

-RESEARCH ARTICLE-

THE ROLE OF TARGET COST MANAGEMENT APPROACH IN REDUCING COSTS FOR THE ACHIEVEMENT OF COMPETITIVE ADVANTAGE AS A MEDIATOR: AN APPLIED STUDY OF THE IRAQI ELECTRICAL INDUSTRY

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—Abstract—

Target cost management (TCM) contributes to cost reduction amidst the intensive competition faced by industrial companies, which is the central premise of the research.

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It seeks competitive advantage (CA) to obtain the largest market share, attract customers, and maximize profits. This study aims to determine the role of CA as a mediator between TCM and Reduced costs (RC) in Iraqi industrial firms, given the intense competition faced by state-owned government companies. The research sample consisted of a set of employees from the General Company for Electrical Industries in Iraq, and the questionnaire was distributed to these workers. Using structural equation modeling, the mediating role of CA was evaluated. The study drew several conclusions, the most significant being that TCM affects RC. We also discovered that CA's function as a mediator strengthens this relationship. The results of this study indicate the significance of continuous improvement, which requires that industrial companies in Iraq pay attention to the need to adopt the CA as a means that helps these companies to obtain the largest return in order to sustain their activity and compete with local private companies and imported goods, which is reflected in the achievement of returns and financial savings for it and its employees in order to conduct future expansion.

Keywords: target cost management, Reduce costs, competitive advantage.

INTRODUCTION

Target cost management (TCM) can be traced back to the conceptions of Japanese management during the 1960s when Toyota implemented TCM management in 1963. Then, in the late 1980s, this concept emerged in Europe and the United States, and some evidence suggests that the origins of the TCM approach can be traced back to the post-World War II period of resource scarcity, which prompted companies to adopt this strategy. The Americans understood the Japanese strategy of maximizing product and RC characteristics to withstand Japan's intense competition. During the early phases of product planning and development in the early 1960s, value analysis and influencing and minimizing product costs were combined. Toyota used it in Japan in 1963 under the name Genka Kikaku. Genka Kikaku has been translated as Target Costing (Hamadamin & Atan, 2019). This interpretation can be regarded as one of the most appropriate available, as it was adopted at the 1995 annual meeting of the Japanese Cost Society under the name TCM and is widely acknowledged around the globe.

TCM is a strategic cost management method that can be implemented early in a product's life cycle to increase productivity and profitability. The target cost establishes the required cost of a product based on competitive market prices to generate the desired profit. Baharudin and Jusoh (2020) define TCM as a customer-centric technology used as a cost management instrument for optimizing pricing and RC decisions. This definition indicates that Drury viewed TCM as a customer-centric technology, as it embodies his wants and requirements.

Shehadeh, Alshboul, and Hamedat (2022) concur that TCM is a tool for cost management to bring about RC, which is a primary focus throughout the product's life, and that TCM identifies or is required prior to the creation or design of the product. We note from this definition that it is an instrument for RC and that it is not at a specific stage but throughout the entire value chain. Darinskaya, Bratko, Zubareva, Borisova, and Drachena (2020) define it as an integrated approach to identifying a product's features, price, cost, and design that ensures a company will generate a reasonable profit from new products. Moreover, the process begins with carefully analyzing competing products and customer requirements and desires, leading to product specifications and prices that the company believes will appeal to customers. According to this definition, TCM is an integrated approach to analyzing the customer's profitability by determining the cost of the product and its profit margin, as well as the customer's wants and requirements.

TCM begins with product planning to reduce product cost and achieve profit and is widely used by businesses with incoherent manufacturing processes, a short Product life cycle (PLC), and frequent model (design) changes. For instance, in Japan in 1994, target costs were widely used by companies in the transportation industry (100%) and the electrical industry (88.5%). Wakefield and Thambar (2019) report that 85 percent of businesses are in the machinery industry, 75 percent are in the precision instrument industry, and the remaining 15 percent are in other industries.

The issue of RC, as well as the methods and instruments utilized, is a priority for managing all types and sizes of businesses. It provides companies with substantial benefits, the most important of which are increased profitability, improved resource utilization, and increased CA. Finding acceptable alternatives to high-priced items and/or avoiding spending money on unnecessary products and services constitutes cost avoidance. It occurs when costs that were expected to be incurred are not incurred or when costs are incurred in a lesser quantity than anticipated, particularly when planning for this type of cost (Singh, Chen, Del Giudice, & El-Kassar, 2019).

