STRATEGIC APPROACHES WITH EFFECTS ON COMPETITIVENESS AND PROFITABILITY OF TEXTILE MARKET IN IRAQ

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Abstract:
This article contains the results of the research aimed at understanding the effects of the market strategies the textile organizations follow to increase profitability, considering that this sector is a pillar of the national economy. In this respect, 7 hypotheses are stated and verified. This research is an attempt to know how to face competition in this industry.

Key words: strategic management, competitive market strategy, offensive strategy, defensive strategy, rational strategy, competitiveness, profitability

Introduction

Textiles are one of the longest serving active industries in Iraqi society, having the potential to be turned around through private sector investment and leasing strategies. A country keeping its traditional costumes, a reflection of Iraqi technical skills, aesthetic and political ideals, moral standards, and religious values, Iraq fights to revigorate its textile industry, not only for the sake of the members of Iraqi society, deeply immersed in Islamic fundamentalism, not for the traditional outfits reflecting their ideals and values, but for the country's circumstantial prosperity.

To meet the objective of the research, we found it necessary to explore first of all the theoretical foundations of the strategic management process, the market strategies, the market segmentation, the concepts of competitiveness and profitability, their methods of measurement, their determinants and the impact that competitive market strategies have on the competitiveness and profitability of companies, the research focusing towards the end on the implementation of the offensive, defensive and rational strategies by the textile companies in Iraq, interference and constraints in their implementations, their impact on the real economy and particularly the challenges that company managers will have to face in the future in terms of adopting market strategies adapted to their company profile, to encourage growth and increase profitability.

The problem that this research faces is that textile industry in Iraq lacks availability of a clear vision about the suitable market strategies that are necessary for organizations to achieve their aims; among these aims is to increase profitability and to determine how a lack of capital impedes on the market strategies of the textile companies in Iraq.

Reference studies, research methods and models in the strategic approach of Irak's textile market

Previous Reference Studies

The investigation involved a review of previous reference studies which tried to assess whether market strategies have an effect on firm profitability, dealing with the relation between market share and a group of factors and objectives like the average investment returns, performance and company orientation towards the market place. Due to the lack of an available model on how market strategies affect the profitability of companies, a comprehensive literature search proved to be necessary. Initially, it was underlined that an important factor in determining the profit position of any company is its ability to increase market share. Gaining significant share requires careful planning, thoughtful, well-executed market strategies, and specific account-by-account tactical plans. Therefore, there is a direct relationship between strategic planning and profit (Slade, M., 2004). Later researches showed the positive correlation between market share and return on investment (the relationship between profit and investment), showing why a high market share is profitable, listing as possible explanations: the economies of scale, the market power and the quality of management (Thamir Hadi, Al-Janabi, 2000). Recent studies show the relationship between market orientation and performance and the important role of implementation on strategic performance, respectively the influence of medium level managers, heavily involved in implementing strategies (Martin, J. A.; K. M. Eisenhardt, 2004).

The most influential development in strategic management was considering the market share as key factor of profitability. Two causal explanations are usually offered for the observed link between market share and profitability. First are the related effects of the experience curve and economies of scale. Through cumulative experience, tasks can be accomplished more efficiently by improving methods and procedures or by simple repetition. The desire to achieve cumulative experience effects can foster capital investment in operations and product redesign efforts to reduce costs. Scale economies can be achieved by larger share businesses, as plant and equipment investment and expenses such as marketing and R&D can be spread over more units (Laurie L. Donald, 2001).

The Research Motivation

The part referring to the research motivation tackles aspects such as the importance of the study, its main objectives, to drafting a conceptual model to follow, and finishing with the statement of the hypotheses we proposed to demonstrate.

The problems that this research raise can be stated as follows: insufficient attention is paid to offensive, defensive and rational strategies, and their role in achieving the textile manufacturing companies' aims (Scott W. Richard, Davis F. Gerald, 2007); firms operating in the textile industry do not give priority to increasing profitability as a strategic objective, by supporting the company on he market; neither in Iraq nor in the Arab world in general, there haven't been conducted any studies trying to demonstrate the role of market strategies and their direct influence on the objectives of textile industry firms or to determine the relationship between market strategies and profitability on the textile market in Iraq (*BTI 2010 — Iraq Country Report.* Bertelsmann Stiftung, 2009).

