
[Use of the theory of restrictions to manage and reduce strategic costs for textile industries in Iraq Research based on a master's degree in accounting]

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Extracted

This research seeks to highlight the technique of limitation theory (TOC) as one of the modern tools in the field of cost and administrative accounting that has emerged within a highly competitive environment, and this technology focuses on maximizing profitability through the need for efficient use of resources controlling the flow of production and then the total productivity of the economic unit, and by applying the economic unit of the technology of theory of restrictions can achieve its most important objectives, which are to reduce costs and improve the quality of the product, Reducing product costs is one of the most important means used by economic units to cope with the situation of intense competition and to keep pace with changes in the business environment, we find that this research aims to reduce costs by identifying the constraints and constraints that are distributed between the sections and production lines and helping to address these constraints and control resources and production lines that suffer from suffocation and increase production capacity and thereby increase profits and enhance competitive advantage, and the importance of research stems from the study of the application of one of the tools of Modern management accounting, which is a technique of limitation theory and its use in the allocation of costs in order to reach a better allocation of these costs .

Keywords: Strategic cost management, cost reduction, limitations theory.

Introduction

Due to developments in the environment of modern manufacturing systems, the opening of markets globally and the emergence of competitive pressures between enterprises, traditional cost accounting systems have become inadequate in providing appropriate information on administrative decisions, In addition to its inability to help the economic unit achieve its objectives of increasing profitability, reducing costs, achieving customer satisfaction and improving product quality, Accordingly, there has been a response from administrative accounting to these developments, which have sought to demonstrate many modern inputs and systems in cost analysis and management to contribute to rational decision-making as well as to assess performance and achieve the efficiency of pleasing customers by reducing costs and maintaining a competitive position in the long term, including the introduction of limitations theory (TOC).

The introduction of the theory of restrictions is considered one of the most famous and effective modern administrative techniques, whether in the field of production or service, it represents an integrated methodology to control the mechanism of productive work within the economic unit through the effective tools it provides to help control and flow operational processes within the sections and production lines , It identifies the constraints and constraints that are distributed between the sections and production lines and helps to address these constraints and control resources and production lines that suffer from suffocation and increase production capacity and thus increase profits .

This research, through the theory of limitations, seeks to identify a set of objectives, most notably achieving comprehensive and partial consistency by changing both the nature of administrative decisions, the cost, product design and performance measures, and identifying the best production mix in the short term to improve profitability, reduce manufacturing cycle time, increase productivity, reduce inventory level and improve competitive position.

First : Research methodology

1. Search problem

Due to the openness of the local environment to the global environment and the rapid developments in the economic units in the modern business environment and the resulting intense competition, the business environment has become changing, changes are accelerating and technological developments are successive, and due to the fact that most economic units suffer from their reliance on traditional systems when providing their services they had to think about finding modern technologies, taking into account the new requirements that contribute to reducing costs and achieving customer satisfaction ; One such technique is limitation theory (TOC). As a result, the research problem revolves around:

Is the application of limitation theory technology (TOC) contributing to reducing costs and improving the quality of economic unit products?

Second: Search objectives

- 1.1. To provide the management of the economic unit with appropriate information and to show its efficiency in managing the constraints of the production process.
- 1.2. Employ toc technology to reduce product or service costs for the economic unit and improve the quality of the products it offers.

2. The importance of research

The importance of the study is reflected in the following:

- 2.1. The importance of the need for a theoretical framework for the technique of limitation theory (TOC) in order to serve the economic units by helping them to identify and address the constraints and bottlenecks they face and thereby achieve their objectives.
- 2.2. The importance of the study stems from the fact that the technology they use is more responsive to the rapid developments in the modern business environment in an effort to overcome the constraints and bottlenecks faced by the economic unit, which is one of the important reasons for the high cost of its products.
- 2.3. The importance of the study derives from the importance of the role played by TOC in reducing product costs for economic units.

