The Role and Perception of Management Accountant in Sustainable Development: Evidence from Sri Lankan Textile and Apparel Sector

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INTRODUCTION

Globalization, economic growth, industrialization, and population growth have negatively impacted on environment and the entire globe as a whole. This has brought the concern of developing the concept of sustainable development and is considered as a prominent concept that is linked with sustainability. It provides the idea that human cultures must live and meet their requirements without compromising the future generation's ability to meet their requirements (Brundtland, 1987). Sustainability development is focused on three main dimensions namely environment, society, and economy, and these aspects are intertwined, not separated.

According to Unhabitat (2019), the UN 2030 Agenda for Sustainable Development is a plan of the planet, action for people, and prosperity as a whole, through 17 Sustainable Development Goals (SDG). All the countries and stakeholders have to start to take part in implementing this plan collaboratively and which has been developed by leaders from 193 countries around the world that were concerned about the future. As a result, transparency has become more predominant in modern days, and the increase of the expectations on corporate social responsibility has led organizations to drift their attention towards sustainability. The relationship of organizational strategy and sustainability goals is significant to align the sustainability outcomes of the firm with all-inclusive performance outcomes and to make sure the availability of funds to pursue the sustainability objectives of the company (Kaur and Lodhia, 2018). In general, sustainability accounting can be defined as an information-management and accounting method aiming to create and provide high-quality information to establish the progress of an organization toward its sustainability goals. Sustainability reporting is a formal means of communication to disclose the sustainability performance of an organization. The SDGs influence the transformation of diverse business processes of organizations and sustainable development, and professional accountants play an important part in it (Makarenko and Plastun, 2017).

At present, Sustainable Development has become the most relevant principle due to the impact of ever-growing economies and the greed and the need for more. Especially, at the organizations' level, they tend to concentrate only on tightening up their profit and the market capitalization rather than being concerned about the effect they are creating on the environmental, social, and economic factors. As a result, at the corporate level, professional accountant involvement in the promotion of sustainable development initiatives is high (Makarenko and Plastun, 2017). The role of the management in the process of adopting and engaging in sustainable development is massive as they mainly involve providing the management information for the managerial decision-making on sustainable development practices. Although there is overwhelming support for a view towards sustainable development, little empirical evidence presents on how extensive the roles of management accountants have become in accounting about sustainable development (Wilmshurst and Frost, 2001). Nevertheless, the research area of sustainability reporting/development in the Sri Lanka context receives relatively less attention compared to the sustainable development research conducted in other countries (Dissanayake, Tilt, and Xydias-Lobo, 2016). Even though the management accountant's involvement is a key factor that contributes towards the achievement of sustainable development, this area has gained minor attention and limited pieces of literature have been carried out directing the area of management accountant engagement in sustainability practices.

Over years, many Sri Lankan corporates tend voluntarily to adopt the GRI Guidelines for the environment and social reporting even though it is not a mandatory requirement in Sri Lanka. Kulatunga, Jayatilaka, and Jayawickrama (2013) mention that Sri Lanka promotes the manufacturing sector as one of the driving forces in the prosperity of the economy without concerning much about social and environmental problems. As a result of this, aggravated issues have led to adopting some initiatives relating to sustainability in the local manufacturing sector. There are some hindrances confronted by the manufacturing sector to implement sustainable manufacturing concepts as one comprehensive solution. However, there is a dearth of studies on the direction of Sustainability in the manufacturing sector (Kulatunga, Jayatilaka, and Jayawickrama, 2013). Therefore, the main purpose of the current study is to extend the limited literature on the role of management accountants in accounting for sustainable development particularly in the manufacturing sector (Mistry, Sharma and Low, 2014). Although there is an emphasis on creating an overall picture of sustainable development at the organizational level in diverse settings, there has been limited research is conducted thoroughly by addressing sustainable development and accountants' role in the advancement of sustainability reporting for organizations towards sustainable growth.

Thus, the study investigates the involvement of management accountants in adopting and practicing sustainability development and their perception towards the entire process carried out in sustainable development in the Sri Lankan apparel sector

The study examines two research questions as follows:

What are the management accountants' perceptions about their roles in accounting for sustainable development?

Are there any perceived barriers to their involvement in management accounting practices that involve sustainable development activities?

The manufacturing sector is the chosen sector to undertake the study with aim of bridging the gap in the limited research conducted in the area of the manufacturing sector regarding the involvement in sustainable development in particular in a developing country context. Within the apparel manufacturing sector, there is now an increasing discussion about sustainability issues and also a commitment to sustainability. The main emphasis is on the Sri Lankan apparel manufacturing sector because the apparel manufacturing sector is one of the world's most polluting industries and it is known that every stage, from fibre acquisition to disposal endangers our planet, its resources, as well as social living standards. Further, it had been the highest export contributor to the Sri Lankan economy out of all the industrial exports of the country (CBSL, 2019).

Individual apparel brands and clothing companies have taken a variety of measures to reinforce the commitment to achieve sustainability, including the formation of board-level sustainability committees, strategies, and studies. Thus, several organizations prefer to report on economic, environmental, and social success metrics to communicate progress on their sustainability- initiatives (Turker and Altuntas, 2014). Among seven global-level textile and apparel manufacturing facilities to get the LEED Platinum certification, Sri Lanka is the first in establishing a global standard for green apparel factories.