The study aims to investigate the influence of general market strategies to assess the profitability of companies operating in this sector. Hence, the importance of the research is attached to: the issue of general market strategies influence in specifying the profitability is one of the most important subjects in textile industries sector; the study is the first one in the research field in Iraq; the study included all the factors related to general market strategies that affect the achievement of the company objectives.

Starting from the problem stated, the research objectives are as follows: the recognition of the extent in which general market strategies influence the profitability size of businesses, which has a big role in achieving the company objectives; to ascertain whether managers of textile businesses in Iraq adopt market strategies that maximize their profitability and hence owners wealth; to determine how a lack of capital impedes on the market strategies of the textile companies in Iraq.

Problem analysis and research objectives led us to a hypothetical model consisting of three market strategies (offensive, defensive and rational strategies), which act as influence factors on companies' profitability.

Based on the hypothetical model, the main hypotheses that arise from the problem already stated, and which simultaneously helps to achieve the objective of the study, are formulated like this:

H_1: *There is a relationship between the offensive strategy followed by the company and profitability*

H_2: *There is a relationship between the defensive strategy followed by the company and profitability*

H_3: *There is a relationship between the rational strategy followed by the company and profitability*

H_4: *There are differences among the textile sector companies with respect to the effect of the research variables*

H_5: *Offensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share*

H_6: *Defensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share*

H_7: *Rational strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share*

Research Methodology

As for the research methodology, we developed the following issues: the analysis of Iraq industrial textile sector in the context of the national business environment; the data collection instruments; the population delimitation process and establishment of the sample; the validity and reliability of the scale; measurable indicators used in the study; assumptions and limitations regarding the research.

We considered it absolutely necessary to begin the research with a complete profile of the textile industry in Iraq, integrated in the national business context. Textile sector is an established sector in Iraq producing apparel, medical cotton, handmade rugs, machine-made rugs, leather works, and fabrics. Although it comprises 31 production facilities, this sector beneficiated from a bad management and outdated equipment, up to now, but has a real potential for recovery in case of identification of adequate sources of funding ((″Iraq, Business Forecast Report. Includes 10-year Forecast to 2019″*,* www.businessmonitor.com). Because of frequent interruptions in supply of electricity, the production capacities are not reached. Leather workers employed in three factories conducted last year one of the longest strike in the history of the Iraqi workers' movement. The workers made many demands over the course of their strike: the repeal of ″self-funding″, seeing it as a danger to the workers and the companies, the freedom to organize unions in the public sector, the release of back wages for workers in the industrial sector since 1/1/08.

Iraq has made important progress towards political and economic stabilization and macroeconomic performance has also improved. However, the situation remains fragile ((″Safety Benefits Won by Iraqi Leather Workers after 53-Day Strike″, 11 January 2010, International Federation of Chemical, Energy, Mine and General Workers' Unions, http://www.icem.org).

Beyond firm-specific and industry-specific factors, in recent years globalization has emphasized the importance of country-related effects as determinants of performance. Our study ascertains that the minuses that Iraq has in these areas affect considerably the performance of textile companies, irrespective of the market strategies implemented.

The study contains two types of information: primary data and secondary data. Secondary data were collected from textbooks, official and non-official publications, Internet sites, working papers by professional entities. Primary data have been collected through conducting a series of personal interviews, the target being 30 top and middle managers activating in 5 state textile companies in Iraq. The period of collecting these data was about one month. Validity and reliability of the scale was assessed by arbitration experts in the field.

The questionnaire form included three pivots: the first included general information on companies' managers and the second pivot included the measuring of the influence of the study variables in limiting the profitability, while the third pivot included the market share indicators as a target for companies in the textile sector. The opinions of the sample were measured using the Likert quintuple scale and the final response was counted for each particular factor, based on the overall sample responses and on each particular response.

