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## **Knowledge Management Drives to Organizational Performance in Financial Institutions in Sri Lanka**

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### ABSTRACT

The creation and diffusion of knowledge has become ever more important factors in competitiveness in today's knowledge economy. Use of knowledge doesn't consume it transfer of knowledge does not result in losing it but end of the day many organizations valuable knowledge walks out of the door. Therefore this research was address this issue by using a quantitative and hypothetical deductive in nature where data was collected through the questionnaires from 200 management staff of leading financial institutions in Sri Lanka. Probability simple random sampling method was used to collect data as elements of population have a known chance or probability of being chosen as subjects of the sample. The results were analyzed using the SPSS statistical analysis tool. Pearson correlation between the independent variable and the dependent variable resulted with a positive correlation coefficient and hence, it was concluded that there exists a positive relationship between Knowledge Management and Organizational Performance. All hypothesis were tested using Bivariate correlation analysis and the results were evident to showcase that Capturing, Creating, Sharing & Using aspects of Knowledge Management positively impact on Organizational Performance which can be financial aspects market share, profitability, investment as well as non-financial aspects such as productivity, employee job satisfaction, loyalty, employee turnover. Extensive understanding and effective implementation of an appropriate knowledge management have become crucial part in achieving long-term goals of business organizations which lead to retain sustainable competitive advantage. Knowledge management aids to get an insight into organizational internal experiences such as efficiency and effectiveness as well as external resources such as customers, suppliers & competitors. This learning may turn out to be a valuable awareness not only to financial institutions, but also to all other Sri Lankan business organizations in general for the determination of improving organizational performance.

Keywords: Knowledge Management, Organization Performance, Capturing, Creating  
*using.*