To legitimize corporate actions and as a reaction to the factors of the environment, corporate disclosures are made and, it is posited by legitimacy theory (Campbell, Craven & Shrives, 2003). To legitimize the behaviour to stakeholder groups, companies disclose their social responsibility information to present an image of social responsibility. According to the theory of legitimacy, when performance and the activities of the company are legitimate, it is considered fair and worthy of support, and it considers as it is socially accepted (Eugénio, Lourenço & Morais, 2013). Therefore, the tendency of the organizations to act to meet their legitimacy requirement is considerably high. Mainly to meet society's expectations, organizations are involved in performing voluntary disclosure. Deegan (2002) argues that although the incidence of social audits and attention to triple-bottom-line reporting and sustainability reporting is growing, the measures and actions are yet to have remained voluntary-basis. Different studies indicate different reasons for managers to involve in voluntary undertaking activities such as deciding to report environmental and social information. The regulations and requirements affect the corporation's interaction with the physical environment (Wilmshurst & Frost, 2000).Engage in sustainability development

emphasis the ability held by the organization to attain the expectations of its stakeholders. The key motivation behind sustainability-reporting by management is to improve corporate legitimacy (O'Dwyer 2002). To understand the social and environmental disclosures of corporate decisions, the legitimacy theory continues to be quoted, developed, and tested extensively in a large number of empirical studies (Deegan 2002).

A business can engage in a legitimization process either to gain or to obtain extending legitimacy, retaining its current legitimacy level or restoring or defending its lost or threatened legitimacy. As Mobus (2015) interprets differently, attributing inconsistent results to the dearth of theory, the unfitting definition of key terms, and shortages in the empirical databases applied to observe the relationships. The legitimacy theory which is applied right now may still be considered to need further refinement, papers such as those that follow will eventually assist other researchers to further develop or expand a theory to explain the practices of corporate social and environmental reporting (Deegan, 2002). Although organizational legitimacy has been theoretically defined in the sociological literature, it has received little empirical attention.

Hence, as per Deegan (2002) in the pieces of literature which embrace legitimacy theory has many gaps, the theoretical study aims to bridge the existing gap-related voluntary corporate disclosures viewing from the insights drawn from the legitimacy theory. And also, this paper helps the management accountant to identify their accurate responsibility, the importance of management accountant's participation in sustainable development, and the need for their engagement in the sustainable development process of the organization while allowing them to advance accounting in their respective organization. And it will support them to recognize the barriers they face in adopting and actively engaging in sustainable development practices.

LITERATURE REVIEW

According to Guthrie and Parker 1989, in order to legitimize corporate actions and as a reaction to the factors of the environment, corporate disclosures are made and, it is posited by legitimacy theory (LT) (Campbell, Craven & Shrives 2003). Regulatory authorities are just part of the dynamic combination of institutional structures that have evolved in efforts to govern the commons (Mobus 2015). However, there is a fair amount of variance in the theoretical perspectives being implemented, illustrating the fact that we do not have an "accepted " theory for social and environmental accounting (Deegan, 2002). According to the theory of legitimacy, when performance and the activities of the company are legitimate, it is considered fair and worthy of support, and it is considered as it is socially accepted (Eugénio, Lourenço &Morais 2013). Deegan, (2002) argues that although the incidence of social audits and attention to triple bottom line reporting and sustainability reporting is increasing, the procedures are still overwhelmingly voluntary. The voluntary nature of the activity causes scientists to question why it happens. (Deegan, 2002). However, different studies indicate different reasons for managers to involve in voluntary undertaking activities such as making the decision to report environmental and social information. According to Mobus (2005), the obligatory disclosure of accounting offers environmental performance information that can inform public opinion and thereby help internalize the social costs of corporate behaviour and induce organizational compliance with regulatory regimes. And the argument of Mobus (2015) towards voluntary disclosure is that it is a social and political setting where public exposure to poor environmental performance is expected to increase the entity's risk and the accounting disclosures may expose deviations from anticipated behavioural norms of organizational conduct. Deegan (2000) explains it is the desire to abide by legal requirements. In certain nations, this would not be a significant incentive, given the lack of social and environmental disclosure standards and related verification requirements.

For the organizational goals, stakeholders can be affected greatly, which implies that organizational performance can benefit from the participation and activities of its stakeholders (Gao & Zhang, 2001). This depicts the impact of stakeholder engagement in decision-making to achieve the best possible organizational performance (Kaur & Lodhia 2018). The findings of Eugénio, Lourenço, and Morais (2013) explain that the legitimacy theory has developed based on the idea that a social contract exists between society and business. In order to educate stakeholders about their sustainability programs and actions, organizations need to communicate how they incorporate sustainability concepts when making their decisions. Recent emphasis has therefore been placed on integrating legal, social, economic, and environmental concerns into corporate reports. This has been referred to as the sustainability reporting or reporting of the "triple bottom line" (Eugénio, Lourenço & Morais 2013).

