Improving market orientation in a small, financial services business: an action research case study

Andrew Cook[1]

Abstract: There is a positive link between market orientation and improved business performance in key areas such as profitability, return on equity and sales. There has been little research that can assist managers to improve their market orientation. Thus this research addresses the challenge of introducing a market orientation into a small business, in particular, how a small intermediary in the Australian general insurance industry can adapt its market orientation to improve its business performance. An action research program with four group members was justified and used, providing data from documents, participant observation, observation by the researcher, and MARKOR questionnaire surveys. My contribution is the first detailed description of how to improve the market orientation of a small business in one of the financial services industries, using action research. The research has implications for many managers who want to develop their organisation's market orientation.

Keywords: market orientation, action research, small business, financial services, case study

[1] Australian Institute of Business

Introduction

There is a positive link between market orientation and improved business performance in key areas such as profitability, return on equity and sales growth (for example, Akimova 2000; Anttila 2002; Castro, Armaro & del Rio 2005; Lafferty & Hult 2001; Sin et al. 2004). Although that link has been established, how can an organisation actually *change* its market orientation to gain from the link? There has been little research that can assist managers to improve their market orientation (van Raaij & Stoelhorst 2008). In particular, there is no research about how to improve market orientation in small organisations, and none about small intermediaries in one of the financial services industries like the general insurance industry.

Addressing this gap is important. Among the financial services industries in Australia, general insurance ranks in the top 10 in the world with premium income in excess of $25 billion (KPMG 2011) and assets of over $118 billion (APRA 2012). Insurance policies are sold to customers through two main distribution channels: direct by the insurer through their branch networks, call centres and the Internet; or indirect through intermediaries. Direct insurers in Australia include large, well-known brands such as AAMI, NRMA, GIO and Suncorp. Their lower pricing, higher advertising spend and use of the Internet make them ascendant in the personal insurance market. Once the direct insurers have reached saturation point in the personal insurance market they will need to seek a larger share of the commercial insurance market in order to continue growing. This growing threat to indirect insurers from direct insurers is similar to patterns in the United Kingdom (Datamonitor 2007) and the United States (Dumm & Hoyt 2002). In addition, the Australian general insurance industry is a mature market that it is highly competitive, with direct insurers and intermediaries between the direct insurers and customers both seeking the same business with little product innovation or new markets (KPMG 2009). As a result of this competition and the lack of community understanding of general insurance products, many consumer decisions are price based, favouring the lower pricing model of the direct distribution segment (Steers 2008).

So the second, indirect channel of intermediaries must differentiate its offerings in a meaningful manner (Steers 2008). These intermediaries include insurance brokers, insurance agents and alliance partners such as credit unions, who sell insurance policies to customers on behalf of insurers. They dominate the commercial insurance segment through higher quality service and personalised customer relationships (JP Morgan 2009). This research focuses on those key customer relationships of intermediaries, researching them in the setting of one intermediary described in the Methodology of action research section below.

Thus this research addresses the challenge of introducing a market orientation into a small business, in particular, how a small intermediary in the Australian general insurance industry can adapt its market orientation to improve its business performance. Essentially, the research uncovers how an action research program can improve the market orientation of a small business. Its contribution is the details of how to improve the market orientation in a small business in one of the financial services industries, using that program.

This report has four sections after this introduction. The first section reviews background literature about market orientation and organisational change. Next, the action research methodology is described. The findings are then described. Finally, conclusions are drawn.

Background

Market orientation. In order to develop a competitive advantage an organisation must focus upon one strategic orientation (Liu & Davies 1997). Possible strategic orientations include the product orientation with a focus on product quality, and the production orientation where organisations focus on reducing expenses and improving efficiency (Liu 1996). The dominance of these two orientations was altered by sales orientation in the 1930s. This approach focused more on the needs of the seller than the purchaser (Kotler 1994). Then, from the 1950s, the concept of marketing orientation became the most prominent strategic orientation. This approach emphasised developing products and services that served customers better than the alternatives of competitors. This marketing orientation was

superseded by the *market* orientation that posits an organisation-wide approach to customers rather than one centred upon the marketing department (Renko et al. 2005). The market orientation is the most popular orientation in modern business (Sittimalakorn & Hart 2004).

