Market Orientation and Competitive Advantage: Mediating Role of Strategic Ambidexterity

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Abstract
Formal financial services operating in Uganda, including commercial banks, micro-finance institutions, insurance companies and savings and credit cooperatives have not created and enhanced their competitive advantage. This is because they have concentrated on traditional customers but ignored new customers. Yet, firms operating in a competitive environment ought to have a competitive advantage over other players in the same business in order to survive and succeed. Studies that have been conducted on how competitive advantage can be created and enhanced have mainly focused on the direct relationship between market orientation and competitive advantage, ignoring the mediating role that strategic ambidexterity may have on that relationship. This paper discusses findings and provides theoretical as well as managerial implications.

Keywords – *Market orientation, strategic ambidexterity, competitive advantage, financial services, Uganda.*

1. Background
Many organizations focus on nature and cause of competitive advantage (Ma, 1999, p. 259) because of its ability to provide an edge over contending firms. However, despite its importance, research on how competitive advantage can be achieved is sparse and has remained ambivalent (Sahay, 2013). Moreover, existing

studies that have attempted to predict competitive advantage concentrate on its direct link with market orientation, ignoring the mediating role of strategic ambidexterity. Extant research has based on the Resource Based Theory (Barney, 1991; Barney and Clark, 2007) to explain the creation and enhancement of competitive advantage. This theory states that possession and deployment of resources that are valuable, rare, inimitable and non-substitutable gives competitive advantage over firms that lack such resources. The theory assumes that firms within an industry may be heterogeneous with respect to the strategic resources they control (Barney and Clark, 2007). According to March (1991) the authors of this theory assumes that the environment remains stable over the long term. However, this is not always the case (March, 1991). Indeed the marketing environment of Uganda's financial services is dynamic and in addition to existing customers, new ones have emerged. Hence, the Resource Based Theory alone cannot adequately explain creation and enhancement of competitive advantage for financial services in Uganda.

In this study Paradox theory is combined with The Resource Based Theory to explain competitive advantage. Paradox refers to the simultaneous presence of opposites (Poole and Van de Ven, 1989) that an organization can pursue and achieve by strategically shifting between poles of contradictory situations (Bloodgood and chae, 2010). This study, therefore, uses metaphors from the resource based theory complimented by the paradox the paradox theory to develop a conceptual framework. The metaphors are market orientation, strategic ambidexterity and competitive advantage. The purpose of this study was to examine the indirect effects of strategic ambidexterity on market orientation's prediction of competitive advantage. We provide a theoretical explanation of a causal link between study variables and provide empirical evidence supporting these relationships.

Market orientation, referred to as the organisational culture that creates customer orientation, competitor orientation and inter-functional coordination behaviours among employees of an organization, facilitates attainment of competitive advantage (Deshpande& Webster, 1989; Narver& Slater, 1990). This is because such organisations understand and meet customer needs faster thereby delivering more superior value to customers than competing firms that are not market oriented (Kumar, Jones, Venkatesan& Leone, 2011; Murray, Gao&Kotabe, 2011; Day, 1994; Narver and Slater, 1990). It makes such organisations unique and distinctive (Pfeffer, 1995), since by responding to customer needs faster, they make their customers feel they are receiving attention they deserve. Therefore, customers tend to remain with such firms for a long time but abandon competing organisations that do not embrace market orientation. Secondly, market-oriented organisations are better placed to get feedback from their clients, which enable them to tailor their marketing programs to market needs. It implies that market orientation may facilitate avoidance or minimization of wastages. However, market orientation has been criticized for focusing on current markets, ignoring future markets (Li, Lin and Chu, 2008; Hamel and Prahald, 1994) where opportunities and threats emerge (Leornard-Barton, 1992). In this paper, we propose that mediation of strategic ambidexterity may enhance market orientation's prediction of competitive advantage.

Dutta (2014) investigated ambidexterity's mediating role in an association between context, environmental dynamism and strategic renewal, while Gibson and Birkinshaw (2004) studied strategic ambidexterity's mediation effect on the relationship between organisational context and performance. Both of these studies found ambidexterity to be a significant mediator between the constructs under their studies. Literature also reveals existence of links between market orientation, strategic ambidexterity (Grawe, Chen & Daugherty, 2009) and between strategic ambidexterity and competitive advantage (Raisch & Birkinshaw, 2008). However, the question whether or not strategic ambidexterity mediates the association between market orientation and competitive advantage lacks evidence, since research in this area is sparse.

