

ABSTRACT

In improving and controlling the quality of its products, Division of Castings and Forgings is allocating the cost of prevention and appraisal cost which are the components of the cost of quality. This improved allocation of the cost of prevention and appraisal cost in 2012 and 2013 are not followed by the decrease of defective product in the same year.

This research was conducted at the Division of Castings and forgings of PT.PINDAD in 2006-2013 period. The population in this research is the realization of the cost of quality reports and production activities report. The samples used were 32 quarters with purposive sampling technique. This study used secondary data and supported by primary data. The collected data is then performed classical assumption test, regression test then hypothesis F test, hypothesis t test and the coefficient of determination.

Results of hypothesis tested showed that the cost of prevention has significant influence of the defective product. Appraisal cost has significantly influence of the defective product.

Keywords: Cost of quality, Prevention Cost, Appraisal Cost , Defective good.