

17th International Farm Management Congress
Bloomington, Illinois, USA
July 19-24, 2009

*Market Orientation, Organizational Learning, and Positional Advantage:
Are These Concepts Relevant in Production Agriculture Systems?*

Eric T. Micheels
Graduate Research Assistant
Department of Agricultural and Consumer Economics
University of Illinois at Urbana-Champaign
326 Mumford Hall, MC-710
1301 W. Gregory Drive
Urbana, IL 61801
micheels@illinois.edu

Hamish R. Gow
Associate Professor, International Agribusiness and Food Marketing
Director, Partnerships for Food Industry Development - Fruits and Vegetables
Michigan State University
409 Agricultural Hall
East Lansing, MI 48824
Tel: +1 517 432 2214

Abstract

Marketing and strategy scholars have long established the importance of a market orientation in determining firm performance. More recently, scholars have studied the effect of a market orientation in agriculture. This study extends this work by examining the concept of a positional advantage and its effect on performance in an agricultural setting. Using a sample of 347 Illinois beef producers, we empirically measure the construct of positional advantage and test the relationship between positional advantage and subjective performance. Our results indicate that market orientation, entrepreneurship, innovation and organizational learning are first-order indicators of positional advantage and that the positional advantage of a firm is positively related to firm performance.

Keywords: *Agriculture, innovation, market orientation, positional advantage*

Word Count: 3,435

***Market Orientation, Organizational Learning, and Positional Advantage:
Are These Concepts Relevant in Production Agriculture Systems?***

The benefits to becoming more market oriented are well known in the world of marketing. Over the past two decades there has been a vibrant discussion surrounding the benefits of becoming market oriented and more recently, how a firm could develop a market orientation (Narver, Slater and Tietje, 1998). As a market orientation is a concept centered on the creation of customer value, the development of a market orientation is built upon the firm's capabilities in discovering the products and services which are valued by the market. Firms who are able to discover the unmet needs of the market and develop products to meet these needs may see price premiums, increased sales, or both. As such, studies have shown market oriented firms to have superior performance in a variety of industries and cultures (Narver and Slater, 1990; Deshpande, Farley and Webster, 1994; Tregear, 2003).

More recently, it has been shown that a market orientation is not solely responsible for improved performance. In their study of 181 multi-national corporations, Hult and Ketchen (2001) found market orientation to be only one component of the overall positional advantage of the firm. The other components include entrepreneurship, innovation, and organizational learning. They argue that it is the combination of these four distinct capabilities which provide the firm with the sustainable resource which is used to create value for the customer.

The objective of our study is to determine if the concept of positional advantage as defined by Hult and Ketchen (2001) is relevant in an agricultural setting. Several authors have examined the importance of the individual positional advantage components in an agricultural setting, but not combined as in a higher-order factor model. Grunert *et al* (2005) found several performance implications of becoming market oriented within agricultural value chains while not objectively measuring the level of market orientation. Along with the importance of a market orientation, Micheels and Gow (2008) found innovation, entrepreneurship and learning to be important drivers of firm performance in the Illinois beef industry. Ross and

Westgren (2006) found entrepreneurship to be an important resource in the search for rents using a simulation of hog producers.

While it has been shown that the singular components of Hult and Ketchen's (2001) concept of positional advantage are important drivers of firm performance in agriculture, there has been no examination of the importance of positional advantage. It may be, as Hult and Ketchen argue that the whole is more valuable than the individual component contributions as the interrelationships between components and firm performance may not be linear. Micheels and Gow (2008) found the level of market orientation of a firm has both direct and indirect effects (through innovation) on firm performance. If this is the case, the positional advantage of a firm may allow for more rapid discovery of 'opportunity gaps' where firms can provide valuable products to markets where there is unmet demand. Gow, Oliver, and Gow (2003) found that awareness of opportunity gaps was a source of improved performance in pork production systems.

