

## **Impediments to Innovations among Small Scale Firms in Agro-Food Processing Sector in Sri Lanka**

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Innovation is widely recognized as a key factor in the competitiveness of nations and firms. However, innovation is a cost to any organization, especially to small scale firms due to the nature of operations. The aim of this study was to identify the impediments to innovation faced by the owners of small scale agro-food processing firms in Sri Lanka and in turn to investigate the most critical impediments faced by them. The data were collected from 120 small scale agro-food processing firms. The study was able to locate eight internal and five external factors that act as impediments to innovations. High cost of innovations and lack of qualified personals were identified as the most critical internal impediments while, insufficient government support was identified as the most critical external impediment to innovation. The results of the study recommend that, the policy makers should pay their attention on providing financial assistance to the small scale firms to come up with new innovations and also focus on developing skilled human resources that can be used by the small scale firms.

***Keywords:*** *Agro-Food Processing Sector, Impediments, Innovativeness, Small Firms*

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