Most costs are determined during the product's design and development phase, which is one of the primary justifications or reasons for using the TCM method. Once a product has been designed and placed into production, it is impossible to reduce its costs significantly. Most opportunities for RC are available during the design phase, where cheaper and more dependable components can be incorporated into the product. TCM is determined first, and then the product is designed to accomplish this TCM (Supit, Gamaliel, & Rondonuwu, 2022). Efforts are concentrated in the design and development phase of the product.

The objective of total cost management is to reduce the total cost of a product over its entire life cycle (Mamentu & Wangkar, 2022). Recent decades have witnessed

significant changes in the business environment, which has resulted in a distinguished and distinct modern business environment. This has resulted in an intensification of competition, which has increased the importance of cost and product development. This is because the survival of any business and its continuity on the market depend on the timely delivery of innovative and new products that satisfy the price and quality requirements of customers, and thus innovation. Time, quality, and cost are the primary determinants of the company's continued existence and market success. Together, these elements have a direct effect on customer satisfaction. The customer anticipates receiving new products (innovation) as swiftly as possible (time), with the highest possible quality (quality), and at the most affordable price (cost). This has resulted in the maximization of the role of cost management systems, which are based on a set of tools aimed at delivering products and services to customers with the required quality and promptly, as well as working to achieve a CA for the business in the market. TCM is one of the most essential tools used in pre-production cost management.

The problem with the research is that government companies in Iraq have a difficult time assimilating market prices for the products they sell, particularly after the political system's transformation, which exacerbated the problem. These institutions impede economic development and expansion. Which, in turn, cannot be privatized or liquidated because it employs a diverse group of employees. Which the previous government relied heavily on due to the total closure of Iraqi borders as a result of the blockade imposed by numerous countries. Also, the high costs incurred for buying and selling led to a decrease in the profit achieved by these companies, which caused them to incur large losses to finance salaries. As a result, these companies became an enormous burden on the public budget, and as a result, a large portion of society is unwilling to accept their products. In addition to their reluctance to purchase products and preference for substitute or competing goods. This results in these businesses losing a portion of their market share to these products. However, the question is how the product cost can be reduced through the TCM approach. Does the mediating role of CA contribute to the relationship between TCM and RC?

PREVIOUS LITERATURE

Among the many motives and reasons contributing to the prevalence of TCM in organizations is the increased competition among alternative products: increasing supplier cooperation and forming large alliances (Darmayasa, Sujana, & Haris, 2019). Improving the product's quality begins with the supplier until it is presented to the customer, enhancing cost management and profitability during the PLC. TCM is essential for various reasons, the most significant of which is its use as a tool for estimating and managing future costs. Moreover, enhance the product's value to the customer by reducing or eliminating the costs of unnecessary parts and operations, simplifying the product, and increasing its adaptability to customer preferences. The cost reduction during

the product's design phase is substantial, but during its manufacturing phase, the cost reduction will be minimal because it has already been achieved. Moreover, the possibility of influencing the profit level during the design phase by adding some important characteristics or omitting some non-essential characteristics makes the customer willing to accept and pay for the product (Hong et al., 2022).

There is ample time between the product planning, design, and manufacturing phases, allowing for many R&D and engineering activities, from modifying the product's components, specifications, characteristics, or costs based on an analysis of the behavior and capabilities of competitors and the desires and expectations of customers. This will allow the company to accomplish superiority in the advantages of high quality and lower cost to satisfy the customer's desires and needs with time and speed in product design, manufacturing, and delivery (Hilman, 2021). The company does not influence the prices charged. As the five forces of competition influence the relationship between supply and demand in determining price, the average price of the product's intended market is determined by an existing reality. The successful application of TCM technology necessitates that employees study, cultivate, and work as a team to develop and enhance the business's operations. This can be accomplished by involving senior management, providing employees with leadership and education, and encouraging them to surmount company operations areas that require improvement. Since TCM technology necessitates the participation of a cross-functional team, the arrangement and funding of senior management for this team are crucial (Bozkurt, Firat, Yilmaz, & Ateş, 2022).

