Journal of Contemporary Perspectives in Accounting & Digitalization

Vol. 7, No. 1, December 2024, pp. 1-21

DOI: https://doi.org/10.4038/jcpad.v7i1.19

Department of Accounting
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura, Sri Lanka

ACCOUNTANT'S ROLE IN MAINTAINING CORPORATE SUSTAINABILITY AMID CRISIS: EVIDENCE FROM SRI LANKAN APPAREL INDUSTRY

Balasooriya BADS✉, Samudrage DN✉
Department of Accounting, University of Sri Jayewardenepura

ABSTRACT

The primary focus of this study is to explore the role of accounting professionals in connection to corporate sustainability practices and how accountants handle any difficulties that may arise during the crisis in Sri Lanka. This research study employs a qualitative methodology to explore fundamental research questions. Four semi-structured interviews were conducted with sustainability professionals from prominent apparel manufacturing companies in Sri Lanka regarded as industry leaders in sustainability reporting. Legitimacy theory is utilised to explore the role of accountants in fostering corporate sustainability. Results of this research indicate that accountants can significantly contribute to corporate sustainability by playing key roles such as 'sustainability information manager,' 'green accountant' and 'sustainability trailblaser.' The paper concludes by providing professional accountants and researchers with opportunities to advance and create fresh perceptions of social and environmental values that align with ecological principles and sustainable development. These reflections will contribute to a broader discussion on the future function of accounting for sustainable development.

Keywords: Accountant's Role, Economic and Social Crisis, Sustainable Development

Received:	Accepted revised version:	Published:
01.03.2024	15.10.2024	10.12.2024

Suggested citation: Balasooriya, BADS & Samudrage, DN 2024, 'Accountant's role in maintaining corporate sustainability amid crisis: evidence from Sri Lankan apparel industry', *Journal of Contemporary Perspectives in Accounting and Digitalization*, vol. 7, no. 1, pp. 1-21.

✉ sithmini1998@gmail.com
✉ dileepask@sjp.ac.lk

1 INTRODUCTION

Over centuries, the importance of preserving the natural environment and mitigating human impact on it has often been overlooked, resulting in various social and environmental challenges such as climate change, water scarcity, inequality, and hunger. This anthropogenic influence signifies a critical epoch where human activities drive significant impacts on the planet's climate and ecosystems, necessitating the need for sustainable development (Sobkowiak et al. 2021). Sustainable development, broadly defined since the Brundtland report (1987) as meeting present needs without compromising future generations' abilities to meet theirs, has emerged as a vital global objective (World Commission on Environment and Development 1987). This shift has prompted organisations worldwide to focus on sustainability rather than just corporate growth, as integrating environmental protection, social equity, and economic development is recognised as essential for long-term success (Parida et al. 2022).

The United Nations' Sustainable Development Goals (SDGs) embody a shared blueprint for sustainable development, and the UN's 2030 Agenda calls on nations and stakeholders to collaborate to achieve 17 SDGs addressing the earth's ecological and social needs (Nicolò et al. 2022). With sustainability becoming a primary focus, transparency and accountability have grown in importance, pushing businesses to integrate Corporate Social Responsibility (CSR) into their core objectives. Stakeholders increasingly prioritise sustainable practices and long-term impact over short-term financial gains (Firmansyah 2019). In response, accounting professionals are becoming strategic partners in promoting sustainability. Their expertise in measuring, reporting, and analysing data is invaluable in helping organisations track progress toward SDGs and incorporate sustainable practices into business models (Bebbington & Unerman 2017, Barman & Farrar 2018).

In Sri Lanka, the garment manufacturing industry—a major export sector—faces significant sustainability challenges due to its environmental and social impacts (Alom 2016). Despite the country's economic crisis, which has strained corporate operations and heightened social and political unrest, the apparel sector continues to prioritise sustainability, aiming to enhance eco-friendly practices while upholding ethical labour standards. Sri Lanka's reputable position in the global market as a reliable and ethically sound apparel manufacturer underscores the industry's commitment to sustainable practices (Embuldeniya 2018, Central Bank of Sri Lanka 2021). However, Sri Lankan accounting professionals face unique challenges when promoting sustainability in this sector amidst current socio-economic difficulties.

The aim of this research is to investigate the role of accounting professionals in advancing corporate sustainability within the apparel sector in Sri Lanka, particularly amidst the ongoing national crisis. This study explores how accountants view their responsibilities in sustainable development, identifies barriers to their involvement, and examines the strategies they employ to overcome these challenges to create competitive advantages for their organisations. Through semi-structured interviews with accounting professionals in Sri Lanka's leading apparel companies, this qualitative research contributes insights into how accountants navigate sustainability practices under challenging conditions. The findings aim to strengthen the understanding of corporate resilience and social responsibility in Sri Lanka's business community.

This study seeks to bridge gaps in existing research on accountants' roles in sustainability practices, particularly in developing countries like Sri Lanka and sheds light on how the accounting profession can drive corporate sustainability in challenging environments.

2 LITERATURE REVIEW

Each corporation worldwide is responsible for it is business activities and must pay great attention to its environmental and societal impact. In many research studies, scholars have outlined the importance of sustainable development and accountants' role in corporate sustainability practices. This section provides a detailed analysis of the existing literature about the concepts of sustainable development, corporate sustainability, and accountants' role in corporate sustainability, as well as the research gap identified by referring to the existing literature on the topic.

2.1 Sustainable Development

According to Çalıskan (2013), industrialisation and the growth of large-scale businesses, driven by the need to meet human demands, have resulted in excessive consumption and a range of negative consequences, including global warming, air and water pollution, depletion of natural resources, and adverse impacts on human health and quality of life. To mitigate the harmful outcomes of these actions, the concept of sustainable development has been introduced. Sustainable development was described in the Brundtland Report as "the potential to meet the requirements of current generations without compromising the ability of future generations to meet their own needs" (Brundtland 1987, p.16). To address this crucial concept of sustainable development, the 2030 Agenda for Sustainable Development has issued 17 SDGs which are globally accepted. These SDGs offer global direction for addressing the issues the international community is now experiencing (Stefanescu 2021). Sustainability has three main branches: economic viability, social responsibility, and environmental responsibility (Ozili 2022). The three dimensions are presented with opportunity costs and trade-offs between each dimension. Social and environmental reasonability cannot stand in isolation from economic viability. Therefore, accountants and managers must consider the sustainable development of organisations as an integral part of their decision-making.