A market orientation has been shown to have direct positive links to key performance areas such as return on equity and sales growth (Kara, Spillan & DeShields 2005). There are several approaches to market orientation. The different approaches demonstrate that there is no single definition of market orientation; however, most perspectives contain an external focus upon the customer (van Raaij & Stoelhorst 2008). This focus is demonstrated by the approaches to market orientation developed by Kohli and Jaworski (1990) and Slater and Narver (1994). According to Kohli and Jaworski, market orientation is the process by which an organisation can generate, share and respond to market intelligence in order to meet the current and future needs of the customer. In contrast, Slater and Narver argue that an organisation is market oriented when it has a culture that is committed in a systemic manner to the continuous creation and delivery of exceptional customer value. For the purpose of this study the definition and conceptual model of Kohli and Jaworski will be used because other studies have replicated and supported the use of this approach in Australia (Pulendran, Speed & Widing 2000). In brief, market orientation is a comprehensive and established concept.

Consequences of market orientation. But does a market orientation bring benefits to an organisation? Most studies support a positive and direct link between market orientation and business performance (Lafferty & Hult 2001). The strongest links between market orientation and business performance have been found in the United States (Chan & Ellis 1998). However, recent studies have shown a pattern of positive results in a wide range of countries including Australia (Farrell 2000), Germany (Homburg & Pflesser 2000), Ukraine (Akimova 2000), Greece (Avlontis & Gounaris 1997), Japan (Deshpandé, Farley & Webster 1993), New Zealand (Gray et al. 1998) and Taiwan (Horng & Chen 1998). In support of the international applicability of market orientation, a meta-analysis of 56 studies conducted in 28 countries confirmed that the adoption of a market orientation is directly linked to improved business performance (Ellis 2006).

Antecedents of market orientation. What are the antecedents of the market orientation that help to produce improved business performance? The antecedents act as drivers or obstacles to market orientation and tend to be divided into internal and external antecedents. Internal antecedents include factors associated with senior management, interdepartmental dynamics and organisational systems. For example, the greater the risk aversion of top management the lower the overall market orientation of the organisation (Jaworski & Kohli 1993). A meta-analysis supported the importance of these internal antecedents (Kirca, Jayachandran and Bearden 2005).

In turn, external antecedents are those environmental factors that stimulate an organisation to adopt a market orientation. There may be little motivation to adopt a market orientation in a stable competitive environment (Kohli & Jaworski 1990). Overall, there is limited support for the role of external antecedents (Greenley 1995) and the profit-generating ability of being market oriented could overcome any moderating environmental influence (Slater & Narver 1994).

Organisational change. Whatever the antecedents and outcomes of a market orientation, its development is a long-term process that requires changing the culture to develop shared values about customer service and quality (Slater & Narver 1994). A successful change initiative can generate substantial rewards for any organisation; however, over 70 percent of change initiatives fail (Burke 2008). The costs of a failed change initiative include significant investments in terms of time and money, employee dissatisfaction, burnout, absenteeism (Kuokkanen et al. 2007) and loss of key employees (Ross 2006). Accordingly, the management of change is a significant issue for any organisation attempting a market orientation program.

A market orientation change management program could be associated with many change management strategies (Matthews 2009). They can be planned versus emergent (Shanley 2007), top-down versus bottom-up, negotiated versus imposed, and incremental versus wholesale (Stewart & Kringas 2003). Thus there are many models that can be used to manage change, including those of the *action research* program in this research that is

described in the next two sections (Dick 2000; Sankaran et al. 2001; Wild 2001). But there are no reports of action research being used to foster a market orientation in particular.

While the models and processes of organisational change may differ, each of them faces a common set of issues that had to be considered in this research program: organisational culture, employee resistance, communication and leadership. Each of these was addressed in the action research program of this research to be described in the next section. Firstly, the success of change initiatives is related to the ability of the organisation to embrace change (Young 1997). Appropriately, in this research, the researcher was a director/manager of the organisation and committed to a market orientation, and the organisation's Board agreed that the organisation's market orientation had to be improved.

Secondly, research has shown that in most cases, attempts to implement change failed due to the failure of the organisation to consider the impact of change on employees (Smith 2006). Change has an important personal dimension (Moran & Avergun 1997) and is fundamentally about feelings and values (Duck 1993). Accordingly, it is necessary to spend as much time and resources on planning and managing the human aspects of change as the technical aspects (Young 1997). In this research, action research processes provided such a planning and managing method of involving employees.

