

**FIRMS' STRATEGIC RESPONSE TO INNOVATION:
AN EXPLORATORY RESEARCH BASED ON AGRIBUSINESSES IN
SRI LANKA**

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Though, innovation is considered as one of the most important factors that augment a firm's competitiveness, nationally and globally, the specific role of it in the context of agribusiness sector in Sri Lanka is not yet fully understood. This study fills that gap in literature. A series of *face-to-face* interviews (n = 10) were conducted with the senior managers responsible for product/process and/or research & development of the firm, supported by a structured interview schedule to collect data. The firms include large-scale agribusiness enterprises perform satisfactorily in the recent past, i.e. on the basis of industry-rankings for excellence, including those agricultural inputs, processed fruits/vegetables, plantation products, dairy products, meat/fish processing, diversified agribusinesses, etc. All the interviews were voice recorded, transcribed and analyzed using N-Vivo (version 7.0) qualitative data analysis software package to derive underlying insights and isolate cognitive factors that pertain to innovation within these firms. The conceptual framework derived by utilizing the analytical techniques available in N-Vivo helped to come up with two broad conclusions to highlight potential relationship of innovation verses characteristics and behavior of the firm. The driving factors of innovation in the Sri Lankan agribusiness sector could be identified in both the internal and external dynamics of the firms. Results indicated that firms have not engaged greatly in strategic or administrative innovation and have mostly confined towards product development and productivity improvement. Highly skilled human resources, market demand for high quality product and services, capital intensive research and development departments, organizational changes and managerial capacity are cited as drivers of innovation. These findings would be useful in guiding proper policy and managerial decisional frameworks for creating and/or managing innovation within the sector.

Key words: Agribusiness sector, Innovation, N-Vivo, Qualitative data analysis