The government, as an elected body, is expected to be attentive to community concerns, and also responsive to community pressure groups. The government is receptive to concerns generated by the community about environmental issues, as evidenced by the significant growth in regulations and legal requirements, licensing requirements, including taxation, and zoning restrictions, imposed on business actions. These regulations and requirements affect the corporation's interaction with the physical environment (Sonia et al. 2017, cited in Wilmshurst & Frost, 2000) Engage in sustainability development emphasis the ability held by the organization to attain the expectations of its stakeholders. The key motivation behind sustainability reporting by management is to improve corporate legitimacy (O'Dwyer 2002).

Underlying this notion is an outlook that stakeholders within the community deliberate on those activities which are acceptable, and companies, as members of that community, are expected to execute their activities within the boundaries of what is deemed acceptable by that community (Chakroun, Matoussi & Mbirki 2017). The internal stakeholders are those groups who work within organizations and have official, formal, or contractual responsibilities and on the other hand, external stakeholders are those groups and individuals that are not employed by an organization but affect or are affected by the organization's activities.

However, critics claim that voluntary environmental performance and reporting criteria, which largely assess performance against the business, industry, or business-developed standards, are an intricate "greenwash" that is complicated in shape while lacking results-based substances(Newton & Harte, 1997, pp. 91-92, cited in Mobus 2015). This is also a field in which more discussions need focus to find out the actual reason behind voluntary environmental performance and reporting performance. That is, to see what it has done primarily to contribute to the goals of sustainable development or to demonstrate its positive contribution to the idea as an organization to expand and retain the reputation of its organizations. Kaur and Lodhia (2018), Islam (2009) argue that without the related economic incentives or the pressure, organizations engaged in the business of developing countries will take it slow to embrace the related accountabilities and social practices that are expected by the global community. Even though organizational legitimacy has been theoretically defined in the sociological literature, it has received little empirical attention (Dowling & Jeffrey Pfeffer 1975). And as per Deegan 2002 in the pieces of literature which embrace legitimacy theory has many gaps, And the study should conduct to bridge these existing gaps.

Over the last decade, the role of corporations in achieving sustainable development has been the subject of lively debate, and the substantial rise in the number of corporate disclosures on environmental and social issues are well reported in the literature (Deegan and Rankin, 1996; Gray, Kouhy, and Lavers, 1995; Gray, Javad, Power, and Sinclair, 2001; Laine, 2015; Thoradeniya, P Rebecca, J L and Ferreira, T A 2015). Sustainable development has been motivated by interest and dedication to exploring the intersections between accounting and transparency in the sense of socio-ecological change, they move through disciplinary areas, organizations, countries, and cultures (Bebbington Russell and Thomson, 2017).

Companies measure, evaluate, and disclosure the progress and the current state in achieving SDGs by the company (Makarenko and Plastun, 2017). Accountants are extremely involved in this process of sustainability development (Botes, Low, and Chapman 2014). There is an increasing need for accountants within society and industry to provide expertise and skills related to sustainability and reporting (Botes, Low, and Chapman, 2014). Russell and Thomson (2008) state that even though several types of knowledge can exist within organizations, accounting is used to offer valid knowledge authority in regulating discourses.

Bebbington, Russell and Thomson (2017) mentioned that, as an evolving aspect of inter-locking social, environmental, and economic structures, sustainability has also been conceptualized. Even in recent years, sustainability reporting is gaining worldwide prominence, sustainability disclosure metrics are still largely unexplored (Joseph and Taplin 2011). However, the companies are highly engaged in initiatives in sustainability and reporting the activities they have done towards sustainable development in their annual reports, company websites, and other media of communication (Amran and Haniffa 2010; Joseph and Taplin 2011). Although larger values reflect higher levels of transparency, by stressing various aspects of the disclosure, several different calculation methods accomplish this (Joseph and Taplin, 2011).

Sustainability accounting is described as an accounting and information management method that is targeted at providing and creating high-quality information regarding the sustainability goals of an organization to demonstrate their progress on achieving them (Kaur and Lodhia, 2018). The first guideline made available was triple-bottom-line reporting that took into account the economic, social, and environmental effects of the company to measure its performance (Botes, Low, and Chapman, 2014). Thus, Makarenko and Plastun (2017) mentioned that accountants act in their role as guides and translators of triple-bottom-line ideas using the language of corporate sustainability.

Botes, Low, and Chapman (2014) highlighted that there have also been growing calls for accountants to take a more leading position in sustainability reporting, the role of accountants who are already actively involved in financial reporting is becoming more prominent. This problem contributes to the role that accounting educators should play in initially equipping and influencing their accounting students about the activities and reporting of sustainable development; these students then become accounting graduates and, eventually, trained accountants.

Accounting is considered to be a central mechanism for planning the forthcoming course of achieving sustainable development and accountants have a role to play in the advancement of sustainability reporting for organizations towards sustainable growth (Williams, 2015). He found that at the organizational level, sustainability development was considered to be most important relative to the professional or personal focus of the accountant. As Williams (2015) explains that further participation of accountants in the reporting process will be undoubtedly hindered if there is no recognition and action by leadership at the corporate level towards the convergence of sustainable development initiatives and the sustainability reporting process.