Thirdly, communication is a significant issue in change management, which can allow wide participation in and acceptance of the process (Duck 1993) and this is especially so when consistent two-way communication is established (Cook 2008). It is clear that effective communication will assist in overcoming employee resistance to change (Schumacher 2008). The researcher and his action research program processes ensured this communication occurred.

Finally, effective change management requires continuous quality leadership at every level of the organisation (Moran & Avergun 1997). Commitment, vision and direction from the leaders of the organisation are all critical success factors (Smith 2006). As noted, the researcher was a director/manager of the small business.

Research issues. The background above uncovered core issues involved in developing a market orientation within an organisation. But *gaps* remain about how those issues are involved in developing a market orientation in a small business in one of the financial services industries, and about whether action research can be used as an organisational change method for developing a market orientation. That is, the research issues are:

1.   What was the market orientation of the organisation at the outset of the project and what were its antecedents?

2.   What marketing orientation processes emerged as the outcomes of the action research program?

3   How can an action research program for market orientation be carried out?

Methodology of action research

We now consider the action research used for the organisational change of this research in more detail. Action research should be used when an organisation or individual wants to achieve understanding and change simultaneously, as did the small business involved in this research. The process involved a group of key stakeholders in making sense of an issue, defining the research, collecting and interpreting data, and in attempting and adjusting solutions (Marsick & Gephart 2003). The process had these characteristics (Abraham 2012): problem focus; action orientation; cyclical process; collaboration; ethical practice; group facilitation; creative thinking; learning and re-education; naturalistic; emancipatory; normative; and scientific. Implicit in this list of general characteristics, action research was a reflective and cyclical change process that involved diagnosis, planning, action and reflection that leads to further diagnosis, planning, action and reflection (Coghlan & Brannick 2001).

Thus action research was appropriate for this research because it assisted organisations to develop their capacity to learn how to change practices, processes and cultures for the successful implementation of change programs (Marsick & Gephart 2003). It was used in a

real-world situation rather than contrived and controlled experimental studies. Finally, action research was used because the situation required flexibility and the involvement of the participants was necessary for the project to succeed (Dick 2000).

The cyclical process employed by action research enhances responsiveness to change in most circumstances. That is, action research is an iterative and cyclical process involving planning, acting, observing and reflecting, as shown in Figure 1. There were two cycles in this research, based on meetings. In between each of the meetings, the individual participants worked upon the completion of the market oriented sub-project that had been assigned to them.

Figure 1 **The spiral of action research cycles**
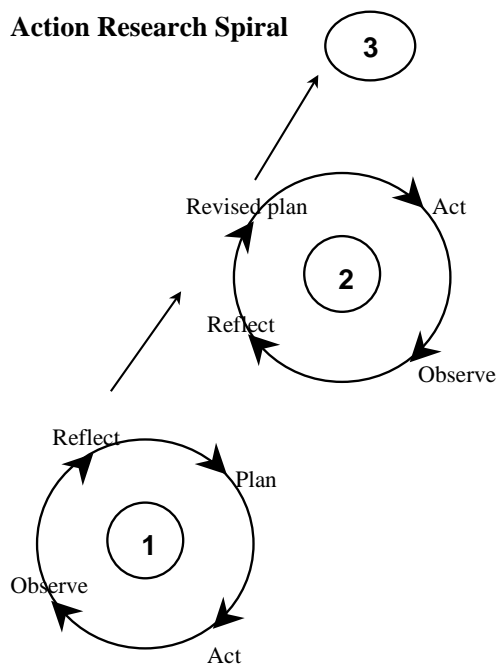
Source: Zuber-Skerritt (2001).

As occurred in this research, action research usually involves a group of people. All group members became both learners and researchers. They became researchers in relation to the practices being studied whilst also learning about the process of studying those practices (Abraham, Arnold & Oxenberry 1996). The author was a director/manager of the organisation and played the key role in the action research group of principal researcher/facilitator. The other members of the group were employees of the organisation. Some other employees were not considered for the project as they did not work sufficient hours in the office. All of the employees that formed the groups worked in customer service roles, assisting clients with the placement of insurance and, to a lesser extent, on claims and credit control issues, mainly over a telephone and via email.