Theoretical Background

Hult and Ketchen (2001) define a positional advantage to be the interrelationships between market orientation, entrepreneurship, innovation, and organizational learning. At their most elementary level, one could argue that all of these components are built upon market awareness and knowledge of customer demands. This commonality allows for the combination of the constructs to form something more valuable than their individual sums. A market oriented firm may be aware of customer needs, but they also need to be entrepreneurial and innovative to capitalize on this market knowledge.

A positional advantage, with the interaction of four important resources, may enable the firm to develop a strategy which allows them to earn profits, or more correctly, rents, from the development of superior products. As Mahoney and Pandian (1992) point out, resources and competencies are fundamental components of the resource based view of the firm. Whereas Hunt and Morgan (1995) have argued that a market orientation is a valuable resource, capable of providing sustainable competitive

advantages, there may be other resources which contribute to the effectiveness of a market orientation.

A market orientation has been shown to positively affect firm performance through the provision of superior value for customers (i.e., Narver and Slater, 1990). Day (1994) argues the source of value creation, and ultimately the performance benefits, is the capability of the market oriented firm to accurately sense the changes in the market. The value of this capability is obvious in dynamic industries, but can the same be said for commodity products common to agricultural production? The answer appears to be yes. Grunert *et al* (2005) studied several different value chains from a variety of countries and found that the overall market orientation of the channel was an important driver of channel performance. What a market orientation allows firms to do is to discover points of differentiation from the commodity product so they may exit the commodity channel and receive some benefits for providing a differentiated product. The growth of branded beef offerings (National Meat Case Study, 2007) and the increasing level of beef produced through alliances points to a segmenting of the beef industry into differentiated and non-differentiated production channels (Drovers, 2008). As such, the following hypothesis is examined:

H1: A market orientation is a positive indicator of the positional advantage of a firm.

According to Naman and Slevin (1993), the entrepreneurial firm is characterized by the ability to innovate and react to changing environments. In an agricultural setting, Ross and Westgren (2006) demonstrate using a simulation model that entrepreneurial firms can achieve higher returns compared to less entrepreneurial firms. The entrepreneurial concept, being focused on opportunities to earn premiums based on the miscalculation of the value a resource can provide is similar to a market orientation. The combination of entrepreneurship and the other constructs could provide firms with a positional advantage from which the firm can seek means to create value for customers; therefore, we examine the following hypothesis:

H2: The level of entrepreneurship is a positive indicator of the positional advantage of the firm.

Nelson and Winter (1982) define innovation as merely a change in routine. Technological innovations have been widespread in agriculture and have enabled firms to increase production efficiency. In the beef industry, marketing innovations have become more common as an increasing number of firms have moved from the commodity channel to directly marketing to consumers and alliance-based production systems (Drovers, 2008). These innovations have allowed firms, with the help of channel captains, to provide value for both downstream partners in the value chain and the ultimate consumer through differentiated products. As such, the following hypothesis is examined:

H3: The level of firm innovation is a positive indicator of the positional advantage of the firm.

What may be ultimately the core resource that provides value for the firm is its ability to learn faster than its competitors (Slater and Narver, 1995). A culture which encourages learning will enable firms to discover opportunity gaps and to capitalize on them through technological or marketing innovations. Baker and Sinkula (1999) show that a learning orientation, combined with a market orientation leads to an increase in relative market share. Market share may not be important for individual producers, but for alliances with valuable brands (Certified Angus Beef, for example), increasing market share may be an important goal for the alliance.

