tailor has decreased the cost of appraisal in 2017 and illustrate that the company does not strive to maintain cost consistency and impact on the quality of the products produced.

- b. As for preventive costs, CV Kuta Alam Tailor has decreased costs in 2017 and this is of course also not good because the company is not trying to give attention to defective products. Prevention cost is the first action done by the company before the production so that of course the company must be able to keep the costs incurred so that during the production process, the activity is not disturbed. For the appraisal, the cost is also not changed which reflects that the company keeps trying to keep the production process running optimally so that the costs incurred for the failure is also reduced. This is evident from the cost of internal failure is decreasing every time.
- c. Quality cost ratio for both companies is CV. Kuta Alam Tailor and CV. Aceh Moda Tailor is still above 2.5% which illustrates that the company has not been so in improving the quality produced that impact on sales every year. If compared between CV. Kuta Alam Tailor and CV. Aceh Moda Tailor, CV. Aceh Moda Tailor is quite good in terms of quality costs. This is evident from each year the quality cost ratio has decreased little by little, reflecting that the company has been trying to cost-effectively and efficiently.
- d. Analysis of quality cost. CV Kuta Alam Tailor and CV. Aceh Moda Tailor concluded that there are some costs that exist in the CV. Kuta Alam Tailor but not in CV. Aceh Moda Tailor and vice versa. In addition, there is a small cost difference between both companies.

5.2 Limitation of Research

The limitations of this research are:

- a. Limited information of cost presented. CV. Aceh Moda Tailor provides information that tends to be small, making it difficult for researchers to measure quality costs. The financial statements given to the researcher are not concrete so the researcher should find out more deeply and of course, this takes a longer time.
- b. Some cost of CV. Aceh Moda Tailor whose data has been lost so that the cost is not based on actual circumstances so to answer the problem the cost is determined by estimation using relative measurement.
- c. This study only uses 2 companies so that the results described cannot be used in general.

5.3 Recommendation

Based on the results of the research, the researcher gives suggestions for CV. Kuta Alam Tailor and CV. Aceh Moda Tailor:

- a. Both companies should make a quality cost report, particularly to make it easier for the companies to trace the costs is related (or not) to the quality.
- b. For CV. Aceh Moda Tailor should make a clear financial report so as to facilitate the process of calculating the profit and also not limit the students in issuing information related to the cost so as to facilitate the process of research and get an absolute value.
- c. Both companies should be able to establish and take into account the quality of costs incurred, especially the cost of prevention and assessment costs so that costs incurred more efficiently and effectively.

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