Research setting. The site for this action research program was XYZ Insurance Brokers, an intermediary in Adelaide, South Australia. That its market orientation was low at the start of the project is noted in the findings about Research issue 1 below. In 2012, it met all the criteria for a research site (Marshall & Rossman 1989):

- entry was possible because the researcher was a director of the organisation and the Board of Directors had given approval for the project
- the site had a rich mix of processes
- most employees were willing to participate in the project
- the researcher had an understanding of the site and an excellent working experience within the organisation
- the data was available in an original and natural form.

All normal ethical requirements of academic research were met. All individuals signed the Australian Institute of Business consent form before completing any questionnaires or participating in any action research activities. In that document**,** they were informed that each of them could leave the program at any time, and nominate any restrictions they wished on the use of the data**.** Their confidentiality was maintained in all reports. Moreover, participants had ready access to another director of the organisation, not involved in the project, for anonymous complaints. During the project, all exit interviews and employee

appraisals were undertaken by a director not associated with the project to provide participants with opportunities to discuss any concerns they had about the project.

Data analysis

A combination of qualitative and quantitative data was collected to enable triangulation of the evidence (Abraham 1997). The study involved data collection from participant observation and self-reports of participants. But all participants also completed a survey based on the MARKOR scale (Kohli, Jaworski & Kumar 1993). That is, the four main sources of data were:

- documents (minutes of meetings)
- participant observation (self-reports)
- observation by the researcher
- MARKOR survey questionnaires.

To help measure market orientation, Jaworski and Kohli's (1993) MARKOR scale was used. It is a 20-question survey using a 5-point Likert scale. The MARKOR scale provides measures of their three components of market orientation: the ability of the organisation to gather, to disseminate and to respond to intelligence (Jaworski & Kohli 1993). While the MARKOR scale has been criticised in terms of its factor structure, it is accepted that the items in the scale do measure the activities associated with market orientation (Gauzente 1999; Pulendran, Speed and Widing 2000). The MARKOR scale is also supported by its wide use in measuring market orientation in diverse regions and cultures, including South America (Rojas-Mendez, Kara & Spillan 2006), Europe (Pitt, Caruana & Berthon 1996) and Asia (Kaynak & Kara 2004), as well as the North American studies of Jaworski and Kohli (1993). So it was an acceptable measure of market orientation for this research.

Findings. We now consider findings for each of the three research issues about organisational change, in turn.

1   What was the market orientation of the organisation at the outset of the project and what were its antecedents?

In this research, an external antecedent was the competitive pressure generated by consumer and competitor behaviour noted in the introduction. But the major antecedents were internal. The organisation was not actively focused upon competitor and consumer behaviour, presenting a risk to the organisation. In response to this situation, the senior management of the organisation decided to improve its market orientation through the use of the action research methodology.

At the start of the project, the action research group members completed a survey based upon the MARKOR scale. The scores are discussed in detail in research issue 3 below, along with the post-program scores. But the pre-program scores indicated that XYZ Insurance Brokers had a low level of market orientation. This assessment aligned with those of the researcher and the organisation's Board that the organisation leaned towards a sales orientation—the organisation had a sales orientation rather than market orientation, more focused upon the selling skills and capabilities of the organisation than on the needs of the purchaser (Kotler 1994).

2 What marketing orientation processes emerged as the outcomes of the action research program?

Between each of the group meetings, participants worked upon their own market orientation sub-projects following the action research method of planning, acting, observing and reflecting. The final list of sub-projects for the program was compiled by the researcher from members' suggestions and is set out in Table 3, together with their outcomes.

Table 3 **Participants' sub-projects and their outcomes**

Sub-project	Outcomes
1 Monitoring market trends	Improved knowledge of market and ability to identify opportunities and threats.
2 Reviewing competitor wordings and products	Improved ability to overcome price-based objections by focusing upon features and benefits of products.
3 Seeking feedback from customers at lapse/cancellation stage	Not continued because few customers lapsed.
4 Monitoring competitor specialities	Ability to refer hard to place insurance risks to suitable alternative insurance providers.
5 Seeking feedback from customers at quotation stage	Ability to monitor market segments where we are strong or have weaknesses. Able to seek alternative insurance providers to assist in problem areas and target segments where we have success.
6 Seeking feedback from clients who submit claims	Ability to highlight positive and negative claims experiences. Can be used to give feedback to insurance providers and seek improvement.
7 Seeking feedback from customers at the new business stage	Highlights why people chose to deal with us. Reinforces positive behaviours.

