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The Role of Value Chain Technique in Managing and Reducing Costs - An Applied Study in the Iraqi Company for Manufacturing and Marketing Dates

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Abstract

The high level of competition in today's business environment has made Iraqi industrial business organizations face a challenge in maintaining their position in the market for several reasons, including weak government support for national products and their high cost compared to foreign products, which forces business organizations to search for different ways and technique through which they can compete. Value chain analysis is one of the best techniques that a company can rely on it in managing and reducing costs. The company has such value chain technology because of its role in keeping pace with developments and maintaining its competitive position. Therefore, in order to achieve the research objectives and verify the validity of its hypotheses, modern value chain techniques were adopted, the industrial sector was chosen as the research community and Iraqi Company for Manufacturing and Marketing Dates as a sample of study. The study concluded with a set of conclusions and recommendations, the most important of which is that value chain analysis contributes in reducing costs by separating between activities, demonstrating value-hosting and working to enhance them and excluding costs related to non-value-added activities. In addition, the research recommends applying modern techniques and methods related to cost reduction that are compatible with the ongoing developments in the environment surrounding the company's work and that are compatible with the special cost structure.

Keywords: Value Chain, Modern Cost Techniques, Cost Reduction, Industrial Sector in The Republic of Iraq, Main and Support Activities.

1. The Structure of Study

1.1 Research problem

The problem of the research is that most business organizations are facing the challenge of how to maintain their competitive position in all sectors in light of the recent changes witnessed by the world, resulting in a rise in the level of competition and increase the level of costs, effort and time incurred by the organization as a result of missing the dealing with modern cost techniques .value chain analysis is one of the techniques that help the organization in finding appropriate solutions to manage , reduce costs and maintain its competitive position.

In light of these data, the following questions can be submitted:

- How the value chain analysis can contribute to the managing and reduction the costs.
- Does the study sample have a cost-effective system capable of employing modern cost-effective tourniquets?

- Does the study sample have a future vision on the importance and role of practicing value chain activities, including the ability to distinguish between host and non-host value activities?

1.2 Research Hypothesis

The research is based on the main hypothesis that states " the adoption of the practice of value chain analysis activities for both major and minor business organizations and the distinction between host and non-host activities of value contribute to the management and reduction of costs".

1.3 The Objectives of study:

The study aims to achieve the following objectives:

- formulating a modern conceptual frame work of the modern technique in the field of cost and managerial accounting represented by value chain
- identifying and disclosure the contribution of value chain technique to the management and reduction of costs.

1.4 The Importance of Study.

The importance of the study is reflected in the role of the value chain analysis technique in managing and reducing costs and its implications on:

- Increase competitive opportunities of study sample by studying and analyzing the internal processes of the organization, including the main and supporting activities, understanding how these processes are integrated and working to improve them in order to provide products and services of high value to customers.
- Identify and analysis the costs of each activity within the processes and indicate the host activities that generate, add value to the product and exclude activities that do not add value to the product, which effectively helps in creating and improving value.

1.5 Study Community and Sample.

The study community is represented by the industrial sector, while the study sample is represented by the Iraqi company for the manufacture and marketing of dates.

2. Conceptual framework of the study

2.1. The Concept of Value

In order to identify the value chain, it is necessary to address the concept of value in general, which is one of the complex concepts in particular, value means "advantage or positive result obtained by consumers or other recipients in exchange for the resources required to manufacture or provide a good or service " either in physical terms, value can be identify as "reduction in costs or increase in revenue" or in an intangible form where it is identify "as an increase in quality or providing an excellent customer experience".

From the economic point of view, value is defined as "the amount of money that customers are willing to pay for their access to the commodity" and contradicts the philosophical concept of value, which is determined on the basis of a qualitative criterion.

The economic perspective of value is determined on the basis of a quantitative criterion namely (a criterion for measuring the amount of interest earned from a product or service), as a result of which in our time money acts as a general criterion or measure of values in which when the word "value" is pronounced an image of money immediately comes to mind. (Haider, 2005: p.166).

