

Environmental management accounting adoption in listed manufacturing firms of Sri Lanka: Contingency theory perspective

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Abstract

Environmental management accounting (EMA) has become a trending topic in recent years because the business community can manage its environmental and associated economic performance more easily by adopting EMA to companies. The development of the study is, therefore, vital at present in order to identify contingent factors on the EMA at the organizational level. The research presented here was aimed at broadening the knowledge of EMA by investigating whether there is a tendency for listed manufacturing firms to adopt EMA in Sri Lanka. Based on contingency theory, the investigation is intended to identify the circumstances under which organizations are more likely to engage in the activities of the EMA. The target population for this study was the manufacturing firms listed by the CSE in Sri Lanka. To collect the primary data, the questionnaire was developed as a google form and distributed to 40 listed manufacturing firms. Questionnaires were responded by Management Accountants and Accountants of each firm. Environmental strategy, managerial commitment, organization structure and industry are employed as independent variables as well as EMA is the dependent variable in this study. According to correlation and regression analysis, the data suggested that EMA use was associated with environmental strategy, managerial Commitment and environmentally-sensitive industries. Conversely, the organisational structure was not found to be associated with EMA use in their organisations. These findings further enhance the potential of contingency-based research for current knowledge and understanding of the rationale behind the development of EMA.

Keywords: *Environmental management accounting, listed manufacturing firms, contingency theory.*