

# **Effect of Environmental Strategies, Environmental Uncertainty and Top Management Commitment on Environmental Performance: Listed Companies in Sri Lanka**

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## **Abstract**

In the business world, most business activities are affected by the natural environment. Therefore, the organizations use the concept of “Environmental Management Accounting” (EMA) to measure that effect. Environmental strategies, environmental uncertainty, and top management commitments are the most important factors that affect environmental management accounting and Environmental Performance (EP). But, there is a low consideration about the combination of the effect of environmental strategies, environmental uncertainty, and top management commitment on EP through the EMA as the studies. Therefore, the objective of this study is to examine the effect of environmental strategies, environmental uncertainty, and top management commitment on the environmental performance in the listed companies in Sri Lanka. The hypotheses were formulated based on the review of past literature. The environmental management accounting concept is considered as a moderate variable. 100 listed companies were considered as the sample of this study and distributed the questionnaires to that 100 companies. The data were analysed through descriptive and path model analysis. The result of this study indicated that the environmental strategies and top management commitment have a direct significant effect on the EP, but environmental strategies have no indirect effect on the environmental performance. In addition, the top management commitment has an indirect effect on the EP through the EMA. Further, the environmental uncertainty affects significantly to the EMA. In the practical implications, these findings provide a deep understanding of how listed companies in Sri Lanka should improve their environmental performance by implementing suitable environmental strategies, developing top management commitment to the environment, and using EMA tools. This result could provide a reference to organizational decision makers to continuously improve environmental performance. This study provides information to future researchers and students who are interested in determinants of EMA and EP.

*Keywords:* Environmental management accounting, environmental performance, environmental strategies, environmental uncertainty, top management commitment