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**Pushing “non-adopters” towards environmental compliance:
case of solid waste management in agri-food processing sector in Sri Lanka**

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The impact of private and public incentives for a firm to adopt enhanced environmental controls was examined empirically using the case of the Ministry of Environment of Sri Lanka's recommendation of certain solid waste management practices (SWMPs) [3R system, Composting unit, Biogas unit, Good Manufacturing Practices] for agri-food processing sector in Sri Lanka. We hypothesized that: (1) cost and financial implications; (2) increased internal efficiency; (3) market-forces (e.g. sales, commercial pressure and reputation), and (4) government regulation and judiciary have a significant impact on those firms that do not possess any of these SWMPs in place (i.e. “non-adopters”) to become “adopters” by the end of 2011. The data collected from 153 firms operate in the Western, North-Western, Central and Southern provinces by means of a face-to-face interview with the owner/top executive of firm supported by a structured questionnaire were subject to Kruskal-Wallis Test for analysis. The results show that existing government regulation and liability laws on solid waste management did not trigger firms to comply with it and their private action on SWMPs is constrained by costs/financial implications faced by the firm. Interestingly, internal efficiency criteria and market-forces did not play a significant role in this respect. Yet, the relative impact of these incentives varied significantly between firms with different characteristics (e.g. types and size). This highlights the importance of bringing strict regulations into the industry to ensure that it is in compliance with the recommendations. However, care must be taken beforehand, to strengthen the base of positive private/market incentives faced by firms so that these would not lead to full- or partial-exit of firms in the short-run, especially those non-adopting small firms, due to financial constraints.