

# Factors Affecting the Low Adoption of Management Accounting Practices in Sri Lankan Business Organizations

Janaka Subasinghe  
A. T. Fonseka

---

## Abstract

*The role of the management accountant is to analyze information and provide it to fellow managers ensuring that they are understood and used appropriately and proactively. The information is analyzed using Management Accounting (MA) practices. MA practices are analytical tools which are adopted in preparing Management Accounting information in organizations. The findings of previous studies suggest that there is a considerable gap between Management Accounting theory and practice in Sri Lankan companies. This gap can be explained as the difference between the desired and current level of adoption of MA practices. The literature review also suggests that the levels of adoption of MA practices in Sri Lankan companies are low. Having identified the negative consequences of low adoption, the researcher formulated the research problem as "What are the factors affecting the low adoption of Management Accounting practices in Sri Lankan business organizations?" Primary data was collected from a sample of 22 companies using convenience sampling and a questionnaire, in-depth interviews, and focus group discussions. The conceptual model adopted for the research has contributed to enhancing the understanding of the factors affecting the low adoption of MA practices. The research findings are that the level of adoption of MA practices has (1) a strong positive correlation with top management awareness of the relevance and usefulness of MA practices, (2) a moderate negative correlation with [subordinate?] to financial accounting, (3) strong positive correlation with mode of planning and control, and (4) moderate positive correlation with supportive organizational culture. This was further supported by the qualitative data analysis based on the findings from the in-depth interviews and focus group discussions.*

### **Mr. B.M.C. Janaka Subasinghe**

*holds a B.Sc. degree in Management, CMA (UK) and an MBA from PIM. He currently functions as Finance Manager at the 3M Lanka (Pvt) Ltd., Colombo, Sri Lanka. The article is a synopsis of the research paper submitted by him as part of his MBA program.*

### **Prof. A.T.Fonseka**

*is a senior faculty member at the Postgraduate of Management (PIM), Colombo, Sri Lanka.*

**Key Words :** Management Accounting Practices, Low Adoption, Top Management Awareness, Subordination, Traditional mode of planning, Organizational culture.