

**THE COST REDUCTION ACTIVITIES IN THE LOGISTICS
DEPARTMENT OF PERODUA
WITH SPECIAL EMPHASIS ON TRUCK LOAD
EFFICIENCY**

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ABSTRACT

Organizations today are quite concern about minimization of cost and maximization of profit. Cost optimization is vital for companies as it like the backbone of sales of the company. As companies are reaching to a higher level in obtaining and producing more sales, they must be able to gain the competitive advantage over their competitors in the same industry. Based on that reason, many companies has focus on cost reduction. This research has been conducted with purpose to get the understanding and identify the activity that is related to the cost reduction purpose. The selected company for this study is Perodua because it was well established car manufacturer and can be a good example for this research. This study focus on the truck load efficiency activity in Logositics Department of Perodua.

For the purpose of conducting this study, exploratory research was used. All the data collected is taken from both primary and secondary data which was from Perodua itself. The data has been interpreted and analyzed by using graphs, charts, tables and diagram. From the findings and analysis, the researcher able to see clearly the activities held in relation to cost reduction. Hopefully, from the findings of this research can give some benefits to the company and the public as with this research; they can make some improvement and also serve as guideline for another study.

CHAPTER 1 INTRODUCTION

1.1 Background of the Company

Perusahaan Otomobil Kedua Sdn Bhd (PERODUA) was established in 1993. The joint venture partners/shareholders of Perodua and their respective shareholding are UMW Corporation Sdn Bhd (38%), Daihatsu Motor Co. Ltd. (20%), MBM Resources Berhad (20%), PNB Equity Resources Corporation Sdn Bhd (10%), Mitsui & Co. Ltd (7%) and Daihatsu (Malaysia) Sdn Bhd (5%). The company's operations commenced early 1994 and the first vehicle, the ever so popular, Perodua Kancil was introduced to the Malaysian market in August 1994. Up to the end of April 2007, Perodua has successfully sold approximately 1,220,609 units of vehicles of various models both locally and abroad.

In terms of workforce, to date, current manpower in PCSB (Including PMSB & PEMS) as of 31 May 2007 is 8,114 staff. The plant currently has the capacity to produce 250,000 units per annum on 2-shift cycle. Currently, PSSB has 39 sales branches and 140 sales outlets nationwide to serve its' customer efficiently. In order to ensure utmost customer satisfaction, PSSB has 37 service branches and 113 service outlets throughout Malaysia. Besides doing sales in the local market, Perodua has also already expanded their sales abroad. Perodua vehicles are sold in 13 countries outside Malaysia, including United Kingdom and Egypt.