

Study of naza automotive manufacturing



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More and more today's companies are seeking ISO 9000 certification in order to help them compete in international markets. The purposes of each organization need ISO is to compete among competitors in the domestic market and international companies (Berreksi Youcef, 2006). By the way, some of the companies which did not have ISO certificate also become success in international market such as company in China by produce imitation products. One of the examples of automotive manufacture in China is JINBEI. On the other word, it means ISO is not the only quality guarantee in helping increase company performance. So, there must be a reason why this quality certified still need to achieve among the company. The process to achieve ISO certificate is quite tough and complicated. This is one of the reasons why company won't implement that certificate. But for the ease of use to the supplier and among business partners there is a contract that needs company to have in ISO certificate as a requirement. This research has shown that most of big manufacturers implement ISO 9000 for internal and external reasons. Some of the reason is focused on customers needs or government regulations force them to achieve that. So maybe in China country, there are no or less government regulations that company need to follow.

In this research, the problem we tried to come out is, ' Is it the implementation of ISO 9001: 2000 give an advantage as an organization in business market among the supplier and customer?'. Second, is it ISO 9001: 2000 comfortable to all type of organization to sustain in their market segmentation and why still they need to develop even the usage of paper actually is waste and redundant work could occur in some of the

organization? So we use NAM as a reference in quality performance of automotive industry which is will review the quality aspect according to the ISO 9000: 2000. This qualitative business research consists of two perspectives which are from interview result in Naza, observation in Naza production line and related journal.

2.0 THE BACKGROUND OF NAZA

NAZA Automotive Manufacturing (NAM) is a manufacturing company which is the subsidiary of NAZA Group of companies under the Motor Trading Division. NAM is located in Lot 6744 & 7270, Kawasan Perindustrian Gurun, 08300, Gurun, Kedah. Its land area is 148 areas, and builds up 95630 meter². NAM involved in automotive industry investment around RM 500 million which then divide into 4 aspects Initial RM 300 million, New Facilities RM 150 million, R&D Development RM 35 million, and Others RM 15 million. NAM total workforce is containing of 3 levels which is Management staff is 122 people, Non-Management is 722 people and Indirect Staff is 43 people. Meanwhile for plant capacity, NAM was designed maximum production 50,000 units per year, present for 1 shift production is 25,000 units per year. Operation rate is containing body line about 90%, painting line 85% and final line is 85%.

This research has shown the basic impact of ISO 9001: 2000 certifications on the NAZA Automotive Manufacturing (NAM) performance. ISO 9001: 2000 is the first step implement by NAM but the current version is ISO 9001: 2008. The different between these two types of ISO is the detailed on the clause and extra requirement need to compliance. ISO 9001: 2000 is actually a basic procedure on documentation the process and continuous

improvement. In this case, there is specific audit process which is from internal and external side before NAM has their ISO 9001: 2000 certificate. Even NAM already has the certificate; they need to maintain the process and sustain the documentation procedure to make sure there is no problem occurred because the audit process is continuously each year. NAM needs to prevent the problem occurred from the internal audit first before it face the external process. This is because, easier to prevent it early so the problem solve among the NAM organization only. The external audit body is UKAS, VCA (Vehicle Certificate Agency), SIRIM and NAZA group. Actually as an automotive manufacture, NAM supposedly has a certificate of ISO TS 16949 but because of the barrier and the obstacle they need to compliance they refuse it. Even so NAM not trying to gain that certificate but they implement the basic of the process that contain in ISO TS 16949 like the Failure Mode Effect Analysis, Statistic Probability Control, and Measurement System Analysis. The outcomes from this implementation give an advantage to the automotive industries and automotive market.

Naza Group of Companies, Malaysia's largest and prestigious importer of luxury automobiles was originally founded in 1975. As the main importer and distributor of automotive brands such as Ferrari, Peugeot and Brabus but to name a few, Naza has all but grown into one of today's leading conglomerates in Malaysia. Latching on the success of its automobile business, it has since diversified into a variety of prominent industries which includes property development, motorbikes, hospitality, food & beverages, finance & insurance, manufacturing, research & creative solutions, transportation & logistics and agriculture.

Our ambitions are still high as we are now ready to set our sights on building a global presence. Leveraging on our diversity, we continue to push the boundaries of our success by upping the ante and mastering the standards of excellence in each of our businesses in the respective industries. We believe that building a global brand presence does not happen overnight, but through small successive achievements aimed at creating recognition and respect. With respect we can foster international relationships that can transcend national borders and become an example of Malaysian branding and business excellence, continuing our legacy of success.