2.2. Value Chain Concept and Meaning

Table (1) the concept of the value chain

	Researcher	Year	Concept
1	Aldouri,Kumbhalkar	2023	comprehensive approach to identifying and addressing variables that do not contribute to the effort or expenditure on goods, processes or services. This approach takes advantage of all available technologies, information and possibilities to quickly detect any expenses and efforts that do not contribute to the satisfaction of the client's needs and desires.
2	Ranj Baran & Moselhi	2014	This approach takes advantage of all available technologies, information and possibilities to quickly detect any expenses and efforts that do not contribute to the satisfaction of the client's needs and desires.
3	Horngern, et. al	2012	those sequential, sequential activities in business organizations that can add value to the product (good or service) provided to customers, where the value chain represents an effective tool for the optimal use of specific resources, this chain includes activities from the beginning of obtaining supplies from suppliers until the final use of the product by the customer and its disposal, that is, it is a series of functions that add to the customer the usefulness of the products he receives.
4	Dekker	2003	a tool that facilitates the integration and coordination of activities that are interdependent and that may cross organizational boundaries.
5	Blocher, et. al	2002	a Strategic Analysis tool used to better understand in order to achieve a competitive advantage of the organization, determine the extent to which it increases the value to the client or contribute to reducing costs and understand relationships with others.

2.3 Types of Value Chain

The value chain can be classified into the following types:

✓ Simple value chain

The value chain describes the full range of activities required to bring a product or service through the various stages of production involving a combination of physical transformation and inputs of various product services, delivery to end consumers, and after-sales services.

The production itself is only one of a number of value-add links, moreover, there is a set of activities within each activity in the chain. Although they are often described as a vertical chain, the links within the chain are often of a two-way nature, for example, specialized design agencies not only influence the nature of the production and marketing process, but, in turn, are influenced by limitations in these final processes.

✓ Extended value chain

Real-world value chains look more complex and tend to have many links in the chain. The value chain does not include only a straight line. there are external activities that affect the activities within the value chain. for simplicity, these external parts of the value chain can be called initial activities and final activities. if we include the surrounding environment in this model, we are expanding the value chain. (Kaplinsky, morris,2014: p.4)

2.4 The Importance of The Value Chain

The value chain has an important role in the organization of business organizations, as dividing the organization into two groups of activities facilitates the work of the organization in identifying the strengths and weaknesses within the activity, and from here it should be noted the need to align the value chain with the structure of the organization, which works to collect some independent activities within the organization. (Al-Obaidi ,2020, p.155-156)

Reducing the cost of operations

The use of the value chain at the level of the economic entity makes it possible to control the cost in light of the set of resources and activities necessary to create and deliver the product or service that customers consider valuable.in light of this framework, all companies are undoubtedly trying to reduce resource

consumption across all parts of the chain in order to provide the goods and services that customers desire at competitive prices.

✓ **Understanding the nature of the activities of the economic entity**

The method of analysis and continuous follow-up through the value chain allows those in charge of managing the economic entity the possibility of identifying important activities that add value and increase the degree of product or service preference by customers compared to activities that do not add value and do not contribute to changing the degree of product preference and are excluded in order to reduce costs.

✓ **Achieve a competitive advantage**

The possibility of supporting competitiveness in various sectors by relying on the competitiveness of the value chain to which it belongs within the framework of comprehensive competitiveness, which enhances the possibility of entering high-value markets (global markets) by realizing the requirements of the controlling forces represented in understanding and understanding the activities of the value chain.

2.5. The Levels of Value Chain Analysis

The value chain analysis processes represent a first step to analyzing the value of activities, according to which the activities of the economic entity are classified into two types: (Muhammad, Yusuf, 2018: p. 22)

A-activities that add value: these are those activities that customers realize that they add benefit and affect the product they buy and achieve satisfaction for them.

B-activities that do not add value: these are those activities whose deletion results in reducing costs without compromising the value of the products provided to customers.

2.5.1 Industrial Value Chain Analysis

Value chain analysis is based on a series of complex external relationships that are carried out within the framework of the economic entity between processors and customers, which includes value creation through several homogeneous activities that generate value from the stage of entering raw materials and receiving them from processors until the product is fully manufactured and reaches the consumer customer through which the product passes those activities. (Nabaa, 2007: p.50)

The industry-wide value chain includes two groups of activities, the first is the main activities and the other is supporting them, the main activities start with research and development and end with after-sales services. (Horngren, et.al, 2012: p.28)

A. Research and development: which are activities whose tasks are to generate and experiment with ideas related to new products, services or processes.

B. Product design: which are the activities whose tasks include detailed planning and product design engineering in such a way that the company is able to plan operations and identify products.

C. Production: which are activities related to internal elements, production, transportation, storage, coordination and assembly within the company or factory, that is, they represent the assembly processes of the product.

D. Marketing: these are activities related to the promotion and sales of products and services to customers.

E. Distribution: these are activities related to the procedures for shipping and delivering products and services to customers.