However, according to Williams and O'Donovan (2015), it is highlighted that there is a wide gap between the roles that the accountants are currently providing and the roles that they should be providing. And the findings of William (2015) emphasized that it is noticed by the interviewees there is an absence of focus on integrating sustainable growth and reporting on sustainability into the organization's daily processes. Instead, the emphasis is on creating an overall picture of sustainable development at the organizational level, but there is little interest beyond that. This gap should be addressed thoroughly by conducting this research.

While extensive research depicts that there is an overwhelming requirement for sustainable development, proponents push for quality and improved information on sustainable practices (Bebbington and Gray, 2001). To provide such information for managerial decision-making, the companies should possess a proper information system that allows them to integrate all relevant information to consider the ability and rights of those in society to have valid accounts and engage in the management of matters that affect their lives and environments (Bebbington, Russell, and Thomson, 2017).

Agada (2018) found that providing relevant information to the managers for their role in planning, evaluating, controlling, and decision-making processes, is the purpose of management accounting. Therefore, the management accountants' role is significant for an organization as they involve in integrating all the core functions and provide information that is relevant for managerial decision-making. Management-related accounting in the practical environment has mainly concerned with financial reporting and financial data creation and is to ensure that management has adequate information to strengthen the decision-making process for management.

Gray (2010) and Mistry, Low, and Sharma (2012) mentioned certain areas where management accountants perform a critical role in long-term development such as Lifecycle-Assessment, Lifecycle-Cost Assessment, and Environmental Impact-Assessment. Pierce and O'Dea (2003), showed substantial differences between the expectations of managers and management accountants by asking the same questions of managers and management accountants, thus underlining the importance of distinguishing between the information that is said to be produced and the information that is used. There have been limited researches conducted in the areas of subjects relating to broader society even though there are many 'leading schools' in the field of accounting, those areas have not embraced to conduct researches (Deegan, 2002) arising a need to undertake more researches to patch this gap.

RESEARCH DESIGN AND METHODOLOGY

This exploratory research was pursued in two stages where in the first stage, a questionnaire was forwarded through e-mails to the management accountants in the top 75 apparel companies in Sri Lanka with the highest export value. Follow-up phone calls were made with them approximately a week after the mailed survey to encourage them to return the completed survey. The questionnaire was mainly aimed at the following areas.

1. Drivers for sustainable development as per perceptions of Management accountants

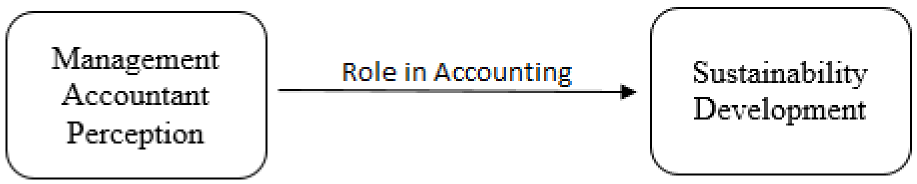
2. Management accountants’ perceptions of important factors in accounting for sustainable development

3. Perceived barriers in sustainable development

4. The types of practices related to sustainable development that management accountants implement

The questionnaire is designed as a Likert scale ranging from 1 to 5, with 1 – strongly disagree to 5 – strongly agree. Out of the top 75 apparel companies, 58 management accountants responded to the questionnaire. As per the second step, upon analysing the received feedback and the level of the management accountant involvement in the sustainability practices, five companies were selected, and semi-structured interviews were conducted with the management accountant professionals to obtain improved clarity on the information provided in the survey. The three management accountants of the top ten companies and two management accountants from apparel companies rated in the top 30-75 with the highest export value were chosen to conduct the semi-structured interviews. The interviews were conducted through the Zoom platform and, 30 minutes’ average time was consumed for an interview. The interviews are comprised of questions concerning; definition of sustainability, the goals in attaining sustainable development, Sustainability reporting, the role of management accountants, and the barriers to management accountants in accomplishing sustainable development (Misty, Sharma and Low 2018).

Conceptual Diagram



DATA ANALYSIS AND FINDINGS

Quantified data was gathered using the questionnaire and it was analysed employing the IBM Statistical Package of Social Sciences (SPSS 23). Mainly descriptive analysis is used in describing the data. The questionnaire was populated among management accountants of the top 75 Apparel manufacturing companies in Sri Lanka according to the export value as per the export development board export list. Among the management accountants of the top 75 companies, only 58 responses have been received, of which 77% of the selected sample. Therefore, the research responses have been limited and bias as this has only focused on a few accountants and there's a problem in representing the sample (Wilmshurst and Frost, 2001; Misty Sharma and Low, 2014). Demographic analysis was performed on the demographic factors, gender, age, number of years in the company, and number of years.

The majority of the selected sample is male respondents (87.93%) while the female percentage is only 12.07% and no non-responses were observed. Accordingly, the findings of the study are mostly based on male respondents' opinions when generalizing towards the study population. The majority of the respondents are between the ages of 20-30 years which is 50% of the total respondents. 41.4% of the participants are between the ages of 30-40 with 24 respondents. Only 6.9% of the respondents are between 40-50 years. And only 1 respondent is there who more than 50 years old is.