This study was carried out on commercial banks, microfinance institutions, insurance companies as well as savings and credit cooperatives (SACCOs) in Uganda, which are operating under a dynamic marketing environment characterized by informed and knowledgeable customers with high and changing expectations. Advancement in information communication technology (ICT) has created virtual markets (markets without boundaries) in financial services, and competition is ever increasing. Since the government introduced the privatization and divesture program, the number of financial institutions has increased. This is evidenced by the fact that whereas there were only fourteen (14) commercial banks operating in Uganda in the end of 2005, the number increased to twenty one (21) by end of 2009 (BOU Annual Report, 2008/2009), twenty (22) by end of 2010 and twenty five (25) by mid-2014

(BOU Annual Report, 2013/2014). Competition is also rife in Uganda's insurance industry. Licensed insurance companies are experiencing competition from informal insurance groups such as village burial and welfare groups. Indeed, out of 23 percent Ugandans with some form of insurance, only 3 percent are formally insured with institutions licensed to formally offer insurance, while 20 percent are insured with institutions, which are unlicensed to carry out such business (FinScope report, 2010). Financial services are also experiencing competition from organizations, whose mainstream business is not financial services. Examples of this category of competitors include the Mobile Telecommunications Network (MTN), Uganda Telecommunications Limited (UTL) and Airtel (formally Zain). The said companies have introduced the service of money transfer within Uganda and being a medium through which bills for selected organisations are offering service to individuals and organisations in Uganda thereby adding to the already existing competition in the industry.

2. Literature Review

In this section, we present a critical literature review relationships between market orientation, strategic ambidexterity and competitive advantage.

Market orientation and competitive advantage

Market orientation is said to play an important role in prediction of competitive advantage. This is achieved through instilling an organisational culture that creates customer orientation, competitor orientation and inter-functional coordination behaviours among all employees of an organisation (Narver and Slater, 1990). Employees with such behaviour are able to get more information regarding customer needs (Narver& Slater, 1990, p. 21), which enables organisations tailor their marketing programs to needs of their target markets (Kumar, Jones, Venkatesan & Leone, 2011; Murray, Gao & Kotabe, 2011; Narver and Slater, 1990). Therefore, market orientated organisations are able to deliver superior service and consequently, attain competitive advantage (Deshpande & Webster, 1989; Pfeffer, 1995).

Customer oriented employees tend to understand customers better than their competitors. They tend to respond to customer needs/wants faster and better than competitors who are not customer oriented. According to Levitt (1980), this makes customers feel that by buying from such organisations they benefit more than they would, if they bought a similar product from the competitor firms. Unless firms have sufficient understanding of their customers, they may fail to respond to some of the needs/wants of those customers at all or respond to them in a way that does not increase benefits arising out of that response.

Competitor orientation, which involves understanding current and potential competitors' key short-term strengths and weaknesses including their long-term capabilities as well as strategies (Aaker, 1988; Porter, 1985), can lay a basis for the organization to acquire resources necessary for it to reach and emulate strengths together with capabilities of its competitors. This may enable the organization to cancel the competitors' competitive advantage or create new advantages.

Inter-functional coordination as a construct of market orientation refers to utilization of company resources in a coordinated way to create superior value for target customers (Narver and Slater, 1990). According to Porter (1985), individuals in any function in a seller company have a potential to contribute to creation of value for buyers. Similarly, each of the functions in an organisation contributes customers' value creation. Therefore, the task of creating value for customers involves not only the marketing function, but also all functions in the organisation. Coordinating individual subgroups' contributions facilitates attainment of competitive advantage because it produces a synergistic effect. From the presented explanations, it is clear that market orientation facilitates creation of competitive advantage for organisations.

Literature suggests that there is a relationship between market orientation (specifically, customer orientation and competitor orientation) and strategic ambidexterity (Grawe, Chen and Daugherty, 2009). Hunt and Morgan (1995) stated that market orientation guides strategy selection. However, market orientation has been criticized for only focusing on current markets, ignoring future markets (Li, Lin and Chu, 2008; Hamel and Prahald, 1994) where opportunities and threats emerge (Leornard-Barton, 1992). We, therefore, hypothesize that:

H_1: There is a significant relationship between market orientation and strategic ambidexterity.