The validity and reliability of the scale was evaluated by experts in arbitration in the field. On the experts' suggestions, we applied a few amendments to certain items of the questionnaire.

The study sample included 5 main companies out of 6 main companies that represent the textile sector in Iraq. 35 questionnaire forms were distributed to the textile sector companies, 30 forms had been delivered completely, i.e. an 86% ratio. Within the paper, the 30 surveyed are analyzed in terms of their age, the service period in administrative and marketing positions in the textile industry field, the level of education, the level of training in the marketing area.

To test the margin of correctness of former hypotheses and to analyze the results of the practical study, we used the following indicators: Frequency and Ratios, Arithmetic Mean, Standard Deviation, Coefficient of Variation, Correlation Coefficient, T-Test (Student's test), F-Test (Fisher-Snedecor). The T-test is used to test the significant variances among the arithmetic means for the study variables and to test the significance of the correlation coefficient. The F-test is used to test the coherence the variances of the study variables and to test the significance of the regression models (to estimate the relation between the independent variable and the dependent variable) (Thachappilly Gopinathan, 2009).

We confronted ourselves with a series of limitations and difficulties during the research, the most important of all being perhaps that most of foreign studies are not suitable with Iraqi reality because of the difference between the general environments (social, political, economical and cultural, etc.); obstacles in the collection of data and information from certain companies; moreover, the big gap between the current situation of Iraqi textile sector companies as compared with the same sector in Arabic world and other foreign countries also represents a constraint (http://www.bertelsmann-transformation-index.de/).

Analyzing the results and testing the hypothesis of the research regarding the strategic approaches afecting the profitability of the textile market in Iraq

The responses of the research sample obtained through the questionnaire form applied to achieve the purpose of this research are presented and analyzed hereinafter.

To better intercept the results obtained from testing the seven hypotheses stated, we first presented the factors related to each type of strategy (offensive, defensive, rational) that impact on the companies' profitability (Kotelnikov Vadim, www.1000ventures.com), followed by the part where we get the confirmation of our hypotheses from the results arising from analyzing the answers to the questionnaire.

As a result, what follows deals with the following issues: measuring the effect of study variables to specify the profitability of textile sector companies, company profitability indicators, testing the hypotheses.

Measuring the Effect of Study Variables to Specify the Profitability of Textile Sector Companies

Judging by the ranking of the items concerning the offensive strategy factors, according to their effect strength from the most effective to the less effective in specifying the profitability of textile sector companies, the item *"The company attempts to present new services that the competitors never present to achieve a competitive advantage"* is the most effective in specifying the profitability, while the item *"The company works frequently to develop its products and to produce new products"* is the less effective, from where we can deduce the importance that must be paid to services that accompany the sale of textile products (Griffin Abbie, Somermeyer Stephen, 2007).

Regarding the ranking of the items concerning the defensive strategy factors, according to their effect strength from the most effective to the less effective in specifying the profitability of textile sector companies, the item *"The company works to keep its current market share by bringing production up to quality standards"* is the most effective in specifying the profitability (Fujimoto Takahiro, 2000), while the item *"The company tries to keep the prices of its products as low as possible to gain a price advantage"* is the less effective, confirming the fact that manufacturing high quality products adds more value and profits on long term that the price advantage (Pettigrew Andrew, Thomas Howard, Whittington Richard, 2007). This approach is a win-win strategy both for the company and its customers, who in the long run always choose quality over lowest price (Schiffman Leon, Kanuk Layar Leslie and Wisenblit Joseph, 2009).

As per the ranking of the items concerning the rational strategy factors, according to their effect strength from the most effective to the less effective in specifying the profitability of textile sector companies, the item *"The company works to avoid manufacturing less profitable products by means of available market information"* is the most effective in specifying the profitability, while the item *"The company avoids entering wars and competitions with the strongest competitors on the market"* is the less effective, revealing the importance of company's internal and external communication for manufacturing products according to customers' needs and desires, profit bringer, against the adoption of a position of conformity and alignment to the prices imposed by the market leader, which does not allow the company to develop in the chosen direction (Leifer Richard, McDermott M. Christofer, O'Conner Colarelli Gina, Peters S. Lois, Rice P. Mark, Veryzer W. Robert, 2000).

