

STUDY ON IMPACT OF THE CORE COMPETENCY ON COMPETITIVE ADVANTAGE SPECIAL REFERENCE WITH ISLAMIC FINANCIAL INSTITUTIONS IN SRI LANKA

SI.Nimsith¹, MHA. Munas² and FHA. Shibly³

Introduction

Islamic financial institutions need to learn to manage tomorrow's opportunities as they manage today's financial businesses. Islamic financial institutions are a risky business and several risk factors such as credit, liquidity, operational and market risks have been identified as critical to ensure that the Islamic financial institution's financial position remain intact amid the intense competition in the industry. The new market development can be geared up by developing the capability to redeploy the human resources quickly from one business opportunity to another. Building core competence becomes essential to competitive advantage building to Islamic financial institutions. Especially in an era where advanced technologies are altering the existing boundaries of Islamic financial transactions; advantage can last only through competence enjoyed at the very roots of Islamic banking products. Only through expertise over several technologies and a complete command on their infinite variety of users, Islamic financial institutions can occupy a highly advantageous position. Islamic financial institutions' management needs to consolidate corporate – wide technologies and production skills into competencies that empower individual Islamic financial transactions to adapt quickly to changing Opportunities. The Islamic financial transactions need to build its strategies within different clear scenarios, in different ways, based on different competencies for the purposes of achieving real advantages in the shadow of unknown and risk. Therefore, this study examines the impact of core competencies on competitive advantage and it applied on Islamic financial institutions. The ultimate purpose of this study is to investigate the impact of core competencies on competitive advantage. The main objectives of this research are to examine the main categories of core competencies within the researched institutions and to investigate the role of core competencies in achieving competitive advantage for the researched Islamic financial institutions.