F. After-sales services are activities related to the provision of after-sales services and support to the customer.

The second group is the predominant activities that are included in the management of any basic activity and are as follows:

A. Infrastructure.

B. Purchases.

C. Personnel and human resources.

D. Information technology.

2.6. Limitations and Challenges of Applying the Value Chain Model

The value chain faces a set of constraints and challenges, which are the factors that determine or restrict the chain's ability to work efficiently and achieve its goals, including: (AL-Obaidi ,2019, p.15-16)

A. Policy constraints and challenges

Guidelines or instructions imposed by management on how to operate the process may be written or unwritten and include mental restrictions, limitations of measures, and limitations of methods. In general, it can be said that there is no appropriate policy at all times due to the changing environment in which organizations operate.

B. Limitations related to the industry structure

The structure of the industry is related to the physical as well as organizational (legislative) characteristics that exist in the environment in which companies conduct business operations.as a rule, the fewer organizations that directly influence business decisions of corporate operations, the more favorable the environment will be for enabling and stimulating market-oriented innovation.

C. Human resource constraints

The shortage of skilled labor and restrictive labor practices play an important role in expanding production and achieving the organizational goal in general.in today's competitive business environment, organizations can no longer afford to waste the potential of the workforce, as people management has become one of the important areas in organizations because other competitive factors have become less powerful compared to their human resources management. companies need individuals who possess the skills and abilities that enable them to perform their work effectively.

D. Infrastructure challenges

The size and capacity of the equipment and machines used in the production process determines the level of production in organizations where properly manufactured and crystallized equipment enables to achieve the required level of production and achieve sustainable development for the organization in view of this, the performance of the value chain in the organization is mostly affected by restrictions on equipment, the severity of which depends on management policies and demand conditions.

E. Market restrictions

When market demand is less than the organization's capacity, these limitations appear, especially in a business environment where changes in market prices have become very rampant, and therefore it has become difficult for organizations to manage their value chain activities for competitiveness.

3. Research Methodology

3.1. mechanism of analyzing the host and non-host activities for value and their impact on the management and cost reduction of the Iraqi company for the manufacture and marketing of dates.

3.1.1 The Company's Tasks and Objectives

- A.** The company receives its need of dates according to its annual plans and in line with its specific production and marketing goals.
- B.** Purchase excess dates within approved controls.
- C.** Marketing of dates and other products undertaken by the company internally and externally then contributing to the suggestion of dates prices from producers.
- D.** Developing the process of pressing and manufacturing dates and improving their packaging.

- E. Contribute to the preparation and determination of the necessary quality and specifications of dates intended for export.
- F. Propose the export prices of dates to be exported abroad and determine the prices of their products for internal marketing.
- G. Importing production and manufacturing requirements, improving it and promoting dates by various available means, such as opening offices or Iraq specialized in manufacturing branches.
- H. Holding internal and external seminars and specialized exhibitions preparing the necessary packaging materials for the requirements of receiving fruits from producers.

3.1.2. Branches of the company

The company includes the following laboratories:

1. Diyala branch: - the branch is located in the city of Baqubah with an area of 20 dunums at the beginning of the junction and its responsibility is limited to receiving dates in the province of Diyala, manufacturing and exporting them abroad according to the company's headquarters plan.
2. Karbala branch: the branch is located in Karbala province that canning factory with an area of 45 dunums. its responsibility is limited to receiving dates from Karbala governorate, manufacturing them and exporting them abroad according to the headquarters plan.
3. Basra branch: - the branch's headquarters is located in the al-Ashar area opposite the statue of the Sayyab with an area of 2 dunums. the branch's responsibility is limited to receiving dates from Basra governorate, especially varieties (Al-Sayer, Halawi and vegetable dates) according to the company's headquarters plan. the piston is located in Al-hartha within the area of Garma Ali with an area of 58 dunums.
4. Babylon Branch: it is located in the Algiers district at the beginning of entering the province with an area of 11 dunums and is responsible for receiving dates from the province of Babylon, manufacturing and marketing them abroad.
5. Baghdad branch: located in the shaljiya area behind the Baratha mosque with an area of 21 dunums, the responsibility is limited to receiving dates from Baghdad governorate (Rashi Diya, Tarmiya, Dura, Abu Ghraib) as well as receiving dates from Anbar Governorate.