Company Profitability Indicators

The profitability indicators used to assess the importance of the factors are: the size of available opportunities for the company in the entire industry, the profits achieved by the company, the annual operating ratio, the number of competitive companies, the size of threats that the company faces in the entire industry, the share of company in the market in which it operates.

The ranking of the items concerning the profitability indicator factors, according to its effect strength from the most effective to the less effective in specifying the profitability of textile sector companies reveals that the item *"The number of competitive companies..."* is the most effective in specifying the profitability, while the item *"The size of available opportunities for the company in the entire industry"* is the less effective.

The number of competitors is relevant for the marketing professionals for adopting the best strategy. Competitor analysis will help in: identifying the target ignored by competitors, positioning of the business in the market ″space″, developing a strategy to become competitive in that market, and last, but not least, it will be a source of information for potential investors. By the way of using the means at its disposal, the company must create a strategic advantage in the competitive combat, positioning its offers so as to distinguish clearly in the minds of the consumers concerned by the competitors' offer (Bartlett C. A. and Ghoshal S., 2000).

The inconvenience with the existing opportunities for the company is that company is taking its chance when turning to profit a market opportunity, no matter the size of it, since the results of its evaluation stand in the short and medium-range forecast, and possibly not all company's ″arms″ (the results of a new product's pre-test may not be positive or concrete, the target audience is unreachable, the labour force is not skilled and motivated according to the business requirements, protection against imitation is not possible through exclusivity contracts, licenses or patents, cost are too high, on short and medium term, it is very possible that the business will be replaced with a superior technology, or will be constrained by legal measure) fit the scenario (Jennings Jason, Haughtin Laurence, 2001).

Testing the Hypotheses

This topic is devoted to testing the research hypotheses and to showing the influence of the independent variables on dependent variables. ″Profitability″ represents the dependent variable, while ″competitive market strategies″ represents the independent variables.

The test of the first main hypothesis, *"There is a relationship between the offensive strategy followed by the company and profitability",* reveals the connection between the items referring to the offensive strategy factor and profitability, as follows: (1) *The company works frequently to develop its products and to produce new products:* correlation R = 0.89; (2) *The company uses promotion increasingly to show the features of its products:* correlation R = 0.95; (3) *The company attempts to present new services that the competitors never present to achieve a competitive* *advantage:* correlation R = 0.99; (4) *The company has a strong distribution network of agents throughout several geographical regions:* correlation R = 0.99; (5) *The company works to enter the markets that other competitors don't target or the markets that present a low interest for the competitors:* correlation R = 0.90; (6) *The company works to attract the attention of new customers in its current market by resting on modern communication systems:* correlation R = 0.97.

The test of the second main hypothesis, *"There is a relationship between the defensive strategy followed by the company and profitability",* reveals the connection between the items referring to the defensive strategy factor and profitability, as follows: (1) *The company works to keep its current market share by bringing production up to quality standards:* correlation R = 0.83; (2) *The company tries to cover some aspects of little substance in its production through giving extra features and services for customers, by entering in contact with them and knowing their needs and desires:* correlation R = 0.98; (3) *The company attempts to give up some of its weak products that don't meet the market needs:* correlation R = 0.83; (4) *The company tries to keep the prices of its products as low as possible to gain a price advantage:* correlation R = 0.92; (5) *The company does not attempt to enter work fields that require high research and development expenses:* correlation R = 0.94; (6) *The company attempts to purchase large quantities of main raw materials in order to keep the continuity in production and avoid losing sales that would deprive the company from its profitability opportunities:* correlation R = 0.96.

