Journal of **B**usiness **E**conomics
ISSN 2682- 6933 | E-ISSN 2705-9944
2024 Volume 06 Issue 01: 01- 16

IMPACT OF KNOWLEDGE MANAGEMENT PROCESS ON STRATEGIC COMPETENCE OF FINANCIAL COMPANIES IN BATTICALOA DISTRICT, SRI LANKA

T. Agalya[1] and V. R. Ragel[2*]
[1] Research Scholar, South Eastern University of Sri Lanka
[2] Senior Lecturer, Eastern University of Sri Lanka

Abstract

This study aims to examine the impact of knowledge management process on strategic competence of financial companies in Batticaloa district, Sri Lanka. It is generally accepted that due to globalization, competition is becoming more intense and as organizations are now able to or forced to open newer markets with different paradigms, conditions, operating methods and requirements. As a result, many organizations are finding it necessary to re-think their Strategic Competences in order to survive in this new global environment. Although Knowledge Management (KM) process has been around for some time, and has increasingly become an accepted management tool, it is yet to be seen by organizations as a necessary integral part of building Strategic Competences. This research study is based on a sample of the data collected from 194 respondents, drawn randomly from financial companies in Batticaloa. An structured-questionnaire was used to collect the data and analyzed using SPSS. Multiple regression analysis was done to test the hypotheses The results of the survey show that the KM processes have a significant impact on four selected factors of Strategic Competence (Shared Vision, Cooperation, Empowerment, and Innovation).

Keywords: Knowledge management, Knowledge management process, strategic competence.

1. Introduction

The contexts in which modern organizations are operating and the concurrent demands being placed on the individuals whom work within them have changed dramatically over recent years. Strategists are increasingly faced with a complex, ambiguous and continuously changing environment and organizational actors across all levels of the hierarchy, managers and non-managers alike, are having to absorb, process, make sense of, then disseminate a confusing flow of information in order to make decisions and solve problems. Indeed, such are the levels of disorder, stress and unpredictability within the contemporary workplace that D'Avini (1994) coined the term 'hyper competition' in an attempt to characterize the typical organizational response to this state of affairs. The problem is that "change is incessant and not fully describable or predictable" (Tsoukas & Sheppard, 2004, p.137).

In addressing this issue, strategic competence that integrates rationality with intuition in order to bring about the faster strategic reactions that are ultimately required if organizations are to survive these complex and turbulent times. Organizations are faced with unprecedented informational burdens and instability, the key message is that cognitive competence is crucial to strategic responsiveness and the organization's capacity to learn and renew itself. In short, strategic competence can say as the ability of organizations or more precisely their members to the longer-term survival of the organization.

When we see this strategic competence through the finance companies, it's much more important than other institutions. Now a days finance companies are facing more challenges to survive in the market. They should always up to date and more innovative. Their products are much more customer oriented and it can be able to

compete with other products in market. Because there are so many financial institutions in the market such as commercial banks, insurance companies, non-financial companies and so on. In these financial institutions, finance company is one of the small element. Due to that they have to give their full force to compete with this well establish organization to survive in the market. In this case, strategic competence become the most precious asset for this finance companies. They can show the competitive advantage by this strategic competence.

Now the turning is coming, how can we get the strategic competence? There are so many management tools available to get the strategic competence. The base and the best among those tool is knowledge management. Zack (2002) claimed that knowledge asset has an enabling role to play in the formulation of successful strategies and achieving the organizational overall objectives.

Various definitions of Knowledge Management used by Knowledge Management researchers to propose that Knowledge Management success be defined as reusing knowledge to improve organizational effectiveness by providing the appropriate knowledge to those that need it when it is needed. Knowledge Management is expected to have a positive impact on the organization that improves organizational effectiveness.

But for the successful knowledge management, the process of Knowledge Management should be well organized. Knowledge management processes can be though lit of as a structured coordination for managing knowledge effectively (Gold, Malhotra and Segars, 2001). Typically, knowledge management processes include activities such as creation, sharing, storage, and usage (Alavi and Leidner, 2001).