Consider the outcomes of three of the sub-problems, as examples of them. Firstly, the organisation now gathers information on *market trends* by reviewing industry specific weekly and monthly periodicals and Internet-based discussion groups. This information is then discussed at fortnightly staff meetings and recorded in the minutes of the meetings. This information has been used to inform the organisation in developing a new target market, particularly in relation to a web-based solution and the use of social media.

Secondly, the organisation has subscribed to a web-based policy comparison service that allows key features and benefits of *competitors' wordings and products* to be analysed. This service is available to all staff members and has been used successfully to develop comparisons of competitors' policy wordings. As a result, the organisation has been able to retain existing and win new clients on the basis of policy features rather than price

comparisons. The organisation has developed a database of niche market providers that is updated constantly and is available to all staff. Updates to the database are discussed at fortnightly staff meetings. The database is used to assist clients with hard to place insurance risks to find viable alternative insurance providers.

As the outcome of the fifth sub-program about *feedback from customers*, a follow-up call is now made to all potential clients at the quotation stage, to seek feedback on our competitiveness. The results of the feedback are recorded in the organisation's customer database and the qualitative feedback is discussed at staff meetings. As a result of this information, the organisation is seeking additional insurance providers to assist with those clients where our current insurance providers are not competitive. The organisation seeks feedback from each new customer on the reasons why they chose to deal with us. This information is shared at regular staff meetings. This information positively reinforces to the staff the value driven behaviour. As well, feedback is requested from all clients once their insurance claim has been finalised. This information is recorded in a centralised database that all staff members can access. The information collected is discussed at regular staff meetings. The information is also shared with insurance providers to highlight any positive or negative issues that require attention.

Now, consider the group's *market orientation* overall. Several sources of data confirm that the participants' market orientations had increased: a survey, their quotations and organisational practices. First, as noted above and in the discussion of research issue 3 below, at the start of the program, all members completed a survey based upon the MARKOR scale. This process was repeated at the end of the project. The different two survey scores for all the three dimensions of market orientation and for the overall score, are shown in Table 4. (From a Mann Whitney statistical test, the post-project score is higher than the pre-project score, as described in the note of that Table.)

Table 4 **Change in MARKOR mean scale scores pre- and post- project**

Market orientation dimension	Pre-project score	Post-project score	Change	U value[1]
Intelligence generation	2.53	3.25	+0.72	2
Intelligence dissemination	2.88	3.70	+0.82	6
Responsiveness to intelligence	2.93	3.81	+0.87	3
Overall	2.80	3.61	+0.81	3

Note 1: U value is the *calculated* U value for the Mann Whitney test that the distributions of the two scores are the same. The *critical* U value for the groups of 5 and 4 members is 2 for a one-tailed $p = 0.05$ test (the group memberships are described in the discussion of research issue 3) ('Mann Whitney U, Wilcoxon Rank Sum Test Calculator' n.d.; University of Heidelberg n.d, p. 84). Because the calculated U values are less than the critical U value, the null hypothesis of the two scores having same distribution is rejected. In other words, the post-project scores are different from the pre-project scores. The alternative to the Mann-Whitney test, the Wilcoxon matched pairs test, could not be used because some employees did not respond to both surveys, and because all responses were confidential and could not be traced to any particular respondent.

As demonstrated in Table 4, the score in each of the three dimensions of market orientation increased from a low score of less than 3 at the start of the project, to a score greater than 3. This rise indicates that the market orientation of the organisation improved during the action research program.