H_2: Market orientation and competitive advantage are significantly related.

Market orientation, Strategic ambidexterity and Competitive advantage

Strategic ambidexterity is conceptualized as a firm's ability to concurrently pursue both exploration and exploitation strategies across product, market as well as resource domains (Aulakh and Sarkar, 2005). According to Judge and Blocker (2008), strategic ambidexterity refers to simultaneously exploring and seeking new market opportunities while efficiently exploiting existing markets. Implementing exploratory strategies and exploitive strategies simultaneously enables organizations to achieve competitive advantages (Raisch and Birkinshaw, 2008).Employing exploratory strategies, such as applying new technology and ideas to emerging markets, can enable organisations to deliver marketing services faster. According to Bröring and Herzog (2008.), doing so enhances competitive advantage. This is because "sources of competitive advantage shift over time" (Pfeffer *et. al*., 1995) and more or so, it is in dynamic marketing environment. Adapting exploratory strategies, which involves seeking future markets (Judge and Blocker, 2008) and focusing on new products, processes as well as markets (Aulakh and Sarkar, 2005) enables organisations to be the first to learn about new markets, be pioneers to introduce new products, processes and enter those markets. Such organizations generate first-mover advantages (Ntayi, 2009; Hughes, Morgan and Kouropalatis, 2008) such as their names being more known and associated with particular product(s) than organizations that start a similar business later. Such organizations may shape their environments through their actions (Krueger, 1993). When there are no other companies, for example, offering similar products to customers may have no choice but to buy form the only organization that is offering the particular product at the time.

Furthermore, implementing exploitative strategies, which involves reinforcing existing skills and processes (Lewin *et. al*., 1999) as well as executing incremental innovations that can meet existing customer needs or improving/increasing the quality and quantity of existing products (Jansen et al, 2006) creates competitive advantages. Ambidextrous organizations produce and market their products more effectively as well as efficiently than the competing firms that ignore practicing such strategies. Simultaneous adaptation of both exploitative and exploratory strategies may be necessary because, in practice, it is not common to have 100 percent changes in marketing environments. However, despite the importance of strategic ambidexterity, few empirical attempts have been made to test conceptual arguments indicating that there is a relationship between strategic ambidexterity and competitive advantage (Raisch and Birkinshaw, (2008). In this study, we argue that market orientation's prediction of competitive advantage goes through strategic ambidexterity. Grawe, Chen and Daugherty's (2009) study attempted to explain the mediating role of strategic ambidexterity by looking at the concept in terms of innovation and focused on strategic orientation, service innovation and performance. However, Hunt and Morgan (1995) observed that market orientation guides strategy selection. Given that strategic ambidexterity involves selecting and implementing strategies (exploitative and exploratory ones) simultaneously (Aulakh and Sarkar, 2005), we deduce that market orientation predicts strategic ambidexterity. Furthermore, Raisch and Birkinshaw (2008) assert that implementing strategic ambidexterity creates competitive advantage for organisations. This is because implementing exploratory strategies to emerging markets may lead to efficient and effective service delivery to those markets thereby enhancing competitive advantage (Bröring and Herzog, 2008).Therefore, following the cited literature review, we hypothesize that:

[H_3]: There is a significant positive relationship between strategic ambidexterity and competitive advantage.

[H_4]: Strategic ambidexterity mediates the relationship between market orientation and competitive advantage.

3. Methodology

This section describes methodology that was empolyed in undertaking this study. The areas covered include the research design, survey population, sample size determination, sampling procedures, measurement of the study constructs, establishing validity and reliability of the instrument and data analysis.

Research Design, Population and Sample Size

This study employed a cross-sectional analytical research design. We adopted methods used in social sciences to test the hypotheses we formulated. Using quantitative research approach, we tested the relationships between market orientation, strategic ambidexterity and competitive advantage.

The population of this study involved 458 financial services institutions. It included 25commercial banks (Bank of Uganda Annual Report 2010/11), 25 insurance companies (Uganda Insurance Commission – http://www.uginscom.go.ug/licensed companies 2011.pdf), 86microfinance institutions affiliated to Association of Microfinance Institutions of Uganda (Microfinance Industry Assessment August, 2008) and 322SACCOs (registered with the Ministry of Trade, Industry and Cooperatives by December 31st, 2009).