3.1.3 Analysis The Activities of The Value Chain of The Iraqi Company For The Manufacture And Marketing Of Dates

Many interviews and inquiries were conducted with specialists and those responsible for the activities, including department managers, division officials and units within the departments, as well as production engineers and technicians, our goal from these interviews is to understand the actual need for each activity in terms of resources and personnel in order to determine the costs of activities that add value and do not add value the following form:

✓ **The main activities of the value chain are as follows:**

1-production department

Table (2) shows the costs of production activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	575977389	428783167	147194222
Oils and fuel	53834720	40376040	13458680
Office supplies	2916240	1749744	1166496
clothes	445440	331605	113835
Electricity	7759850	5819887	1939962
Transportation expenses	2111440	1571850	539590
Bank charges	2032014	-	2032014

Depreciation of machinery and molds	7933808	7933808	-
Depreciation of furniture and office equipment	14451108	10838331	3612777
total	667462009	497404432	170057576

The total number of workers in this activity is (90) and after conducting interviews and inquiries by officials within the department, it was found that the number of workers who contribute to adding value to the activity in 2020 is (67) and (23) workers do not add value to the activity and their total salaries represent (147194222) Iraqi dinars and their total transportation costs (539590) dinars and their clothes (113835) dinars and all these costs do not add value to the activity and were considered (40%) office supplies do not add value to the activity and (25%) of the costs of calculating fuel, oils and electricity do not add value to the activity and calculating the loss of a number and templates adds value to the activity because they are used in the activity and the costs of calculating Banking charge does not add value to the activity and (25%) of the costs of the loss of furniture and office equipment, representing (3612777) does not add value to the activity.

Table (3) shows the costs of production activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	523651172	458930241	64720931
Oils and fuel	42552888	42552888	-
Office supplies	2639248	2111398	527850
clothes	79072	69299	9773
Electricity	14266856	14266856	-
Transportation expenses	2699989	2366283	333707
Bank charges	864126	-	864126
Depreciation of machinery and molds	8179371	8179371	-
Depreciation of furniture and office equipment	14819204	11114403	3704801
total	609751926	539590739	70161188

The total number of workers in this activity is (89) and after conducting interviews and inquiries by officials within the department, it was found that the number of workers who contribute to adding value to the activity in 2021 is (78) and that (11) workers do not add value to the activity and their total salaries represent (64720931) and their total transportation costs (333707) and their clothes (9773) dinars and all these costs do not add value to the activity for the activity and (20%) of supplies the office does not add value to the activity and the costs of calculating fuel, oil, electricity and calculating the extinction of a number and templates all add value to the activity because they are used in the activity and the costs of the banking services account do not add value For the activity, (25%) of the costs of the loss of furniture and office equipment, representing (3704801) does not add value to the activity.

2. Marketing Department

Table (4) shows the costs of marketing activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	17999293	7199717	10799576
Office supplies	91133	91133	-
Employee transportation	65983	26393	39590
Travel and Meetings	81950	81950	-

Bank charges	63500	-	63500
Depreciation of machinery and equipment	5970549	4776439	1194110
Depreciation of transportation vehicles and conveyances	357313	225799	225799
Depreciation of furniture and office equipment	451597	178657	178657
total	25081318	12580088	12501232

The total number of employees in this activity is (20) and after conducting interviews and inquiries by officials within the department, it turned out that the total salaries that can be dispensed with are (10,799,576) dinars, which represent salaries and wages of (12) employees out of the total employees who do not add value to the activity and the costs of transporting workers are (39,590) dinars the costs of office supplies, travel fees and meetings are necessary for the purposes of the activity and cannot be dispensed with and that (20%) of the loss of machinery and equipment can be dispensed with and that (50%) of furniture and means of transportation and moving are necessary, while the rest can be dispensed with because they do not add value to the activity.

Table (5) shows the costs of marketing activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	16364099	8612684	7751415
Office supplies	82477	82477	-
Employee transportation	84375	44408	39967
Travel and Meetings	53790	53790	-
Bank charges	27004	-	27004
Depreciation of machinery and equipment	6105576	4884461	1221115
Depreciation of transportation vehicles and conveyances	384867	231550	231550
Depreciation of furniture and office equipment	463100	192433	192433
total	23565287	14101803	9463484

The total number of employees in this activity is (19) and after conducting interviews and inquiries by officials within the department, it was found that the total salaries that can be dispensed with are (7751415) dinars, which represent salaries and wages of (9) employees out of the total employees who do not add value to the activity and the costs of transporting workers are (39967) dinars the costs of supplies, travel fees and meetings are necessary for the purposes of the activity and cannot be dispensed with and that (20%) of the loss of machinery and equipment can be dispensed with and (50%) of furniture, means of transportation and transportation are necessary, while the rest can be dispensed with because they do not add value to the activity.