3. The hypothesis of research

The application of limitation theory technology (TOC) reduces the costs of products or services provided by economic units and thus helps them achieve their objectives and improve the quality of their products.

4. Search tools

This study will be completed using the inferration method and this is done by relying on sources, namely books, periodicals, Arab and foreign references, thesis and letters of previous graduate students.

The second topic : Cognitive Foundations of Limitation Theory Technology (TOC)

1. The concept of the theory of limitations

As a result of the development in accounting and administrative thought, interest in administrative accounting systems, including the theory of limitations, has increased, as it is an administrative philosophy concerned with managing restrictions and addressing the problems and bottlenecks that occur in the production process with the aim of accelerating production processes and thereby maximizing profits [1] Some believe that the basic idea of the theory of restrictions is that there are activities in the economic unit with limited capacities or resources that represent restrictions on the production process and therefore operations must be organized and scheduled in order to exploit activities where there is suffocation in addition to organizing other activities where there is no bottleneck [2]

There have been many studies that have addressed the theory of limitations and the definitions of this theory, although Goldratt did not specify a clear definition of the theory of restrictions, the researchers provided a number of definitions that came influenced by the ideas he presented , Some of these definitions touched on the theory of restrictions as an integrated administrative philosophy, others considered it a production system, while others went on to address their historical development, components and objectives [3] [4] has been defined as a philosophical and administrative entry based on the identification and treatment of restrictions (sometimes called critical resources or bottlenecks) that maximize profits for the economic unit by increasing productivity, reducing inventory and reducing operating expenses.

It was also known as a tool used by the administration to solve many problems and bottlenecks for the purpose of controlling and controlling the production process in order to achieve the objectives of the economic unit of profit-making and gaining market position [5]. Therefore, the theory of restrictions seeks to identify these problems and bottlenecks in the system, which hinder economic unity from achieving the highest level of success, and then seek to address and resolve these restrictions through the proper and regulatory management of bottlenecks or restrictions imposed on the economic unit as well as seeking to employ all other administrative objectives in order to solve the problems of registration [6].

Blocher believes that the theory of restrictions is an administrative methodology that improves profitability and improves an important factor for success, namely the time cycle by identifying bottlenecks that lead to the assembly of semi-finished products to wait for their role to complete the production process [7] Kadhim believes that the theory of restrictions is a set of principles, concepts and tools that help the economic unit identify and address the constraints and bottlenecks that accompany the production process, so that it contributes to the promotion of profits and the achievement of other objectives of economic unity [8].

From the above it turns out that restriction and suffocation are considered basic concepts in the technique of theory of limitations (TOC) so it had to be distinguished between them on the basis that the restrictions are more general and more comprehensive than bottlenecks as described below:

A restriction is anything that prevents us from getting more than we want, and every individual or institution has at least one restriction that prevents them from getting what they want, so it's not difficult to reach [9].

Bottlenecks are those points at any level of the production process that are slow enough to affect the functioning of other operations during the series of operations, resulting in time loss [10]

From the above it can be said that the theory of restrictions (TOC) is an administrative methodology that looks for choking points and restrictions within the production lines and processes in order to balance energies at the level of production lines, which leads to improving the efficiency of internal processes and thereby maximizing the return of internal operations, which ultimately affects increased profitability and the realization of interests of owners and other parties.

2. The benefits of applying the theory of restrictions

The application of the theory of restrictions achieves a range of benefits that help economic units achieve their objectives, which called for the need to apply them in various types of economic units production, industrial and service, including:

- 2.1. Increase productivity for the purpose of achieving the highest completion margin as well as reducing operating costs and reducing time [11].
- 2.2. Reducing production stocks under operation, by de-choking during the production process [12].
- 2.3. Increased profitability is the main goal of most for-profit companies [13].
- 2.4. The theory of restrictions helps to continuously improve the performance of the system in economic units [14].
- 2.5. Exploiting and improving the restriction [15].
- 2.6. Increase the competitiveness of the economic unit [3]

3. Types of restrictions

There are many factors that represent limitations and result in the system failing to perform its function, a human, material or machine may cause specifics (restrictions) in the system, some of these restrictions are related to the speed of operations while others are related to productivity such as the lack of raw materials , In addition to other constraints associated with human resources that need to be understood or re-disposed of, these restrictions are insurmountable because the human factor cannot function as quickly as the machine , However, it is possible to reduce their impact through appropriate training and the right recruitment options [16].