The service period of the management accountants who participated in the industry is analysed through this chapter. 34.5% (20 management accountants) who have served below 5 years and 19 management accountants with 6-10 years of experience have responded to the survey. 2 respondents from each category 16-20 years and over 20 years of industry experience have participated in this. And also 25.9 % of respondents from 15 management accountants possess 11-15 service periods in the industry.

The Role of Management Accountant in Sustainable Development

The survey discussion is on the management accountants' role towards sustainable development. However, the role played by each management accountant may vary with the organization they are currently working for and the past experience they have in the role they have played relating management accounting towards sustainable development.

Management Accountants' Perceptions about Drivers for Sustainable Development

Table 1 - Management Accountants' Perceptions on the Drivers of Sustainable Development within Sri Lanka.

	Mean	Std. Deviation
S Laws and Regulations	4.29	0.53
S Adoption of sustainable practices enhance organizations image	4.14	0.712

S Shareholders seeking investment opportunities with companies that engage in sustainable activities	4.02	0.827
S Producing a sustainability report makes a difference when accessing financing capital	4	0.795
S Adoption of sustainable development encourages growth of newer technologies	4	0.937
S Employee Retention	3.9	0.788
S Kyoto protocol and possible emission trading scheme.	3.66	0.87
S Pressure from overseas governments	3.6	0.935
N= 58		

Source: Survey data

Most of the respondents (19 strongly agreed and 35 agreed) have agreed that the adopting of sustainable development activities is done in Sri Lanka to meet the laws and regulations and also as per the respondents they have agreed with a mean of 4.29 considering this as the strongest driver for the country to adopt sustainable development. Another strongest drive that drives the country in adopting sustainable development practices is that the tendency in enhancing the organizations' image with the mean of 4.14 by 20 of the respondents strongly agreeing and 10 respondents agreeing.

The UN's SDGs became as extensively recognized guidelines for global development before the year 2030. Those SDGs were introduced in 2015 at the UN Summit in New York. 17 objectives are described by 169 different indicators (Makarenko and Plastun 2017). All the countries that have signed up for these sustainable development goals are bound to practice sustainable development activities. Sri Lanka as a country that has agreed on the SDG of UN, the country is currently engaged in activities related to sustainable development. UN Economic and Social Commission for Asia and Pacific 2019, states that Sri Lanka had focused its budget on sustainable development in the areas of quality education, healthcare, agriculture, climate resilience, gender equality.

Sri Lanka as a country has paid more attention to acting upon sustainable development activities. The country has enacted an act for sustainable development which is the Sri Lanka Sustainable Development Act, No. 19 of 2017 and this has adopted on 03-10-2017. Embracing sustainable development activities has a positive impact on an organizations' image and reputation. The accountant has the potential to include mechanisms for keeping a company accountable while also improving the company's reputation (Wilmshurst and Frost 2001, Misty Sharma and Low 2014). Sustainability adoption helps in gaining legitimacy from stakeholders. Observing disclosure as a reaction to external problems has been used in previous studies to test the validity of the theory (Deegan and Rankin 1996, Guthrie and Parker 1989).

Therefore, it has been a primary drive that has let Sri Lanka as a country work on its sustainable development. Through engrossing sustainable development activities, the country as a whole will represent as a well-respected country in the eyes of the rest of the world. The UN recognized Sri Lanka among “high human development” achieved countries by analysing the sustainable practices adopted by the country.

However, in the interview conducted with management accountants of companies C, D, B, and E they thoroughly agreed that the laws and regulations and the adopting sustainable practices to enhance the image are the key factors that drive the country in adopting sustainability development. And also, they have stated that the pressure from the overseas government is also a key driver to engross sustainability practices in Sri Lanka highlighting the SDG goals implemented by the UN and the involvement by 193 countries across the world. Even though the interview with management accountants concludes that the pressure from the overseas government has an impact as a sustainable development driver for the country, it ranked as the least agreed driver with the mean of 3.60.

Kyoto protocol and possible emission trading scheme raked as the 7th driver that has led the country towards sustainability. To triangulate this, the interviews were asked about their perception of considering the Kyoto protocol as a drive for sustainable development. Three out of five interviewees showed a neutral response without agreeing or disagreeing on the Kyoto protocol acting as a sustainable driver, which brought the interviewers’ attention to the existing knowledge gap regarding this concept.

The management accountants moderately agreed on “Producing a sustainability report makes a difference when accessing financing capital”, “Shareholders looking for investment opportunities of the companies whose engage in sustainable activities”, “Adoption of sustainable development encourages the growth of newer technologies” and “Employee Retention” with the mean of 4.00, 4.02, 4.00 and 3.90 respectively. Misty Sharma and Low (2014) found the “Adoption of sustainable development encourages the growth of newer technologies” as the key factor which drives the country in the New Zealand context.

Perceptions of Important Factors in Accounting for Sustainable Development

Table 2 - Management Accountants' Perceptions on Important Factors in Accounting for Sustainable Development.

