

✓ **Environmental Management Accounting (EMA) adoption level among listed manufacturing companies in Sri Lanka: Institutional theory perspective**

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Abstract

This study investigates about the relationship between institutional pressure and Environmental Management Accounting (EMA) adoption level by applying new institutional sociology perspective. Thirty eight manufacturing companies listed on the Colombo Stock Exchange (CSE) in Sri Lanka were selected based on convenient sampling method. Data were collected from accountants and financial managers of the selected firms using a structured questionnaire. Reliability analysis, descriptive analysis and inferential analysis were applied to analyze the data and hypotheses were tested by using multiple regression analysis. The main objective was to identify the relationship between institutional pressures and EMA adoption. Results indicate normative pressures; the influences of education and training, and coercive isomorphism; political and legitimacy are positively pressure for the adoption of EMA. In addition to that mimetic processes; the pressures on standard responses to uncertainty is insignificant for EMA adoption. In addition the study investigated about which type of institutional pressure will induce EMA adoption and results revealed coercive isomorphism; responses to political influence and legitimacy influences play vital role in pressuring on EMA adoption. Further findings support to the practical implications of accountant role and political/ legitimacy influences are important in managing environmental issues in an organization and were the most forceful factors when adopting EMA. This study has made preliminary understanding for the new institutional sociology perspective concerning the type of pressure that influences, and provides useful contribution to the present knowledge by exploring more explanations for environmental management accounting adoption, in an unexplored context in Sri Lanka.

Keywords: *Environmental management accounting, Institutional theory, Listed manufacturing companies, new sociology perspective*

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