

THE IMPLICATION OF ENVIRONMENTAL MANAGEMENT ACCOUNTING PRACTICES: A COMPARATIVE STUDY BETWEEN LISTED COMPANIES AND SMALL AND MEDIUM-SIZED ENTERPRISES

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Abstract

The purpose of this research is to identify the determinants of Environmental Management Accounting (EMA) practices of Public Listed Companies (PLCs) and Small and Medium-Sized Enterprises (SMEs) in Sri Lanka. In addition, this paper discusses the benefits and barriers of EMA implementation of both PLCs and SMEs. Using a self-administered questionnaire survey, primary data was collected from 33 PLCs and 40 SMEs in Sri Lanka. Hypotheses were tested using regression analysis. Findings imply that environmental laws, shareholder perception, consumer perception, competitor perception, staff motivation, and pressure from environmental groups are the significant determinants of EMA adoption in PLCs and SMEs. However, EMA implementation by PLCs and SMEs is hindered by unions and financial institutions. In SMEs, resource constraints and resistance to change are the main impediments, whereas financial and resource constraints are the main obstacles to adopting EMA practices in PLCs. SMEs believe that EMA practices reduce environmental damage, increase ecological sustainability, and improve the firm's reputation. Moreover, most PLCs believe that implementing EMA practices reduces pollution, lowers costs, improves environmental stewardship, and improves the firm's reputation. This study updates and extends on prior survey-based research on EMA comparing PLCs and SMEs. The study can help SME owners and PLC management comprehend the benefits of EMA while green-friendly stock investments will be encouraged. Policymakers may gather data about obstacles referring to the study to encourage EMA practices.

Keywords: Comparative study, Environmental management accounting, PLCs, SMEs