

Preface

Business entities, a part of a much larger social and environmental system, constantly interact with and depend on its surroundings in carrying out their activities. Inevitably, certain actions of these entities may adversely affect the environment within which they operate. These undesirable effects triggered much discussion among various parties ranging from social services organizations to national governments and international bodies over the past few decades, and as a result, the need for development with minimal negative implications to the social system arose. This need gave birth to the reasonably novel concept of *sustainable development*. As per a report titled *Our Common Future* of the United Nations World Commission on Environment and Development in 1987, sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. As such, a futuristic perspective was introduced to current development initiatives and the impact of businesses activities on the society came to the forefront of many vital decision making situations. A publication titled *Sustainability: the role of accountants* by the Institute of Chartered Accountants in England and Wales (2004) emphasizes on the importance of sustainability regardless of whether organizations subscribe to the concept of sustainable development or not, since sustainability concerns of individuals, societies and governments help shape the world in which organizations operate.

Any professional's role should reflect the prevailing needs of the society, and the accountant is no exception to this fact. Thus, with the emerging interest on sustainable development, a new transdisciplinary branch in accounting labeled as Sustainability Management Accounting (SMA) has evolved in the recent past. *Sustainability and the role of the management accountant*, a report published by the Chartered Institute of Management Accountants – UK (CIMA) in 2011, revealed that since collection and analysis of good, issue-specific data is crucial to sustainability decisions, accountants are required to monitor and manage non-traditional data to guide such strategic decisions, further confirming the importance of SMA.

However, the CIMA report highlights that although potential exists for management accountants to be collaborators in the achievement of sustainability goals, the potential is yet to be fully grasped. A publication titled *Emerging pathways for the next generation accountants* (2012) of the Institute of Chartered Accountants in Australia (ICAA) discusses this failure in accountants to engage with sustainability oriented accounting, and proposes the lack of knowledge and skills required as a possible explanation to the situation. In this context, the importance of accounting education in harnessing such knowledge and skills is

highlighted. The report, based on a research conducted in South Australia, discovered that, presently universities provide little or no knowledge on SMA to graduates, but majority of business managers would prefer to recruit graduates with SMA education in future. This finding emphasizes the importance of SMA knowledge for an accounting graduate's career in time to come.

Identifying this contemporary need, the Department of Accounting of the Faculty of Management Studies and Commerce of University of Sri Jayewardenepura has included SMA as part of the degree curriculum for its undergraduates and has provided students the opportunity to not only learn SMA in a class-room environment, but also to witness SMA initiatives in practice in Sri Lanka. The first issue of the *Journal of Accounting Panorama* of the Department of Accounting is dedicated to the outcomes of its SMA education, where the students have carried out researches on varying aspects of SMA practiced in a range of industries in Sri Lanka. The publication of the outcomes of these researches will contribute to disseminate much needed new knowledge on SMA to the accounting profession.

In this new age of development for Sri Lanka, keeping in par with the global initiatives towards sustainability is vital and the study of an accountant's role in meeting this end is both timely and imperative.

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