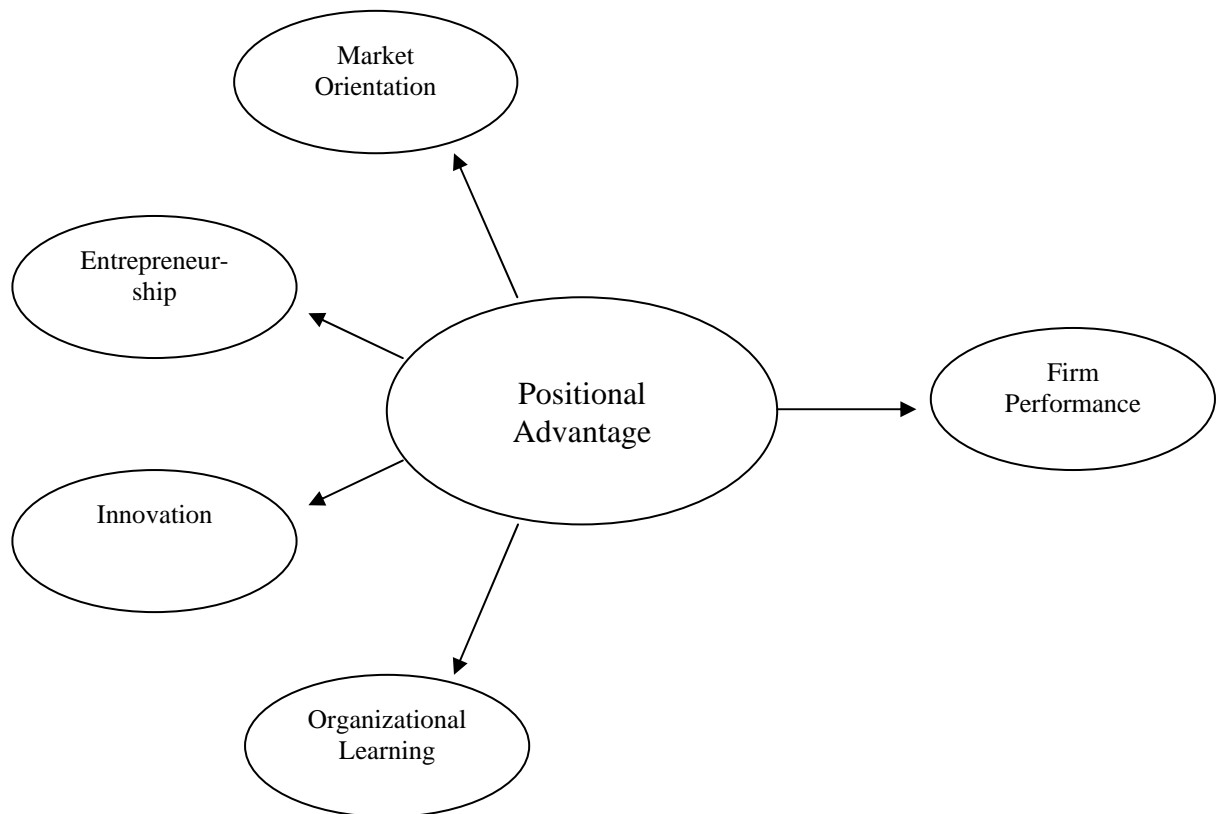
H4: The level of organizational learning is a positive indicator of the positional advantage of the firm.

It is necessary to clarify that these four constructs do not *cause* a firm to have a positional advantage over their competition, but rather the opportunities each firm sees for possible areas of competition determine the effort put into developing a market orientation, a learning orientation, an entrepreneurial focus, and innovativeness. As noted by Hult and Ketchen (2001) other variables could contribute to the positional advantage of a firm, but we focus on the four developed by Hult and Ketchen in order to replicate their model in an agricultural setting.

Similar to Homburg, Krohmer, and Workman (2004), a positional advantage may allow firms to develop capabilities in order to implement certain strategies, or conversely to implement strategies which are congruent with their current capabilities. As several authors have shown a market orientation, innovation, entrepreneurship and learning to have performance implications, we hypothesize that a positional advantage would as well. The interaction of market knowledge with the entrepreneurial focus of the firm could lead to changes in products or simply how the product is marketed. It is assumed all changes would be based on market information which is centered on the creation of customer value. Assuming superior products should garner premium prices, we hypothesize the following:

H5: The positional advantage of a firm is positively related to firm performance.