This picture of improvement is supported by the comments of the participants in the semi-formal interviews conducted after the program had finished. Four example comments are:

Participant A: *My involvement in the project opened my eyes to ways in which we can meet the needs of our clients by focusing on issues other than price.*

Participant C: *It was good to see the practical application of my sub-project in helping retain our clients. When clients ring up to complain about price we are now talking to them about our product differences and we can undertake product comparisons that help clients make "apples for apples" decisions.*

Participant D: *I knew nothing about market orientation or how it could help our clients when the project began. I now understand that it is important to think about what clients want.*

Participant E: *I feel more confident about my ability to recognise how the insurance market works and have more confidence that we are providing good solutions for our clients. We are now responding to what clients want and I can see that we are starting to develop areas of expertise that make us different.*

The final demonstration of improved market orientation is that the organisation is still showing a new market orientation. The outcomes have and will help the development of target markets, improved client retention and the development of a client base that focuses upon service rather than price. The organisation now regularly collects information on customers and competitors. This information is then shared systematically throughout the organisation and is used to make both daily operational decisions and inform strategic decisions. Given the relatively short-term nature of the project, it was not possible to measure the program's impact on client retention and profitability. However, there are some encouraging trends. Over the course of the project, the average premium charged per client increased by 27 percent whilst client retention decreased by only 3 percent. As a result, the profitability to the organisation of each retained client has increased. It could be argued that this result is not solely due to the more market oriented approach of the organisation. However, anecdotal evidence supports an increased ability of the organisation to overcome price-based objections in order to retain at-risk clients.

3 How can an action research program for market orientation be carried out?

First major cycle. Next, we focus on the action research processes themselves, and those processes will be detailed enough to allow readers whose backgrounds are in marketing rather than in action research, to follow. There were two major cycles of plan/act/observe reflect in this program, with four group meetings in the first major cycle and three in the second major cycle. In the first action research group meeting, the researcher introduced the

four employees to the challenges facing the organisation and the need for change. The concept of market orientation was described and it was explained how it could be used to overcome the challenges facing the organisation. Finally, action research was introduced as a methodology for developing a more market-oriented organisation. These preliminaries followed the three step approach to introducing a market orientation of Kotter (1995): developing a sense of urgency, forming a powerful guiding coalition, and establishing a vision for change. Following agreement from all participants that they would participate in the process, participants developed a list of potential sub-projects to increase the market orientation of the business. The group also agreed upon the process to be followed during the project and the number of group meetings to be held and their proposed timing.

The main focus of the second action research group meeting was selecting which sub-projects would be included, with the researcher collating them into the seven in Table 3. Each of the participants then selected one of the first four sub-projects as their personal research project for development. As with all of the group meetings in both major cycles, the group members then discussed the challenges and issues they faced in completing their assigned tasks. During each of the work-based phases, the researcher undertook the role of mentor to provide support to the participants for their sub-projects and the overall project.

The primary focus of the third action research group meeting was for each participant to present their findings and interim policy recommendations for their sub-projects to the action research group. This process gave the group the opportunity to contribute to the final recommendations for each sub-project. At this stage, the organisation started to collect market intelligence in relation to market trends and competitor specialities. It was agreed that there was little value in seeking feedback from customers at the lapse/cancellation stage (sub-project 3) because the number of departing customers was low by industry standards. No progress had been made in relation to sub-project 2 about competitor wordings and products and so it was decided that this sub-project would be included in the second action research major cycle.

In the final action research group meeting of the first major cycle, the group reviewed the information collected in relation to the two completed sub-projects and how the information was being shared throughout the organisation. Some refinements were suggested. The participants then decided upon the new sub-projects that would form the basis of the second major action research cycle—the sub-projects 2, and 5 to 7, in Table 4. Following on from this last action research group meeting, the participants commenced the work-based phase in relation to their new sub-projects.

Second major cycle. In the first action research group meeting of the second major cycle, two of the participants presented their findings and interim policy recommendations for their sub-projects to the action research group. This process provided the group with the opportunity to contribute to the final recommendations for each sub-project. Following this meeting, the two participants issued the final policy instructions in relation to their sub-projects. The participants involved in the third sub-project had made little progress on their project and requested further assistance from the researcher. The researcher held a number of meetings with the participants who were struggling to develop their sub-project during the work-based phases. This proved to be a challenging exercise for the participants and the researcher, however, progress was made in relation to the sub-project.

During the second action research group meeting, these participants presented their findings and interim recommendations to the action research group. This process demonstrated the full cycle of the market oriented approach, namely, gathering, sharing and using information about customers and competitors in order to meet the needs of customers. This was the first example of the project being used in a strategic rather than operational sense.

