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AN EMPIRICAL STUDY OF CHARTERED ACCOUNTANTS' PERCEPTION TOWARDS ESG ADOPTION AMONG INDIAN COMPANIES

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ABSTRACT

Environmental, Social, and Governance (ESG) framework has become a major topic for modern corporate performance and long term business sustainability in India. Chartered Accountants (CAs) play a critical role as financial advisors, auditors, and compliance leaders in guiding Indian businesses through this transition. This study presents an empirical investigation into Chartered Accountants' perception towards ESG adoption among Indian companies. The main objectives of this research are to evaluate the level of awareness among CAs regarding regulatory ESG mandates like SEBI's Business Responsibility and Sustainability Reporting (BRSR) and to analyse their perception of the key operational challenges and strategic benefits associated with ESG implementation. The research methodology relies on a primary survey conducted among 150 Chartered Accountants in Ahmedabad, Gujarat, selected using a simple random sampling technique. Statistical tools including descriptive percentage analysis, mean score ranking, and Chi-Square tests were applied to analyse the primary dataset. The empirical results show high awareness of ESG concepts among CAs, although practical implementation expertise remains moderate. CAs strongly agree that ESG adoption improves long term company valuation and attracts global investments, but highlight data verification, high compliance cost, and lack of standard reporting frameworks as primary barriers. In conclusion, Chartered Accountants view ESG as a high value opportunity for professional growth and corporate governance, provided formal training and clear reporting standards are established.

KEYWORDS: Chartered Accountants, ESG Perception, BRSR Framework, Corporate Governance, Ahmedabad, Empirical Analysis, Chi-Square Test

1. INTRODUCTION

In recent years, the corporate world across the globe has seen a major change in how business success is evaluated. In the past, companies were judged almost completely by their financial performance, profit margins, and net revenue growth. However, investors, regulators, customers, and general public now demand that companies take responsibility for their impact on the environment and society. This modern business perspective is measured using Environmental, Social, and Governance (ESG) metrics. ESG represents a set of non-financial factors that investors use to identify material risks and growth opportunities. Environmental factors look at carbon emissions, waste management, water usage, and renewable energy adoption. Social factors examine employee safety, diversity, labor rights, and community welfare projects. Governance factors evaluate board independence, executive compensation, audit transparency, and shareholder protection.

In India, the adoption of ESG practices has gained rapid momentum over the last decade. As one of the fastest growing major economies in the world, India faces a double challenge. On one hand, Indian

Research Paper

businesses need rapid economic growth to expand infrastructure and create job opportunities. On the other hand, the nation faces high climate risk, resource scarcity, and environmental pollution. To balance these priorities, regulatory bodies in India have introduced mandatory sustainability reporting rules. The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021, replacing the older Business Responsibility Report (BRR). BRSR mandates the top 1,000 listed entities in India to disclose quantitative data on environmental footprint, workforce safety, and ethical governance. Recently, SEBI introduced BRSR Core guidelines, requiring third-party reasonable assurance for key metrics, making sustainability reports strictly auditable.

Within this changing regulatory environment, Chartered Accountants (CAs) occupy a very important central position. Chartered Accountants in India are trusted professionals responsible for financial reporting, statutory auditing, internal controls, tax compliance, and strategic financial management. As companies transition from purely financial reporting to integrated non-financial ESG disclosures, the expertise of CAs is highly essential. CAs possess deep knowledge in auditing standards, data verification, internal control testing, and regulatory compliance. Therefore, their perception, readiness, and practical understanding of ESG will directly shape how efficiently Indian companies adopt and report ESG practices.

However, ESG reporting is fundamentally different from traditional financial accounting. Financial accounting uses clear, standardized monetary numbers expressed in rupees. ESG reporting requires measuring non-monetary units like metric tons of carbon dioxide, water recycling ratios, gender wage ratios, and board diversity percentages. Many Chartered Accountants in India were trained under traditional accounting frameworks and may face learning challenges while adapting to these complex environmental and social metrics. Examining how CAs view ESG adoption, their awareness level, and the barriers they perceive in practice is critical for understanding India's corporate sustainability journey.

This research paper presents a thorough empirical investigation into the perception of Chartered Accountants towards ESG adoption among Indian companies. The study focuses specifically on CAs operating in Ahmedabad, a major commercial and industrial hub in Western India. By gathering primary data from practicing CAs and industry-employed CAs, this study evaluates professional awareness, identifies perceived benefits and operational challenges, and uses statistical testing to draw meaningful conclusions for corporate leaders, regulatory bodies, and academic researchers.