Utilizing product cost information to make long-term pricing decisions varies according to the nature of the business environment and the market in which industrial and non-industrial businesses operate. There are two distinct cost estimation methods. According to this methodology, the to-be-developed product is costed, and market-ready, and the price is determined on a cost-plus basis (Supit et al., 2022). Most industrial companies in the United States of America operating in non-competitive markets adopted this method for determining costs. It concerns the management's need for information that enables it to comprehend the product's manufacturing costs and the price it will set to cover those costs and accomplish the desired return on investment. This means that businesses consider costs before customers and competitors. According to a study by Mohammed (2021), most Japanese industrial companies operating in competitive markets adopted the market-oriented costing approach (or customer) in 1963, followed by American and European companies in the early 1980s.

The market-based approach provides information about customers' desires and how competitors' responses influence the company's actions and prices. This is accomplished by conducting studies and market research on the product's characteristics that customers desire and are prepared to pay for, as well as by analyzing competitors'

businesses to comprehend their technology, products, and costs. The company's financial conditions are advantageous to the business. In this respect, [Nayak, Bhattacharyya, and Krishnamoorthy \(2022\)](#) described how to evaluate how the products and services of competitors can be differentiated on the market. Determining the prices that can be tolerated to achieve excellence and the sources from which the company can obtain information about competitors, typically consumers, suppliers, and employees. In addition, reverse engineering is another source of information used to ascertain product designs and raw materials. Therefore, it becomes essential to comprehend customers and competitors. Due to four factors: 1) lower-cost competitors prevent price increases. 2) Short periods of product availability on the market. 3) Insufficient time and opportunities to rectify pricing errors. 4) Customers are better informed when placing orders for products of the desired quality and cost.

H1: Target cost management significantly and positively impacts reducing costs.

The value engineering process is predicated on a rigorous and systematic examination of the factors that affect the price of a product or service (Sampson et al., 1993). To formulate a method for achieving the RC objective, it is necessary to consider the required standard for product quality and dependability from the customer's perspective. According to [Singh et al. \(2019\)](#), the value engineering (or analysis) procedure entails identifying the elements (components) that comprise the product to reduce and establish the TCM for each of these elements (components). This analysis also emphasizes the interaction between the product's constituent elements and parts. Frequently, the decrease in the cost of one component offsets the increase in the cost of another component. This definition depicts the TCM engineering process as an instrument for reducing and improving cost and quality in a disciplined and precise manner. Japanese businesses have extensively adopted cost CA to reduce and manage costs by implementing incremental rather than radical improvements. The cost of ACA is not restricted to the RC procedure. It also includes the process of expense management, which lends this method a broader scope and greater significance. This is because the cost management process is more comprehensive than the reduction process, as it can include RC-related activities. The CA of cost is also highly dependent on employee delegation. They should have a great understanding of how to enhance operations because they are near the operations and customers and may have a broader perspective on how to RC ([Wijaya & Suasih, 2020](#)). Hence,

H2: Target cost management significantly and positively impacts the competitive advantage.

CA's cost objectives can be met by continuously reducing activities and costs that do not contribute value and eliminating waste. Improvements in manufacturing cycle and time, as well as suggestions for development and improvement, and continuous

improvement (CA) efforts for all employees, must be taken seriously and implemented as necessary. An annual (or monthly) kaizen cost target is established to achieve the continuous RC implied by the CA cost concept. The actual costs are then monitored over time and compared against a kaizen objective. In other words, the cost basis or reference point - when setting the Kaizen cost goal - is the cost performance at the end of the prior year, and the Kaizen cost goal is set to attain a specific percentage or amount of cost reduction during the current year. The current year's actual cost performance is contrasted with the Kaizen target. Then, at the current year's conclusion, the actual cost becomes the cost basis or point of reference for the following year. A new (reduced) kaizen cost goal is established. Thus, initiatives to RC continue (Miotto, Del-Castillo-Feito, & Blanco-González, 2020).

H3: Competitive advantage has a significant and positive impact on reducing costs.

The CA of cost is comparable to the TCM approach in that the objective of each is to reduce costs and that both seek to achieve the target profit without sacrificing the quality and functionality of the product, if not by improving it. These two approaches are frequently viewed as complementary. One complements the work of the other within the context of the RC process. Then contribute to promoting the company's adopted competition strategy (Fainshmidt, Wenger, Pezeshkan, & Mallon, 2019). Despite this similarity, cost CA differs from TCM in its emphasis on RC during the production phase of the overall PLC. It is an incremental entry suitable for products already in production, and the objective of CA is realistic and practical. Because the product at this stage has entered the stage of operation and production, and any large-scale changes to reduce costs at this stage are difficult and expensive, it is clear that the TCM approach in the product planning and design stage offers numerous alternatives and opportunities for making changes and reducing costs because product design is ongoing while production and CA make decisions (Eyasu & Arefayne, 2020). In the production phase, the CA's efforts and processes for costing serve two purposes: the first is to accomplish the TCM of the product, i.e., to make the actual cost equal to the target cost. The second strategy is to attempt to exceed the TCM of the product, i.e., to reduce the actual cost of the product below its TCM (Saeidi et al., 2019).

