# THE EFFECT OF LEAN MANUFACTURING TOWARDS FINANCIAL PERFORMANCE AT HICOM AUTOMOTIVE MANUFACTURERS, PEKAN, PAHANG.

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## Abstract

Lean manufacturing plays an important role in improving employee performance and increase financial performance. This study an exploratory the relationship between the effects of lean manufacturing implementation on the financial performance. Lean manufacturing is to help the firm improve their financial performance due to this exercise can give a variety of new benefits such as cost savings, and time. In this age of development now, many firms are struggling to improve their performance along with the development of the industry, especially in the industrial and automotive industries. Therefore, this study is to prove that this relationship does actually have a positive effect on the development of the company's performance. This study was conducted in Hicom Automotive, Pekan, Pahang. This study is based on quantitative methods and using a questionnaire as a tool to collect data which has been developed by a number of instruments from previous studies. Respondents who participated in this study were employees in the management as well as human resources and finance. The respondents were 108 workers. In this study, researchers used SPSS 19 to analyze the data to measure the influence and strength of the relationship between the independent variables. Through this study, the results obtained is the relationship between lean manufacturing and the company's performance also have a positive relationship. Thus, through this study can be said lean manufacturing is something that can help improve the company's performance.



**Keywords:** *Lean Manufacturing, Financial Performance, Automotive Industry.*

## Abstrak

Pembuatan Lean memainkan peranan penting dalam meningkatkan prestasi pekerja dan seterusnya meningkatkan prestasi kewangan. Kajian ini adalah untuk mengkaji hubungan antara kesan perlaksanaan pembuatan lean terhadap prestasi kewangan yang dilakukan. Pembuatan lean dikatakan mampu membantu sesebuah firma meningkatkan prestasi kewangan mereka kerana dengan perlaksanaan ini dapat memberi pelbagai faedah baru seperti dapat menjimatkan kos dan masa. Dalam zaman pembangunan kini, banyak firma yang bertungkus lumus meningkatkan prestasi masing-masing seiring dengan perkembangan sesebuah industi terutama dalam industri perindustrian dan automotif. Justeru itu, kajian ini adalah untuk membuktikan bahawa adakah kaitan ini benar-benar memberi kesan positif terhadap perkembangan kewangan syarikat. Kajian ini dilakukan di Hicom Automotive, Pekan, Pahang. Kajian ini dijalankan berdasarkan kaedah kuantitatif dan menggunakan soalan kaji selidik sebagai alat untuk mengumpul data yang telah dibangunkan berdasarkan beberapa instrumen daripada kajian terdahulu. Responden yang terlibat dalam kajian ini adalah pekerja di bahagian pengurusan seperti bahagian sumber manusia dan juga kewangan. Responden yang terlibat adalah seramai 108 orang pekerja. Dalam kajian ini, penyelidik menggunakan SPSS 19 untuk menganalisis data untuk mengukur pengaruh dan kekuatan hubungan antara pemboleh ubah. Melalui kajian ini, keputusan yang didapati adalah hubungan antara pembuatan lean dan juga prestasi kewangan mempunyai hubungan positif. Justeru itu, melalui kajian ini boleh dikatakan pembuatan lean merupakan sesuatu yang mampu membantu meningkatan prestasi kewangan syarikat.



**Kata kunci:** *Pembuatan Lean, Prestasi kewangan, Industry Automotif.*

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# CHAPTER 1

# INTRODUCTION

This chapter presents the background of the study, company profile, problem statement, followed by the research objectives, significant of study, scope and limitation of study, and finally the organization of the thesis.

## 1.1 Background of Study

Manufacturing industries have extensive involvement, especially in the manufacture and processing of goods and enjoy either the creation of a new commodity or as an additional value. The manufacturing industry accounted for most of the industrial sector in the developed countries. In the manufacturing industry the resulting end product can be either ready to be sold directly to customers or as intermediate goods or work in the processes used in the production process.

Manufacturing is the production of goods to be used or sold for labor or machinery that refers to a range of human activity, from handicraft to high tech, but is most commonly used for industrial production, where raw materials are transformed into finished goods on a large scale. Manufacturing is commonly found in all types of economic systems, especially in the free market economy that usually directed toward the mass production of products for sale to consumers at a profit. While in a collectivist economy, the more frequently directed by the state to supply a centrally planned economy. In a mixed market

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