From our humble beginnings as a used and reconditioned car trader, the Naza brand has just begun to grow and assert its business, expanding within the Malaysian automotive market as the opportunity for trade in that particular niche was booming. Thus marking the foundations of the Naza group as they then moved on to acquiring import and distribution rights to some of the best brands in the automobile industry. The key to their successful trade lies in their ability to meet the high standards of showcasing each individual automobile brand and creating the experience necessary to entice and deliver the brand experience to their customers. In essence the heritage that is shared in the Naza conglomerate is creating an experience that reflects the quality of service or product through perseverance, professionalism and dedication, transforming this principal into total customer satisfaction.

Today, the Naza Group of Companies is a conglomerate with various investments in several industries. With more than 30 companies under its umbrella, the Naza brand is no longer just synonymous with luxury cars and <https://assignbuster.com/study-of-naza-automotive-manufacturing/>

its maintenance and accessories but also a prestigious variety of achievements in industries such as bike dealerships like Harley Davidson among its list.

Other industries include establishing the Naza TTDI subsidiary as an award winning and innovative brand in the property developers sector, its large scale bike manufacturing plants for Naza bikes, several renowned hotels such as Howard Johnson and Crowne Plaza in the hospitality industry, logistics and transportation companies, from vehicle transportation to city transportation such as City cab or Naza Transport but to name a few and various other food & beverage franchises such as Bubba Gump Shrimp.

The legacy that is Naza will continue to meet international and consumer standards, creating a cornerstone of branding excellence in products and services as one of Malaysia's leading conglomerates.

3.0 NAZA AUTOMOTIVE MANUFACTURING (NAM) PRODUCT

Figure 1 Figure 2

Figure 3 Figure 4

Based of the picture above, start from the first figure till the last are a NAZA FORTE, NAZA RONDO, NAZA CITRA and NAZA BESTARI. This is the model that assembles in NAM Gurun, Kedah. Before this, the automotive industries are focus in producing multi purpose vehicle (MPV) because of the following the demand in the market. Currently NAM tries to come out with a new model that also used the criteria of executive design which is NAZA FORTE.

NAZA RONDO is a second edition of MPV after NAZA CITRA. The exterior and interior of this model are changed a little bit. Lastly, NAZA BESTARI model is collaboration with PEUGEOT design.

4.0 IMPACT AND CHALLENGE OF ISO 9001: 2008

Nowadays, lot of the company more awareness about important of ISO 9001: 2008 especially to support their operation. Each organization have an own purpose to get the ISO certification depend on organization goal.

Certification of ISO 9001: 2008 is really important for NAZA to survive in automotive industries, it's because automotive industries in Malaysia had expending very fast and total of manufacturer also increase such as Proton, Perodua and Inokom. So, through the ISO certification they have a weapon to compete with their competitor in this sector.

Impact of ISO will appear when some organization implement ISO specification on their operation, impact has two categories, small impacts or big impact and positive or negative impact. Through the ISO 9001: 2008 application, NAZA will face few of impact to their organization. Impact of ISO 9001: 2008 can divide in few perspectives such as organization performance, customer and supplier. For this section, we will look Impact of ISO 9001: 2008 from four aspects:

Organization – Supplier

Organization – Employee

Organization – Customer

Organization Performance

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First aspect involved the organization performance. Organization performance also will accept the impact when organizations make decision to implement ISO 9001: 2008 in their operation. Why these situations happen? ISO system will standardize each system in organization between each department in organization and employee will use the same system to do some job, so percent mistake action is very low to happen in company in other way, this situation also will improve employee motivation in their job. ISO 9001 promotes specification, control, and procedures rather than understanding and improvement. Carol Ann Jaenisch (2010) The ISO 9000 series standards are organized according to functions, such as; document and data control, and contract review therefore they are set forth in a logical format.

Supplier is a one of important part to the company especially from supply chain management aspect. Without the supplier company cannot run their operation, ISO implementation also creates impact on relationship between both sites. At NAZA, they had created the guideline to their supplier; every NAZA supplier should have ISO system. When both of companies implement the ISO system their system will standardize and through this application each matter will be easy especially from transaction aspect. Following this application NAZA can avoid the mistaken and their affair more smooth flow. In the same time, positive perception by supplier also will be high.

Employee is an important asset for organization to run their operation. Without employee production cannot run, product or service can't produced organization can't make profit and organization will loss in their business.