Out of a population of 458 financial services institutions, a sample size of 299 institutions was determined using Yamane's (1973) formula. In the formula, we took the confidence interval at 95 percent, where e = 0.05.Yamane's sample size determination guideline was preferred because it yields a fairly representative sample. The sample comprised of 24 Commercial Banks, 24 Insurance Companies, 73 Microfinance Institutions registered with AMFIU, and 178 SACCOs, respectively. Out of the sample of 299, only 203 institutions filled and returned copies of questionnaires delivered to them, giving a response rate of 68 percent.

Sampling Procedures

The researchers adopted simple random sampling procedure in selecting respondent organisations and individuals. First, we obtained sampling frames of Commercial Banks, Insurance Companies, MFIs and SACCOs from Bank of Uganda, Uganda Insurance Commission, AMFIU and the Ministry of Trade, Industry and Cooperatives, respectively. Names of individual financial services were written on separate pieces of paper, which were used in a lottery process to arrive at the respondent institutions to be studied. The slips of paper were folded and then inserted in an empty box. They were then randomly drawn one – by – one without replacement, until the count reached the agreed sample size. Secondly, we visited heads of marketing/sales department/section in the selected institutions and requested for lists of people, including supervisors and officers, tasked with marketing financial services in those institutions. We then randomly selected one person each from the lists of supervisors and officers, respectively. The head of marketing or his or her equivalent was also given a copy of the questionnaire and requested to respond to it. That was done to avoid getting responses from only a set of people of one caliber thereby achieve control for common bias.

The institutions included in the sample were those that had been assigned the numbers on the pieces of paper picked from the bucket.

Data Collection methods and measurement of variables

We collected data using a self-administered questionnaire, distributed and collected by the researcher as well as two research assistants. The target respondents included the head of marketing (or sales) and operations (for institutions without a marketing department), his or her supervisor and an officer or sales representative.

Measurement of the study constructs was based on measurement items published in existing literature. Modifications were made on some existing measurement items t0 suit our study environment. The market orientation and strategic ambidexterity constructs were measured using a five point Likert scale ranging from ‘1’ =strongly disagree to ‘5’ = strongly agree. The developed measurement scales were used after being pre-tested and found to be generally reliable, based on theory and empirical studies.

To measure the market orientation variable, we adopted items developed and used by Narver and Slater (1990), Deshpande and Farley (1998), Day (1994) and Kamya (2010) to develop a measure for market orientation. The dimensions of market orientation measured by Narver and Slater (1990) include customer orientation, competitor orientation and inter-functional co-ordination. Narver and Slater's (1990) market orientation measurement scale was developed for a study in a Western, developed economy unlike ours focusing on services in a developing nation. Therefore, we adopted scales of Day (1994) and Kamya (2010) in addition to that of Narver and Slater (1990). The researchers also modified some of the items as follows: (1) 'we target customers where we have an opportunity for competitive advantage' was changed to 'we target opportunities based on competitive advantages,' (2) 'our top managers from every function regularly visit our current and prospective customers' was modified to 'our top managers from different functions regularly visit as a team our current and potential customers,' (3) Narver and Slater's (1990) item 'all our business functions are integrated in serving the needs of our target markets,' the word 'functions' was replaced with 'sections.' These changes made the items fit better in our study environment. Some of the items that we used to measure market orientation included: 'our organisation is committed to its customers, our organisation creates customer value and we understand our customer needs,' among others. Examples of items under competitor orientation included:

'salespeople share competitor information, our organisation responds rapidly to competitors' actions' and'our organisation is faster than the competitors at taking advantage of opportunities.' Under inter-functional co-ordination, the statements in the questionnaire included: 'in our organisation, members from different departments work as a team to meet customers' needs' and'in our organisation information is shared among functions,' to name but a few.

Strategic ambidexterity: Items used by Li, Lin and Chu (2008) guided the development of measurement items that we used to measure strategic ambidexterity. We dropped item 'we give close attention to after-sales service' (Narver and Slater, 1990) because our interaction with some of the practitioners revealed that it was not a common practice in financial services business. Items to measure exploratory strategies included statements such as: 'we undertake radical and incremental innovation in the services we deliver to our customers, we have short-term and long-term strategies to help customers anticipate developments' and'we anticipate customer needs months or even years before the majority of the market recognizes them.' The dimension of exploitive strategy was measured relying on the following items: 'our strategy for competitive advantage is based on our understanding of customer needs, we constantly monitor our level of commitment and orientation to serving customer needs' and 'we measure customer satisfaction systematically and frequently,' among others.