	Mean	*Std. Deviation*
O Laws and Regulations	4.29	0.593
O Retention of employees	4	0.772
O Shareholders looking for investment opportunities of the companies whose engage in sustainable activities	4	0.795
O Adoption of sustainable practices enhance organizations image	4	0.562
O Adoption of sustainable development encourages the growth of newer technologies	3.88	0.839
O Generating a sustainability report which makes a difference when accessing financing capital	3.67	0.803
O Pressure from overseas governments	3.34	1.035
O Kyoto protocol and possible emission trading scheme	2.72	1.387
N = 58		

Source: Survey data

The participants of the survey were asked to rate the factors on their importance to account for sustainable development in an organization. The majority of the management accountants have chosen "laws and regulations" as the most important factor for accounting sustainable development in an organization. The survey results show that the laws and regulations drive the organization with a mean of 4.29.

According to Ageda (2018), the implementation of such standards reflects a company's dedication to environmental concerns and long-term sustainability. The European Commission on Environment created the Eco-Management and Audit Scheme, among other schemes. This scheme requires public reporting on an organization's environmental results as well as the renewal of their registration on an environmental registry. However, Sri Lanka does not have that mandatory requirement in reporting sustainability activities and environmental reporting. Interviewee C believes from his past and current experience that sustainable development and reporting will benefit the organization in long run. He also claimed that participating in sustainable development would undoubtedly increase the reputation of the company which will later capture the attention of shareholders.

The respondents have shown their consent about the drivers of “Shareholders looking for investment opportunities of the companies whose engage in sustainable activities.”, “adoption of sustainable practices enhance organizations image”, and “Employee Retention” with a 4.00 mean for each factor. Interviewee E explained that management accountants themselves should be aware of the process of implementing sustainability practices first and then should motivate the teams to managerial levels from labour levels to apply the relevant practices in their roles. Moreover, he mentioned that tendency of the employees to stay loyal to the organizations who are practicing corporate social responsibilities is relatively high. Battacharya et al., (2008) argue that employees can be attracted to, motivated by, and retained by organizations that are committed to sustainable growth. Being consistent with the findings of Misty, Sharma, and Low (2014), many management accountants in the Sri Lankan context agreed that sustainability reporting is also a factor that contributes to the retention of employees.

“Generating a sustainability report which makes a difference when accessing financing capital” has a mean of 3.67 and has ranked as the 6 factors to consider. In previous decades, most prior literature examined the relationship between financial capital and sustainability performance (Ng and Rezaee, 2015, Spicer 1978). They all agreed that there is a negative relationship between sustainability performance and financial resources, as growing organizations' sustainability practices can reduce their financial capital. In some way, investors and companies are becoming increasingly involved in sustainable development and the company's financial capital (Ng and Rezaee, 2015). As per the survey findings, “the pressure from overseas governments” ranked as 7th and “Kyoto protocol and possible emission trading scheme” as 8th.

Perceived Barriers in Sustainable Development

Table 3 - The Perceived Barriers for Management Accountants in Accounting for Sustainable Development.

	Mean	Std. Deviation
Shortage of financial incentives to implement sustainable practices	3.69	0.821

Adoption of sustainable practices is too costly	3.64	0.931
Lack of top-level management 'initiatives in implementing sustainable development practices	3.59	0.859
Lack of support from institutions	3.47	0.903
Lack of evidence to suggest the best forms of sustainability practices	3.41	0.918
The company structure is too complex; therefore, adoption of sustainable practices would be considered as too much of a burden	3.29	0.955
Sustainability practices are difficult to implement in costing systems and organization's structure	3.28	0.914
Sustainability reports producing cost outweigh the benefits	2.67	1.049
N = 58		

Source: Survey data

The findings revealed that the top-ranked category as the major barrier to management accountants accounting for sustainable development as "Shortage of financial incentives to implement sustainable practices". Most of the management accountants believe that this is the greatest hurdle for them to engage in accounting for sustainability development. "Adoption of sustainable practices is too costly" is the factor with the mean of 3.64 and has ranked as the second agreed barrier by the management accountants in the survey. According to Ageda (2018), private costs are those that a company incurs or for which it may be held liable. The costs of a company's impacts on the society and environment for which it is not legally responsible are generally more difficult to quantify and reflect. Externalities or external costs are other terms for these costs.

The recognition of social and environmental risks related to current financial results and relevant stakeholders will help risk assessment and mitigation strategies (as indicators of risk – take external costs). It is questionable whether companies are possible to fulfil the potential needs of their stakeholders without effective and sufficient processes to recognize and account for such costs (Ageda, 2018). Therefore, it is important to manage the cost associated with sustainable development. This has made an impact for the management accountants to declare that adopting sustainability practices is too costly. The interviewee 'D' claims that "adopting sustainability can be considered as a critical factor to reduce organization cost by eliminating wastage and managing resources efficiently.

However, the initial cost of adopting sustainability practices can be heavy. Most apparel companies are reluctant to adopt sustainability practices due to this initial cost of investment in sustainability activities. As a response to some drivers, there is a push to understand well the expected and unintentional implications of financial resource deployment - full costing, environmental accounting, and whole life costing (Ageda, 2018).

