

IMPACT OF CORE COMPETENCY ON COMPETITIVE ADVANTAGE OF BANKING FIRMS IN SRI LANKA

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Abstract: Core competencies are the combination of pooled knowledge and technical capacities that allow a business to be competitive in the marketplace. Theoretically, a core competency should allow a company to expand into new end markets as well as provide a significant benefit to customers. Continually build new strategic assets faster and cheaper than those of their competitors will earn superior returns and create long term competitive advantage. The competitive advantage to which core competencies leads a cowards forces from both the supply and the demand side. This study focused on the strategic role of core competencies on competitive advantage applied by the banking firms in Sri Lanka. The main objective of this study to identify the impact of core competency on competitive advantage on banking firms in Sri Lanka. The secondary objective is to find out whether the identified core competencies are used by banking firms to gain competitive advantage. The study was conducted based on quantitative and primary data was collected through structured questionnaires which were distributed to selected banking firms licensed to operate banking businesses in the Sri Lankan banking industry. The data was analyzed using correlation, simple linear regression analysis and hypothesis testing by SPSS 20.0 software, and also using descriptive statistical tools such as means, standard deviation percentages and frequency distribution tables and graphs. The findings revealed that although different banking firms have different areas which they consider as their core competencies, there is a significant relationship between core competencies and competitive advantage. This study also showed that the core competencies had a significant impact on competitive advantage. It was further noted that banking firms achieve a competitive advantage, which is considered as successful, they sustain the success by proper use of their core competencies and strategies.

Keywords: Core Competency, Competitive Advantage and Banking