✓ The activities supporting the value chain are as follows:

1- Accounts Department (financial affairs)

Table (6) shows the costs of accounts activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	89996467	51813569	38182898
Office supplies	455663	182265	273398
Electricity	1212477	484991	727486
Hospitality	569499	-	569499
Employee transportation	329913	175953	153959

Travel and Meetings	409750	-	409750
Bank charges	317502	-	317502
Depreciation of machinery and equipment	29852746	20896922	8955824
Depreciation of furniture and office equipment	2257986	1580590	677396
total	125402001	75134290	50267712

The total number of employees in this activity is (15) and after conducting interviews and inquiries by officials within the department, it turned out that those who contribute to adding value to the activity in 2019 is (8) employees and (7) workers do not add value to the activity and their total salaries represent (38182898)dinars and their transportation costs represent (153959)dinars and the costs of hospitality, travel, meetings and banking charges can be dispensed with because they do not add value to the activity while the percentage of costs that can dispensing with it from the account of office supplies and electricity (60%) because it does not add value, and (30%) from the loss of machinery, equipment, furniture and office equipment does not add value to the activity.

Table (7) shows the costs of accounts activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	81820496	58443211	23377284
Office supplies	412383	206191	206191
Electricity	2229196	1560437	668759
Hospitality	121447	-	121447
Employee transportation	421873	301338	120535
Travel and Meetings	268950	-	268950
Bank charges	135020	-	135020
Depreciation of machinery and equipment	30527879	21369515	9158364
Depreciation of furniture and office equipment	2315501	1620850	694650
total	118252744	83501542	34751200

The total number of employees in this activity is (14) and after conducting interviews and inquiries by officials within the department, it turned out that those who contribute to adding value to the activity in 2019 is (10) employees and (4) workers do not add value to the activity and their total salaries represent (23377284)dinars their transportation costs represent (120535)dinars and the costs of hospitality, travel, meetings and banking services can be dispensed with because they do not add value to the activity while the percentage of costs that can dispensing with them from the account of office supplies and electricity (60%) because they do not add value and (30%) from the destruction of machinery, equipment, furniture and office equipment do not add value to the activity.

2 -Control and Internal Audit Department

Table (8) shows the costs of control activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	179992934	83996703	95996232
Office supplies	911325	364530	546795
Electricity	2424953	969981	1454972
Hospitality	1138998	-	1138998
Employee transportation	659825	209827	449998
Travel and Meetings	819500	-	819500
Bank charges	635004	-	635004
Depreciation of machinery and equipment	59705491	47764393	11941098

Depreciation of furniture and office equipment	4515971	2257986	2257986
total	250804001	135563420	115240583

The total number of employees in this activity is (15) and after conducting interviews and inquiries by officials within the department, it was found that the total salaries that can be dispensed with are (95996232) dinars, which represent salaries and wages of (8) employees, and their transportation costs represent (449998) dinars, and the costs of hospitality, travel, meetings and banking charges can be dispensed with because they do not add value to the activity, while the percentage of costs that can be dispensed from the account of office supplies and electricity (60%) because it does not add value and (20%) of the loss of machinery and equipment and (50%) of furniture and office equipment do not add value to the activity.

Table (9) shows the costs of control activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	163640991	116886422	46754569
Office supplies	824765	494859	329906
Electricity	4458393	2675036	1783357
Hospitality	242894	-	242894
Employee transportation	843747	602676	241070
Travel and Meetings	537900	-	537900
Bank charges	270039	-	270039
Depreciation of machinery and equipment	61055758	48844606	12211152
Depreciation of furniture and office equipment	4631001	2315501	2315501
total	236505488	171819100	64686388

The total number of employees in this activity is (14) and after conducting interviews and inquiries by officials within the department, it turned out that the total salaries that can be dispensed with are (46754569) dinars, which represent salaries and wages (4) dinars their transportation costs represent (241070) dinars and that the costs of hospitality, travel, meetings and banking charges can be dispensed with because they do not add value to the activity, while the percentage of costs that can be dispensed from the account of office supplies and electricity (40%) because it does not add value and (20%) of the loss of machinery and equipment and (50%) of furniture and office equipment do not add value to the activity.

3- Personnel Department (human resources)

Table (10) shows the costs of human activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	269989401	112495584	157493817
Office supplies	1366988	1126513	240475
Advertising	1053638	1053638	-
Hospitality	1708497	-	1708497
Employee transportation	989738	412391	577347
Travel and Meetings	1229250	-	1229250
Bank charges	952507	-	952507
Depreciation of furniture and office equipment	6773957	4741770	2032187
total	284063976	119829896	164234080

After conducting interviews and inquiries by officials within the department, it was found that the actual need of the department during the year 2020 is (5) employees and (7) employees can be dispensed with because they do not add value to the activity, as their total salaries are (157493817) dinars and their

transportation costs represent (577347) dinars, while (20%) of office supplies can be dispensed with and the costs of hospitality, travel, meetings and banking charges can be dispensed with for the activity, it is possible to dispense with (30%) of office furniture and appliances and get rid of the costs of their extinction.