So, for the finance companies, the Knowledge Management process is one of the best way to achieve their organization objective and longtime survival in the market. Customer preference and their perception will decide which organization is best choice for them. So the product must be customer oriented. Knowledge Management process will says the customer perception and employee feedbacks & performance and etc. It will lead the organization to well formulate strategy and organizational success. To this extant, there is now a whole body of research that gone into great depth in understanding how can knowledge management process impact on strategic competence of finance company.

Research Problem

Today, and specifically with reference to Knowledge Management, there are two dilemmas or problems that face in this field. Firstly, whilst there is an abundance of literature on Knowledge Management so that it has become a well-recognized discipline of science with management, we lack a consistent practical model or framework that pulls together all this research in a unified, easily digestible and measurable format which can be subjected to further study. Additionally, the absence of the above-mentioned practical model leads to a second dilemma whereby most research in Knowledge Management comes across as stand-alone work with few attempts to link it to well establish and verified management tools such as core competencies. Without these linkages and integrative it is very difficult to see how finance companies can apply new advances in the field of Knowledge Management.

There are plenty of literatures on both Knowledge Management on the one hand and Strategic Competences on the other hand, there is very little to no research on whether there are any possible linkages, relations or correlations between the processes that govern Knowledge Management and Strategic competence. This paper is a theoretical analysis aiming to investigate these direct linkages in a conceptual manner as a first step to conducting further empirical or field research which will ultimately help financial companies leverage Knowledge Management in improving Strategic Competence.

Research Questions

1. What is the level of knowledge management process in the financial companies?
2. What are the strategic competences in the financial companies?
3. What is the impact of knowledge management processes on strategic competence of financial companies?

Research Objectives

1. To measure the level of knowledge management process in the financial companies.
2. To identify the strategic competencies in the financial companies.
3. To assess the impact of knowledge management process on strategic competence of financial companies.

2. Literature Review and Hypotheses Development

Knowledge Management process is necessary in modern and successful organizations which look at knowledge as a main factor in competitiveness. Knowledge Management has been seen as a fast response to weaknesses and threats that affect the way in which organizations conduct business.

The purpose of Knowledge Management is not to manage all knowledge, but to manage the knowledge that is most significant to the organizations. It involves applying the collective knowledge and ability of the entire workforce to achieve specific organization objectives which, in return, can lead to getting the right information to right people at right time and help people generate and share knowledge to enhance organizational performance (Alryalat and Alhawari, 2008).

Therefore, the authors have analysis and developed a conceptual model of Knowledge Management process on organization performance starting with the (Knowledge Identification, Knowledge Acquisition, Knowledge Storage, Knowledge Distribution, Knowledge Application) based on a thorough investigation of various models presented in Knowledge Management literature. Many of the models described above are broad enough to provide a complete analysis of the knowledge flow in the organization. Therefore, the authors propose the new knowledge management model that includes (Knowledge Identification, Knowledge Acquisition, Knowledge Storage, Knowledge Distribution, Knowledge Application, and Knowledge Retention) in order to provide organization performance.

As companies begin to develop competence in managing internal knowledge and applying it towards achieving organizational goals, they are setting their sights on new sources of knowledge that are not necessarily found within the boundaries of the firm.

For example, customer Knowledge Management comprises the processes that are concerned with the identification, acquisition, and utilization of knowledge from beyond a firm's external boundary in order to create value for an organization. Companies can utilize this knowledge in many different forms of organizational improvement and change, but it is especially valuable for innovation and the new product development function.

Competence is defined with two aspects: (1) competencies must align with business strategy; (2) competencies need to be generated through more than one mechanism, such as buy, build, borrow, bounce, and bind (Ulrich

1998).

Strategic competencies are determined by four competencies (1) Shared vision (2) Cooperation (3) Empowerment (4) Innovation (Croteau and Raymond, 2004).

Hypothesis test

In this study, there are four dependent variables such as Shared vision, Cooperation, Empowerment and Innovation and main independent variable is Knowledge management process. Main finding from this study is to find whether knowledge management process impact on strategic competence. So the hypothesis developed as follows,

HO: There is no significant impact of Knowledge Management Process on Strategic competence in Finance Companies at level ($\alpha \leq 0.05$).