One of the researchers believes that the cost CA is the final step in implementing the TCM methodology by continuing to enhance the product and its production phases, which results in a higher RC than anticipated when the product was designed. This reduction is accomplished at the manufacturing stage by implementing specific cost-reduction measures for each department and accounting period. CA's utilization of costing and TCM aids RC during the product's design, development, and manufacturing phases. By integrating TCM with cost CA, the company can manage the total cost of the product over its entire life cycle to a greater extent (Khan, Yang, & Waheed, 2019). Qiu, Jie, Wang, and Zhao (2020) state that cost allocation commences where TCM ends.

TCM serves as a proactive input to cost management during the PLC's conception, design, and pre-production phases, while a cost CA serves in the same capacity during the production phase.

H4: Competitive advantage significantly mediates between target cost management and reducing cost.

RESEARCH METHODOLOGY

The research sample comprised 150 employees from the General Company for Iraqi Electrical Industry. The variables under study were incorporated into a questionnaire that was disseminated. [Table 1](#) displays the sample's characteristics.

Table 1: Sample characteristics

Variable	Category	Frequency	%
<i>Gender</i>	Male	120	80%
	Female	30	20%
<i>Age</i>	Less than 25 year	4	3%
	25 - 35 year	4	3%
	35 - 45 year	58	39%
	Above 45 year	84	56%
<i>Educational level</i>	Bachelor's	112	75%
	Diploma	21	14%
	Master's	13	9%
	PhD	4	3%
<i>Professional Experience</i>	Less than 5 years	8	5%
	5 - 10 years	15	10%
	10 - 15 years	116	77%
	15 - 20 years	9	6%
	Above than 20 years	2	1%

The personnel of Iraq's electrical industries are the study's respondents, as determined by simple random sampling. Personal visits were used to distribute the surveys to the organizations. 544 questionnaires were sent out, but only 290 valid responses were received, representing a response rate of approximately 53.31 percent. The questions were used to measure variables such as competitive advantage with six questions taken from [Tu and Wu \(2021\)](#), cost reduction with five questions taken from [Partel, Kakarla, and Ampatzidis \(2019\)](#), and target cost management with seven questions taken from [Chen and Du \(2022\)](#). The study utilized smart PLS to assess the data's dependability and the associations between variables. It yields the greatest results using primary data and complex models ([Hair, Hult, Ringle, Sarstedt, & Thiele, 2017](#); [Hair Jr, Howard, &](#)

Nitzl, 2020). The research model included three essential variables in the field of cost accounting, and we are attempting to investigate through the model the role of TCM entry in the RC in light of achieving CA as an intermediate variable.

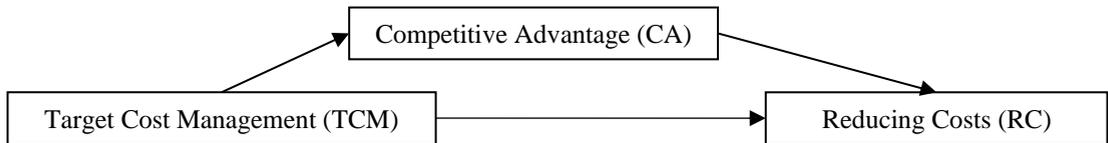


Figure 1: Study model

RESEARCH FINDINGS

It is the initial phase of data processing that contributes to simplifying complex data into straightforward measures to read and compare. In this instance, the descriptive analysis comprises the statistical description of the variables and the correlation matrix between them. The results of the field research about the research variables will be presented and analyzed using the arithmetic mean, standard deviations, and coefficient of difference at the general and sub-levels of the research variables. In the sample responses, the five-point Likert scale was utilized. According to the categories, the answer level will be limited to (1-5) on five levels. Table 2 presents the descriptive statistics results. From the data below, it is evident that the mechanism mentioned above is that the arithmetic mean of the general TCM level for this dimension is (3.89), which is greater than the hypothetical mean of (3), with a general standard deviation of (0.54) and a general coefficient of difference of (14.11), respectively. Low values indicate a high degree of consistency in the sample's responses. RC's arithmetic mean was (3.7), and its standard deviation and coefficient of variation were (0.63) and (16.15), respectively. Low values indicate a high degree of congruence among the sample's responses. Similarly, the arithmetic mean level of CA reached (3.4), with a general standard deviation and a general coefficient of difference of (0.51) and (16.77), respectively, which are low values indicating a high degree of agreement among the sample's responses.