Competitive advantage: To measure competitive advantage, we adapted items used by Morabito, Themistocleous and Serrano (2010), which were, however, modified to fit our study environment. Those scholars asked the following questions: 'For the last three years our economic performance was higher than that of similar companies; For the last three years our financial performance was higher than that of similar companies; So far we have been able to achieve all the objectives better than similar companies;' and 'Our economic and financial perspectives for the next years are better than similar years.' In our items, the terms "economic" and "financial" were replaced by terms such as "sales performance" and "market share increment."

Validity and Reliability

In order to ascertain the validity and reliability of the measurement instrument, prior to data collection, a pilot study was conducted on a sample of 70 institutions purposively selected from commercial banks, insurance companies, microfinance institutions and Savings and Credit Cooperative Societies (SACCOs). To establish content validity, the researchers administered the questionnaire to 10 experts/professionals (two professionals from the Department of Marketing, two from the Department of Management, two from the Department of Management Science and four practitioners), who screened contents of the instrument using relevance scale. Comments from the experts on suitability of the items and constructs of the study variables were included in the final instrument, as recommended by Neuman (2006).

This was is supported by Churchill (1979), who advises that scale items should be reviewed by someone else, preferably experts in practice and academia so as to examine whether they cover the entire domain of the construct being measured. The researchers gave a copy of the instrument and explained the purpose including objective of the study to the experts individually. The experts/professionals were then asked to rate each item based on relevancy with the following scales: 4, very relevant; 3, relevant; 2, somehow relevant; and 1, not relevant. The content validity index (cvi) was obtained by dividing the proportion of items declared valid by the total number of items. The content validity index (CVI) results revealed that 78 percent, 85 percent, 81 percent, 83 percent and 77 percent of respondents agreed that items measuring customer orientation, competitor orientation, inter-functional coordination, exploratory strategy and exploitative strategy, respectively, were relevant. The CVI of 84.5 percent, 86.2 percent and 81 percent for global variables, market orientation, strategic ambidexterity and competitive advantage, respectively, were generally good.

During the pre-test phase, items found to be ambiguous or redundant were amended in order to be able to collect data intended for the study. A letter explaining the purpose of the study and assuring respondents that information to be collected would be kept secret was then designed to accompany the final questionnaire. The Cronbach's alpha coefficients obtained for the study variables were acceptable because they met the minimum value of 0.70 according to Nunnally (1978).

Data Analysis

The gathered data were checked for missing values, wrong entries and tested for normality before being analyzed using Statistical Package for Social Sciences (SPSS) and Analysis of Moment Structures (AMOS) computer softwares. Wrong entries were corrected. Missing values were analyzed through the SPSS "Missing Values Analysis." Results revealed that missing values were at random and accounted for 2 percent. Data were tested for normality assumption and were found to exhibit a normal distribution pattern. The missing values were imputed using linear interpolation technique. The PP plots, too, confirmed that the data for our study were normal.

Tests for mediation were conducted to assess nature and significance of mediation that strategic ambidexterity causes to the relationship between market orientation and competitive advantage. The test for mediation was performed using Medgraph program by Jose (2008), which is based on works of Baron and Kenny (1986).

4. Results

The response rate for this study was 70 percent. Market orientation, strategic ambidexterity and competitive advantage had Cronbach's alpha coefficients of .88, .87and .71, respectively.

Table I indicates the distribution of head offices of firms contacted for response. According to Table I, majority 49% of studied financial services had their head offices in Kampala central region. Table I also reveals that most (71%) financial services had operated in Uganda for a minimum of six years. This meant that the sampled institutions had good enough experience to be a source of reliable answers. Most (79%) of the studied organisations had less than three branches in Kampala.