The restrictions are classified into two types: internal and external restrictions, as follows:

3.1. Internal restrictions

These are the restrictions that occur within the economic unit and which lead to its inability to meet the demand for its products or services causing stock accumulation under manufacturing, and can be classified into the following types:

3.1.1 Capacity Constraints

This restriction is one of the most important types of internal restrictions imposed on the production process, consisting of individuals, machinery, equipment and any other tangible resources, This constraint occurs when the outputs of the region that represents a constraint are unable to meet the needs of the market, and the amount of production stored under operation is indicative of the existence of this constraint [17]

3.1.2 Human resources constraints

This limitation occurs when employees are unable to understand, respond or provide a particular job performance, as well as because the administration has a centralized decision-making policy and lack of participation of opinions, or because there is no incentive system or promotions for qualified workers. Or the reason is the small number of workers [18]

3.2. External Constraints

These restrictions, which occur outside the economic unit and are the determinants that make them delay meeting the needs of customers or reduce the level of demand for their products, are classified into the following types:

3.2.1. Constraints Raw Materials

This type of restriction occurs in the event of a scarcity or shortage of raw materials in the long or short term for one or more of the components needed to manufacture a particular product , Delays in delivering production to customers on time due to the use of certain raw materials, the processing or late processing of raw materials are indicative of this limitation [19].

3.2.2. Market Constraints

This restriction means that customer orders for economic unit products are lower than their production capacity [20], The decrease in customer demand for economic unit products is due to the following reasons (19)

- There is a defect in the production process or service provided that affects the quality of the product or service.
- Inadequate service outlets to deliver services or goods in time and in the right form.
- Weak promotional campaigns, especially for new products.

3.3. Steps of the theory of restrictions

When applying the limitations theory, there are five steps expressed in the five focus steps (FS5) that should be followed to help management detect system constraints and manage the entire system [21]

3.1. Identifying restrictions and bottlenecks in the system

The constraint is everything that limits the ability of the economic unit to generate more output, and in order to determine the limitations, some tasks must be carried out, such as a production flow chart that shows the succession of operations and the amount of time required for each operation, and notes here that there is more than one weak link representing restrictions on the production process by determining the relative importance of these restrictions and their impact on the achievement of outputs, where one constraint appears to be the most influential among other constraints. Attention is focused on this limitation in the improvement process [22]

3.2. Exploiting or overcoming the constraint

Exploiting the constraint means getting more through it, i.e. how to use the registration activity more efficiently and effectively, and dealing with the restriction in the light of the ultimate goal of maximizing output, The loss of one hour of registration activity means a loss of one hour at the system level as a whole, and achieving one hour of registration activity means an hour increase at the system level as a whole, depending on the products produced by the economic unit. If the economic unit produces one product, then the right way is being sought to reduce the

time it takes to produce one unit. If it produces more than one product, the optimal production mix calculated based on the margin of contribution achieved from this product and the time it takes to produce it [23]

3.3. Arrange anything in accordance with the previous decision

According to this step, a set of rules are drawn up for the management of restrictions that do not represent restrictions, All points that do not represent restrictions must operate according to the rhythm set by the choke point (restriction) , In this step, it is recognized how to manage the activities of the system, which do not represent restrictions, since the overall performance of the system is imposed from restricted activities, i.e. the management of activities that do not represent restrictions is in the light of activities that represent restrictions , This is due to the interlocking relationship between the activities of the economic unit and each other, and the theory of restrictions requires the development of an economic unit production rate commensurate with the speed of activity (supplier) which represents a constraint, Therefore, the production of activities (sections) that do not represent asphyxiation will be restricted by the production of activities that represent asphyxiation [24]