Figure 1. The hypothesized model of positional advantage and firm performance



Methodology

A mailing list was obtained in 2007 from the Illinois Beef Association containing current members and this list was used as the study sampling frame. The list was examined and obvious commercial businesses were purged from the population. From a list of the remaining 1568 beef producers 347 usable responses were returned over 2 waves of mailings yielding a response rate of 22.1%. These producers were active in both the cow-calf and feedlot segments of the production channel with an average of 77 calves raised and 495 head of cattle fed out in each respective group.¹ Survey respondents had, on average, 32 years of experience in the cattle business.

As late respondents have been shown to be similar to non-respondents, non-response bias was examined using the procedures outlined in Armstrong and Overton (1977). Non-response bias was examined between early and late respondents in each wave and between the first wave and the second wave of the survey. No significant differences were found between early and late responders so the study proceeded using all returned surveys.

Slight modifications to the wording were made to all scales as the previous intended audience consisted of executives and division managers of large, multi-national corporations. Following the modifications, face validity of indicator variables was checked by University of Illinois extension specialists to determine question clarity and scale relevance. Following initial modifications, a small sample of Farm Business Farm Management Association (FBFM) farm cooperators were sent the survey and asked to comment on any ambiguities. Final versions of the dependent scale measures were then drafted per the suggestions of the extension specialists and the sample of FBFM cooperators.

In the survey, respondents were asked to rate their level of agreement with each item using a 6-point likert scale anchored with strongly disagree and strongly agree. A neutral choice was omitted in order to force respondents to either agree/disagree with the statement in question. Previous studies have shown 6-point scales to be of similar quality to 5-point and 7-point scales (Green and Rao, 1970; Chiang, 1994). However,

¹ Some producers operate in both segments. Averages were taken from firms who feed out at least 50 head of cattle and who raise at least 20 calves.

when using likert scale measures, non-normality is often an issue. This poses somewhat of a problem as multivariate normality is assumed when using a structural equation model (SEM). The data failed to meet this assumption, so bootstrapping procedures were employed when testing to provide unbiased estimates.

As these scale measures and survey questions were all previously studied and tested, a full exploratory factor analysis was not conducted. However, questions were modified so testing of internal consistency and discriminant validity was still carried out. Internal consistency was tested through factor analysis with varimax rotation in SPSS. Worthington and Whittaker (2006) suggest to only retain those items where factor loadings are greater than 0.32. Factor loadings can be thought of as regression coefficients. That is, the amount by which the indicator variable will change for a one unit change in the underlying latent variable. Indicators below this threshold were removed from further study. The lowest factor loading reported is 0.576 for the fourth question in the customer focus scale. Item-to-total correlations less than 0.2 were removed in accordance to Streiner and Norman (1995) as they are likely to be measuring a different construct from the other items in the scale. As shown in Table 1, all item-to-total correlations and factor loadings are well above established thresholds. Cronbach alphas are all shown to be above 0.70, the cutoff for confirmatory research (Nunnally, 1978). Variance extracted for each scale is also shown to be above 50% for all latent constructs. As the extracted variances are above 50%, this demonstrates the variance accounted for by the scale is larger than the variance due to measurement error (Fornell and Larcker, 1981).

Discriminant validity was also checked to ensure observed variables were measuring only one factor, and thus were not highly correlated with other latent variables. As shown in Table 2, diagonal entries which display the square roots of the extracted variance from each latent variable are all larger than the off-diagonal entries. Off diagonal entries show the correlations between latent variables.

Table 1. Reliability analysis of the measurement scales.