ISO 9001: 2008 will assist employee in their job because through implementation ISO 9001: 2008 job method will standardized and also following the sequent job method. This situation also can be as motivation for employee to work more hard and successful in their job.

Customer is a most important part in business, why? Lot of organization looks customer as “ King of The Business” because they will buy the company product and make profit to organization. When some company implements customers’ expectation about this company will increase but not all customers look ISO 9001: 2008 before make decision to buy organization product. ISO in their operation, customer perception for that company will increase. If NAZA can adapt overall of ISO system, they will get lot of benefit, TOYOTA is a one of automotive manufacturer have a high systematic system such as if they had defect any problem with their car, they will call back all of car in short time although where ever that’s car. NAZA. If NAZA implement this method we believe customer satisfaction and complaint can avoid by NAZA.

4. 1 Challenge of implement ISO 9001: 2008 at NAZA

As a big application, Challenge is a normal thing for each ISO organization; challenge can divide to small challenge and big challenge. Challenge can appear any time when some organization involved with ISO, it’s can attend before or after organization implement ISO. Wendy Parr (2010) there was many challenges to overcome in designing and implementing a quality management system compliant with ISO 9001. Challenge will become while:

Before implementation

While implementation

Before get the ISO certification, each NAZA should following the few of procedure or process to get ISO certification. NAZA should design quality management system structure in their organization and how this system move to achieved organization goal, to create the good system they must make research about their requirement to achieved goal and use the right people for this job, In the same time NAZA should make sure that system can make improvement in organization. The gap analysis not only identified actions required for compliance to ISO 9001 but also identified many opportunities for improvement. In other way, process to getting ISO certification will involved cost to company such as amount of money, time and paperwork required for registration

When NAZA had implemented the ISO 9001: 2008, they also should make sure organization implement ISO application in their system. Challenge may attend at beginning level; at this level knowledge about ISO still low and employee try to adapt this system. To make sure ISO system can adapt in organization, management team should make explanation and training to employee about ISO 9001: 2008. Training is really important to make sure this system can be implementing and adapt in short period. Wendy Parr (2010) training needed to be standardized. Training courses were developed to provide basic training on the quality management system, document control, corrective and preventive action, and management review

While implement the ISO, NAZA also face a few challenge about ISO in their operation such as organization should control ISO implication especially to

make sure implementation of this system are consistent from each level in organization. NAZA also should always monitor about version of ISO because ISO version always change in certain period depend on requirement, ISO 9001: 2008 is a latest version of ISO and published on 15-November-2008. Commitment is really important while implement the ISO, without the commitment by all of member in organization this system are no totally successful.

Types of audit

Internal Audit – member in organization such as manager and employee

External Audit – outside from organization

In other way, Audit is important part in ISO implementation, through this application organization performance will be measure by some site. ISO involved two types of audit, external certification body (external) audit and audits by internal staff trained for this process (internal audit). Purpose of audit is to make sure system in organization following the rule and assessment, to verify that the system is working. While progress the audit process, honest is very important and bias decision must be avoid. Purpose of audit to make sure organization had achieved standard of ISO or not in their operation.

5.0 THE IMPLEMENTATION OF ISO 9001: 2008 IN NAZA AUTOMOTIVE MANUFACTURING (NAM)

5.1 Supplier and Vendor

Organization sometime needs a sub assembly in order to accomplish the product. In other word the ' dependent variable' term which is related to others factors in order to produce better is what organization need to have their own specialty. Outsourcing is the same thing according to this situation. The thing that will play in every organization mind is a cost to bear if they manage to work out alone. So, in order to become one of the national automotive industries in Malaysia, Naza needs to outsource a good supplier and vendor.

According to the Russell and Taylor (2009) “ The selection of supplier is called sourcing; supplier is literally the “ source” of supply. Outsourcing is the act of purchasing goods and services that were originally in house from an outside supplier.” Supplier is a company that produces a sub assembly product like a tire, glasses and others before Naza assembled all this part together to develop a car. Vendor is a company under Naza organization. When it comes to the ISO 9001: 2008 standard, the certificate helps Naza to organize it supplier and vendor systematically. These elements address issues such as: control of customer supplied product, employee training, document control, inspection and testing, product identification and traceability, receiving and final inspection and corrective and preventive action. It is because around 80 vendor of Naza, there have weekly maintenance. This weekly maintenance focuses based on the problematic company and new develops company. The quality tool that used for identify

the problem is through check sheet and histogram. Check sheet is a fact finding tool for tallying the number of defects for a list of previously identified problem causes meanwhile histogram is a diagram showing the frequency of data related to a quality problem.