Table I: Sample Characteristics

Characteristic	**Dimensions**	**Frequency**	**Percentage**	**Cumulative percentage**
Location of firm's head office	Kampala central	100	49	49
	Nakawa division	37	18	67
	Makindye division	24	12	79
	Lubaga division	26	13	92
	Kawempe division	16	8	100
Firm's number of Branches in Kampala	Less than 3 branches	160	79	79
	3-5 branches	23	11	90
	6-8 branches	8	4	94
	9-11 branches	7	4	98
	Over 11 branches	5	2	100
Number of years Organization has Been operating in Kampala	*Less than 1 year*	*7*	*3*	3
	1-5 years	*32*	*16*	19
	6-10 years	*78*	*39*	58
	11-15 years	*49*	*24*	82
	More than 15 years	*37*	*18*	100

We conducted a correlation analysis to establish nature, direction and strength of the relationships between market orientation, strategic ambidexterity as well as competitive advantage. Means, standard deviations and correlation results are presented in Table II. Consistent with H_1, H_2 and H_3, results revealed that there was a significant positive correlation between market orientation and competitive advantage($r = .41$, $p \leq .01$). In addition, market orientation was found to be significantly and positively correlated with strategic ambidexterity ($r = .64$, $p \leq .01$). Results further indicated that there was a significant and positive relationship between strategic ambidexterity and competitive advantage ($r = .53$, $p \leq .01$). Table II reveals that mean scores of the study variables range between 3.53 and 3.76, and that standard deviations range from 0.49 to 0.55. It means that many financial services operating in Uganda implemented market orientation and strategic ambidexterity, which created competitive advantage for those institutions. The standard deviations are small, which implies that values in a statistical data were a good representation of what transpired in the entire financial services study population (Field, 2005). A large standard deviation, on the other hand, means that values in the data set are further away from reality in the population. Therefore, results in Table II, confirm that the study sample is an accurate reflection of the population (Saunders *et. al*., 2006).

Table II: Zero-order correlation between market orientation, strategic ambidexterity and competitive advantage

Variable	Mean	Std. Deviation	1	2	3
Market orientation (1)	3.76	.49	1		
Strategic ambidexterity (2)	3.65	.55	.64**	1	
Competitive advantage (3)	3.53	.53	.41**	.53**	1

** Correlation significant at $p \leq .01$ level

Testing for Mediation

According to Baron and Kenny (1986), a mediator explains the process of "why" and "how" cause-and-effect happen. Hence, meditational analysis attempts to "identify the intermediary process that leads from the independent variable to the dependent variable" (Muller et. *al*., 2005, p.852). The researcher, guided by Baron and Kenny (1986), first, tested to establish whether or not conditions for mediation to occur were met. Results are summarized in Table III. Table III reveals that strategic ambidexterity mediates market orientation's prediction of competitive advantage because conditions recommended by Baron and Kenny (1986) are met. Table reveals that there is an effect to be mediated (B= .47, $p < .001$). Results also reveal a significant relationship between market orientation and strategic ambidexterity (B= .45, $p < .001$) and results further reveal a significant association relationship between both market orientation and strategic ambidexterity as predictors and competitive advantage (B= .40, $p < .001$). Finally, the absolute effect of market orientation on competitive advantage is less in model3 (standardized $\beta = .123$) than in model2 (standardized $\beta = .412$).We also used the MedGraph program to compute Sobel z-value and significance of the mediation effect of strategic ambidexterity in the relationship between market orientation and competitive advantage. The results are displayed in Figure I. Figure I indicates the Sobel z-value of 5.26, with a p value of 0.000001 and beta weight for the basic relationship between market orientation and competitive advantage of $r = .123$, $p < .001$. These results indicate that since the Sobel z-value is large with a p value of less than .05, a significant mediation of strategic ambidexterity in the relationship between market orientation and competitive advantage exists. This in reality, means that there has been a significant reduction in the relationship between market orientation and competitive advantage.

Furthermore, results in Table III indicate that strategic ambidexterity partially mediates market orientation and competitive advantage because when it is introduced to the model, the relationship reduces substantially from $\beta = .412$ to $\beta = .123$. This is consistent with Hayes (2009) as well as Zhao and colleagues (2010), who explain that partial mediation occurs when the mediator only accounts for a portion of the relationship between independent and dependent variables. According to Zhao and co-workers (2010), full mediation occurs if, after inclusion of the mediator, the said relationship drops to zero. Therefore, it is clear that strategic ambidexterity partially mediates market orientation and competitive advantage because when it is added to market orientation, the beta coefficient changes from $\beta = .412$ to $\beta = .123$, a value above zero.