Respondents have identified “Lack of top-level management’ initiatives in implementing sustainable development practices” as the third impacting factor that has acted as a barrier in adopting sustainability practices. However, top management involvement in sustainable activities has a positive effect on an organization's sustainability risk management (Wijethilaka and Lama, 2018). Participants moderately agreed with Lack of support from institutions, Lack of evidence to suggest the best forms of sustainability practices, “Company structure is too complex; therefore, adoption of sustainable practices would be considered as too much of a burden”, “Sustainability practices are difficult to implement in costing systems and organization’s structure”. As a result, social costs and benefits are left out of such reporting. Management accountants have to perform the tasks in adopting long-term costing systems (Wilmshurst and Frost, 2001).

The least agreed barrier by the management accountant is “Sustainability reports producing cost outweigh the benefits”. Even if the costs associated with sustainable activities are high initially, the benefits obtained from them are much greater. Gaining image for an organization is a primary drive that drives an organization towards sustainability. Adams (2002) indicate despite many stakeholders' apparent lack of interest in ethical reporting, the interviewees were all committed to it and saw significant benefits to their organizations in terms of corporate image.

Types of Sustainable Development Practices Management Accountants Implement.

Table 4 – Types of Sustainable Development Practices Management Accountants Implement

	Mean	Std. Deviation
Develop organization systems to become more resource-efficient	4.14	0.907
Develop organization systems to excrete the least amount of waste	4.07	0.722
Use Global Reporting Initiatives for comparisons	3.93	0.525
Triple-bottom-line reporting	3.88	0.751
Do an analysis on the supply chain for sustainability risk	3.83	0.861

Preparing reports being consistent with the regime of environmental reporting e.g.ISO:14001 compliant	3.78	0.702
Account for externality costs in costing systems	3.78	0.839
Analyse customers for sustainability risk	3.69	0.754
Developing organization systems for minimum energy usage	3.64	0.873
N=58		
Source: Survey data		

The highest-rated practice that is implemented by management accountants is “Develop organization systems to become more resource-efficient” with the highest mean of 4.14. It seems that management accountants are worried about the costs and benefits of accounting for sustainable growth (Tilt 2009, cited in Mistry, Low and Sharma, 2012).

Battacharya et al., (2008) state that they have seen a variety of advantages that businesses can gain from enhancing their environmental efficiency. Financial benefits from cost savings due to eco-efficiency, as well as competitive advantages gained from establishing a reputation as a green company, are examples of such benefits. By regularly gathering information on environmentally and socially relevant expenses and integrating them into financial benefits as well as environmental and social performance, it can be found resource efficiency and cost-saving opportunities (Mistry, Low, and Sharma, 2012).

The second-highest management accountant practice agreed by management accountants was the “cost of the development organization systems to excrete the least amount of waste” with a 4.07 mean. It is unlikely that organizations can fulfil the potential needs of their stakeholders without adequate and effective processes to recognize and account for such costs. In response to some of the drivers, there has been a push to better understand the expected and unintended implications of financial resource deployment - full costing and environmental accounting (Agada, 2018). Designing and maintaining management information systems, providing guidance on organizational decisions, initiatives, and projects, managing and coordinating staff, and preparing financial plans were all previous tasks of management accountants from the focus of cost reduction and flow of economic benefit of the organization (Albelda, 2011).

Management accountants have agreed with a mean of 3.93 to “use GRI for comparisons”. As a result, Sri Lanka's current state of sustainability reporting falls short of expectations (Sooriyaarachchi , 2018) since businesses do not completely report all available details relevant to the GRI-G4 guiding index's core disclosures.

Interviewee ‘C’, a management account of one of the top 5 apparel export companies stated that “Practicing management accounting is not simply taking records on the cost and managing the risk of the entity. The role is way beyond that. (…). Sustainability reporting is done aligning with GRI and the triple bottom line is carried out when doing the reporting. And we always account for external costs and analyses customer risks. From my previous experience in the industry, I presume management accountants have a limited role for sustainable development in smaller organizations in the sector, and large organizations and corporate play a major role”

The respondents moderately agreed on all the other management accountants’ practices initiated by the organization. However, with the least mean of 3.64, the management accountant has agreed on “Developing organization systems for minimum energy usage”.

Management Accountants Broader View on the Sustainable Practices - Interview Evidence

The lack of literature recommends effective management accounting standards, and nothing has been conducted to illuminate the measures that should be taken to make decisions about sustainability issues of the organization easier. The mixed evidence is offered on the analytical literature on corporate sustainability success for the claim that businesses are getting the message about the value of being environmentally conscious on their business operations (Ageda, 2018) During the last two decades, due to research followed concerning the evolution of environmental reporting has seen a significant change in businesses' disclosure of environmental results, environmental policies, and plans of the future environment (Gray, 2010; Ageda, 2018).

Interviews were conducted with five management accountants (B, C, E) of the apparel export sector. Three management accountants represent top export companies while the other two management accountants represent the companies of the top 30-75 ranking companies (A, D). Interviewees were asked their opinion on the explanation of sustainable reporting and all of them were agreed with Bratland’s’ definition of sustainability. Management accountant of Company B stated that Sustainable development is not a simple thing and accountant can see the sustainable development of the whole society by not only limiting the knowledge he has acquired to profit but also paving the way for ordinary children to reap the benefits of the institutions without the economic gain.