In Naza there is a quality site which used for their employee to have a knowledge about the company product and for the supplier or vendor to check their problem if occurred. Sometime this site used to present vendor ranking in Naza organization compare to others in their visit to Naza. So through this action, vendor will try to do much better to perform next time. This all data of ranking and problematic situation will be documented as a record. So if something occurred, then it will easy to trace. Traceability means that something or someone, such as a product, test results, raw material or subcontractor may be traced back to its source. Records play an important role in traceability; without them, this function would not be possible.

Actually for vendor, Naza have an authority to make sure they apply the procedure and process of documentation based on ISO 9001: 2008 but for the supplier its not. This according to how far the supplier could possibly to achieve that certificate. Some of the supplier not very big operation and could not cooped with the finance so they refuse that. But the important thing is, whenever the part they produce meets the requirement in Naza then its ok already. And it will be an advantage to the supplier that able to adopt ISO 9001: 2008.

5. 2 Employee

As we know, when the certificate of ISO 9001: 2008 were implement in company, it will increase our understanding of where potential problems arise so that we can prevent them. For the employee, they will work in right way which is meet the company and ISO 9001: 2008 requirements.

Employee can improve the imperfection area which is identifying the problem and solve it. Furthermore employees are able to work more efficient and discipline.

In Naza situation, each employees will have authority to suggest a better process if their find it more efficiency because the production line usually mastered by them. So the documentation will be having changes.

Even though main quality of each organization are manage by quality assurance department but the commitment in the whole organization helps it much better. We use to hear that ‘ two brain are better than one’ and in this case is shows everyone are played a big role in achieving the certificate. Some says the implement of ISO 9001: 2008 will give burden to the subordinates and it just an extra work that no payment. In Naza, the employee that helps the company in collection of data for the audit process will receive a reward. For example, Naza having a competition on Kaizen each month, so the employee that manage to contribute to the competition on improvement aspect will receive an allowance.

5. 3 Customer

As mention before, Naza customer is a distribution centre that deal with the end customer. So if the problem occurred between them, Naza will be

reported like a case of defect or scratch at the products. Guler et al. (2002: 210) confirmed these contradictions by stating that “ On the one hand, ISO certification reportedly helps companies improve their information gathering and analysis, human resource development, supplier and customer relations; on the other hand...certification does not result in buyers perceiving that products are of higher quality”.

In Naza, distribution centre are the one who focus on the demand in the market, so the documentation of the forecasting on quantity of the car should reliable.

5. 4 Competitor

Research over the past two decades has focused on the business benefits derived from ISO 9001: 2008 certifications (Corbett et al., 2005; Terziovski et al., 2003). It shows that, ISO 9001: 2008 certificate will give an advantage to the organization. Comparing among the automotive industry in Malaysia, most of them are already implement the standard of ISO 9001: 2008 so the competition between them are very tight. Unfortunately, Naza as an automotive manufacturing company isn't able to apply the certificate of the automotive industry which is TS 16949. This standard of certificate is more detailed on design, development, production, and installation and servicing of automotive related products. It focused on continual improvement and improve quality while reducing cost. It helps company to break into automotive market which is containing a number potential supplier list. (Quality Manual of TS 16949) The automotive industry requires its supply base to participate in the design and development of the components and systems that compose an OEM vehicle. This shift in responsibility to the

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supply base for complete or partial responsibility for engineering, research, and development has been coined as Full Service Suppliers (FSS). ISOQUAL, Inc. has based the Quality Management System (QMS) described in this manual to demonstrate our FSS capability (see Section 5. 4. 1. 1), to consistently provide products/services that meet customer and applicable regulatory requirements, and to operate with increased effectiveness and efficiency with the overall aim of enhancing customer satisfaction.

Even though Naza isn't able to implement TS 16949 certificate but they used the format of the quality aspect in their process. And it's surely not contained overall of the quality assurance in TS 16949. This is because some sort of the process is more complicated compare to the certificate of the ISO 9001: 2008.

6. 0 CONCLUSION

In conclusion, after a review of the implement and impact issues based on the quality system standard, it has shown that quality system show a biggest influence to the productivity and standard of output. It is because there is a different between organizations that approve by certificate in ISO compare with opposite organization. The special about the approved organization is more proper control and standardization were incur, a search of production process were set to be frequent review as to prevent any unnecessary waste. The example can be view from some aspect of work in production process such as organized work process, schedule system maintenance, skilled workers and others. Besides that, organization that inspect with ISO which also mean that organizational has accepted upon worldwide and had an ability bring the company to the same level with the rest of competitor. In

another word, the organization able fulfill the requirement of clause through developed, reviewed and revised before the acceptance judge by the inspector. Consequent, it will automatically facilitate organization to look forward for continuous improvement on the product.