The test of the third main hypothesis, *"There is a relationship between the rational strategy followed by the company and profitability",* reveals the connection between the items referring to the rational strategy factor and profitability, as follows: (1) *The company works to avoid producing less profitability products by means of available market information:* correlation R = 0.83; (2) *Marketing management during product pricing takes into consideration the quick cost recovery:* correlation R = 0.90; (3) *The company avoids entering wars and competitions with the strongest competitors on the market:* correlation R = 0.89; (4) *The company attempts to use the best information technology to reduce the high cost:* correlation R = 0.92; (5) *The company works to increase the number of production units by knowing the needs and desires of customers and also knowing the product demand for its products:* correlation R = 0.96; (6) *The company attempts to produce what the market requires by means of available information, to avoid the product storage costs:* correlation R = 0.94.

The test of the fourth main hypothesis, *"There are differences among the textile sector companies with respect to the effect of the research variables",* according to the lowest variation coefficient value that indicates the most effective factor for the respective company, reveals that the offensive strategies have the greatest effect on the profitability of State Company for Cotton Industries (effective strategies: *strong distribution network of agents throughout several geographical regions, developing current products and manufacturing of new products*), State Company for Leather Industries (effective strategies: *presenting new services that the competitors never present to achieve a competitive advantage, attracting the attention of new customers in the current market by resting on modern communication systems*), State Company for Hand Made Carpets (effective strategies: *using promotion increasingly to show the product features, entering the markets that other competitors don't target or the markets* *that present a low interest for the competitors*). Defensive strategies have the greatest effect on the profitability of State Company for Textile Industries (effective strategies: *keeping current market share by bringing production up to quality standards*), State Company for Hand Made Carpets (effective strategies: *keeping the prices of products as low as possible to gain a price advantage, covering some aspects of little substance in production through giving extra features and services for customers, by entering in contact with them and knowing their needs and desires*), Company for Cotton Industries (effective strategies: *not attempting to enter work fields that require high research and development expenses, purchasing large quantities of main raw materials in order to keep the continuity in production and avoid losing sales that would deprive the company from its profitability opportunities, giving up some of the weak products that don't meet the market needs*). Rational strategies have the greatest effect on the profitability of State Company for Hand Made Carpets (effective strategies: *avoiding entering wars and competitions with the strongest competitors on the market, increasing the number of production units by knowing the needs and desires of customers and also knowing the demand for the company's products*), State Company for Woolen Industries (effective strategies: *Marketing management during product pricing takes into consideration the quick cost recovery*), State Companies for Cotton and Leather Industries (effective strategy: *attempting to use the best information technology to reduce the high cost*); the factor *"The company works to increase the number of production units…"* is effective in all companies except the State Companies for Cotton Industries and Hand Made Carpets.

As a result of the tests undertaken within the fifth main hypothesis concerning the offensive strategy factor, *"Offensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share",* it comes out that this factor has an effect on the ability to specify the profitability (Table 1).

As a result of the tests undertaken within the sixth main hypothesis concerning the defensive strategy factor, *"Defensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share",* it comes out that this factor has an effect on the ability to specify the profitability, except for the item *"The company tries to cover some aspects of little substance...",* in which case the F-test has proved that there is no significant relationship or significant effect between this independent factor and profitability (the dependent factor). This conclusion is grounded by the values obtained for Calculated F = 1.66, which is lower than the value of Tabulated F = 5.34. This non-significant relation is argued by the very low value of the Calculated T in the test, 1.29, lower that Tabulated T = 1.638 (Table 2). This test proves that the independent factor has no effect in terms of specifying the profitability in textile industry companies.

As a result of the tests undertaken within the seventh main hypothesis concerning the rational strategy factor, *"Rational strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share",* it comes out that this factor has an effect on the ability to specify the profitability, except for the factor *"The company attempts to use the best information technology..."* (Table 3).