H1: There is a significant impact of Knowledge Management Process on Shared Vision in Finance Companies at level ($\alpha \leq 0.05$).

H2: There is a significant impact of Knowledge Management Process on Cooperation in Finance Companies at level ($\alpha \leq 0.05$).

H3: There is a significant impact of Knowledge Management Process on Empowerment in Finance Companies at level ($\alpha \leq 0.05$).

H4: There is a significant impact of Knowledge Management Process on Innovation in Finance Companies at level ($\alpha \leq 0.05$).

Table 1: Decision Rule

Range	Decision Attributes
$1 \leq Xi \geq 2.5$	Low level.
$2.5 < Xi \geq 3.5$	Moderate level.
$3.5 < Xi \geq 5$	High level.

Source: Developed for research purpose

The criteria in above table describes attributes of the population in relation to particular variable by considering aggregation of scales provided for each and every item of the respective questionnaire.

3. Research Methods and Materials

Conceptual Framework

The conceptual model is operationalized with the support of relevant literature about Knowledge Management Process and Strategic Competence. The above figure 1, shares the conceptual of key research concept as, the impact of Knowledge Management Process and Strategic Competence.

According to the literature review, the researcher realized as several dimensions are there to measure the impact of Knowledge Management Process and Strategic Competence. Those are (1) Knowledge Identification, (2) Knowledge Acquisition, (3) Knowledge Storage, (4) Knowledge Sharing, (5) Knowledge Application, (6) Shared Vision, (7) Cooperation, (8) Empowerment, (9) Innovation.

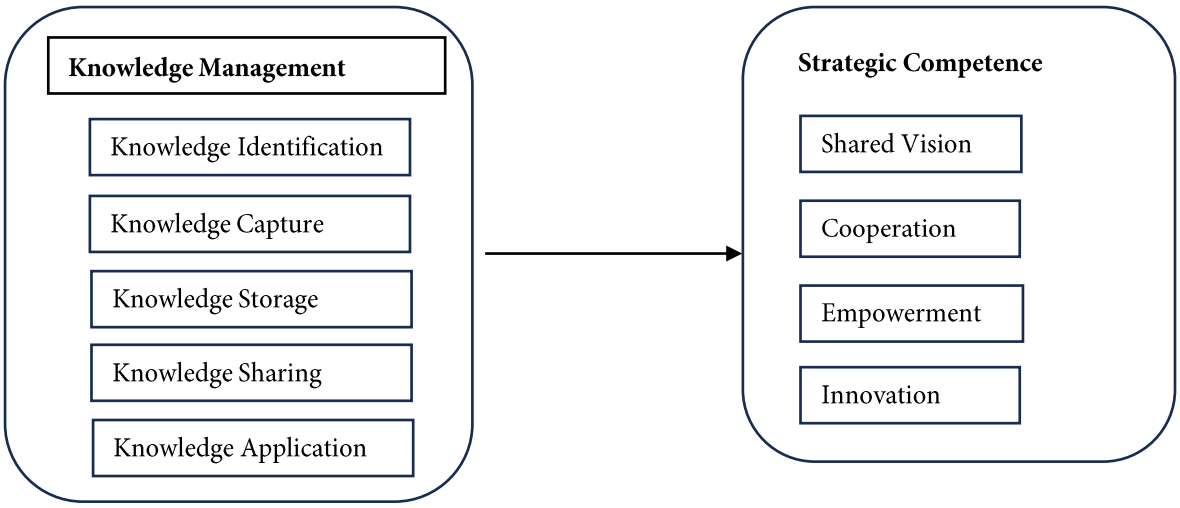

Figure 1: Concept of the impact of Knowledge Management Process on Strategic Competence.

Source: Developed for research

The conceptual model is operationalized with the support of relevant literature about Knowledge Management Process and Strategic Competence. The above figure 1, shares the conceptual of key research concept as, the impact of Knowledge Management Process and Strategic Competence.