Table III: The mediating effect of strategic ambidexterity in the relationship between market orientation and competitive advantage

	Dependent variable Competitive advantage								
	Model1			**Model2**			**Model3**		
Predictor	B	SE	β	B	SE	β	B	SE	β
Intercept	.95**	.10		.85**	.08		.77**	.10	
Market orientation	.45**	.07	.412	.47**	.05	.532	.14**	.09	.123
Strategic ambidexterity							.40**	.07	.453

** Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

The results also reveal a ratio index of 70.1 percent ([.289/.412]*100), implying that 70.1 percent of the effect of market orientation on competitive advantage goes through strategic ambidexterity and about 30 percent of the effect is direct.

5. Discussion of Results

Consistent with H_1, this study reveals that embracing market orientation contributes to organizations' attainment of competitive advantage. This finding is supports results from the study by Porter (1985) and Aaker (1988) who argued that implementation of market orientation facilitates employees to have more information about target customers than their counterparts in competing firms thereby enabling to provide buyers additional benefits and/or reduced costs. Hence, it follows that market-oriented organisations deliver superior customer service, which makes them distinctive from and preferred to firms that deliver poor service (Pfeffer, 1995). However, market orientation's prediction of competitive advantage has been criticized for only focusing current markets but ignoring future market (Li, Lin and Chu, 2008; Hamel and Prahald, 1994). Yet, major opportunities and threats emerge from future markets (Leornard-Barton, 1992). This study provides evidence on the need for firms to focus on current markets and future market (strategic ambidexterity) and hence, the mediation of strategic ambidexterity in the relationship between market orientation and competitive advantage. For organisations, such as financial services, operating in a dynamic marketing environment, market orientation's prediction of competitive advantage is insufficient. Changes in dynamic marketing environment could involve new markets, products or processes.

This study found that strategic orientation partially mediates market orientation's prediction of competitive advantage for Uganda's financial services. Employing exploratory strategies, such as applying new technology and ideas to emerging markets, can enable organizations to deliver marketing services faster. Implementing strategic ambidexterity creates competitive advantage for organizations (Raisch and Birkinshaw, 2008). Employing exploratory strategies, such as applying new technology and ideas to emerging markets, can enable organisations to deliver marketing services faster. Furthermore, implementing exploitative strategies, which involves reinforcing existing skills as well as processes (Lewin *et. al*., 1999) and executing incremental innovations that can meet needs of existing customers or improving/increasing the quality and quantity of existing products (Jansen *et. al*., 2006), create competitive advantages. Strategic ambidexterity enhances competitive advantage because it focuses on both future markets and existing markets.

6. Conclusion and Implications

This study contributes to knowledge by extending works of Narver and Slater (1990) as well as Day (1994) who examined the link between market orientation, competitive advantage (as mediator) and performance. However, this study finds that the relationship between market orientation and competitive advantage (now a criterion variable) can be mediated by strategic ambidexterity.This is in accordance with the finding by Grawe, Chen and Daugherty, 2009) who asserted that implementation of market orientation by organisations enhances competitive advantage.

From this study, managerial, policy and theoretical implications can be derived. First, we argue that if financial services pursue strategic ambidexterity to guide market orientation implementation, their competitive advantage will improve. Managers of market oriented financial services can improve competitive advantage of their organisations by including strategic ambidexterity among strategies implemented in their marketing plans.

Therefore, findings from this study could guide managers in designing appropriate strategies for creating and improving competitive advantage in their organisations. . Industrialists and traders will produce/stock products that cater for current as well as future markets.

Theoretically, existing literature regarding creation and enhancement of competitive advantage has based on the resource based view (RBV) theory and primarily focused on the direct relationship between market orientation and competitive advantage. This is because RBV asserts that possession of resources such as ability to implement market orientation strategy would create competitive strategy for organizations. The current study contributes to knowledge by conceptualizing that strategic ambidexterity mediates that relationship. Strategic ambidexterity, which evolves from the paradox theory, caters for both present and future markets. Strategic ambidexterity is especially vital for organisations operating in a dynamic and competitive environment, as it is the case with Uganda's financial services.

Limitations and Areas for Further Research

This study is subject to a number of limitations regarding interpretation of its results. First, the study is a cross-sectional one and used self-administered data. Respondent bias and influence by superiors could not be ruled-out. The results might have been influenced by respondents' feelings other than reality. The study focused on commercial banks, micro-finance institutions and insurance companies, leaving out development banks and foreign exchange bureaux, which may have limited our conclusions.

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