3.4. Improving the performance of registration activity

Improving the performance of the productive system depends not only on harnessing all the capacities of unrestricted operations and activities in accordance with the capacities and capacities of restricted resources, but also on activating the resources of the restricted economic unit and improving its performance. To make the most of unrestricted resources, which will work at the restricted resource level after improvement, maximizing the overall output of the system [25] This step often involves capital expenditures such as the operation of an additional workforce or the purchase of additional equipment that enhances the capacity of enrolment or in the event of a lack of demand in the market. Increased demand may require special marketing strategies designed and implemented to address factors that limit market demand for various products and services in the economic unit. [26]

3.5. If the restriction is eliminated in the previous steps, the first step is referred to

If the economic unit can succeed in getting rid of the restriction, then the production system will be returned to determine another constraint that represents the weakest link in the system. As a result, the economic unit will be able to continuously improve its operations as well as eliminate all the constraints it faces that lead to additional expenses [27]

4. Rules of the theory of restrictions

There are a set of rules on which the theory of limitations is based, namely:

4.1. Unfettered resources do not control the use of their energy levels, but other restricted resource cards:

Non-choking resources are always productively more productive than the production capacity of choking resources. If the full capacity of unrestricted resources is exploited, this will lead to the accumulation of semi-finished products in front of restricted production centres. Therefore, the flow of production capacity according to the weakest capacity of resources should be to obtain continuous production flows without interruptions and to avoid accumulations in the treasury of production under operation [28]

4.2. If the system is broken, a new restriction is likely to appear

When the system is broken, a new constraint that is considered the weakest in the series of operations is likely to appear. The refore, the Economic Unit must work to get rid of this restriction, which will be the governor by renewing the ongoing improvement of this restriction [14]

4.3. The lost or lost hour of choking point time means losing an hour at the system level as a whole.

If the economic unit aims to maximize achievement, the restricted resource must be fully operational. The overall system outputs determine the restricted supplier's card, so the administration must take into account the continuation of work at the choking point all the time and efficiently, taking into account the existence of a preventive safety stock before it to help it [29]

4.4. The benefit and effectiveness of resources are not synonymous.

The benefit is to operate non-choking resources at full capacity in order to reduce loss, but the effectiveness is the extent to which the system can achieve its objectives regardless of the level of production capacity available [30]

4.5. Saving an hour of unrestricted resource time is an illusion

Naturally, non-choking resources have more energy than choking resources, and the system's outputs are not specified by the non-choking resource card, which means that saving time for unrestricted resources does not increase the system's output from productive units.

4.6. Bottlenecks restrict both units sold and inventory of production under operation

Restricted resources limit access to the target amount of units sold (outputs), due to different energy levels, and this will result in a backlog of production inventory under operation [29]

4.7. The size of the transfer batch is not equal to the production batch.

The transfer or transfer payment means the amount of resources that move from one stage to another. The production boost is the amount of materials produced in the production phase, in the case of asphyxiation, the conversion batch is greater than the production batch in the subsequent production phase [31]

5.8. Unable to establish Internet connection

The change in the size of the production boost is a function of the different level of capacity between production processes. Thus a function of the occurrence of restrictions in the production process. This rule is one of the rules on which the optimal production technology system has been adopted, the size of the variable payment takes into account the balance between components during the production process, the cost of treasury, the flow of parts and the cost of preparation, and with the aim of reducing production under operation in front of restricted resources, large payments of production are made on restricted resources to ensure that they continue to operate and at small-scale payments compatible with unrestricted resources [20]