According to the literature review, the researcher realized as several dimensions are there to measure the impact of Knowledge Management Process and Strategic Competence. Those are (1) Knowledge Identification, (2) Knowledge Acquisition, (3) Knowledge Storage, (4) Knowledge Sharing, (5) Knowledge Application, (6) Shared Vision, (7) Cooperation, (8) Empowerment, (9) Innovation.

Operationalization

Knowledge Management Process such as, Knowledge Identification, Knowledge Acquisition, Knowledge Storage, Knowledge Sharing, Knowledge Application and Strategic Competence such as, Shared Vision, Cooperation, Empowerment, Innovation are operationalization and it is given in below Table 2.

Research Design

This research is a descriptive research because it was undertaken in order to describe and understand the concept of Knowledge Management Process and the level of Strategic competence of finance companies in Batticaloa district.

This study was non-casual one in the perspective of research questions. The extent of researcher interference in the study was low, because the researcher did not interfere with the normal flow of activities. This study was carried out in a natural (non contrived) environment where events occur normally.

This study in concerned the unit of analysis was the individual employees of finance companies in Batticaola. It was a cross sectional one in the time horizon, because data were collected in a one single time from the respondents.

Table 2: Operationalization

Variable	Dimension	Indicators	Measurement	Question Number
Knowledge Management process	Knowledge Identification/ discovery	Collaborative problem-solving & creation of document	Five-point likert's scale Questionnaire	08
		Initiation process for new employees		09
		Employee rotation across departments		10
	Knowledge Acquisition / Capture	Articulation of best practice & lessons learned	Five-point likert's scale Questionnaire	11
		Development of model		12
		On-the-job training		13
		Face-to-face meeting		14
	Knowledge Storage	Easy update of information	Five-point likert's scale Questionnaire	15, 16
	Knowledge Sharing	Document exchange	Five-point likert's scale Questionnaire	17
		Experience exchange		18
		Face to face meeting		19
	Knowledge Application	Traditional hierarchy relationship in organization	Five-point likert's scale Questionnaire	20, 21
		Organizational policies, work practice & standards		22
Strategic Competence	Shared Vision	View of goal	Five-point likert's scale Questionnaire	**23**
		Same direction and motivation		24, 25
		Priorities and expectation		26
	Cooperation	Help resolve conflict	Five-point likert's scale Questionnaire	27
		Trust build		28
		Encourage others		29
		Friendly atmosphere		30
	Empowerment	Exercise power	Five-point likert's scale Questionnaire	31, 32
		Equally receiving training and participate organizational activities		33, 34, 35
		Express opinion		36
	Innovation	New product launch	Five-point likert's scale Questionnaire	37
		Update of customer demand		38

Source: Developed for the study purpose.

The total population of the study was 344 staff of finance companies in Batticaloa. Out of these staff, only 220 were selected as sample to conduct this research by using random sampling method. Responded questionnaire from the sample is 194. Primary Data was used in this research study. In order to achieve the objective of this study, primary data were collected by using closed- ended questionnaire which was designed for this study purpose distributed among the employees in finance companies, Batticaloa.

Bivariate and Univariate analysis (descriptive statistics) has been adopted by using the SPSS (22.0) computer package. In this analysis, descriptive measures such as mean and standard deviation were used.

Data Analysis and Discussion

Reliability Analysis

The Reliability of an instrument was measured using cronbach's alpha test. It indicates how well the items in a set are positively correlated to one another. Cronbach's alpha is computed in terms of average intercorrelations among the items measuring the concept. The closer cronbach's alpha is to 1, the higher the internal consistency reliability. In general, reliabilities less than 0.60 are considered to be poor, those in the 0.70 range is acceptable, and those over 0.80 good.

The reliability test results show (Table 3 and 4) that the reliability coefficient (Cronbach's Alpha) for each factor of the Knowledge Management Process and Strategic Competence.

Table 3: Reliability analysis for knowledge management process

Variable	**No. of items**	**Cronbach's alpha**
Knowledge Identification	3	0.841
Knowledge Capture	4	0.612
Knowledge Storage	2	0.608
Knowledge Sharing	3	0.668
Knowledge Application	3	0.655
Knowledge Management Process	**15**	**0.674**

Source: Survey data

The Cronbach's Alpha coefficient value for Knowledge Management Process attributes was 0.674 which indicates an internal consistency among the attributes. Therefore, the variables used were concluded as reliable.