Prior research has shown that management responds to particular incidents that directly affect the company or the sector in which the firm operates by reporting on environmental performance, which results in an increased concentration of societal or regulatory interest on environmental performance. (Deegan and Rankin, 1996). However, such a result may indicate that the degree of the disclosure does not adequately capture management's response to legal obligations. Consequently, analysing the topics being addressed inside the annual report might be more relevant. Furthermore, rather than fulfilling particular transparency requirements, the degree of the disclosure can be seen as a direct response to specific stakeholders (Wilmshurst and Frost, 2000).

Interviewee ‘A’ claims that sustainability reporting is an Annual Reporting requirement and companies do it as a requirement and not with good faith. According to interviewee D, Sustainability development shouldn't be considered as a "Good to have" factor. Instead, it should be embedded in the core of the organizational value chain. This needs to be communicated to both internal/external stakeholders to avoid any conflict of interest in the long run.

From a different point of view, interviewee C mentioned that contrary to many misconceptions held by management accountants, it must be highlighted that management accountants are capable of playing a major role in sustainability reporting and promulgating such much-needed practices locally and internationally. While there could be teething issues and some elements costs related to adoption, this does not simply deny the importance of the management accountants' role in taking this emerging concept to next level.

CONCLUSION, IMPLICATION, AND LIMITATION

The commitment of a company to sustainable development is likely to spread across the enterprise, permitting accountants as well as management accountants in making more significant changes to their accounting role for sustainable development (Mistry, Low, and Sharma, 2012). Surveys and interviews are conducted showed that there is a disparity between the position defined in the literature and management accountants' current practices in accounting for sustainable growth. (Mistry, Low, and Sharma, 2012). The companies reveal their social responsibility details and convey an impression of social responsibility to legitimize their actions towards their stakeholder groups. As a theoretical contribution, being consistent with legitimacy theory when a company's results and actions are legitimate, it is regarded as fair and deserving of investment, and it is regarded as socially acceptable (Eugénio, Lourenço and Morais 2013).

The findings highlighted that the companies are involved in sustainability activities to cope with the laws and regulations, to enhance the organizations' image by satisfying its stakeholders, and to retain the employees most importantly because shareholders are seeking investment opportunities with companies engaging in sustainable development activities. This entails the integration of environmental management accounting systems as a foundation to achieve sustainability practices and direct organizational decision-making to achieve legitimacy from the public viewpoint (Mistry, Low, and Sharma, 2012).

Rely on the survey and the interview evidence, the lack of financial incentives in implementing sustainable practices is recognized as the major barrier that the organizations are facing when accounting for sustainability development. They believe that adoption of sustainable practices is too costly, especially in the phrase of initial investment and they thoroughly agreed with the fact that there is a lack of drive from top-level management to implement sustainable development practices. Most of the management accountants in the small sector companies have more barriers than the large manufacturing companies. This survey evidence was also triangulated through the interview sessions with management accountants (Mistry, Low, and Sharma, 2012).

According to the study sustainability practices are being implemented at an appropriate pace by Sri Lankan apparel companies. Most participated management accountants were agreed with the fact that they develop organizational systems to become more resource-efficient. And they are involved in developing organizational systems to use GRI for comparison, excrete the least amount of waste, triple-bottom-line reporting, and supply chain for sustainability risk analysis. While there were indications that the perceived roles of accountants and responsibilities are sustainability-focused, numerous smaller organizations face greater challenges in implementing sustainable development practices.

However, management accountants have a broader view of their roles towards sustainable development rather than engage in typical management accounting practices such as managerial reports, cost-benefit analysis preparation, dispatch schedules, etc. (Parker 2000). From the interviews, it was concluded that their thought process towards their role towards sustainable development has gone beyond the traditional management accounting practices.

The perceptions emphasize that they cannot ignore the effect of business activities on a wide range of stakeholders, regardless of their profession, they must remember that reporting and accounting is the best way to drive ethical business practices. They declare their emergent role as facilitating companies in integrating sustainability into all aspects of their operations, from policy formulation to process improvement and success measurement, comply with international standards and laws and regulation (GRI, environment reporting regime, etc.) determine how to reward initiatives that environmentally friendly initiatives. Such laws may help an organization to reap the benefits of its sustainable practices by optimizing retention of employees, customer loyalty, aligning remuneration with sustainability objectives, and applying for grants and subsidies to help companies to be more sustainable.

As per the findings, management accountants' participation in sustainability activities in the apparel industry is at a reasonably satisfactory level and it is found that small apparel manufacturers are discouraged in adopting sustainable practices hence they are chasing profit orientations rather than considering society, environment, and the economy as a whole. The study concludes that senior management needs to be more accepting of the management accountants' role to play in the area of accounting concerning sustainable growth. This study is significant because it will assist small, medium, and large business management accountants in advancing accounting for sustainable development and it is through discovering the concerns that have stymied progress (Mistry, Low, and Sharma, 2012).

Being contributing to the existing literature, the current study provides empirics to support the legitimacy theory by confirming that companies may disclose their social responsibility and convey an impression of social responsibility to legitimize their actions towards their stakeholder groups. As a practical implication, this study allows management accountants to advance accounting within their organizations for sustainable development by systematically dealing with problems that have deterred such advancement. Future studies should be expanded into other manufacturing sectors since empirical data in the field of study is scarce.

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