5. The role of limitations theory technology in reducing costs and improving product quality

There are positive effects achieved by economic units as a result of the adoption of the theory of restrictions, as the theory of restrictions has seen wide application in many areas and has given good results reflected on the performance of those units in terms of reducing operational costs and reducing losses by reducing restrictions that prevent access to the targets set [14]. In the same regard, Dahham believes that when implementing the theory of restrictions, economic units achieve many benefits, including increased productivity for the purpose of achieving the highest margin of achievement as well as reducing time and reducing operationality [32] , The theory of limitations has received great attention from many researchers, including the study (Jabbar) it referred in its study to the role of the theory of restrictions in reducing costs, as this study included the role of the theory of restrictions in reducing costs in the sample of the study, which consists of manufacturing the refrigerator Ishtar in the General Company for Light Industries by applying the steps of the theory of restrictions and after identifying the limitations

suffered by the refrigerator plant, which is mainly the increase in the number of employees and the low quality of raw materials used In the production process due to the laying off of a large number of skilled workers in the absence of local industry after the return of local production, the employment of inexperienced manpower and the lack of courses to enhance their capabilities, and the import of raw materials represented by metal plates, which do not conform to specifications, which negatively affected the quality of the product, the study proved its ability to address these restrictions and reach a reduction in costs by 76,172 dinars [31].

From the foregoing, it can be said that the application of the steps of the introduction of the theory of restrictions has an impact on reducing costs by identifying restrictions and then working to remove them or reducing them to the lowest possible level, thus increasing net profit, which is one of the main objectives of the economic unit.

The fourth topic: the applied aspect

1. About woven bag factory and production capacity

The plastic and woven bags factory is one of the factories of the General Company for Textile Industries and within the geographical area of the company located in the center of Babil province / Nader III / Diwaniyah Intersection Najaf, the total area of the plant (8000 m), while the area of the building allocated to the production line of the woven bags project amounts to (3132 m), The plant contains two production lines, namely the woven bag production line and the plastic bag production line, the two lines produce a variety of types of bags of different sizes and for various purposes, all products within the required specifications and measurements and subject to quality control and the production of items for the line of woven bags as requested by the customer, whether government or local.

The plant continues to produce despite the significant deterioration in the volume of production suffered by most of the company's factories due to the opening of markets globally and the dumping of Iraqi markets in various competing products and cheaply as a result of the non-taxation of imported goods, in addition to the outbreak of the Corona pandemic and the damage it has caused at various levels, but despite the continued production of the plant, the volume of its products has decreased significantly in recent years compared to previous years, particularly in particular in In 2021, the actual products became much lower than the plant's design capacity, available and planned, which means that there is very much idle energy as this is evident in table 1, so the woven bag lab is suitable for researching the theoretical technique of restrictions on it to try to help provide its products at a cost and quality that can compete in the market.

Table1

Design capacity available and planned and actual production for years 2019/2020/2021

(unit of measurement/piece)

The year	Design energy	Available energy	Planned production	Actual production	Ratio of actual production to		
					Design	Available	Chart
2019	20000000	16000000	12000000	3935379	19.68%	24.6%	32.79%
2020	20000000	16000000	12000000	319500	1.6%	2%	2.66%
2021	20000000	16000000	12000000	123950	0.62%	0.78%	1.03%

Source: Preparing the researcher based on the annual statements of the planning and follow-up department

Production stages in the plastic and woven bag factory and its technological course

After visiting the laboratory sample research and identifying the progress of the production process and the products it produces, the line of woven bags was determined to conduct the study on it, the production in this line goes through several stages implemented by a group of productive people and these stages are:

- 1.1. Extrusion stage (production of plastic tapes)** After the plant orders production, the raw materials are withdrawn from the warehouse and inserted into the jet tank in order to turn them into plastic filaments, then damage the cylinders and then move to the tissue stage.
 - 1.2. Tape texture stage** ; It begins its work by receiving cylinders and installing them on the pregnant women, and the process of tissue begins mechanically, then damages the fabric cylinders, and when the cylinder is full it is cut and delivered to the paint stage.
 - 1.3. Thermal coating phase** : After receiving the cylinders from the fabric stage they are installed on the paint machine, then the paint granules are added to the machine and mixed and melted by the oven to be quexed by the fabric, then turned into the printing stage.
 - 1.4. Printing phase:** Painted fabric cylinders are mounted on printing machines, and printing is done on one or two sides according to the specifications specified by the customer.
 - 1.5. Cutting and completion phase:** Printed cylinders are mounted on the shredder holder to be picked up, then pulled to the sewing machine in the same machine to be sewn and here the production process ends.
 - 1.6. Examination and package phase:** This phase is based on human effort and the woven bags are examined and packed in the waiters of each pendle containing 250 bags and then transferred to the full production stores .
- 2. The reality of the performance of the woven bag line**

The woven bag line produced 123,950 plastic bags in 2021 and the table below shows the total costs spent on production during this year:

Table (2)
Total costs of the woven bag line for 2021

Account name	Amount
Salaries and wages	503005836
Raw materials and raw materials	35262407
Oil materials	85118
Oils and greases	23927
Backup tools	156130
Packaging materials	814
Miscellaneous	138768
electricity	2087217
Maintenance of machinery and equipment	323217
Maintenance of transport and transmission modes	19500
Maintenance of furniture and office equipment	42500
Services, research and consulting	520000
Hospitality	1374
Travel and dispatch	260500
Public communications	347625
Rental modes of transport and transmission	119320
Various service expenses	561606
Buildings disappear	23233112
The disappearance of machinery and equipment	59332137
Furniture and office equipment disappeared	21609788
Compensation and fines	625000

Total	647755896
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Source: Preparing the researcher based on the balance data of the review

Based on the data of the Commercial Division and the Financial Division on quantities and amounts consumed to produce (123,950) woven bags, the share of the single bag of costs was determined as follows:

Table (3)

Cost per unit of woven bags

to	The name of the article	Unit of measurement	Weighted price rate per unit of measurement in dinars	PP13 Item		PP15 Item	
				Exchange rate	Cost in dinars	Exchange rate	Cost in dinars
Extrusion stage (plastic tape production)							
1	Polypropylene PP	Kg	3000	72 g	216	143	429
2	Calcium carbonate	Kg	1250	2g	3	4	5
3	Masterbag Granules (Color)	Kg	4500	0.5g	2	1	5
Paint stage							
4	Polypropylene PP	Kg	3000	14g	42	28	84
5	Polly Athline B.E	Kg	2728	2g	5	4	11
Printing stage							
6	Inks print	Kg	13000	0.5 g	7	1	13
Cutting and sewing stage							
7	yarns	Kg	5363	1.5g	8	3	16
Total cost of raw materials					283		563
Back-up					1		2
Another variable.					41		82
Total variable costs					325		647
Cost of work					4026		8050
Disappearing					834		1667
Total fixed costs					4860		9717
Cost of making					5185		10364

Source: Preparing the researcher based on the data of my division of trade and finance

Table (1) shows that production volume in 2021 decreased significantly from production in previous years and the reason for this is the low demand for the woven bag product, and after interviewing the director of the laboratory to find out the reasons for this decline we found that the main reason is the availability of alternative products at prices much lower than the prices of the product in the laboratory, and in order to get rid of this restriction

technology must be applied the theory of restrictions on the line of woven bags to eliminate this restriction And try to increase the market share of the product.