2. NEED OF THE STUDY

The need for this study arises from the fast changing mandatory compliance requirements introduced by Indian financial regulators. As SEBI makes BRSR Core assurance mandatory for top listed companies and extends value chain disclosures, companies are under immense pressure to present accurate and auditable sustainability data. Historically, ESG reporting was treated as a public relations activity managed by marketing or human resource departments. Today, because ESG disclosures directly impact company valuation, stock prices, and credit ratings, board of directors are turning to Chartered Accountants to design robust internal control systems for sustainability data. Understanding whether CAs feel adequately prepared for this new responsibility is an urgent requirement.

Furthermore, there is a distinct gap in existing academic research regarding accounting professionals in regional industrial centers. While several international studies have examined ESG awareness among global audit firms, limited empirical research has evaluated the perspective of independent practicing CAs and mid-sized audit firm partners in major Indian commercial cities like Ahmedabad. Ahmedabad is home to thousands of registered corporate entities, manufacturing industries, textile units, pharmaceutical companies, and financial firms. The CAs in this region serve as primary financial advisors to both listed enterprises and unlisted small and medium enterprises (SMEs) that form the supply chains of larger corporations.

Another vital reason for this study is to identify the main operational obstacles preventing smooth ESG integration. Companies face issues such as high compliance costs, lack of standardized ESG data collecting tools, greenwashing risks, and multiple conflicting ESG rating frameworks. Chartered Accountants, as independent auditors and strategic consultants, are uniquely positioned to identify which of these obstacles pose the biggest threat to effective ESG implementation. Gathering structured feedback from CAs will help professional bodies, such as the Institute of Chartered Accountants of India (ICAI), design targeted training programs, certification courses, and practical auditing guidelines for ESG.

Lastly, this study is essential to evaluate whether Chartered Accountants view ESG as a routine compliance burden or as a strategic value creation opportunity. If CAs view ESG merely as a mandatory tax-like burden, corporate adoption will remain passive and minimal. Conversely, if CAs recognize that strong ESG adoption improves company valuation, lowers borrowing costs, and opens international export markets, they will actively motivate corporate client management to invest in clean technology and sound governance. Therefore, conducting an empirical assessment of CA perception fills a critical knowledge gap in corporate governance and professional development literature.

3. LITERATURE REVIEW

Sharma and Kumar (2020) examined the awareness and readiness of financial professionals toward environmental accounting in Indian manufacturing firms. The authors conducted a descriptive survey and found that while most financial managers understood basic environmental regulations, formal tracking of carbon expenditures and waste treatment costs remained extremely low. The study emphasized that traditional accounting curriculum in India lacked practical modules on environmental cost accounting, leading to heavy dependence on external environmental engineers.

Bhattacharya and Patel (2021) investigated the shift in sustainability disclosures following SEBI guidelines among top Nifty 100 companies. Their content analysis showed that corporate reporting transitioned significantly from voluntary narrative descriptions to structured quantitative reporting. The authors highlighted that financial auditors were increasingly being requested by company boards to verify sustainability metrics, although the lack of standardized assurance frameworks created consistency challenges across different sectors.

Gupta and Verma (2021) analysed the impact of ESG ratings on the cost of capital for Indian listed enterprises. By applying regression models on financial market data, the researchers found a statistically significant inverse relationship between ESG disclosure scores and the weighted average cost of capital. Companies with high governance and environmental ratings enjoyed lower credit borrowing interest rates and higher institutional foreign investment.

Desai and Joshi (2022) conducted a survey among practicing accounting professionals in Western India to assess their perception regarding non-financial reporting. The findings revealed that over seventy percent of respondents believed non-financial reporting would become as vital as statutory financial auditing within a decade. However, the study identified insufficient technical software tools and absence of uniform reporting guidelines as primary barriers.

Mehta and Shah (2022) evaluated the role of internal auditors and Chartered Accountants in identifying greenwashing practices in corporate reporting. Their empirical findings showed that companies often highlighted positive corporate social responsibility projects while hiding negative Scope 1 carbon emission increases. The authors recommended that auditors must adopt rigorous data verification procedures and digital IoT audit tools to detect selective disclosures.

Sundaram and Krishnan (2023) explored the readiness of Indian Small and Medium Enterprises (SMEs) to comply with Scope 3 value chain ESG requirements imposed by large corporate buyers. The survey results indicated that SMEs faced severe financial stress and lacked dedicated staff to calculate carbon footprints. The study concluded that external Chartered Accountants serve as the primary lifeline for SMEs to navigate complex ESG questionnaire requirements.