Scale	Items	Mean	Std Dev	Corrected Item-			Alpha
				to-Total Correlation	Factor Loadings	Variance Extracted	
Customer Focus	Cust1	3.93	1.168	0.647	0.844	0.5950	0.762
	Cust2	3.77	1.102	0.624	0.826		
	Cust4	3.91	1.238	0.381	0.576		
	Cust5	3.73	1.267	0.616	0.809		
Coordination	Coord1	3.38	1.418	0.523	0.730	0.5858	0.757
	Coord2	3.94	1.304	0.524	0.733		
	Coord3	3.87	1.216	0.619	0.814		
	Coord4	4.17	1.184	0.574	0.781		
Competitor Focus	Comp1	3.76	1.378	0.548	0.601	0.5504	0.861
	Comp3	3.74	1.256	0.587	0.669		
	Comp4	4.14	1.240	0.526	0.615		
	Comp5	3.15	1.344	0.670	0.835		
	Comp6	3.00	1.266	0.712	0.807		
	Comp8	3.90	1.250	0.648	0.768		
Learning	Learn2	4.80	0.904	0.620	0.805	0.6308	0.794
	Learn3	4.92	0.929	0.703	0.869		
	Learn4	4.91	0.961	0.685	0.851		
	Learn5	4.33	1.045	0.438	0.627		
Entrepreneurship	Ent2R	3.24	1.069	0.500	0.791	0.6144	0.683
	Ent4R	3.21	1.127	0.567	0.836		
	Ent5R	3.71	1.153	0.428	0.720		
Innovation	Innov1	4.52	1.018	0.578	0.803	0.5706	0.740
	Innov2R	4.66	1.173	0.550	0.758		
	Innov3	4.54	0.941	0.595	0.807		
	Innov5R	4.85	1.105	0.430	0.642		
Performance	Perf2	4.09	1.176	0.689	0.844	0.6975	0.784
	Perf3	4.07	1.104	0.718	0.822		
	Perf4R	3.85	1.353	0.422	0.854		
	Perf5	4.02	1.027	0.620	0.642		
	Perf6	3.73	1.125	0.290	0.943		
	Perf7	3.63	0.996	0.529	0.705		

Table 2. Discriminant Validity

	Customer Focus	Coordination	Competitor Focus	Learning	Entrepreneurship	Innovation	Performance
Customer Focus	0.77						
Coordination	.540**	0.77					
Competitor Focus	.542**	.615**	0.74				
Learning	.260**	.336**	.235**	0.79			
Entrepreneurship	.167**	.206**	.139**	.191**	0.78		
Innovation	.278**	.317**	.200**	.483**	.326**	0.76	
Performance	.230**	.228**	.205**	.238**	.182**	.253**	0.84

^a Items along the diagonal are the square root of the extracted variance for each latent variable. Off-diagonal entries display correlations.

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Results

The relationships between the latent constructs were modeled in a structural equation model (SEM) using Amos 15.0, a statistical software package. The confirmatory factor analysis of the higher-order factor model of positional advantage was first analyzed to determine if our data fit the model first hypothesized by Hult and Ketchen (2001). Model fit was analyzed using the goodness of fit index (GFI), the incremental fit index (IFI), and the Tucker-Lewis index (TLI) along with the root mean squared error of approximation (RMSEA) and the Chi-Square index (χ^2) divided by degrees of freedom (df). The data seem to fit the model reasonably well as the GFI = 0.895, IFI = 0.931, TLI = 0.93, RMSEA = 0.051, and $\chi^2/df = 1.916$, all indicating an acceptable fit.

Following the testing of the measurement model, the path model shown in Figure 1 was tested. Again, the data seem to fit the model well as the GFI = 0.872, IFI = 0.919, TLI = 0.91, RMSEA = 0.049, and $\chi^2/df = 1.833$. As shown in Table 3, market orientation, entrepreneurship, innovation and organizational learning are all positive indicators of a higher-order factor, positional advantage. These results confirm H1-H4. It is also shown that the positional advantage of a firm is positively related to firm performance, confirming H5. These are all latent constructs, so one must be careful when interpreting these results. The estimate of 0.710 for the relationship between positional advantage and performance means that for every one-unit increase in a firm's positional advantage, their level of subjective performance will increase by 0.71 units. Other results can be interpreted similarly.

Table 3. Results of the path model.

Dependent Variables		Independent Variables	Estimate	Standard Error	p-value ^a
Performance	<-----	Positional Advantage	0.710	0.197	***
Competitor Focus	<-----	Market Orientation	1.116	0.124	***
Customer Focus ^b	<-----	Market Orientation	1.000		
Coordination	<-----	Market Orientation	1.096	0.124	***
Market Orientation ^b	<-----	Positional Advantage	1.000		
Entrepreneurship	<-----	Positional Advantage	0.664	0.174	***
Innovation	<-----	Positional Advantage	1.822	0.328	***
Organizational Learning	<-----	Positional Advantage	0.998	0.201	***

^a*** Indicates p-value is less than 0.001

^b Indicates the parameter loading was fixed to 1 in order to ensure identification of the model.