2.2 Corporate Sustainability and Reporting

Recently, the concept of corporate sustainability from social, economic, and environmental perspectives has gained prominence among corporations due to heightened environmental concerns (Moosa & He 2021). As a result, organisations are rapidly integrating sustainability into their governance, business models, and strategies. In the past, many companies viewed sustainability as secondary, limited to specialised departments addressing environmental and social issues (Lai & Stacchezzini 2021). Today, various techniques and technologies facilitate sustainable development, such as the ISO 14000 environmental management certification, which showcases a company’s dedication to sustainability (Mistry et al. 2014).

The business community now recognises that corporations, as major economic players, impact global sustainability both positively and negatively. Reporting mechanisms such as annual, social, environmental, and sustainability reports allow companies to communicate social, environmental, and economic performance, supporting investor decision-making by showcasing long-term prospects (Dissanayake et al. 2021, Lodhia et al. 2021). Corporate Sustainability Reporting (CSR) has thus become essential for conveying how sustainability aligns with corporate vision, strategy, and financial performance (Çalıskan 2014, Ramanathan

& Isaksson 2022). Yet, challenges persist, including adopting the UN's SDGs, as detailed in Indo-Pacific case studies (Dissanayake et al. 2021).

2.3 Accountant’s Role in Corporate Sustainability

Much research has been done on accountants’ role in sustainable development since the 1990s. The CIMA report on "Sustainability and the Role of the Management Accountant" focuses on the management accountants' role within organisations and their active role in decision-making and strategy formulation (CIMA 2011). The report suggested that management accountants can be more active in strategy formulation around sustainable development. Mistry et al. (2014) have presented that accountants may play a significant role in environmental issues through their usual responsibilities of documenting and reporting financial information and their responsibilities as managers of businesses. According to the literature, accounting professionals must be concerned about environmental and sustainability management. This is mainly because top and middle management frequently exploit the information provided by accountants, making it crucial to business decision-making.

Additionally, accountants usually offer advice to top and middle management. As a result, they may significantly impact whether and how sustainability is considered in an organisational context (Schaltegger & Zvezdov 2017). Burnett and Hansen (2008) state that the relationship between environmental and economic performance has increased and so have management accountants' roles as facilitators of decision-making, with new performance measures and analysis tools integrating ecological issues into their roles.

Table 1 summarises the professional accountant's role in corporate sustainability, highlighted in the existing literature.

Table 1: Summary of Accountant's Role in Corporate Sustainability in Existing Literature

Accountant’s Role	Author/s
Decision-making and strategy formulation.	CIMA (2011)
Role of documentation and reporting financial information.	Mistry et al. (2014)
Role as an advisor to top and middle management.	Schaltegger and Zvezdov (2015)
Role as a decision-maker	Burnett and Hansen (2008)

Source: Author Constructed

Further, existing literature can highlight numerous factors that make it essential to investigate the role of accountants regarding corporate sustainability, such as safeguarding corporate legitimacy, integrating sustainability objectives into core business strategy, and rethinking corporate governance.

However, there are several challenges accounting professionals may encounter while adopting sustainability practices. According to prior literature, corporate managers who successfully tackle the sustainability challenge stand out in several ways. One critical method out of them is the changed mindset (Cooney et al. 2022).

2.4 Theories Related to Accountant’s Role in Corporate Sustainability

The main research problem identified in this study is that there needs to be more scope in the accountant's role to focus on sustainable practices. Hence, the study investigates accountants' perceptions of corporate sustainability and analyses their role in sustainable organisational practices. With that, the main research question of this study was developed as to how accountants can contribute to corporate sustainability practices. The main variables of the study are corporate sustainability, challenges related to the apparel manufacturing industry, and prevailing financial and economic crises. Final research findings on accountants' role will be shaped based on the influence of the variables above.

The dominant theory that will outline this research study is the legitimacy theory. Legitimacy theory states that organisations continuously try to ensure that they carry out activities under societal boundaries and norms (Deegan et al. 2002). According to legitimacy theory, an unbreakable virtual social contract exists between an organisation and the social system in which it functions (Aversano et al. 2022). The notion that a business and the society in which it works have a "social contract" is the foundation of legitimacy theory (Deegan et al. 2002). The social contract represents every expectation that society has for how an organisation must operate (Deegan et al. 2002). The existence of an organisation is specifically deemed to be a hazard if society believes it has violated the social contract (Deegan et al. 2002). Society has the right to terminate an organisation's "contract" to continue operations if it is not satisfied that it is conducting its business legitimately (Deegan & Rankin 1997). According to Deegan (2002), there are a few ways this can be accomplished: customers can decrease the demand for the company's goods; factory suppliers can stop providing labour and financial support to the company, or citizens can lobby the government to impose higher taxes, fines, or laws that forbid behaviour that is out of line with community standards. Additionally, the conditions under which social acceptance is granted under the terms of the social contract also vary because society's expectations are dynamic. Due to this fact, businesses must adapt to the environment in which they function (Deegan et al. 2000).

This research study will explore how accounting professionals can contribute to corporations attempting to engage in socially accepted business activities, named legitimate activities.

3 RESEARCH DESIGN AND METHODS

This study investigates Sri Lankan accountants' role in corporate sustainability amid the current financial crisis. Using a qualitative approach, it aims to understand their perceptions, analyse challenges, and explore strategies for overcoming them.

