



JIT IMPLEMENTATION IN INVENTORY MANAGEMENT IN SERVICE INDUSTRY

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ABSTRACT

Inventories are the largest property and the most important assets for the company. Without proper management on inventory will bring dramatic negative impact. The occurrence of inefficiencies in warehouse and inventory management frequently happened due to deliver time, quantity, route of products undefined and the information send was inaccurate and out of date. This research study undergoes to analyses the impact of JIT implementation on inventory management of healthcare industry. The objectives of this research study are to identify the effect of JIT implementation to inventory cost at Oralix Sdn Bhd, and to analysis the effect between the JIT implementation and the performance of inventory management in healthcare industry. Through this research, it was found that JIT implementation give high effect on inventory cost. However, JIT implementation showing moderate impact on the performance of inventory management. The findings of this research could increase the awareness and contribute to the industry especially to healthcare industry and those industry owned huge size of inventories.

OBJECTIVES

- To identify the effect of JIT implementation to inventory cost at Oralix Sdn Bhd.
- To analysis the effect between the JIT implementation and the performance of inventory management in healthcare industry.

RESULTS

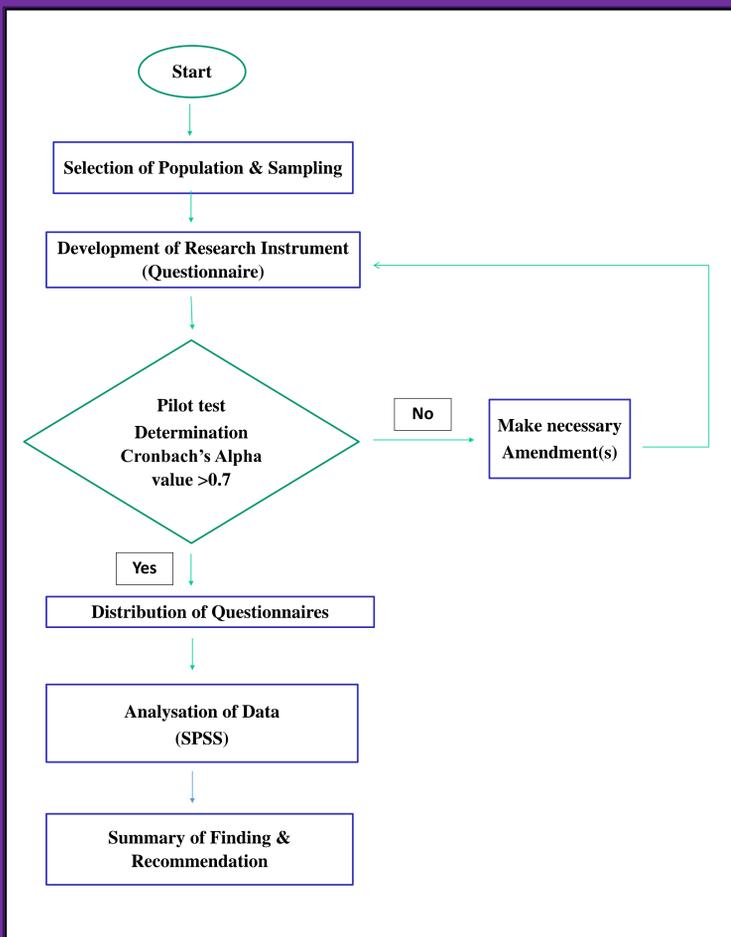
The effect of JIT implementation on inventory cost.

Bil	Effect	Mean
1	Reduce cost handling stock return	5.6000
2	Reduce inventory storing cost	5.5667
3	Reduce insurance cost	5.5667
4	Decrease shrinkage cost	5.5333
5	Reduce transit cost	5.5333
6	Decrease stock depreciation cost	5.4333
7	Decrease cost of capital	5.4000
8	Reduce warehouse rental cost	5.3667
9	Reduce replenishment cost	5.3667
10	Reduce documentation cost	5.2333
11	Reduce cost of rush shipment	5.2333
12	Decrease workforce cost (less inventory to handle)	5.2000
13	Reduce production cost	5.1000
14	More accurate costing	5.0667
15	Reduce cost of small-order-quantity surcharge	5.0667
16	Take against tax benefit	5.0333
17	Take advantages on quantity discount	5.0000
18	Reduce obsolescence cost	4.9333
19	Reduce purchase cost	4.9000
20	Reduce cost of mismatch (time, quantity, quality)	4.8333
OVERALL AVERAGE		5.2483

The effect between the JIT implementation and the performance of inventory management.

Bil	Effect	Mean
1	Reduce production lead time	5.5333
2	Reduce resource wastage	5.4000
3	Effective replenishment	5.3333
4	Reduce raw materials/parts	5.2333
5	Decrease rate of return	5.2000
6	Reduce frequency stoppage	5.2000
7	Buffer shortage	5.1333
8	Minimize scrap and reject	5.1000
9	Decrease delivery time	5.0667
10	Increase forecasting accuracy	5.0333
11	Increase delivery quality (time, product condition and the right products)	5.0000
12	Reduce inventories	4.9000
13	Increase customer satisfaction (time, product condition and the right products)	4.9000
14	Increase supplier relationship	4.8667
15	Reduce purchase lot size	4.8000
16	Effective in inventory planning	4.7333
17	Improve quality control	4.7000
18	Increase productivity	4.6333
19	Better quality of information	4.5667
20	Increase inventory turn over	4.5333
21	Increase flexibility	4.5000
OVERALL AVERAGE		4.9698

METHODS



REFERENCES

- Jacobs, F. R., L.Berry, W., Whybark, D. C., & Vollmann, T. E. (2011). *Manufacturing Planning & Control For Supply Chain Management* (Sixth Edit). America: McGraw-Hill.

Rating	Description	Criteria
1	None	Would not affect inventory cost
2	Low	Low and partially affect inventory cost
3	Minor	Minor affect inventory cost
4	Moderate	Moderate affect inventory cost
5	High	High affect inventory cost
6	Very high	Significantly affect inventory cost

Rating	Description	Criteria
1	None	Would not affect inventory efficiency
2	Low	Low and partially affect inventory efficiency
3	Minor	Minor effect inventory efficiency
4	Moderate	Moderate affect inventory efficiency
5	High	High affect inventory efficiency
6	Very high	Significantly affect inventory efficiency

CONCLUSION AND RECOMMENDATION

The major area of inventory cost being reduce with the implementation of JIT is reducing cost in handling stock return. JIT will give moderate effect toward the performance of inventory management. The highest effect will be on reduce production lead time, followed by reduce resource wastage, and effective replenishment. It is advisable that the sample size should be wider in future study in order to ensure that the research results could represent the whole population for healthcare industry.