Table 1

Test of Offensive Strategy Effect to Specify the Profitability

n=30

	Independent factors	Factor symbol	Bi	Calculated T	Tabulated T	Calculated F	Tabulated F	R-Sq
Fifth Main Hypothesis	*The company works frequently to develop….*	X 1	0.280	4.21	1.638	17.75	5.34	85.5 %
	The company uses promotion…	X 2	0.268	3.53	1.638	12.44	5.34	80.6 %
	The company attempts to present new services...	X 3	0.282	4.38	1.638	19.22	5.34	86.5 %
	The company has a strong distribution network…	X 4	0.273	3.77	1.638	14.21	5.34	82.6 %
	The company works to enter markets….	X 5	0.275	3.83	1.638	14.63	5.34	82.9 %
	The company works to attract the attention of new customers….	X 6	0.258	2.62	1.638	6.84	5.34	69.5 %

Table 2

Test of Defensive Strategy Effect to Specify the Profitability

n = 30

	Independent factors	Factor symbol	Bi	Calculated T	Tabulated T	Calculated F	Tabulated F	R-Sq
Sixth Main Hypothesis	*The company works to keep its market share...*	X 7	0.297	16.76	1.638	280.80	5.34	98.9 %
	The company tries to cover some aspects of little substance…	X 8	0.230	1.29	1.638	1.66	5.34	35.6 %
	The company attempts to give up some of its products...	X 9	0.258	2.62	1.638	6.84	5.34	69.5 %
	The company tries to keep low prices...	X 10	0.256	2.42	1.638	5.84	5.34	66.1 %
	The company does not attempt to enter work fields having high R&D expenses...	X 11	0.280	4.21	1.638	17.75	5.34	85.5 %
	The company tries to purchase large quantities of materials…	X 12	0.257	2.55	1.638	6.48	5.34	68.4 %

Table 3

Test of Rational Strategy Effect to Specify the Profitability

n = 30

	Independent factors	Factor symbol	Bi	Calculated T	Tabulated T	Calculated F	Tabulated F	R-Sq
Seventh Main Hypothesis	*The company works to avoid manufacturing unprofitable products…*	X 13	0.290	6.97	1.638	48.60	5.34	94.2 %
	Marketing management during product pricing...	X 14	0.259	2.77	1.638	7.67	5.34	71.9 %
	The company avoids entering wars and competitions...	X 15	0.284	4.78	1.638	22.89	5.34	88.4 %
	The company attempts to use the best information technology...	X 16	0.250	1.54	1.638	3.38	5.34	53.0 %
	The company works to increase the number of production units…	X 17	0.255	2.37	1.638	5.64	5.34	65.3 %
	The company attempts to produce what the market requires...	X 18	0.279	3. 97	1.638	15.76	5.34	84.0 %

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The results of the research confirm the hypotheses initially stated.

Given the aim of the undertaken study, the first question we should logically address is why and to which extent it makes sense to analyze competitiveness at the firm level. The importance of such analysis is indirectly proved by all research works about the importance of firm variables in explaining performance. From an empirical point of view, research about the influence of firm and industry effects on performance shows that a relevant percentage of the variance in profitability is attributed to firm-level variables. Theoretically, resource-based view scholars argue that the sources of a firm's competitive advantages rely on its set of unique and differentiated resources (McGahan A. M., 2004a.).

Fundamentally, in the strategic management theory and practice, there are at least two main views of the origin of a firm's competitive advantage. On one side, industrial organization scholars focus on the influence of industry-related determinants of firm performance and particularly emphasize the importance of factors like concentration, entry and exit barriers and economies of scale (Nistorescu T, 2005). Classical industrial organization scholars claim that a firm can neither influence industry conditions nor its performance. Therefore, the competitive advantage originates from external sources rather than internal (firm-specific) sources (Pearce J. A. and Robinson R. B., 2000). However, we sustain the modified framework advanced by the new industrial organization scholars, which recognizes that firms have a certain influence on the relationship between industry structure and a firm's performance. Competition within an industry is characterized by five structural parameters: current competition within the industry, bargaining power of suppliers, bargaining power of buyers, threat of new entrants, and threat of substitute products or services. The paths of industry evolution depend on firms' strategic choices.