This section covers the research methods utilised and details of the research design, which is based on the qualitative approach. The final part of this section also considers and describes the research approach, design, and study time used throughout the research. This section also covers vital information about data collection and data analysis.

3.1 Research Approach, Sources of Data and Data Collection

This study adopts an exploratory research design to investigate sustainability accounting practices without predefined hypotheses. Semi-structured interviews were conducted with four accounting professionals from two leading Sri Lankan apparel manufacturers known for their prominent corporate sustainability practices. The interviews aimed to explore accountants' roles in sustainable accounting, allowing flexibility for follow-up questions and in-depth insights. The research was conducted in 2022-2023, focusing on companies with strong sustainability practices and recognition. Table 2 provides details of the sampled companies.

Table 2: Overview of the Selected Companies

Company	Industry	Turnover (2022)	Employees (2023)
1	Apparel	$ 2 Billion	99,000
2	Apparel	$ 1.6 Billion	60,000

Source: Author Constructed

Most respondents held multiple roles within their organisations, rather than being confined to a single position. For example, one individual managed both corporate governance and sustainability. Interviews were conducted with individuals holding positions of accountant, sustainability officer, and director, and data was triangulated using internal documents and publicly available records for cross-checking.

3.2 Interview Process

Interviews were conducted using an interview guide (Appendix 1) with sustainability specialists from two leading Sri Lankan apparel manufacturing companies, focusing on those who had over ten years of experience in corporate sustainability and finance. Four virtual interviews were arranged, with participants representing both genders at the managerial level. The interviews, conducted via Zoom and WhatsApp, were recorded with consent. Challenges in contacting suitable participants were faced but four professionals with relevant experience were successfully interviewed. The first interview highlighted areas for improvement, and subsequent interviews were more successful. All interviews were completed by the end of January 2023. The interview schedule is presented in Table 3.

Table 3: Interview Schedule

Individual	Company	Designation	Platform	Duration
Interviewee A	1	Head of Sustainable Business	Zoom	45 Mins
Interviewee B	1	Management Accountant	Zoom	40 Mins
Interviewee C	2	Manager – Corporate sustainability	WhatsApp	30 Mins
Interviewee D	2	Manager - Finance	Zoom	50 Mins

Source: Author Constructed

3.3 Transcribing Process

Given the convenience of virtual meetings, the author obtained consent to record all interviews. Transcription began immediately after each interview, allowing simultaneous data collection and analysis. Typed transcripts were preferred for their clarity and organisation over handwritten ones.

3.4 Conceptual and Theoretical Framework

The main research problem identified in this study is how accounting professionals can contribute to corporate sustainability while overcoming the challenges arising due to the current crisis in Sri Lanka. Hence, the study's objective is to investigate accountants' perceptions of corporate sustainability and analyse their role in organisational sustainability practices. With that, the main research question of this study was developed as to how accountants can contribute to corporate sustainability practices.

The study's main variables are corporate sustainability, challenges related to the apparel manufacturing industry, and prevailing financial and economic crises. The influence of these variables will shape the final research findings on accountants' role. Figure 1 illustrates the conceptual framework in diagrammatic form.

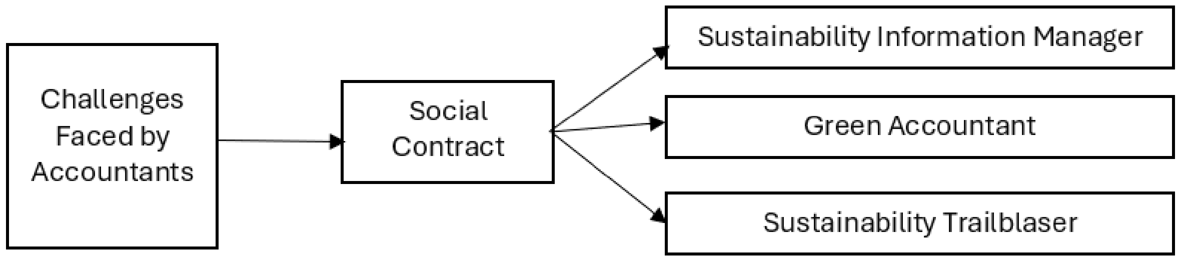

Figure 1: Conceptual and Theoretical Framework
Source: Author Constructed

This study is grounded in legitimacy theory, specifically focusing on its social contract perspective to explore how accountants can contribute to corporate sustainability. Legitimacy theory posits that organisations seek to operate within the bounds and norms of their respective societies to ensure their survival and success. According to the social contract perspective, businesses must align their operations and disclosures with societal values and expectations to maintain legitimacy. In corporate sustainability, this implies that companies must demonstrate their commitment to sustainable practices to meet the evolving expectations of stakeholders, including customers, investors, regulators, and the community.

Accountants are pivotal in this process by providing accurate and transparent sustainability reporting, identifying and managing environmental costs, and advising on sustainable business practices. Through their expertise, accountants help organisations measure and communicate their sustainability performance, thus reinforcing their legitimacy. This research aims to investigate the specific contributions accountants can make to corporate sustainability in the apparel manufacturing industry, particularly in the context of developing countries like Sri Lanka. By leveraging legitimacy theory, the study seeks to understand how accountants can help organisations comply with societal expectations and use sustainability as a strategic tool to enhance their competitive advantage during social and economic crises.

3.5 Data Analysis Method

This study utilised thematic analysis, as defined by Aronson (1995), to identify and explore patterns or themes within the interview data. Interviews were audio-recorded for accuracy, then transcribed verbatim to create a structured dataset. The transcriptions were reviewed multiple times to familiarise with the data, followed by the generation of preliminary codes based on significant statements and ideas. These codes were then organised into potential themes that captured the participants' experiences and perspectives. The themes were refined and validated through an iterative process, ensuring coherence with the entire dataset. To enhance the depth of the findings, participant quotes were included, and the analysis was contextualised using relevant literature, thereby strengthening the study's validity and reliability.

The results of the thematic analysis can be summarised in Table 4.