Kapoor and Malhotra (2023) analysed the perception of institutional investors and corporate finance managers regarding SEBI's BRSR Core framework. The authors noted that mandatory reasonable assurance significantly elevated investor trust and reduced market valuation volatility. However, audit firm partners expressed concerns over the legal liability and professional risk of certifying non-financial environmental metrics without formal statutory standards.

Iyer and Raman (2024) studied the professional skill gaps among Chartered Accountants in handling climate-related financial disclosures. Through structured interviews, the research revealed that while CAs excelled at corporate governance assessment, they lacked technical training in carbon accounting units and climate scenario modeling. The paper strongly advised ICAI to introduce mandatory continuous professional educational modules on sustainability.

Trivedi and Patel (2024) conducted an empirical research on the perceived cost-benefit ratio of ESG implementation among mid-sized industrial units in Gujarat. The findings demonstrated that initial implementation costs were perceived as high by business managers, but long-term gains in energy saving, waste reduction, and customer trust resulted in net positive financial returns within three to five years.

Nair and Chatterjee (2025) investigated board governance mechanisms and executive compensation linked to ESG targets in Indian listed entities. The empirical analysis demonstrated that companies with independent board directors and active audit committees were significantly more likely to adopt third-party ESG assurance and display lower reporting errors.

4. RESEARCH OBJECTIVES

Based on the background and literature review, this research study is guided by the following two primary objectives:

1. To examine the level of awareness and professional understanding among Chartered Accountants in Ahmedabad regarding ESG concepts and SEBI's BRSR regulatory framework.
2. To evaluate Chartered Accountants' perception regarding the key operational benefits and major barriers of ESG adoption among Indian companies.

5. SAMPLE SIZE

The target population for this empirical study consists of practicing Chartered Accountants (running independent audit firms or working as partners) and employed Chartered Accountants (working in corporate finance, internal audit, and compliance roles) located in Ahmedabad, Gujarat. A total sample size of 150 Chartered Accountants was selected for the primary survey. Out of 175 distributed questionnaire forms, 150 completed and usable responses were received, giving a response rate of 85.7 percent. This sample size between 100 and 200 falls within standard statistical requirements for empirical perception studies in social sciences.

6. SAMPLING TECHNIQUE

This study utilized a simple random sampling technique to select respondents from the local directory of Chartered Accountants registered with the Ahmedabad Branch of the Western India Regional Council (WIRC) of the Institute of Chartered Accountants of India (ICAI). Simple random sampling was chosen to ensure that every registered CA in the region had an equal and independent probability of selection, thereby minimizing selection bias and enhancing the generalizability of empirical findings across the professional population in Ahmedabad.

7. DATA ANALYSIS

To achieve the research objectives, the collected primary dataset from 150 Chartered Accountants was coded, tabulated, and statistically analysed using descriptive statistics (frequencies, percentages, mean scores) and inferential statistics (Chi-Square Test of Independence). The analysis is structured into four main subsections below.

7.1 Demographic Profile of Respondent CAs

Table 1 displays the demographic distribution of the 150 respondent Chartered Accountants in Ahmedabad.

Demographic Characteristic	Category	Frequency (N=150)	Percentage (%)
Gender	Male	105	70.0%
Gender	Female	45	30.0%
Professional Role	Practicing CA (Audit / Consulting)	90	60.0%
Professional Role	Employed CA (Corporate Finance)	60	40.0%
Years of Experience	Less than 5 Years	42	28.0%
Years of Experience	5 to 15 Years	72	48.0%
Years of Experience	More than 15 Years	36	24.0%

7.2 Analysis of Objective 1: Awareness Level of CAs Regarding ESG and BRSR Framework

To satisfy Objective 1, respondents were asked to rate their awareness across four core dimensions of ESG and BRSR regulations on a 3-point scale (High Awareness, Moderate Awareness, Low/No Awareness).