In their final meeting, the action research group discussed the completed sub-projects and the information being gathered in relation to each. It was agreed that the work involved in collecting and sharing the information did not greatly increase their workload in the organisation.

Some real-world, action research process issues. An initial program problem was that some participants lacked the confidence to participate in the project because they were

unused to being involved in decision-making activities, and to researching and acting in areas outside of their perceived skill set. These participants struggled to progress their sub-projects and participate in the action research group meetings. These issues were overcome through the mentoring of the researcher and the support of other participants; however, it took a number of action research meetings before these participants gained confidence in their ability to be involved in the project.

Group membership had to change somewhat during the project. After he had completed the initial MARKOR survey, one planned participant retired before the first major action research cycle started. This change meant that four participants commenced the action research segment of the project. But, during the first cycle, another employee resigned (one of the remaining three participants in the first cycle took over the sub-project of this employee). We recruited a new employee to the organisation to replace the resignee, and he joined the group at the start of the second cycle, making the number up to four again. And he was involved in the second, post-project survey; that is, there were five respondents to the pre-project survey and four in the post-project survey.

All these changes meant the first major action research cycle took longer than the planned three months because some meetings were delayed, or involved fewer than four participants that tended to stifle the observation and reflection discussions. Indeed, the first cycle took seven months. But the second cycle was completed in nine weeks because there were few interruptions and the participants had more experience with the process.

Overall assessment of action research. The overall opinion of the participants was that the program was useful and that the benefits of the program outweighed the work involved. For a start, the participants expressed confidence that their ability to overcome client objections had been improved by the action research program, as had their confidence in taking responsibility for researching and making business decisions. And the participants agreed that they had increased their understanding of the challenges facing the organisation and the use of action research. Finally, they agreed that the action research group would continue to meet to monitor the progress of the existing sub-projects and to develop new sub-projects to

improve the market orientation of the organisation. (The exit interviews for the participants who departed during the project were conducted by a director not associated with the study, and the departees also talked about the action research program in positive terms.)

After the final group meeting, the researcher met individually with each participant to further evaluate the overall effectiveness of the project. In addition, the participants had the opportunity to discuss any concerns relating to the study with a director not associated with the study during formal program appraisals or informally at any other time. There has been no negative feedback from the employees.

Conclusions

In summary, the primary purpose of this study was to investigate the introduction of a market orientation into a small intermediary in the Australian general insurance industry, using action research. The action research group focused upon the project as a whole, using the cyclical process of planning, acting, observing and reflecting. During the work-based phases, the participants worked upon individual sub-projects to improve the market orientation of the organisation. The data, including the MARKOR scale scores shown in Table 4, indicated that the organisation had indeed become more market oriented.

Further research could be done. This research was a first look at market orientation in one small intermediary in one of the Australian financial services industries, using action research. Thus external validity may limit its findings, but the 'analytic generalization' to the literature that was carried out above must reduce this limitation (Yin 2009, p. 15). Nevertheless, further research could be carried out by conducting multiple-case research of other intermediaries in Australia and overseas financial services industries. And the method of data collection and analysis may be limitations of the study. The reliability of the data collected in the study depended on the honesty of the participants' feedback about their experiences. But the use of triangulation should have reduced the potential impact of this limitation (Abraham 1997).

This research in a small organisation has *implications* for managers of larger organisations who want to change their organisation's market orientation. But these managers might use a slightly different type of program. Admittedly, this action research program exhibited all the aspects of the 12 characteristics of action research identified by Abraham (2012) and noted above. However, differences exist between this small-organisation program and his larger-organisation, work-applied learning approach. Using his work-applied learning approach, the action research group members each facilitate an action learning set. This action learning set consists of participants from outside of the action research group and the set works as a group to tackle their real world issue. In contrast, in this program, the members of the action research group had to become their own action learning set because there were no other people to form action learning sets. In addition, with the work-applied learning model, each member of the action research group undertakes the role of researcher whereas in this study only the facilitator could act as a researcher. Nevertheless, this study provides general support for the fused action research and action learning approach of Abraham (2012).

In conclusion, the challenge of introducing a market orientation in a small business can be met with an action research program. A small intermediary in an Australian financial service industry can adapt its market orientation to improve its business performance.

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