Table 4: Reliability analysis for Strategic Competency

Variable	**No of items**	**Cronbach's alpha**
Shared Vision	4	0.735
Cooperation	4	0.679
Empowerment	6	0.880
Innovation	2	0.611
Strategic Competence	**16**	**0.850**

Source: Survey data

The Cronbach's Alpha coefficient value for Strategic Competence attributes was 0.850 which indicates a strong internal consistency among the attributes. Therefore, the variables used were concluded as reliable.

The overall Cronbach's alpha coefficient was 0.884 with respect to 31 statements. Therefore, all items considered in this study are to be reliable, which suggest that the internal reliability of the instrument was satisfactory.

Correlation & regression analysis between knowledge management process and strategic competence

Correlation analysis of this study is used to measure the relationship between the knowledge management process and strategic competence. If the data are quantitative and population parameters of the variables are normally distributed the Pearson's correlation coefficient technique with two-tailed test of significance was considered.

Table 5: Coefficient of correlation between knowledge management process and strategic competence

Description	Shared Vision	Cooperation	Empowerment	Innovation	**Strategic competence**
Knowledge Management Process					
Pearson Correlation.	0.601	0.721	0.545	0.655	0.833
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000

Source: Survey data

Correlation regarding of Knowledge management process and strategic competence are clearly shown in the Table 5. Knowledge management process is positively and significantly correlated with shared vision ($r = 0.601$, $p < 0.05$), Knowledge management process is positively and significantly correlated with Cooperation ($r = 0.721$, $p < 0.05$), Knowledge management process is positively and significantly correlated with Empowerment ($r = 0.545$, $p < 0.05$), and Knowledge management process is positively and significantly correlated with Innovation ($r = 655$, $p < 0.05$). The overall correlation between Knowledge management process and strategic competence ($r = 0.833$, $p < 0.05$). It shows that, there is a strong positive correlation between the variable. The significant value of 0.000 indicates that the relationship is statistically significant.

Table 6: Coefficient of determinant for knowledge management process* on *strategic competence

R Square	0.361
Adjusted R Square	0.358

Source: Survey data

The R Square statistic indicates that 36.1% of the variation in the Shared Vision is explained by Knowledge Management Process.

Table 7: Regression analysis

Model	Unstandardized Coefficients		Sig.
	B	Std.Error	
(Constant)	-0.070	0.375	0.853
Knowledge management process	1.003	0.096	0.000

a. Dependent Variable: Shared Vision

Source: Survey data

The Adjusted R Square 35.8 % indicated that it is an adjustment of the R Squared that penalizes the addition of extraneous predictors to the model.

Table 7 could be applied to simple straight line equation in order to quantify the effect of knowledge management process on Shared vision.

Y= -0.07+1.003 X

Y= Shared Vision, X= Knowledge management process

The unstandardized constant statistics -0.07 units show that the model would predict if the Knowledge management process was zero.

The β coefficient for Top management commitment is 1.003. This means that on average, if Knowledge management process goes up to 1 point then Shared vision will improve by 1.003

Table 8: Coefficient of determinant for knowledge management process on Cooperation

R Square	0.519
Adjusted R Square	0.517

Source: Survey data

The R Square statistic indicates that 51.9% of the variation in the Cooperation is explained by Knowledge Management Process.

The Adjusted R Square 51.7% indicated that it is an adjustment of the R Squared that penalizes the addition of extraneous predictors to the model.

Table 9: Regression analysis

Model	Unstandardized Coefficients		Sig.
	B	Std.Error	
(Constant)	-0.782	0.326	0.018
Knowledge management process	1.205	0.084	0.000

a. Dependent Variable: Cooperation

Source: Survey data

Table 9 could be applied to simple straight-line equation in order to quantify the effect of knowledge management process on Cooperation.

Y_2= -0.782+1.205 X

Y_2= Cooperation, X= Knowledge management process

The unstandardized constant statistics -0.782 units show that the model would predict if the Knowledge management process was zero.