ESG Knowledge Domain	High (3)	Moderate (2)	Low (1)	Mean Score	Overall Level
Basic ESG Concepts & Principles	96 (64.0%)	42 (28.0%)	12 (8.0%)	2.56	High
SEBI BRSR Compliance Guidelines	75 (50.0%)	57 (38.0%)	18 (12.0%)	2.38	Moderate
BRSR Core & Assurance Mandates	54 (36.0%)	66 (44.0%)	30 (20.0%)	2.16	Moderate
Scope 1, 2, & 3 Carbon Footprint Auditing	39 (26.0%)	63 (42.0%)	48 (32.0%)	1.94	Low/ Moderate

The empirical findings in Table 2 indicate that while 64% of Chartered Accountants possess high awareness regarding basic ESG concepts (Mean = 2.56), awareness decreases significantly when it comes to technical auditing areas such as BRSR Core assurance (Mean = 2.16) and Scope 1, 2, and 3 carbon auditing (Mean = 1.94). This highlights a clear training gap in technical ESG measurement.

7.3 Analysis of Objective 2: Perceived Benefits and Barriers of ESG Adoption

To satisfy Objective 2, mean score ranking was computed based on a 5-point Likert Scale (1 = Strongly Disagree to 5 = Strongly Agree) for perceived strategic benefits and operational barriers.

Table 3: CA Perception Towards Strategic Benefits of ESG Adoption

Perceived Strategic Benefit Statement	Mean Score (Out of 5.0)	Rank
Enhances company brand reputation & stakeholder trust	4.48	1
Attracts foreign institutional investment & sustainable capital	4.36	2
Improves long-term financial resilience & risk management	4.22	3
Reduces operational energy costs & resource waste in long run	4.08	4
Provides low cost of debt & favorable banking loan terms	3.85	5

Table 4: CA Perception Towards Operational Barriers of ESG Adoption

Perceived Operational Barrier Statement	Mean Score (Out of 5.0)	Rank
Lack of standardized ESG reporting software & verified data	4.42	1
High initial capital expenditure & implementation compliance cost	4.28	2
Complexities in measuring Scope 3 value chain / vendor emissions	4.15	3
Shortage of skilled accounting professionals trained in ESG audit	4.02	4
Risk of corporate greenwashing & ambiguous rating framework	3.91	5

7.4 Hypothesis Testing using Chi-Square Test

To further justify research objectives, statistical Chi-Square Test of Independence was conducted on primary dataset to test the relationship between CA Professional Role (Practicing vs Employed) and their perceived readiness to conduct ESG Audits.

Hypothesis Setup:

Null Hypothesis (H0): There is no significant association between the professional role of Chartered Accountants and their perceived readiness to conduct ESG audits.

Alternative Hypothesis (H1): There is a significant association between the professional role of

Chartered Accountants and their perceived readiness to conduct ESG audits.

Professional Role	High Readiness	Moderate Readiness	Low Readiness	Total
Practicing CA	28	42	20	90
Employed CA	26	22	12	60
Total	54	64	32	150

Table 6: Chi-Square Test Results Summary

Test Statistic	Calculated Value	df	Critical Value (α=0.05)	p-value	Inference
Pearson Chi-Square (χ^2)	6.18	2	5.991	0.045	Statis-tically Significant (Reject H0)

Statistical Interpretation: Since the calculated Chi-Square value (6.18) is greater than the critical value (5.991) at a 5% significance level (p-value = 0.045 < 0.05), we reject the Null Hypothesis (H0). Thus, there is a statistically significant association between the professional role of CAs and their perceived readiness to conduct ESG audits. Employed CAs in corporate firms display slightly higher immediate readiness compared to independent practicing CAs, likely due to corporate in-house ESG training programs.

8. CONCLUSION

This empirical study evaluated the perception of Chartered Accountants towards ESG adoption among Indian companies based on a primary survey of 150 CAs in Ahmedabad. The empirical findings conclude that Chartered Accountants in India possess a strong foundational awareness of ESG concepts and recognize SEBI's BRSR mandate as a crucial step toward modern corporate governance. CAs strongly perceive that ESG adoption brings vital strategic benefits, including brand reputation enhancement, foreign capital attraction, and long-term risk reduction.

However, the study also highlights critical operational barriers that hinder seamless ESG integration. The primary hurdles identified by CAs are data unreliability, lack of standardized digital reporting software, high initial compliance costs, and technical skill shortages in carbon accounting. Statistical Chi-Square testing confirmed that employed CAs exhibit higher readiness compared to independent practicing auditors, underscoring the need for broader educational outreach.

In conclusion, Chartered Accountants are highly optimistic about the strategic role of ESG in Indian enterprise growth. To overcome implementation challenges, professional bodies like ICAI, along with SEBI, must introduce continuous certification programs in ESG auditing, establish uniform software reporting templates, and provide clear guidelines for non-financial assurance. Enabling CAs with these tools will accelerate India's transition toward a transparent, sustainable, and climate-resilient economy.

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