Conclusions and Implications

The concept of the positional advantage of a firm was introduced by Hult and Ketchen (2001) as a higher-order factor consisting of the market orientation, entrepreneurial focus, innovativeness, and learning orientation of a firm. Using a sample of Illinois beef producers, this study replicated the model of Hult and Ketchen (2001) to examine the importance of positional advantage in an agricultural setting. Building upon the growing literature (see Ross and Westgren, 2006; Micheels and Gow, 2008) which examines the effects of entrepreneurship and market orientation on firm profitability in agriculture, this study examines the inter-relationships between these similar, yet singular latent constructs. Our study found that a positional advantage is an important driver of firm performance even in a traditionally homogeneous market.

The four factors which comprise the positional advantage of the firm differ in their importance in the overall construct. Firm innovation, broadly defined by Nelson and Winter (1982) to be a change in routines, and measured in the construct developed by Hurley and Hult (1998), is found to be the most important component of the positional advantage of the firm. This result is understandable as it is only through innovations, however slight, that the ideas of value creation developed through the market orientation and entrepreneurial proclivity of the firm can be commercialized.

The importance of becoming market oriented is also demonstrated in this study. This study corroborates the work of Grunert *et al* (2005) who found a market orientation to be an important driver of performance in agricultural value chains. Increasing the market orientation of the firm is an important goal if producers and alliances are going to continue to develop value-added products and services. In order to adequately provide value, firms must communicate with consumers and downstream channel members to accurately determine the potential sources for value creation. Some of the low-hanging fruit could be increased preconditioning of cattle in commodity systems which increase efficiency for feedlots. Also, depending on the population demographics, some producers could benefit from direct marketing a value-added product through farmers markets to take advantage of a growing 'local food' movement where food miles are becoming an increasingly important attribute of agricultural products.

The level of entrepreneurship was found to be the least important determinant of the positional advantage of the firm. This result, however, does not lessen the importance of entrepreneurship in the search for value in agriculture. In order to develop a market orientation, firms must be entrepreneurial as they are inherently taking a risk by allocating resources to the search for customer needs rather than the traditional search for efficiency. To that end, Micheels and Gow (2008) found that the entrepreneurial focus of a firm is a significant driver of market orientation of Illinois cattlemen.

The culture of learning was also found to be an important indicator of positional advantage. Firms that value learning continually question their own routines and search for opportunities to provide increased value through traditional and non-traditional means. Similar to entrepreneurship, a culture of learning is important in the development of a market orientation and thus, the positional advantage of the firm (see Micheels and Gow, 2008).

These results demonstrate that opportunities exist for firms to create a positional advantage relative to other firms in the industry. The advantages created could be based on cost or a differentiation strategy as discussed by Porter (1985). As sources for creating a cost advantage are already established in the extension arena, it

would be beneficial for outreach professionals to have literature detailing success stories of firms implementing a differentiation strategy. A good example is a recent article from the agricultural press which details the background of Country Natural Beef, a group of producers coordinating under a differentiation strategy (Ishamel, 2008). While the means of value creation is likely to be diverse across firms, examples of the successful implementation of a differentiation strategy may be helpful for producers interested in moving away from the commodity market.

Furthermore, there is increasing evidence that firms can create value in more ways than simply augmenting the product offering. Pine and Gilmore (1998) discuss the emerging *experience economy* where innovative firms are differentiating not only their product, but also how the products are purchased or consumed by the customer. Agropreneurs may find that farm visits coupled with opportunities to purchase locally grown food could be a source of value in the coming years. Larger alliances of producers, such as Country Natural Beef, may be able to stage in-store promotions where the actual producers in the value-chain prepare samples and answer questions from potential customers (Ishamel, 2008). How a firm chooses to create a positional advantage is dependent on many factors including the firm's current capabilities, size or production capacity and current and potential competition.