Table (11) shows the costs of human activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	245461487	133888084	111573403
Office supplies	1237148	1237148	-
Advertising	850013	850013	-
Hospitality	364341	-	364341
Employee transportation	1265620	690338	575282
Travel and Meetings	806850	-	806850
Bank charges	405059	-	405059
Depreciation of furniture and office equipment	6946502	4862551	2083951
total	257337020	141528134	115808886

After conducting interviews and inquiries by officials within the department, it turned out that the actual need of the department during 2021 is (6)employees and (5)employees can be dispensed with because they do not add value to the activity, as their total salaries are (111573403) dinars and their transportation costs represent (575282) dinars, while all costs for office supplies, and advertising cannot be excluded for their importance to the activity and the costs for Hospitality, Travel, meetings and banking charges can be dispensed with because it does not add value to the activity and it is possible to dispense with (30%) of office furniture and appliances and get rid of the costs of their extinction.

4- legal department

Table (12) shows the costs of legal activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	179992934	74997056	104995878
Supplies and materials	1209380	1209380	-
Office supplies	911325	911325	-
Maintenance of transportation vehicles and conveyances	943900	943900	-
Employee transportation	659825	274927	384898
Travel and Meetings	819500	-	819500
Rental of transportation vehicles and conveyances	40416125	-	40416125
Non-employee bonuses	601700	-	601700
Bank charges	635004	-	635004
Depreciation of machinery and equipment	59705491	17911647	41793844
Depreciation of furniture and office equipment	4515971	2709583	1806389
Taxes and other fees	272530	272530	-
total	290683685	99230348	191453338

After conducting interviews and inquiries by officials within the department, it turned out that the total salaries that add value to the activity are (74997056) dinars, which represent the salaries and wages of (5)employees out of the total employees (12), while there are (7) employees who do not add value to the activity and their total salaries are (104995878) dinars and their transportation costs are (384898) dinars and that all costs for travel, meetings, rental of means of transport, transportation and bonuses for non-workers banking services do not add value to the activity while the costs of office supplies, supplies, errands, media

maintenance, transportation, taxes and other fees represent important costs and add value to the activity while they cannot be dispensed with. The costs that can be dispensed with (40%) of furniture and office equipment because they do not add value and (70%) of the loss of machinery and equipment does not add value to the activity.

Table (13) shows the costs of legal activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	163640991	44629361	119011630
Supplies and materials	1503992	1503992	-
Office supplies	824765	824765	-
Maintenance of transportation vehicles and conveyances	1099350	1099350	-
Employee transportation	843747	230113	613634
Travel and Meetings	537900	-	537900
Rental of transportation vehicles and conveyances	28854075	-	28854075
Non-employee bonuses	615000	-	615000
Bank charges	270039	-	270039
Depreciation of machinery and equipment	61055758	18316727	42739031
Depreciation of furniture and office equipment	4631001	2778601	1852401
Taxes and other fees	341364	341364	-
total	264217982	69724273	194493710

After conducting interviews and inquiries by officials within the department, it turned out that the total salaries that add value to the activity are (44629361)Dinars, which represents the salaries and wages of (3)employees out of the total employees (11), while there are (8)employees who do not add value to the activity and their total salaries are (119011630)DINARS and their transportation costs (613634)DINARS and all the costs for travel, meetings, rental of means of transport, transportation and bonuses for non-workers banking services do not add value to the activity while the costs of office supplies, supplies, errands, media maintenance, transportation, taxes and other fees represent important costs and add value to the activity while they cannot be dispensed with the proportion of costs Which can be dispensed with (40%) of furniture and office equipment because they do not add value and (70%) of the loss of machinery and equipment does not add value to the activity.

5- Commercial Department

Table (14) shows the costs of commercial activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	179992934	89996467	89996467
Office supplies	911325	729060	182265
Employee transportation	659825	329913	329913
Bank charges	635004	-	635004
Depreciation of machinery and equipment	59705491	29852746	29852746
Depreciation of transportation vehicles and conveyances	3573132	1786566	1786566
Depreciation of furniture and office equipment	4515971	2257986	2257986
total	249993685	124952738	125040947

The total number of employees in this activity is (20) and after conducting interviews and inquiries by officials within the department, it turned out that the total salaries that can be dispensed with are (89996467) DINARS, which represents the salaries and wages of (10) employees, and their transportation costs represent (329913)DINARS, and the costs of banking services can be dispensed with because they do not add value to

the activity, while the percentage of costs that can be dispensed with is (20%) from the account of office supplies and (50%) from the machinery, equipment, means of transportation, transportation and (50%) of office furniture and appliances do not add value to the activity.