From here, it has shown that adopt quality management system is important to decide whether an organization have such ability to continuous improve in the aspect of production, labor and other related. In Naza, if the organization early adopts quality management system in part of their vision, today the organization coverage might large and tend to compete worldwide.

From present problems, the issues have shown that the Naza neglected partner relation or linkage relation. The relation mentions are link to supplier, customer and competitor. From here, the potential problems may appear due to unbalance relations, if unorganized well it will cause a deficit to the company. For example case are the unable get raw material from supplier, production process unimproved, the strategy planning are out date and so on. Indirectly, the problems will reflect the image of company as it causes an unsatisfied to the third party.

If the problem solve with efficiently, Naza may produce product with smooth without delay or late deliver product to market. It is because direct deliver stock aid in decrease deficit and increase profit. Besides that, it will change the view of customer as have a good impress on the Naza product.

7.0 RECOMMENDATION

According to the problem face by Naza company, a solution should be recommence to avoid unwanted issues from continue spread to the other

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department of management. There was several type of solution recommence to apply in Naza Company.

First, organization structure is a basic hierarchy that implement in every organization to show the relationship from top management to the flow management of its subordinates. The different level of management also shows a different work responsible carry and how task and duties organized. It is because an information flow is depends on the structure in terms of upward and downward stream. Hence, the decision making power is lies on the structure.

There is a problem which obstructs lower management to voice up their idea as usually the decision making s make by top management. Thus, the Naza Company should reconstruct their organization structure, so everybody have chance to voice up their own opinion. Link t this recommence, the management can try giving lower management some empowerment power, this aid in increase employee job responsibility and decision making for further development. This purpose is to enhance their communication flow and decision making. Indirectly, the output will maximize as the information flow well organized and empowerment of worker increase.

Second, in order to produce well complete cars, the components are requiring obtaining from various suppliers. In choosing supplier, Naza Company has to implement strict policies for the supplier. For example choosing supplier with good reputation in field, it is because well supplier able to supply high quality of components, and able to give full warranty on the components supplied. Besides that, the Naza Company also needs to

make sure whether the supplier able delivers the supply on time. So, it can reduce some loss of stock out cost and production costs as the raw material are late received.

Third, Naza Company customer service department need to improve by provides well comfortable information services to the customer. In order to do this, the department can need to deliver customer with the sufficient and appropriate information about the car mention. The purpose is to enable customer to have choice and make a decision whether which type of automotive suitable with the style or taste of customer. However, the marketing staff must avoid giving ambiguous information which might lead to misrepresentation.

In Naza Company, there are many type of certificate identify by ISO, but still there are some improvement can be made as to continuous improvement concept in the company.

The Naza organization can be further improve to achieve an ISO in TS 16949. ISO/TS 16949 is another type of ISO in QMS which concern about on how to prevent defective occur and tend to eliminate waste in the production. The recommence of this type ISO in the company is to further develop the implementation of QMS in Naza, where to make sure the resource provided are well used, so it will not become a waste which bring loss to company. The processes of eliminating the waste can be done in the company by adopt kaizen method which aids the company in eliminating waste resource. In addition, the prevention of defective is to reduce the defect product come

out from the production. Example of defective prevention is through kanban system, kaizen and TQM method.

Next recommendation is about the management of organization where the need for aware human resource department, it is because they play an important role to care about workers welfare and do not let workers feel neglected. The purpose is to encourage workers culture working spirit and look toward self-improvement; indirectly the production will become more productivity. Vice versa, workers might feel every task contribution also the same where no reward or award on the workers, so they will made any improvement in the production process.

Firstly, the relation between top management with lower management need to be enclose further by having some extra activities such as trip, organization family day or a program related. With this, it can improve the relation between each department as there is communication and cooperation during an activities program, indirectly the process will reduce a gap between each level. Link to this improvement, an information flow carries from top management automatically will understood by lower management of its sub ordinates as everybody participate to share idea on a project encounter.

Secondly, the human resource management can give some reward to the worker who contributes the most on the job, indirectly the reward will influence other workers working attitude. Besides this, the purpose is to make sure workers hard work does not neglect by management and prevent opposite effect incur by workers. There are some way to appreciate worker

contribution such as giving reward, award, increase salary, allowance and others.