The β coefficient for Top management commitment is 1.205. This means that on average, if Knowledge management process goes up to 1 point, then Shared vision will improve by 1.205.

Table 10: Coefficient of determinant for knowledge management process on Empowerment

R Square	0.297
Adjusted R Square	0.293

Source: Survey data

The R Square statistic indicates that 29.7% of the variation in the Empowerment is explained by Knowledge Management Process.

The Adjusted R Square 29.3% indicated that it is an adjustment of the R Squared that penalizes the addition of extraneous predictors to the model.

Table 11: Regression analysis

Model	Unstandardized Coefficients		Sig.
	B	Std.Error	
(Constant)	0.119	0.421	0.778
Knowledge management process	0.970	0.108	0.000

a. Dependent Variable: Empowerment

Source: Survey data

Table 11 could be applied to simple straight line equation in order to quantify the effect of knowledge management process on empowerment.

Y_3= 0.119+0.970 X

Y_3= Empowerment, X= Knowledge management process

The unstandardized constant statistics 0.119 units show that the model would predict if the Knowledge management process was zero.

The β coefficient for Top management commitment is 0.970. This means that on average, if Knowledge management process goes up to 1 point then Shared vision will improve by 0.970

Table 12: Coefficient of determinant for knowledge management process on Innovation

R Square	0.428
Adjusted R Square	0.425

Source: Survey data

The R Square statistic indicates that 42.8% of the variation in the Innovation is explained by Knowledge Management Process.

The Adjusted R Square 42.5% indicated that it is an adjustment of the R Squared that penalizes the addition of extraneous predictors to the model.

Table 13: Regression analysis

Model	Unstandardized Coefficients		Sig.
	B	Std.Error	
(Constant)	-0.887	0.395	0.026
Knowledge management process	1.214	0.101	0.000

a. Dependent Variable: Innovation

Source: Survey data

Table 13 could be applied to simple straight line equation in order to quantify the effect of knowledge management process on Innovation.

Y_4= -0.887+1.214 X

Y_4= Cooperation, X= Knowledge management process

The unstandardized constant statistics -0.887 units show that the model would predict if the Knowledge management process was zero.

The β coefficient for Top management commitment is 1.214. This means that on average, if Knowledge management process goes up to 1 point then Shared vision will improve by 1.214

Hypothesis Test

In this study, there are four dependent variables such as Shared vision, Cooperation, Empowerment and Innovation and main independent variable is Knowledge management process. Main finding from this study is to find whether knowledge management process impact on strategic competence. So the hypothesis developed as follows,

HO: There is no significant impact of Knowledge Management Process on Strategic competence in Finance Companies at level ($\alpha \leq 0.05$).

H1:There is a significant impact of Knowledge Management Process on Shared Vision in Finance Companies at level ($\alpha \leq 0.05$).

H2:There is a significant impact of Knowledge Management Process on Cooperation in Finance Companies at level ($\alpha \leq 0.05$).

Table 14: Simple regression analysis test results to the impact of knowledge management process on Shared vision of Finance Companies

	Beta	Sig
Knowledge Management Process	0.601	0.000

a. Dependent Variable: Shared vision

Source: Survey data

H3:There is a significant impact of Knowledge Management Process on Empowerment in Finance Companies at level ($\alpha \leq 0.05$).

H4:There is a significant impact of Knowledge Management Process on Innovation in Finance Companies at level ($\alpha \leq 0.05$).

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Table 14 indicates P value for Shared vision is 0.000, which is below 0.05. Thus, fails to accept the null hypothesis and concluded that Knowledge management process is significantly impact on Shared vision.

Table 15 Simple regression analysis test results to the impact of knowledge management process on Cooperation of Finance Companies

	Beta	Sig
Knowledge Management Process	0.721	0.000

a. Dependent Variable: Cooperation

Source: Survey data

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Table 15 indicates P value for Cooperation is 0.000, which is below 0.05. Thus, fails to accept the null hypothesis and concluded that Knowledge management process is significantly impact on Cooperation.