Table 2: Descriptive statistics

Items	Arithmetic mean	Standard deviation	Coefficient of difference
TCM	3.89	0.54	14.11
RC	3.7	0.63	16.15
CA	3.4	0.51	16.77

Verify the presumed strength and direction of the relationships between the variables. It is not a problem of double linearity. As shown in Table 3, bivariate zero-degree Spearman correlations will be analyzed among all study variables. Table 3 makes it obvious. All correlation coefficients between the variables of the study model were direct and statistically significant at the 1% level, as determined by the results. Also, the majority of

these connections are of moderate strength. This demonstrates that the sample of respondents comprehended the study's variables with high uniformity, which conforms to the administrative logic and anticipated signals. We also discover that the variable with the strongest correlation to the RC variable is TCM, which has a correlation coefficient of 70%. Then, its correlation with the CA variable, as measured by a coefficient of (64%). Consequently, RC and CA have a correlation coefficient of 61%.

Table 3: Correlation analysis

	(1)	(2)	(3)
TCM	1		
RC	0.704***	1	
CA	0.641***	0.611***	1

Note: *** All Correlation Coefficients are significant at 0.01.

The correlation between items is examined using Alpha and composite reliability (CR), and the results indicate that the figures exceed 0.70. In addition, it is examined using factor loadings and extracted average variance (AVE) and figures greater than 0.50. These numbers indicated a strong correlation between elements. These numbers are shown in [Table 4](#).

Table 4: Convergent validity

Constructs	Items	Loadings	Alpha	CR	AVE
Competitive Advantage	CA1	0.650	0.866	0.900	0.603
	CA2	0.860			
	CA3	0.754			
	CA4	0.788			
	CA5	0.893			
	CA6	0.687			
Reducing Cost	RC1	0.925	0.909	0.933	0.737
	RC2	0.918			
	RC3	0.840			
	RC4	0.770			
	RC5	0.830			
Target Cost Management	TCM1	0.828	0.938	0.950	0.730
	TCM2	0.875			
	TCM3	0.874			
	TCM4	0.827			
	TCM5	0.863			
	TCM6	0.856			
	TCM7	0.857			

The Heterotrait Monotrait (HTMT) ratio is used to examine the correlation between variables, and the results indicate that the figures are less than 0.90. These numbers indicated a minimal degree of correlation between variables. These numbers are shown in Table 5.