Table 4: Summary of Thematic Analysis

Codes	No. of Times Used	Theme	Sub Themes	Achieved Objective
Sustainable development	26 times	1. Sustainable development and accounting for sustainable development	1.1. Importance of the concept of sustainable development	To investigate how the accountant's role would influence the overall corporate sustainability practices of the organisation
Accounting	17 times		1.2. Accounting for sustainable development	
Accountant's role	23 times	2. Accountant's role in corporate sustainability	2.1. Role of accountants in sustainability information management	
Information management	8 times			
Green accounting	4 times		2.2. Emerging roles of corporate sustainability	
Sustainability trailblaser	3 times			
Accountant's participation	12 times	3. Participation of accountant in corporate sustainability	N/A	
Corporate sustainability	24 times		N/A	
Resource availability	6 times	4. Barriers to corporate sustainability	4.1. Lack of resources	To analyse the accountants are facing when adopting corporate sustainability practices during the financial and economic crisis in Sri Lanka
Drive from top management	3 times		4.2. Lack of drive from top management	
High cost	9 times		4.3. High cost associated with corporate sustainability practices	
Information capturing	5 times		4.4. Difficulty in capturing sustainability information	
Crisis	12 times			
Collective efforts	6 times	5. Strategies to overcome the barriers	N/A	To examine how accountants overcome challenges arising from the current crisis in Sri Lanka
Negotiation	10 times		N/A	
Employee awareness	5 times		N/A	

Source: Author Constructed

4 ANALYSIS AND DISCUSSION

This section analyses and discusses interview data supported by prior literature. It details the fieldwork, interview process, transcription, and encountered limitations. The focus is on the role of accountants in corporate sustainability within Sri Lanka's garment manufacturing industry. The analysis incorporates previous research findings and highlights accountants' contributions during the financial and economic crisis.

4.1 Sustainable Development and Accounting for Sustainable Development

Accounting in sustainable development may vary according to the accountant's responsibility and the essential tasks they perform in their organisations. According to interviewee “A”, there are many ways to account for sustainable development, such as participating in environmental audits through the internal audit program, evaluating investment proposals with an eye toward the benefits to the environment, analysing waste and energy costs to promote their reduction, and providing information to support environmental management. Historically, the accountant's role has been obscured by more prominent roles such as financial reporting, auditing, and taxation. However, in the current context, an accountant's role has increasingly changed into a much more critical role in organisational decision-making. At one point, interviewee “B” stated,

> *"The conventional accountant's role has changed over time, and it has moved towards the corporate sustainability of the organisation. Currently, the accountant's role has the power to incorporate sustainable controls that will make a business more responsible while also enhancing its reputation."*

Interviewee “C” added to this fact by stating,

> *"Due to new performance metrics and analysis tools that incorporate environmental concerns into their responsibilities, the relationship between environmental performance and economic performance of the organisations has grown, together with the accountants' role as decision-making facilitators.”*

Further, he added that accountants currently act as facilitators of sustainable development in most organisations. Two critical aspects of sustainability accounting emanated from the third interview. As the first point, Interviewee “C” stated,

> *"One key responsibility of the accountant relating to sustainability is to explicitly identify and define environmental expenses inside the organisation's costing procedures."*
>
> Second, he indicated that,
>
> *"accounting professionals can explain how the criteria for allocating costs might be changed to lessen the arbitrary shifting of some environmental costs away from the organisation's overhead accounts."*

Further, interviewee D stated that,

> *"If any organisation can properly account for sustainable development, such organisations will effortlessly ensure the financial stability of the organisation and the adherence towards SDG in general."*

4.2 Accountant's Role in Corporate Sustainability

Generally, accounting professionals have a significant role to play in corporate sustainability. When carefully examining the 17 SDGs, it is identifiable that accountants can influence their success while changing accounting roles to meet the new challenges posed by corporate sustainable development. Because of the SDGs and corporate sustainability, professional accountants have started re-evaluating their roles today. Accountants have specialised professional skills and are involved in governance, risk management, business analysis and decision support, due diligence, anticorruption activities, and ensuring corporate transparency, which will ultimately help bend the accountant's role towards corporate sustainability. International professionals organisations in accounting such as the International Federation of Accountants (IFAC) and the Association of Chartered Certified Accountants (ACCA), have also acknowledged the accountant's role in achieving the SDGs and corporate sustainability.

Interviewee "A" stated that,

> *"Not only in Sri Lanka, but the accounting profession also plays an irreplaceable role in corporate sustainability globally. Specifically, the accountant's role can contribute to evaluating corporate sustainability projects and investments from the finance perspective while measuring the corporate sustainability impact that can be embedded into the organisation's cost structure."*

Interviewee "B" from another company also agreed to the same by stating that,

> *"Accountants can be involved in the corporate sustainability aspect of the business in each function they usually interact daily such as bookkeeping and reporting, corporate risk management and corporate governance, etc."*

Also, interviewee “B” emphasised that the accountant's role in sustainability can be perceived in two contrasting dimensions. One is that the accountants can participate in the organisation's internal operations by concentrating on concerns of performance and compliance related to sustainability. Second is the external dimension of the accounting role pertaining to the economic information disclosure to external report users.

Further, interviewee "C" from the same company stated that,

> *"Accounting professionals can add extra value to the corporate sustainable performance of their organisation by providing a way to communicate about their sustainable performance to their stakeholders both through mandatory and voluntary disclosures."*

According to interviewee "D" in corporate sustainability, accountants can play a significant role. They track, assess, and report on how well the company is reaching SDG. Accounting professionals usually serve as facilitators and interpreters of the Triple Bottom Line concepts utilising the language of corporate sustainability.

All the interviewees agreed with the same fact that accounting professionals can play a significant role in corporate sustainability in any organisation, and thereby, such companies can become better competitors in terms of sustainable growth in the industry, which will ultimately add value to the organisation. This will immensely help organisations build profitable and long-term value-driven businesses for the environment, society, and the community in which they operate. Moreover, the accountant's role is more closely tied to integrating the parameters for sustainable development into the organisation's vision, mission, strategy, tactical choices, and operating procedures. As a result, a rising need for sustainability reporting with higher quality and more transparency exists.