Table (15) shows the costs of commercial activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	163640991	86126838	77514154
Office supplies	824765	824765	-
Employee transportation	843747	444077	399669
Bank charges	270039	-	270039
Depreciation of machinery and equipment	61055758	30527879	30527879
Depreciation of transportation vehicles and conveyances	3848666	1924333	1924333
Depreciation of furniture and office equipment	4631001	2315501	2315501
total	235114968	122163393	112951575

The total number of employees in this activity is (19) and after conducting interviews and inquiries by officials within the department, it was found that the total salaries that can be dispensed with are (77514154) dinars, which represent salaries and wages of (9) employees, and their transportation costs represent (399669) dinars, and the costs of banking charges can be dispensed with because they do not add value to the activity, while the percentage of costs that can be dispensed with is (50%) from the loss of machinery, equipment, means of transportation and 50%) of office furniture and appliances that do not add value to the activity.

6-Monitoring and Risk Management Department

Table (16) shows the costs of monitoring activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	161993641	53997880	107995761
Oils and fuel	15141015	15141015	-
clothes	125280	125280	-
Employee transportation	593843	197948	395895
Bank charges	571504	-	571504
Depreciation of machinery and equipment	53734942	42987954	10746988
Depreciation of transportation vehicles and conveyances	3215818	2251073	964746
Depreciation of furniture and office equipment	4064374	2438625	1625750
Total	239440417	117139775	122300644

After conducting interviews and inquiries by officials within the department, it was found that the actual need of the department during the year 2020 is (5) employees and (10) employees can be dispensed with because they do not add value to the activity, as their total salaries are (107995761) dinars and their transportation costs represent (395895) dinars, while the costs of fuel, oil and clothing cannot be excluded for their importance to the activity and the costs of banking charges can be dispensed with because they do not add value to the activity it is possible to dispense with (20%) of the loss of machinery and equipment, (30%) of the loss of means of transportation and transportation, and (40%) of office furniture and appliances and get rid of the costs of their extinction.

Table (17) shows the costs of monitoring activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	147276892	90631934	56644959
Oils and fuel	11968000	11968000	-
clothes	22239	22239	-
Employee transportation	759372	467306	292066
Bank charges	243035	-	243035
Depreciation of machinery and equipment	54950182	43960146	10990036
Depreciation of transportation vehicles and conveyances	3463799	2424659	1039140
Depreciation of furniture and office equipment	4167901	2500741	1667160
Total	222851421	151975025	70876396

After conducting interviews and inquiries by officials within the department, it turned out that the actual need of the department during the year 2021 is (8)employees and (5)employees can be dispensed with because they do not add value to the activity, as their total salaries are (56644959) dinars and their transportation costs represent (292066) dinars, while the costs of fuel, oil and clothing cannot be excluded for their importance to the activity and the costs of banking services can be dispensed with because dispense with (20%) of the loss of machinery and equipment, (30%)of the loss of means of transportation and transportation, and(40)of office furniture and appliances and get rid of the costs of their extinction.

7 -Information Technology Department

Table (18) shows the costs of information technology activity that add value and that do not add during the year 2020:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	143994347	57597739	86396608
Office supplies	233299	116650	116650
Advertising	561940	-	561940
Hospitality	911198	-	911198
Maintenance of machinery and equipment	1966620	1966620	-
Employee transportation	527860	211144	316716
Bank charges	508004	-	508004
Depreciation of machinery and equipment	47764393	38211514	9552879
Depreciation of furniture and office equipment	3612777	2167666	1445111
total	200080438	100271333	99809106

After conducting interviews and inquiries by officials within the department, it was found that the total salaries that add value to the activity are (57597739)DINARS, representing the salaries and wages of (8)employees out of the total employees (20), while there are (12)employees who do not add value to the activity and their total salaries are (86396608)DINARS and their transportation costs are (316716)DINARS and all the costs of advertising, hospitality and banking services do not add value to the activity while the maintenance of machinery and equipment are important costs that add value to the activity and cannot be dispensed with, while the proportion of costs that can be dispensed with is (50%) of office supplies, (20%)of the loss of machinery and equipment, and(40%) of the loss of Furniture and office equipment because they do not add value to the activity.