Table 5: Heterotrait Monotrait ratio

	CA	RC	TCM
CA			
RC	0.552		
TCM	0.414	0.462	

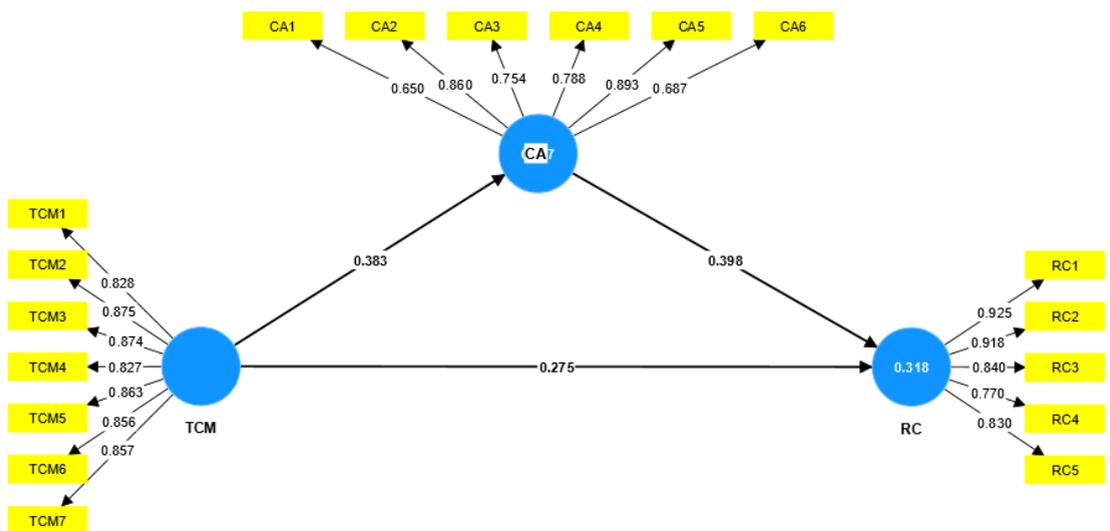


Figure 2: Measurement model assessment

This model seeks to examine the relationship between the three variables to determine the extent of the relationship directly or indirectly via the CA variable as a mediator in the relationship between TCM & CA, the results of which are presented in Table 6. The results indicate that TCM has a statistically significant positive effect on RC at a significance level 0.000, and the non-standard regression/effect coefficients for these dimensions range from (0.275). Thus, these results indicate that a one-degree increase in one of these dimensions will result in an average 27.5% increase in RC level. The results indicate a statistically significant positive effect of RC on CA at a significance level of 0.000 and the non-standard regression/effect coefficients range between (0.398). Consequently, these results indicate that increasing one of these dimensions by one degree will result in an average CA increase of 39.8%. The results indicate that TCM has a statistically significant positive effect on CA, with a mean RC 0.000. Non-standard regression/impact coefficients ranged between (0.383) for these dimensions.

Thus, these results indicate that increasing one of these dimensions by one degree will result in an average 38.3% increase in CA level per degree. The results indicate that the mediation of the RC variable in the relationship between the variables increased the effect ratio by 2%. Table 6 contains these values.

Table 6: A path analysis

Relationships	Beta	Standard deviation	T statistics	P values
CA -> RC	0.398	0.069	5.799	0.000
TCM -> CA	0.383	0.042	9.206	0.000
TCM -> RC	0.275	0.066	4.162	0.000
TCM -> CA -> RC	0.152	0.032	4.771	0.000

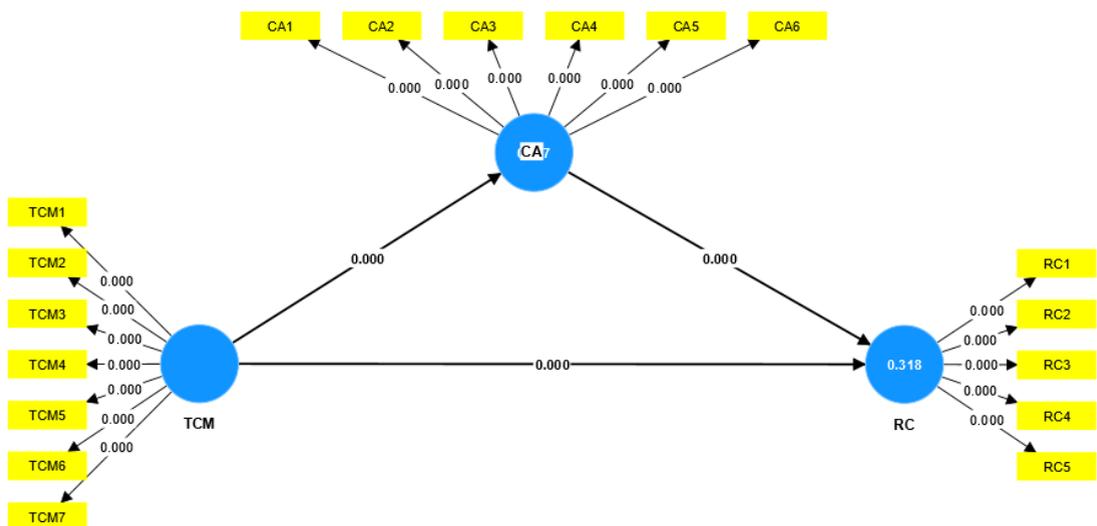


Figure 3: Structural model assessment

DISCUSSIONS

The findings revealed a positive correlation between target cost management and competitive advantage. These findings are supported by Na, Kang, and Jeong (2019), who investigate the role of target cost management in business organizations' pursuit of competitive advantages. The study argues that target cost management enables company administrators to make the best decisions regarding reducing production and development costs. The cost savings will likely be used to obtain competitive advantages and better meet customers' needs. These results are also consistent with Singh et al. (2019), who concentrate on the contribution of target cost management to achieving competitive advantages. According to this previous study, target cost management recognizes how affordable, high-quality products can be developed. Controlling superfluous costs and enhancing product quality contribute to competitive advantages.