Accountants can significantly contribute to sustainability information management within an organisation by leveraging their expertise in data management, reporting, and analysis. Professional accountants can decide on relevant, sustainable information that needs to be communicated to top management. Thus, accountants have a crucial role in corporate sustainability regarding sustainability information management.

Interviewee "A" from the Company 1 states that,

> *"Professional accountants participate in social accounting practices to some extent, but they mostly operate as gatekeepers between sustainability managers and top management."*

According to interviewee "B" from the same company, the accountant's role cannot be disregarded practically. Managers of the company are exposed to a higher challenge of making environmentally and socially influenced decisions. To ensure that management makes well-informed decisions, information must be prepared and interpreted promptly using knowledge from the accounting profession. Because of this, accountants may play a big part in sustainable accounting by providing sustainability-related information to the top management.

Interviewee "C" from Company 2 states that,

> *"It is necessary to gather, manage, and report information on sustainability because it is becoming more and more important to the company. To assist this, new accounting tools and approaches have also emerged. Thus, accountants play a crucial role in sustainability information management."*

According to interviewee “D”, professional accountants use data and provide management with high-quality reporting perspectives, which form the foundation of the sustainable development strategy of the organisation. Further, he recognised this accounting role as 'providers of value. Considering all these facts, it is identifiable that professional accountants exercise significant power over selecting and providing information to decision-makers, and it could be further characterised as a gatekeeping role of professional accountants.

With the increasing trend towards sustainable development and corporate sustainability, several new accounting roles have also emerged recently. Environmental accounting, or green accounting, is the field in which professional accountants can help organisations evaluate the financial effects of their environmental initiatives.

Interviewee "A" at one point in the interview series stated,

> *"Accountant's role is heavily changing in the current context. It is no longer dealing with the conventional role of accounting. We can now identify several new accounting roles in the market today. Accounting professionals should always be prepared to welcome the emerging trends in the accounting field such as green accounting."*

Interviewee "B" stated that,

> *"Accountants can play a critical role in an organisation as green accountants by integrating the environmental costs and benefits into conventional accounting processes."*

> Further, he mentioned that,

> *"By taking on these roles such as Green Accounting, accountants can help organisations not only comply with environmental regulations but also enhance their reputation, reduce costs, and create long-term value through sustainable practices."*

Sustainability trailblaser is another emerging accounting role that deals with financial and non-financial information. Sustainability trailblasers create value for organisations in much more significant ways that encourage transparency to the public.

Table 5: Accountant's Role in Corporate Sustainability

Role	Description
Sustainability information manager	A professional responsible for overseeing, organising, and managing data and information related to sustainability initiatives in an organisation. The role involves collecting, analysing, and reporting on various aspects of sustainability, such as environmental impact, social responsibility, and economic viability.
Green accountant	Professional who specialises in assessing and reporting the environmental impact of an organisation's operations, products, and services. They analyse financial data alongside environmental factors to help businesses make informed decisions that minimise their ecological footprint and maximise sustainability.
Sustainability trailblaser	An individual, organisation, or entity that takes innovative and proactive steps toward creating a more sustainable future. A professional accountant could play this role by utilising financial analysis, Reporting and disclosure, Performance measurement, compliance and risk management, and strategic planning.

Source: Author Constructed

The findings of this study are grounded in legitimacy theory, which asserts that organisations must align their operations with societal expectations to maintain legitimacy and ensure survival. Accountants play a crucial role in supporting corporate sustainability in the context of the Sri Lankan apparel industry, especially during crises. The data gathered throughout the interviews revealed that accountants contribute to sustainability by ensuring transparent reporting, managing environmental costs, and advising on sustainable practices.

At one point, interviewee "A" stated that,

> "*Accounting professionals of our company contribute significantly by providing transparent, accurate and timely information on organisation sustainability initiatives. These actions help organisations meet societal expectations for corporate responsibility, thus maintaining their legitimacy. For instance, by providing accurate sustainability reports, accountants help companies demonstrate their commitment to environmental and social goals, essential for gaining stakeholder trust and support*."

This alignment with legitimacy theory highlights how accountants facilitate compliance with regulatory requirements and enhance the organisation's reputation and competitive advantage amid economic challenges. Therefore, the role of accountants in sustainability initiatives is vital for maintaining the social contract between the organisation and its stakeholders, reinforcing the theoretical framework of this research.

4.3 Participation of Accountants in Corporate Sustainability

Although the extent of the literature and the interview findings have emphasised that professional accountants can play a significant role in sustainable development and corporate sustainability, the actual level of accountants' participation in corporate sustainability could be much higher. When investigating the roles related to the sustainability of the selected apparel manufacturing organisations, the author could observe that most of the sustainability professionals are from non-accounting related backgrounds rather than having a pure accounting and finance background. Interviewee "A" stated,

> *"Corporate sustainability involves accountants actively. Undoubtedly, fewer accountants are participating in the process than other specialists like sustainability managers."*

According to interviewee "D", there needs to be more participation of accountants in accounting for sustainable development. Further, interviewee "D" stated that,

> *"This may reflect a limited understanding of the potential contribution that accountants could make as an important member of the sustainable development team of the organisation."*
>
> Further, interviewee "D" mentioned that,
>
> *"Accountants should focus more on sustainability accounting aspects and the accounting practices connected to environmental performance assessment, financial information flow, and success monitoring of environmental action implementation could all be included in sustainability accounting in an organisation."*

Further interviewee "B" stated that,

> *"There is a lesser participation of professional accountants in corporate sustainability in small and medium-sized organisations when compared to large-scale organisations. The main reason for the lower participation level of accountants in small-scale organisations is that they are chasing behind profit orientations rather than considering society, environment, and economy."*

