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A STUDY ON KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL EFFECTIVENESS IN SRI LANKAN IT INDUSTRY

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Dissertation submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in Information Technology

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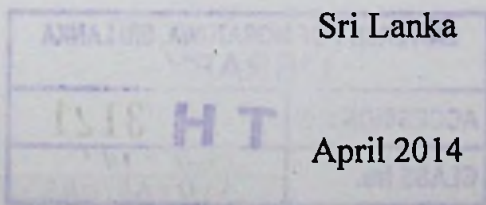


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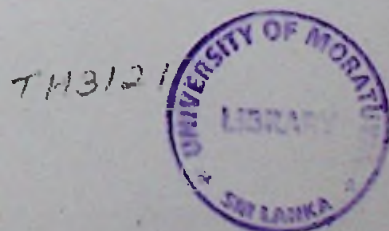
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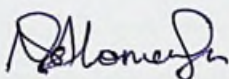
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DECLARATION

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Dr. Indika Perera

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ABSTRACT

Operating in a globalised and interconnected business economy today, organizations are required to face challenges every day. Especially the fast paced technological changes and competition coupled with the complexity of the business world, these challenges have made organizations search for solutions to sustain their presence in the global market. In this search, one of the modern strategic findings that assist firms to deal with these challenges is knowledge management (KM).

KM has now emerged as a powerful tool that is used to sustain organizational performance. KM has been widely investigated from different perspectives all around the world. However comparatively, Sri Lanka lacks previous studies that have empirically examined the relationships between KM capability and Organization effectiveness. In addition, a review of the literature shows that most empirical evidence has been obtained in the context of advanced Western countries, or newly industrialized Asian countries.

To fill the identified gap emerging from a review of prior research, this study presents a combined theoretical model of knowledge Management and organization effectiveness. The research was conducted in the Sri Lankan IT Industry which is a booming industry in Sri Lanka at present. An explanatory research method was adapted to test the research model in this industry and data collected using survey method composed of responds from 15 different IT/software companies in Colombo.

The findings confirm that the Knowledge Management capability of a firm is a multi-dimensional construct composed of KM infrastructure capability and KM process capability. KM infrastructure capability is identified by four dimensions technology, organizational culture, structure and management support. KM process capability is identified by four dimensions; acquisition, conversion, application and protection processes. Data also confirms that KM infrastructure capabilities have a strong dominant influence on KM processes capabilities and KM Capabilities has a direct effect on organization effectiveness. As a result, the indirect effects of KM infrastructure capabilities on organizational effectiveness are fully mediated through KM process capability. In addition this study also presents practical recommendations for business executives, especially those operating in Sri Lankan IT Industry, to attain organization effectiveness through proper initiative of Knowledge Management.

Keywords: Knowledge Management, Organization Effectiveness, infrastructure, processes

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