The results indicated that target cost management is positively associated with cost reduction. These outcomes are consistent with Baharudin and Jusoh's (2020) findings. The study describes how to target cost management and differentiates resources and procedures based on their contribution to the costs of market-presented products and services. Moreover, only those resources and procedures are chosen that have the least impact on product quality, are cost-effective, and generate reasonable profits for the business. Product and service costs are reduced in this process, satisfying consumers' desires. These outcomes are substantiated by Sevim (2020), which analyzes the effects of target cost management on cost reduction. According to a previous study, target cost management is sensitive to uncertain costs, and the company may be required to forego appropriate profits. It assists the company in overcoming total expenses.

The results revealed a correlation between competitive advantage and cost reduction. These findings are supported by Fainshmidt et al. (2019), which suggest that when a business strives to achieve competitive advantages, it focuses on streamlining business functions associated with producing products and services. In this process, company administrators design production procedures to incur minimal costs and generate the desired marketing profits. Therefore, attaining competitive advantages or progressive processes leading to competitive advantages reduces the cost of products and services. Muisyo, Qin, Julius, Ho, and Ho (2022) postulate that if a company gains competitive advantages through better production strategies employing high-quality materials and fewer waste-generating processes, it must incur minimal waste management and system maintenance costs. As a result of achieving competitive advantages, the company can reduce costs.

The results demonstrated that competitive advantage mediates the relationship between target cost management and cost reduction. These findings are supported by Al Kurdi, Alshurideh, and Akour (2022), who assert that the objective of target cost management is to prioritize the desires of consumers regarding the product's lifetime, functionality, and effects on users. They attempt to increase demand by ensuring that consumers' product desires are met during the purchasing process. Thus, target cost management contributes to gaining a competitive advantage. Furthermore, increasing competitive advantages boost product demand and total sales volume, reducing cost. Thus, competitive advantage establishes a connection between target cost management and cost reduction. These findings are also consistent with Zameer, Wang, and Yasmeen (2020) assertion that officers tasked with target cost management continue to seek out or devise novel methods for producing or marketing goods and services. This leads to the acquisition of competitive advantages. The innovation introduced to business procedures reduces waste emissions, maximizes the use of materials and other resources, and maintains product quality. Thus, the costs of waste management, surplus material and resources, and maintenance are reduced. Therefore, the analysis revealed a link between target cost management, cost reduction, and competitive advantage.

CONCLUSIONS

RC in the concept of cost accounting has recently acquired a great deal of significance in Iraqi industrial companies due to the weak demand for their products as a result of the opening of the Iraqi market and the resulting fierce competition from imported goods that are of higher quality and lower cost than those of government industrial companies. He urged these businesses to embrace the principles of TCM and CA. Given the intense competition faced by state-owned government companies, this study aims to assess the role of CA as a mediator in the relationship between TCM and RC in Iraqi industrial firms. During the product design phase, the target costing technique is an RC method because it begins outside the company, i.e., the market, and focuses on the customer. Unlike the conventional method of pricing, which begins within the company and is based on (cost plus profit margin), value-based pricing begins with the customer. To enable the company to place its product on the market at a price comparable to that of competing products and to attain consumer satisfaction. The possibility of implementing TCM within the organization is one of the most significant findings of this study. Its implementation decreases production costs, reflected in the company's profitability and CA. In the presence of competing manufacturing companies in Iraq, one of the most important recommendations of the research is that the company implement TCM technology because it has a positive impact and is the best option for our competitive environment. It has numerous benefits, notably RC and the company's tendency to modernize its production processes.

LIMITATIONS

Some limitations are associated with the current study, limiting its applicability and scope. Expertise will allow future researchers to surmount these limitations. To examine the function of target cost management in achieving competitive advantages and lowering costs, the authors examined only target cost management-related variables. A company's competitive advantages and costs are influenced by various factors, such as its financial resources, goodwill, risk management, etc. It is suggested that future work incorporate these essential factors as well. Furthermore, it should be noted that the data used to analyze and support the relationship between the abovementioned factors were collected from a singular economy, the Iraqi economy, limiting the study's applicability. Therefore, researchers must carefully select multiple economies as centers for data collection.

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