According to interviewee "C" with the current financial and economic crisis in Sri Lanka, professional accountants in most apparel manufacturing organisations are more focused on minimising costs to keep their businesses going without moving toward bankruptcy. Further, interviewee "C" added to this point by stating that,

> *"Senior management of the organisation is responsible for the lower level of accountant's participation in corporate sustainability. Senior management should be more accepting of the accountant's role in developing corporate sustainability strategies and in accounting for sustainable growth of the company."*

With all the findings mentioned above in the interview series, it is highly identifiable that although professional accountants can play a vital role in the corporate sustainability aspects of organisations, their actual level of participation in this critical area has become considerably lower. According to the viewpoint of the accounting professionals interviewed, this crisis period in the country is when organisations should focus on involving accountants in the corporate sustainability process of the company more than ever. Further, they highlighted that accountants are always ready to make their maximum contribution towards the corporate sustainability of their organisations if they are given a proper chance with fair incentives.

4.4 Barriers to Adopting Corporate Sustainability

While professional accountants engage in corporate sustainability practices within the organisations, they must deal with various challenges arising from multiple factors. These challenges and barriers that come with attempting to achieve corporate sustainability also impact accountants' potential roles in accounting for sustainable development (Mistry et al. 2014). To identify such obstacles, especially in the Sri Lankan apparel industry, interviewees were asked whether the accountants in their organisation faced any challenges while adopting corporate sustainability practices.

4.4.1 Lack of resources

One of the critical challenges accountants may face while adopting corporate sustainability practices is the need for sufficient resources. At one point in the interview series, interviewee "B" stated,

> *"Not just accountants, the company must go through a greater barrier when it comes to corporate sustainability initiatives, especially during the crisis in Sri Lanka. The main reason for this barrier could be the lack of resource availability at the organisational level to contribute towards corporate sustainability."*

He highlighted that even well-established companies in the apparel manufacturing industry have started to rethink adopting corporate sustainability practices during this crisis, mainly due to the country's lack of financial and non-financial resources.

4.4.2 Lack of drive from top management

Another critical challenge the interviewees highlighted is that accountants need more motivation from the company's top management toward corporate sustainability practices. Interviewee "A" stated,

> *"Another key barrier that can be identified in an organisational context is the lack of drive from top-level management into implementing corporate sustainability practices."*

Interviewee "D" from another company also agreed with the same fact. According to interviewee "D", top-level management of those organisations has no time to investigate how well the corporate sustainability practices of the organisations are carried forward. Further, he stated that with the current crisis in Sri Lanka, management must focus on several areas other than sustainability to survive the business from bankruptcy.

4.4.3 High cost compared to benefits associated with corporate sustainability practices

Almost all the thriving companies in Sri Lanka struggle to help with higher inflation and the dollar crunch, pulling organisations back from investing in sustainable projects. With the current crisis in Sri Lanka, the corporate world has become highly unstable. Due to that fact, companies also show little reluctance to invest in long-term sustainability projects. Instead, they prefer to invest in short-term investments that minimise the corporate risk to a greater extent.

Interviewee "A" stated that,

> *"Main barrier for corporate sustainability can be identified as the lack of financial incentives in implementing corporate sustainability aspects within the organisation. Normally, organisations find it a greater barrier to the initial investment of sustainability practices, especially with the current financial crisis in Sri Lanka."*

Further, he added that their organisation has started reconsidering whether it is feasible to continue the newly launched long-term sustainability project, which will benefit the organisation after a few decades. Organisations also tend to refrain from sustainability reporting to a certain extent.

Interviewee "C" stated,

> *"As a professional accountant currently involved in corporate sustainability, I find two highest-ranked barriers towards corporate sustainability initiatives. One barrier is that sustainability practices are difficult to implement in costing systems and organisational structures. The second barrier might be that the total cost of producing sustainability reports overweigh the benefits of corporate sustainability practices."*

During the interview further, he stated,

> *"As to my knowledge and experience, most of the organisations in the apparel industry have kept the usage of sustainable development practices such as Global Reporting Initiative and London Benchmarking Group at a minimum level mainly due to limited benefits flowing into organisations from these sustainability reporting functions compared to the cost associated with those, especially during a crisis."*

Interviewee "D" from the same company also agreed with the same fact.

4.4.4 Difficulty in capturing sustainability information

One of the critical roles accountants play in corporate sustainability is that they act as facilitators of information for top-level management in their decision-making. However, with the prevailing crisis in Sri Lanka, accountants find it hard to determine precisely what information needs to be communicated and what information should not. Apart from that, since organisations tend to refrain from engaging in corporate sustainability with the current crisis in Sri Lanka, accountants find it challenging to capture sustainability information to communicate to top management. Interviewee "D" stated that,

> *"Accountants in our organisations face a greater barrier of capturing accurate and related corporate sustainability information and defining them appropriately according to top management's requirement."*

During the interview, interviewee "D" further stated that,

> *"Due to current financial-economic crisis most of the companies microscopic and medium-scale companies have started ignoring sustainability concerns since they have to more focus towards the profits of the organisation. In such a situation, accountants may find it challenging to collect and define information in terms of corporate sustainability."*

4.5 Strategies to Overcome the Barriers

Even though extensive research literature has discussed the challenges professional accountants face when adopting sustainability practices, it has not addressed the methods and strategies that can be used to overcome such challenges. Respondents stated several strategies their organisations use to defeat such sustainability barriers throughout the interview process.