In summary, this study provides an extension of the marketing and strategy literature to production agriculture. Similar to the arguments of Homburg, Krohmer and Workman (2004) a firm may strive to develop a positional advantage as a means of implementing a specific strategy. By becoming more aware of market conditions through a learning orientation and a market orientation, firms can better decide if there are opportunity gaps based on their current capabilities. Using a positional advantage, firms may decide that a move away from the traditional commodity market provides opportunities to create value by augmenting the traditional commodity product through a differentiation strategy.

Finally, our research gives credence to the argument that in order to improve performance, managers must allocate some effort to the analysis of opportunities to provide value for customers along with striving to increase efficiency. It must be noted, however, that value must continually be seen through the eyes of the consumer.

Increased efficiency may be the source for value creation for some markets while differentiated products such as grass-fed or natural beef may provide increased value in others. Our study adds to the literature as we were able to find that customer awareness and methods to provide demanded attributes can be a source of value and thus increase firm performance, even in a traditionally commodity-based market. Future research in this area could examine the effects of a positional advantage over a longer time frame and in a variety of agricultural markets.

References

- Armstrong, J.S and T.S. Overton. 1977. Estimating Nonresponse Bias in Mail Surveys. *Journal of Marketing Research*. 16 (3): 369-402.
- Baker, W.E. and J.M. Sinkula. 1999. The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performance. *Journal of the Academy of Marketing Science*. 27 (4): 411-427.
- Chang, L. 1994. A Psychometric Evaluation of 4-Point and 6-Point Likert-Type Scales in Relation to Reliability and Validity. *Applied Psychological Measurement*. 18 (3): 205-215.
- Deshpande, R., J.U. Farley and F.E. Webster, Jr. 1993. Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrad Analysis. *Journal of Marketing*. 57 (1): 23-37.
- Dess, G.G. and R.B. Robinson, Jr. 1984. Measuring Organizational Performance in the Absence of Objective Measures: The Case of the Privately-Held Firm and Conglomerate Business Unit. *Strategic Management Journal*. 5 (3): 265-273.
- Drovers. 2008. "2008 Alliances."
- Farrell, M.A. and E. Oczkowski. 2002. Are Market Orientation and Learning Orientation Necessary for Superior Organizational Performance? *Journal of Market Focused Management*. 5 (1) 197-217.
- Fornell, C. and D.F. Larcker. 1981. Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *J. Mark. Res.* 18: 39-50.
- Day, G. 1994. The Capabilities of Market-Driven Organizations. *Journal of Marketing*. 58 (4): 37-52.

- Gow, H.R., L.D. Oliver, and N.G. Gow. 2003. Value Creation in Farmer-Driven Marketing Channels: The Case of Murrellen Pork. *Journal of Food Distribution Research*. 34 (1) 86-91.
- Green, P.E. and V.R. Rao. 1970. Rating Scales and Information Recovery – How Many Scales and Response Categories to Use? *Journal of Marketing*. 34 (3): 33-39.
- Grunert, K.G., L.F. Jeppesen, K.R. Jespersen, A.M. Sonne, K. Hansen, T. Trondsen, J.A. Young
2005. Market orientation of value chains: A conceptual framework based on four case studies from the food industry. *European Journal of Marketing*. 39 (5/6): 428-455.
- Homburg, C., H. Krohmer, and J.P. Workman, Jr. 2004. A Strategy Implementation Perspective of Market Orientation. *Journal of Business Research*. 57 (12): 1331-1340.
- Hult, G.T.M. and D.J. Ketchen, Jr. 2001. Does Market Orientation Matter?: A Test of the Relationship Between Positional Advantage and Performance. *Strategic Management Journal*. 22 (9): 899-906.
- Hunt, S.D. and R.M. Morgan. (1995). The Comparative Advantage Theory of Competition. *Journal of Marketing*. 59 (1): 1-15.
- Hurley, R.F. and G.T.M. Hult. 1998. Innovation, Market Orientation, and Organizational Learning: An Integration and Empirical Examination. *Journal of Marketing*. 62 (3): 42-54.
- Im, S. and J.P. Workman, Jr. 2004. Market Orientation, Creativity, and new Product Performance in High-Technology Firms. *Journal of Marketing*. 68 (2): 114-132.
- Ishamel, Wes. (2008). Matching Consumer to Rancher. *Beef Magazine*.
<http://beefmagazine.com/markets/marketing/0801-matching-consumer-rancher/>
- Kohli, A.K. and B.J. Jaworski. 1990. Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*. 54 (2): 1-18.
- Mahoney, J.T. and R. Pandian. (1992). The Resource-Based View Within the Conversation of Strategic Management. *Strategic Management Journal*. 13 (5): 363-380.
- Micheels, E.T. and H.R. Gow. (2008). Market Orientation, Innovation and Entrepreneurship: An Empirical Examination of the Illinois Beef Industry. *International Food and Agribusiness Management Review*. 11 (3): 31-56.