Table (19) shows the costs of information technology activity that add value and that do not add during the year 2021:

Account	Total activity costs	Activity costs that add value	Activity costs that not add value
Salaries and wages	130912793	72729329	58183464
Office supplies	211140	147798	63342
Advertising	453340	-	453340
Hospitality	194315	-	194315
Maintenance of machinery and equipment	1826780	1826780	-
Employee transportation	674997	374998	299999
Bank charges	216032	-	216032
Depreciation of machinery and equipment	48844606	39075685	9768921
Depreciation of furniture and office equipment	3704801	2593361	1111440
total	187038804	116747951	70290853

After conducting interviews and inquiries by officials within the department, it turned out that the total salaries that add value to the activity are (72729329) DINARS, representing the salaries and wages of (10) employees out of the total employees (18), while there are (8) employees who do not add value to the activity, their total salaries are (58183464) DINARS and their transportation costs are (299999) DINARS and all the costs of advertising, hospitality and banking services do not add value to the activity while representing the maintenance of machinery and equipment is an important cost that adds value to the activity and cannot be dispensed with, while the proportion of costs that can be dispensed with is (30%) of office supplies, (20%) of the loss of machinery and equipment, and (30%) of the loss of Furniture and office equipment because they do not add value to the activity.

3.1.4. Total Cost Calculation Through the Model of Value Chain Analysis

After presenting the main and supporting activities of the value chain of the Iraqi dates manufacturing and marketing company, we note the total cost of each of the main and supporting sections before following the value chain analysis method and determining the host and non - host activities of the value and the amount of reduction in the total cost after following the value chain analysis method and excluding non-host activities through the following tables:

Table (20) total cost analysis during 2020

Activities	Total activity costs	Activity costs that add value	Activity costs that not add value	Reduction ratio%
Production	667462009	497404432	170057577	25
Marketing	25081318	12580086	12501232	50
Accounts (financial affairs)	125402001	75134289	50267712	40
Control and internal audit	284063976	168823393	115240583	46
Personnel (human resources)	284063976	119829896	164234080	58
The legal	290683685	99230347	191453338	66
Commercial	249993685	124952738	125040947	50
Monitoring and Risk Management	239440417	117139773	122300644	51
Information Technology	200080438	100271332	99809106	50

The previous table indicates the total cost and the amount of costs that add value and are excluded at the level of each activity of the value chain, with a total of, respectively, during the year 2020 (2366271505, 1315366286, 1050905219), where the percentage of reduction achieved amounted to 44% of the total costs after excluding activities that do not add value to the activity.

Table (21) cost analysis during 2021

Activities	Total activity costs	Activity costs that add value	Activity costs that not add value	Reduction ratio%
Production	609751926	539590738	70161188	12
Marketing	23565287	14101803	9463484	40
Accounts (financial affairs)	118252744	83501542	34751202	29
Control and internal audit	257337020	192650632	64686388	27
Personnel (human resources)	257337020	141528134	115808886	45
The legal	264217982	69724272	194493710	74
Commercial	235114968	122163393	112951575	48
Monitoring and Risk Management	222851421	151975025	70876396	32
Information Technology	187038804	116747951	70290853	38

The previous table indicates the total cost and the amount of costs that add value and are excluded at the level of each activity of the value chain, with a total of, respectively, during the year 2021 (2175467172, 1431983490, 743483682), where the reduction rate achieved amounted to 34% of the total costs after excluding activities that do not add value to the activity.

4. Conclusions And Recommendations

4.1. Conclusions

In the light of what has been studied in this research from both theoretical and practical points of view, a number of conclusions have been reached, the most important of which are:

- 1-among the reasons that business organizations call for the trend towards managing and reducing the costs of the products they produce is the possibility of reducing prices and contributing to improving the profit margin by reducing costs, maintaining market share, sustainable growth and outperforming competitors.
- 2-in light of the major developments that have occurred in the business environment, the openness of the outside world to some, the emergence of electronic commerce and the large and complex level of activities of business organizations, all these factors have misled the importance of value chain analysis for organizations by identifying gaps in operations and working to improve them.
- 3-value chain analysis contributes to reducing costs by separating the host and non-host activities of value and identifying high-priority activities that need continuous improvement in order to increase efficiency and effectiveness in work.
- 4-the lack of application of cost management techniques, including (value chain analysis technique) in the company research sample and the lack of governmental support to the sample study related to application those techniques.

4.2. Recommendations

- 1-the researcher recommends studying and analyzing the reasons that lead to cost reduction because of its role in achieving the strategic goals of business organizations.
- 2-applying modern techniques and methods related to cost reduction that are consistent with the continuous developments in the environment surrounding the company's work and that fit into the company's cost structure, such as value chain technology because of its role in keeping up with developments.
- 3-there must be a system for distributing costs to production centers appropriately without relying on percentages.
- 4-the necessity of adopting after-sales services activities because they have a vital role in maximizing the company's sales and profits and maintaining its competitive position by responding to customers ' requests and taking their feedback.

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