

# **Environmental Management Accounting Adoption in Listed Manufacturing Firms in Sri Lanka: Contingency Theory Perspective**

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## **Abstract**

Environmental management accounting (EMA) has become trending topic at present because, the business community can more easily manage its environmental and associated economic performance by adopting EMA. The research presented here aimed to extend the knowledge about EMA by investigating whether there is tendency to adopt EMA by listed manufacturing firms in Sri Lanka. Drawing on contingency theory, investigation is driven to identify the circumstances under which organizations were more likely to engage with EMA. In order to collect the data, questionnaire was distributed to 40 listed manufacturing firms' Accountants. According to correlation and regression analysis, data suggested that EMA was associated with environmental strategy, managerial Commitment and environmentally-sensitive industries. Conversely, organizational structure was not found to be associated with EMA. Findings support to the practical implication of EMA. These findings support the potential of contingency-based research to further current knowledge and understanding of the reasons behind EMA development.

**Keywords:** *Environmental Management Accounting, Listed Manufacturing Firms, Contingency Theory*

## **1. Introduction**

The natural environment encompasses all living and non-living things occurring naturally. Meaning of this in briefs, not artificial. The term is most often applied to the world or some parts of the world. This environment consists the interaction of living species, climate, weather and natural resources, which affect human survival and economic activity. The business world also processes in the natural environment. Most of the manufacturing organizations highly depend on the natural resources. When organizations are processed their business activities to provide human's core benefits, should consider the environmental affect from the organization. Otherwise, the world cannot be