Table 16: Simple regression analysis test results to the impact of knowledge management process on Empowerment vision of Finance Companies

	Beta	Sig
Knowledge Management Process	0.545	0.000

a. Dependent Variable: Empowerment

Source: Survey data

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Table 16 indicates P value for Empowerment is 0.000, which is below 0.05. Thus, fails to accept the null hypothesis and concluded that Knowledge management process is significantly impact on Empowerment.

Table 17: Simple regression analysis test results to the impact of knowledge management process on Innovation of Finance Companies

	Beta	Sig
Knowledge Management Process	0.655	0.000

a. Dependent Variable: Innovation

Source: Survey data

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Table 17 indicates P value for Innovation is 0.000, which is below 0.05. Thus, fails to accept the null hypothesis and concluded that Knowledge management process is significantly impact on Innovation.

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Table 18 indicates P value for Innovation is 0.000, which is below 0.05. Thus, fails to accept the null hypothesis and concluded that Knowledge management process is significantly impact on Strategic competence.

Table 18: Simple regression analysis test results to the impact of knowledge management process on overall Strategic competence of Finance Companies

	Beta	Sig
Knowledge Management Process	0.833	0.000

a. Dependent Variable: Strategic competence

Source: Survey data

Table 19: Results Summary of Hypothesis Testing

Independent Variable	Dependent Variable	P-value	Hypothesis results
Knowledge Management Process	Shared Vision	0.000	H1 Accept
	Cooperation	0.000	H2 Accept
	Empowerment	0.000	H3 Accept
	Innovation	0.000	H4 Accept

The decision rule is, if P value is greater than 0.05 accept the null hypothesis and if P value is less than 0.05 reject null hypothesis. Based on the analysis, Knowledge Management Process significantly impact on strategic competence. P values of all the dependent variables are 0.000 which are less than 0.05.

4. Conclusion and Recommendation

Conclusion

Now a days knowledge management process is a widely used management tool to success in the competitive environment. There are so many theoretical framework exist regarding knowledge management process. But they are very rare to practice in day today activity of organization. To survive in the competitive market organization should have some core competencies. These competences can achieve easily through knowledge management process. To study the effect of knowledge management process on strategic competence this research was taken.

This study used questionnaire to achieve the objectives of the research. The questionnaire was utilized to find out the level of knowledge management process, identify strategic competence and to explore the impact of knowledge management process on strategic competence.

Conclusion of First Objective

Measure the level of knowledge management process of the financial companies in Batticaloa District.

There are five processes in the knowledge management process, they are, knowledge identification, knowledge capture, knowledge storage, knowledge sharing, and knowledge application. All together these five call it as knowledge management process. The study area was Finance companies in batticaloa district. Out of 344 employees, 220 took as a sample size. Among them, 194 employees respond to this survey. Based on the data analysis, the level of overall knowledge management process was in the level of High (90%) in finance companies.

Conclusion of Second Objective

Identify the strategic competencies in the finance companies in batticaloa district.

Strategic competences are the dependent variable. There are four strategic competences took for analysis to identify the strategic competences exist in the finance companies. Such four are, Shared vision, Cooperation, Empowerment and Innovation. The study area was Finance companies in batticaloa district. Out of 344 employees, 220 took as a sample size. Among them, 194 employees respond to this survey. Based on the data analysis, the identification of strategic competence in finance companies is categorized into four, such as, Shared vision, Cooperation, Empowerment and Innovation. Overall strategic competence measured through mean and standard deviation. Mean standard deviation value respectively, 3.87, 0.396. There was a high level of strategic competence exist in the finance companies. 79.4% respondent said that there was a high level of strategic competence they perceived.

Conclusion of Third Objective

Assess the impact of knowledge management process on strategic competence of financial companies.

Knowledge management process such as, Knowledge identification, Knowledge capture, Knowledge storage, Knowledge sharing and Knowledge application are the independent variables of this study. And Strategic competence such as, shared vision, cooperation, empowerment and innovation are the dependent variables of this study. The Pearson correlation was used to measure the closeness of the relationship between variables.