On the other hand, we can't overlook the importance of firm-specific resources in determining variance of performance among firms. Advocates of the resource-based, competence-based and knowledge-based views of firms, in this research work we shift the focus from the external to internal sources of competitive advantage, by pointing out that a firm creates a competitive advantage through the accumulation, development, and reconfiguration of its unique resources, capabilities and knowledge.

According to the resource-based perspective, a firm's competitive advantage derives from those resources that match specific conditions such as value, heterogeneity, rareness, durability, imperfect mobility, unsubstitutability, imperfect imitability, and ″ex ante″ limits to competition (Pettigrew Andrew, Thomas Howard and Whittington Richard, 2007). Another view ist that the customers represent an important resource of the company (Barbu, 2010).

In a capability-based perspective a firm's competitive advantage derives from its capabilities/competencies. This perspective emphasizes a more dynamic view of competition, by focusing on firm's business processes rather than on assets or resources in a static view. Hence, managers should link firm strategy and resource management for firms to benefit financially from this practice. Strategy and resource management activities may not be the major factors in business performance. Other factors must also play a major role in determining firm financial performance.

Conclusions and further developments

From the results of the research, two categories of *conclusions* are drawn, both from the theoretical aspect treated in the first part of the processing, documentation, foundation, and from the presentation of our practical investigations in the actual context of the Iraqi textile sector.

Several conclusions arise from the perspective of theoretical and methodological aspects addressed in the paper: after a relatively long period since the birth and implementation of strategic management by organizations and consulting centers, it is presently still in the period of ripening and continuous development; the market strategy, as the general strategy of the organizations, enjoys great attentions from theorists and practitioners, because through the strategic approach of the market firms can gain extra abilities to adapt to the external environment in order to satisfy customers' needs and desires; satisfying customers' needs represents a challenge and a complex process that any market strategy must embosom, all company departments participating in its adoption, planning and execution; a company may sense that it is better to improve its market share or its profits through non-pricing competition, such as promotion efforts or improving and developing the products; because of the intense competition conditions, the problems that the industrial companies face are no longer a technical or a production problem, but are to be considered as a marketing problem, aiming at the customers' needs satisfaction and reaching the leadership position in the market; the larger the number of competitors, the more limited and expensive the ability of getting a suitable share in the market will be, so it is better to change strategy in order not to reach the direct face to face confrontation in this market.

Practical investigations led to conclusions relative to: the relationships among the research variables; the differences that have arisen between the textile sector companies in Iraq that implement offensive, defensive and rational strategies; the influence of market strategy specific factors on the market share, which determines the level of profitability.

These conclusions arised after testing the following hypotheses: There is a relationship between the offensive strategy followed by the company and profitability; There is a relationship between the defensive strategy followed by the company and profitability; There is a relationship between the rational strategy followed by the company and profitability; There are differences among the textile sector companies with respect to the effect of the research variables; Offensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share; Defensive strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share; Rational strategies have a limiting effect on the profitability of textile industry companies, which is determined by the market share. All the hypotheses were confirmed.

Further Developments lay emphasis on increasing efficiency and competitiveness of these textile branches in Iraq, determining the main obstacles hindering their use, that should be eliminated, and indicating policy-type measures. The priority is conversion to products with a greater share of the value added, using the existing innovation potential with strengthening implementation of the results of research and development in the production and mutual cooperation in research focused on introduction of new technologies and products, particularly at: progressive textile technologies; technical textiles; fashionable and functional clothing; technical and industrial garments.

Referring to the implementation of higher rank innovations into production it will be necessary to change the employees' training system, to use the cross-border cooperation to network the research and cooperation assignments, to implement the best production practice etc.

From the research we have carried out, some alternatives to the market strategies studied in the research have resulted, aiming at increasing firms' profitability, which executives in industry and government can implement in order to remedy the situation of the textile sector in Iraq.

Above all, the most important lesson to draw from our insight into the textile market in Iraq is that companies actors in the textile market in Iraq need to find that specific equilibrium between profitability and growth, focusing rather on reaching long-term high growth rates, than short-term profitability.

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