- Naman, J.L. and D.P. Slevin. 1993. Entrepreneurship and the Concept of Fit: A Model and Empirical Tests. *Strategic Management Journal*. 14 (2) 137-153.
- Narver, J.C. and S.F. Slater. 1990. The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*. 54 (4): 20-35.
- Narver, J.C., S.F. Slater and D.L. MacLachlan. 2004. Responsive and Proactive Market Orientation and New-Product Success. *Journal of Product Innovation Management*. 21 (5): 334-347.
- Narver, J.C., S.F. Slater and B. Tietje. 1998. Creating a Market Orientation. *Journal of Market Focused Management*. 2 (1): 241-255.
- National Meat Case Study. 2007. Available online at http://www.beefretail.org/uDocs/nmcs_execsum11408.pdf
- Nelson, R.R. and S.G. Winter. 1982. *An Evolutionary Theory of Economic Change*. Harvard University Press, Boston, MA.
- Nunnally, J.C. 1978. *Psychometric Theory*, 2nd Ed. New York: McGraw Hill, Inc.
- Pine, B.J., and J.H. Gilmore. 1998. Welcome to the Experience Economy. *Harvard Business Review*. July-August. 97-105.
- Porter, M.E. 1985. *Competitive Advantage*. New York: Free Press.
- Ross, R.B. and R.E. Westgren. 2006. Economic Returns to Entrepreneurial Behavior. *Journal of Agricultural and Applied Economics*. 38 (2): 403-419.
- Slater, S.F. and J.C. Narver. 1995. Market Orientation and the Learning Organization. *Journal of Marketing*. 59 (3): 63-74.
- Streiner D.L. and G.R. Norman. 1995. *Health Measurement Scales: A Practical Guide to their Development and Use*. Oxford University Press, New York.
- Tregear, A. 2003. Market Orientation and the Craftperson. *European Journal of Marketing*. 37 (11/12) 1621-1635.
- Worthington R.R. and T.A. Whittaker. 2006. Scale Development Research: A Content Analysis and Recommendations for Best Practices. *The Counseling Psychologist*. 34 (6) 308-338.

Title: Market Orientation, Organizational Learning, and Positional Advantage:
Are These Concepts Relevant in Production Agriculture Systems?

Authors: Eric T. Micheels and Hamish R. Gow

Please consider this paper for **Peer Review**.

Word Count: 3,435

All work presented in this paper is original research carried out by Eric Micheels and Hamish Gow and has not been presented or published elsewhere.

Bio of Eric Micheels:

Eric Micheels is currently a Ph.D. student at the University of Illinois where he is pursuing a degree in agricultural economics. He conducts research in agricultural finance and marketing with a focus on how a market orientation can influence financial performance in the beef industry. He received his Bachelors of Science degree in Agricultural Business with a minor in Agronomy from the University of Wisconsin-River Falls and his Masters degree from the University of Illinois at Urbana-Champaign.