This study is found out whether the knowledge management process impact on strategic competence. Simple regression analysis help to find out the impact of knowledge management process on strategic competence. Because in this study independent variable took as a one element and there are four dependent variable. In this concern simple regression analysis helped to find out the impact of variables.

The hypothesis of this study shows that knowledge management process impact on strategic competence of shared vision, cooperation, empowerment and innovation. Table 5.35, 5.36, 5.37, 5.38 and 5.39 showed the significant of individual strategic competences of finance companies. All of them said that knowledge management process and strategic competences significantly impact (0.000). And the summary of hypothesis table (5.40) said that null hypothesis should reject and alternative hypothesis should accept. And there is an impact of both the variables.

Limitations of The Study

- This study was limited to Finance companies only.
- There were only 17 finance companies randomly selected for research.
- Only 194 sample respondents were selected in Finance company.
- **N**umber of Questions and statements are limited.

Future Implication

The research was conducted in the limitation of time; therefore, the target population is limited to small number of respondents. This study conducted in Batticaloa District but further it can be possible to expand the scope to other districts. This study considers only four dependent variables as strategic competences. Future research should include some other dependent variable to further investigate about knowledge management process. This study helps to other financial institutions and even other sectors to understand the importance of knowledge management process and improve the better organizational performance.

Reference:

Abualoush, S., Bataineh, K., & Alrowwad, A. A. (2018). The role of knowledge management process and intellectual capital as intermediary variables between knowledge management infrastructure and organization performance. *Interdisciplinary Journal of Information, Knowledge, and Management*, *13*, 279-309.

Alhawari, S., & Al-Jarrah, M. (2012). The Impact of Knowledge Management Processes on the Improve of Strategic Competence: An Empirical study In Jordanian Insurance Companies. *International journal of trade, Economics and finance*, *3*(1), 39.

Bagnoli, C., & Vedovato, M. (2014). The impact of knowledge management and strategy configuration coherence on SME performance. *Journal of Management & Governance*, *18*, 615-647.

Bharadwaj, A., (2000). A Resource-based Perspective on Information Technology Capability and Firm Performance: An Empirical Investigation, *MIS Quarterly*, Vol.24, No.1.

Chang, T. C., & Chuang, S. H. (2011). Performance implications of knowledge management processes: Examining the roles of infrastructure capability and business strategy. *Expert systems with applications*, *38*(5), 6170-6178.

Dalkir, K. (2013). *Knowledge management in theory and practice*. routledge.

Deng, Q., and Yu, D., (2006). An Approach to Integrating Knowledge Management into The Product Development Process, *Journal of Knowledge Management Practice*, Vol.7, No.2.

Henry, K. K. (2014). Reflective team strategic competences, knowledge management practices and their influence on team performance. *Journal of Management and Marketing Research*, *15*, 1.

Hustad, E., Munkvold, B. E., & Moll, B. V. (2004). Using IT for strategic competence management: potential benefits and challenges.

Lee, J. N. (2001). The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success. *Information & management*, *38*(5), 323-335.

Palacios Marqués, D., & José Garrigós Simón, F. (2006). The effect of knowledge management practices on firm performance. *Journal of knowledge management*, *10*(3), 143-156.

Stollberg, M., & Zhdanova, A., and, Fensel, D., (2004). H-TechSight- A Next Generation Knowledge Management Platform," *Journal of Information and Knowledge management*, Vol.3, No.1, pp. 47-66.

Sundiman, D. (2018). The effect of knowledge management on the strategic management process mediated by competitive intelligence in the small business company. *Jurnal Manajemen Dan Kewirausahaan*, *20*(2), 105â-115.

Tidd, J. (Ed.). (2012). *From knowledge management to strategic competence: assessing technological, market and organisational innovation* (Vol. 19). World Scientific Publishing Company.

Torres, P., & Augusto, M. (2017). The impact of experiential learning on managers' strategic competencies and decision style. *Journal of Innovation & Knowledge*, *2*(1), 10-14.

Yang, J. (2010). The knowledge management strategy and its effect on firm performance: A contingency analysis. *International journal of production economics*, *125*(2), 215-223.