

The Impact of Quality Cost on Revenue Sharing in Supply Chain Management

Authors : Fayza M. Obied-Allah

Abstract : Customer' needs, quality, and value creation while reducing costs through supply chain management provides challenges and opportunities for companies and researchers. In the light of these challenges, modern ideas must contribute to counter these challenges and exploit opportunities. Perhaps this paper will be one of these contributions. This paper discusses the impact of the quality cost on revenue sharing as a most important incentive to configure business networks. No doubt that the costs directly affect the size of income generated by a business network, so this paper investigates the impact of quality costs on business networks revenue, and their impact on the decision to participate the revenue among the companies in the supply chain. This paper develops the quality cost approach to align with the modern era, the developed model includes five categories besides the well-known four categories (namely prevention costs, appraisal costs, internal failure costs, and external failure costs), a new category has been developed in this research as a new vision of the relationship between quality costs and innovations of industry. This new category is Recycle Cost. This paper is organized into six sections, Section I shows quality costs overview in the supply chain. Section II discusses revenue sharing between the parties in supply chain. Section III investigates the impact of quality costs in revenue sharing decision between partners in supply chain. The fourth section includes survey study and presents statistical results. Section V discusses the results and shows future opportunities for research. Finally, Section VI summarizes the theoretical and practical results of this paper.

Keywords : quality cost, recycle cost, revenue sharing, supply chain management

Conference Title : ICFA 2015 : International Conference on Finance and Accounting

Conference Location : London, United Kingdom

Conference Dates : August 20-21, 2015