3. Steps to apply limitation theory technology

When applying limitations theory technology, there are a set of steps to be taken that help management detect system constraints and manage the entire system:

- 3.1. **Determining the system constraint** : The main limitation in the line of woven bags is the decrease in the market share of the factory products of bags, which is a non-material restriction caused by the availability of alternative products in the local markets at lower prices than the price of laboratory products, as a result of the opening of markets globally and the entry of imported products and the non-imposition of taxes and fees, which led to the reluctance of consumers to plant products and the shift to alternative products .
- 3.2. **Exploiting the restriction** : In this step, it is determined how to exploit the constraint suffered by the woven bag factory, which is the low demand for the lab's products, and this is done by making the most of this restriction and exploiting it in the best possible way.
- 3.3. **Subjecting anything to the restriction** : In this step, resources that do not suffer from asphyxiation are modified and regulated and harnessed to serve the resources that suffer from asphyxiation to achieve maximum productivity of the restriction, this is done by overcoming the constraint and increasing the production capacity of the supplier suffering from asphyxiation, and for the constraint of the system of low demand for products new marketing strategies are being pursued to increase the market share of the laboratory products.
- 3.4. **Addressing the restrictions facing the plant** : In this step, the system of low market demand for the woven bag product is addressed because of its high price compared to the foreign product as a result of high costs of the domestic product on the one hand and the non-imposition of duties and taxes on the foreign product on the other, which is why the plant cannot control it because it relates to the instructions and policies taken by the state, and in order to address this problem the laboratory in general and the marketing division in particular must focus efforts on the search for markets New promotion of woven bag product in various means of communication and gaining greater market share for its products , In addition to focusing on the quality of the product to gain consumer confidence and its reluctance to alternative products that are not subject to inspection by the central agency for quality control as opposed to the local product that is subject to inspection by this device, thus enables the laboratory to gain consumers and increase market share in the market, which leads to a reduction in production costs by reducing the fixed costs per unit due to the division of total costs on a larger volume of production, which is the objective of basic research.
- 3.5. **Find a new restriction** : After the market constraint is addressed in the previous step, it is necessary to look for another constraint that represents the weakest link in the system in order to apply the same steps as before it, i.e. to go back to the first step and look for a new restriction in the system and work on its study and apply steps similar to the restrictions on it.

Fifth, proposals and recommendations

1. Conclusions

A set of conclusions has been reached, the most important of which are:

- 1.1. **According to the theory of restrictions, there are five basic steps to be followed:** identifying the basic constraint and how to exploit it by taking advantage of the constraint itself and subjecting anything to the constraint to harness the resources that do not suffer from suffocation to serve the resources

that suffer from asphyxiation and then address the restriction and return again to look for another constraint.

- 1.2. The technique of limitation theory is based on a number of principles and concepts aimed at helping the administration identify and address the constraints faced by the economic unit, whether material or non-material.
- 1.3. The technique of limitations theory is an administrative method that continuously improves the whole system by diagnosing the difficulties it suffers from and working to address it in order to maximize the outputs of the restriction.
- 1.4. The technique of limitation theory provides appropriate information that helps management to rationalize operational decisions that are related to the production process and this is done through the management of restricted resources and coordination with unrestricted resources and thus maximize the overall performance of the economic unit.

2. Recommendations

- 2.1. In response to changes in the modern business environment, it has become necessary for economic units to adopt strategic cost management techniques, particularly the limitations theory technique, because of the advantages they provide, which are to achieve greater accuracy in allocating costs and providing appropriate information for sound management decisions.
- 2.2. The need to adopt the technique of theory of limitations, which is the process of focusing the five steps in order for the economic units to be better able to address the different constraints they face, whether administrative or material.
- 2.3. Before starting to apply the theory of restrictions, the management of the economic unit should work to analyse the material and human potential necessary for the application of this technique, in addition to understanding how it is implemented and what its advantages and disadvantages are.
- 2.4. In the application of the technique of restraint theory, the management of the economic unit should use logical thinking as an important tool of theory of restrictions in order to identify the most important constraints and bottlenecks facing the economic unit and its causes, to help the administration develop appropriate solutions to it, particularly with regard to internal constraints.

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