4.5.1 Collective efforts

One such strategy Company 1 uses is collective efforts by all the employees. Interviewee "B" stated,

> *"Responsibility of corporate sustainability is not only lying upon professional accountants. It should be a collective effort of the entire organisation."*

According to interviewee "A" from the same company, all the organisation's employees, whether directors or clerks, should work as one team to achieve sustainability development within the organisation. Further, interviewee "D" from another company stated,

> *"Any company would fail in achieving sustainable development if the company believes that the responsibility of corporate sustainability is gathered around one single party. All the employees from top to bottom in the organisational hierarchy should work towards achieving corporate sustainability."*

When analysing the statements the interviewees gave, it is evident that organisations could use collective efforts as a critical strategy to overcome the challenges they will face while adopting corporate sustainability. In some organisations, the absence of collective efforts may be due to employees' unawareness of the importance of corporate sustainability practices. Interviewee "C" stated,

> *"Management of our company has made several efforts to conduct employee awareness sessions about sustainable development and its importance towards the organisation."*

According to him, after having a series of such awareness sessions within their organisation, all the employees started working to achieve corporate sustainability. Further, interviewee "C" stated that,

> *"These awareness sessions were conducted with the participation of all level employees representing all the departments of the organisations. Our key purpose of conducting*

> *this awareness session series was to convey the importance of focusing on corporate sustainability practices even during a crisis."*

Thus, it is evident that during a financial and economic crisis, collective efforts can use the workforce's capabilities to boost morale, increase productivity, and improve problem-solving skills. The end goal of this collaborative strategy is to work together to overcome present challenges and establish a solid foundation for future success.

4.5.2 Negotiation

The second strategy highlighted in the interview series was negotiation with the organisation's customers and suppliers. Any organisation can gain much by negotiating with its suppliers and customers, particularly in tough economic times. It is an essential strategic instrument for an organisation. At one point in the interview, interviewee "B" stated,

> *"Our company has been able to manage the challenges that arose with the country's financial crisis since we could negotiate with customers and suppliers about delivery terms and payment periods."*

According to him, they could negotiate quickly and make flexible arrangements with their customers and suppliers because of their excellent reputation in the garment manufacturing industry and their trust and faith over the years. Interviewee "C" stated,

> *"With the negotiation we had with our suppliers, we were able to establish various cost-saving initiatives during the crisis period, which ultimately benefitted both parties."*

Further, he mentioned that,

> *"By understanding consumer expectations through negotiation, we were able to provide our products in a way that enhances customer satisfaction and loyalty."*

Interviewee "D" stated that,

> *"We were able to renegotiate the terms with our key suppliers to reduce costs and delay payments, and it became a major help for our organisation to stay afloat despite a severe drop in sales during that period."*

Further interviewee "D" stated that,

> *"Adjusting service level agreements to match the organisation's ongoing operational needs could optimise overall costs and resources during that period."*

Thus, it is evident that during a downturn in the economy, negotiating with suppliers and consumers is essential for keeping a competitive edge, controlling expenses, and maintaining operations. Stronger relationships, greater operational flexibility, and improved financial stability are all benefits of effective negotiating strategies when an organisation operates through a crisis. Companies can create mutually beneficial arrangements that support their long-term survival and success by proactively engaging in negotiations.

5 CONCLUSION

This research examines the role of accountants in promoting corporate sustainability within the Sri Lankan apparel industry amidst the current economic crisis. It explores three key areas: how accountants' impact corporate sustainability practices, the challenges they face in adopting these practices, and ways to address these challenges. Legitimacy theory, which highlights the alignment between corporate actions and societal expectations, forms the study's foundation. Findings suggest that while accountants have the potential to contribute significantly to sustainability, their involvement is hindered by barriers such as limited resources, insufficient support from top management, high costs, and difficulties in tracking sustainability metrics.

The study underscores accountants' emerging roles, such as green accounting and sustainability trailblazing, with a focus on sustainability information management. Despite this, accountants' contributions to sustainability practices in their organisations remain limited. Strategies identified to overcome challenges include fostering collaboration across departments, negotiating resource allocation, and increasing employee awareness. These approaches help accountants navigate obstacles, making their involvement in sustainability more feasible. The study's findings hold relevance for stakeholders including professional accounting bodies, such as the Institute of Chartered Accountants of Sri Lanka, which can advance sustainability training and standards, enabling accountants to contribute more effectively to their organisations' sustainability goals.

For corporate management, particularly in the apparel industry, the study highlights the strategic advantage of involving accountants in sustainability initiatives. Accountants' insights into sustainable financial strategies and transparent reporting can drive competitive advantage and resilience, especially during crises. Policymakers and regulators can also benefit from the study's findings, which support establishing robust frameworks and mandatory sustainability reporting to foster accountability and transparency in corporate practices.

While limited to a few prominent apparel companies in Sri Lanka, this research provides a foundational understanding of accountants' role in corporate sustainability. Future research should broaden the scope to other industries and regions to capture sector-specific challenges and strategies. Additionally, investigating the impact of emerging technologies like blockchain and artificial intelligence on sustainability practices could yield valuable insights. Longitudinal and comparative studies could further explore how accountants' roles evolve over time and across different economic contexts, enriching the global perspective on accountants' contribution to sustainability.

REFERENCES

Alom, M 2016, 'Effects on environment and health by garments factory waste in Narayanganj city, Dhaka', *American Journal of Civil Engineering*, vol. 4, no. 3, pp. 1-17.

Aversano, N, Nicolò, G, Sannino, G & Polcini, PT 2022, 'Corporate social responsibility, stakeholder engagement and universities', *Administrative Sciences*, vol. 12, no. 3, pp. 79.

Barman, T & Farrar, M 2018, *The role of the accountant in implementing the sustainable development goals*, viewed 10 January 2022, https://www.aicpa-cima.com/resources/article/the-role-of-the-accountant-in-implementing-the-sustainable-development-goals

Brundtland, GH 1987, *Report of the world commission on environment and development: our common future*, *Part 1, Section 2: towards Sustainable Development*, Oxford

University Press, Oxford, viewed 25 December 2021. https://www.are.admin.ch/are/en/home/media/publications/sustainable-development/brundtland-report.html

Burnett, RD & Hansen, DR 2008, 'Eco-efficiency: defining a role for environmental cost management', *Accounting, Organizations and Society*, vol. 33, no. 6, pp. 551-581.

Çalıskan, A 2013, 'How accounting and accountants may contribute in sustainability?', *Social Responsibility Journal*, vol. 10, no. 2, pp. 246-267.

