



**A Study of the Impact of Cultural Dimensions on  
Accounting Practices in Sri Lanka: Study of  
Accounting Professionals' Perspective**

This dissertation is submitted as a partial fulfillment of the degree of  
Bachelor of Business Management in Entrepreneurship and Management

August 2019

D.R.N.A.M.Nanayakkara

Index No: UWU/ENM/15/033

Department of Management Sciences

## ABSTRACT

Country to country the accounting harmonization process is different, because their economic environment, political environment, legal environment and cultural environment are differs from each other. Sri Lanka is a multicultural country, hence the cultural environment can be impact for the IFRS implementation process. Scholors argued that there is a significant impact between culture and accounting harmonization process. Also limited researchers are available in Sri Lankan context. The objective of this study was to verify the impact of cultural dimensions on accounting practices in Sri Lanka. The researcher used adapted questionnaire in order to capture the accounting practices, and the used a questionnaire designed with direct questions to accounting professionals. 150 accounting professionals in Sri Lanka were selected as the sample of this study. The researcher used Exploratory Factor Analysis (EFA) to analyse the collected data. The factors were extracted through Principal Component Analysis and Varimax extraction. The factors which impact on accounting practices in Sri Lanka were identify through a factor analysis. Multiple regression was performed with the factors, in which the dependent variable corresponded to the accounting practices, and the independent variables were the cultural dimensions. The results indicated that the accounting professionals have highly secret and uniform in Cultural aspect and the cultural dimensions which had impact on the accounting practice are aversion to uncertainty and individualism. Finally, the researcher suggested suitable models for each and every dimensions of accounting practices in Sri Lankan context. Such as, Conservatism { Uncertainty avoidance}, Secrecy {Individualism, Aversion to Uncertainty, Masculinity, Distance from Power}, Professionalism {Distance from Power, Aversion to Uncertainty, Individualism}, and Uniformity {Individualism, Aversion to Uncertainty, Masculinity, Distance from Power}.

*Key Words* : Cultural dimensions, Accounting practices, Accounting professionals, Individualism, and Uncertainty avoidance.