

The Role of Leadership in Innovation and Competitiveness of Export Firms: A Sri Lankan Perspective

*Sudatta Ranasinghe
Jay Weerawardena*

Abstract: Leadership plays a critical role in organizational learning and innovation enabling business firms to achieve a greater competitive capability in a globalized environment. Based on the findings of a recent study of ten export firms in Sri Lanka, the paper argues that entrepreneurial orientation and competence of the leaders in conjunction with teamwork creates the conditions necessary for adapting organizational learning processes facilitating innovation and sustainable competitive capability.

Among the issues addressed in the research study is how critical is the role played by the leaders in determining the level of innovation and acquisition and sustenance of competitive capability. Adopting a modified grounded theory approach, the study attempts to explore the above issue through ten case studies of export oriented manufacturing firms that belong to different industry sectors such as garments, ceramic tableware, value added tea and rubber products, activated carbon, Ayurvedic medicinal products etc. In-depth interviews with the CEOs and senior managers of the firms as well as factory visits by the research team provided the data required for the study.

The case studies revealed that competence and commitment of the leaders and their ability to create an achievement oriented organizational culture have played a significant role in creating conditions necessary for innovation and acquisition of

Dr Sudatta Ranasinghe is Senior Lecturer, Postgraduate Institute of Management, Sri Lanka.

Dr Jay Weerawardena is Lecturer, UQ Business School, University of Queensland, Australia

* The authors wish to acknowledge the financial assistance provided by the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka towards the research study on which the present paper is based.

competitive capability. The tendency among the leaders to think strategically, integrate internal as well as external learning and build core competencies have led to innovation enabling the firms to gain competitive advantage in the global market. The findings suggest that the approach adopted by leaders of some of the case study firms towards innovation fitted into an 'incremental innovation paradigm'. This approach has also helped them to take moderate risks while keeping their organizations focused on productivity and quality improvements in response to changing market conditions.

The findings also revealed that the leaders of 'born global' firms were more inclined towards substantial innovation in the context of globalization. These leaders attempted to minimize the risks involved with internationalization by combining their experience and competencies with the ability to network. In contrast, the leaders of those firms that have entered the export market at a later stage were more oriented towards incremental innovation and moderate risk taking. In general, the leaders of the case study firms adopted flexible and pragmatic strategies supported by market-related external learning while developing internal R&D capability to face the global market challenges.