Central Bank of Sri Lanka 2020, *Annual Report 2020*, viewed 10 October 2020, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/otherpub/ess_2020_e.pdf

Central Bank of Sri Lanka 2021, *Annual Report 2021*, viewed 12 October 2021, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2021/en/6_Chapter_02.pdf

CIMA 2011, *Sustainability and the Role of the Management Accountant, Chartered Institute of Management Accountants,* viewed 12 October 2021, https://myfuture.cimaglobal.com/career-insights/sustainability-accounting/#:~:text=You%20as%20a%20management%20accountant,compare%20it%20with%20other%20businesses.

Cooney, H, Jacob, D & Marshall, A 2022, 'Making the responsibility for practicing sustainability a companywide strategic priority', *Strategy and Leadership*, vol. 50, no. 4, pp. 123-256.

Deegan, C, Gray, R & Elijido-Ten, E 2000, 'The role of business in environmental and social change: integrating business theory with practice', *Journal of Business Ethics*, vol. 22, no. 4, pp. 215-225.

Deegan, C 2002, 'The legitimising effect of social and environmental disclosures – a theoretical foundation', *Accounting, Auditing and Accountability Journal*, vol. 15, no. 3, pp. 282-311.

Dissanayake, D, Tilt, C & Quian, W 2021, 'How do public companies respond to national challenges through sustainability reporting?', *Qualitative Research in Accounting and Management*, vol. 18, no. 4/5, pp. 455-483.

Embuldeniya, A 2018, 'Impact of apparel industry on the economy of Sri Lanka', *Journal of Social Statistics,* vol. 2, no. 1, pp. 1-14.

Gunathilaka, LFD & Gunewardena, KD 2014, 'An analysis of the corporate managers awareness towards the environment sustainability in apparel industry', *Journal of Medical and Bioengineering*, vol. 3, no. 2, pp. 133-139.

Lai, A & Stacchezzini, R 2021, 'Organisational and professional challenges amid the evolution of sustainability reporting: a theoretical framework and an agenda for future research', *Meditary Accountancy Research*, vol. 29, no. 3, pp. 405-429.

Lodhia, S, Sharma, U & Low, M 2021, 'Creating value; sustainability and accounting for non-financial matters in the pre and post Corona environment', *Meditari Accountancy Research,* vol. 29, no. 2, pp. 185-196.

Mistry, V, Sharma, U & Low, M 2014, 'Management accountants' perception of their role in accounting for sustainable development: an exploratory study', *Pacific Accounting Review*, vol. 26, no. 1/2, pp. 112-133.

Moosa, A & He, F 2023, 'Impact of environmental management practices on corporate sustainability: evidence from the Maldives hospitality industry', *International journal of emerging markets*, vol. 18, no. 9, pp. 2869-2889.

Nazrul, IM & Rahman, HA 2021, 'Sustaining the environment: a case study of the garment industry in Bangladesh', *International Journal of Academic Research in Business & Social Sciences*, vol. 11, no. 8, pp. 947-963.

Nicolò, G, Zanellato, G, Tiron-Tudor, A & Polcini, P 2022, 'Revealing the corporate contribution to sustainable development goals through integrated reporting; a worldwide perspective', *Social Responsibility Journal*, vol. 19, no. 5, pp. 829-857.

Ozili, PK 2022, 'Financial inclusion and sustainable development; an empirical association', *Journal of Money and Business*, vol. 2, no. 2, pp. 186-198.

Parida, R, Katiyar, R & Rajhans, K 2022, 'Identification and analysis of critical barriers for achieving sustainable development', *Journal of Modeling in Management*, vol. 18, no. 3, pp. 128-156.

Ramanathan, S & Isaksson, R 2022, 'Sustainability reporting as a 21st century problem statement: using a quality lens to understand and analyse the challenges', *The TQM Journal*, vol. 35, no. 5, pp. 1310-1328.

Schaltegger, S & Zvezdov, D 2015, 'Gatekeepers of sustainability information: exploring the roles of accountants', *Journal of Accounting & Organisational Change*, vol. 11, no. 3, pp. 10-24.

Schaltegger, S, Zvezdov, D & Crutzen, N 2017, 'Sustainability and management control: exploring and theorizing control patterns in large European firms', *Journal of Cleaner Production*, vol. 143, pp. 1291-1301.

Stefanescu, CA 2021, 'Linking sustainability reporting frameworks and sustainable development goals', *Accounting Research Journal*, vol. 35, no. 4, pp. 508-525.

Williams, R 2015, 'The local government accountant's perspective on sustainability', *Sustainability Accounting, Management and Policy Journal*, vol. 6, no. 2, pp. 1-23.

APPENDIX 1

Interview Guide: Exploring the Role of Accountants in Corporate Sustainability Practices

Background Information:

- Can you provide a brief overview of your role and responsibilities within your organisation?
- How long have you been working in your current position, and what is your experience with sustainability initiatives?

Understanding Current Practices:

- How does your organisation currently approach sustainability practices?
- What roles or responsibilities do you play as an accountant in supporting or implementing sustainability initiatives within your organisation?
- Can you describe any recent sustainability projects or initiatives that you have been involved in?

Challenges and Solutions:

- What challenges do you perceive in integrating sustainability practices into your organisation's operations?
- How do you believe these challenges could be overcome, especially during times of social and economic crisis?
- Have you encountered any specific difficulties or barriers in your role as an accountant regarding promoting sustainability practices?

Impact and Outcomes:

- What measurable impacts or outcomes have you observed from your organisation's sustainability efforts?
- How do you assess the effectiveness of sustainability initiatives within your organisation?
- Can you provide examples of how sustainability practices have contributed to your organisation's overall success or competitiveness?

Future Directions:

- In your opinion, what are the future trends or priorities for sustainability within the accounting profession and corporate sector in Sri Lanka?

How do you envision your role as an accountant evolving sustainability practices in the future?