



AN EMPIRICAL STUDY OF ESG REPORTING PRACTICES AND CHALLENGES: EVIDENCE FROM CHARTERED ACCOUNTANTS IN GUJARAT

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ABSTRACT

Corporate accountability extends far beyond financial metrics today. Environmental, Social, and Governance (ESG) reporting has emerged as a critical requirement for businesses globally. This study investigates the current landscape of ESG reporting practices and the associated challenges within the industrial state of Gujarat. The research focuses specifically on Chartered Accountants (CAs), who serve as the primary assurance providers and advisors for corporate disclosures. The primary objectives are to evaluate the awareness and adoption levels of ESG frameworks among these professionals and to identify the practical hurdles they face during implementation and auditing. Utilizing a quantitative research methodology, primary data was collected from a random sample of 150 Chartered Accountants practicing across various cities in Gujarat. The data analysis employs descriptive statistics and chi-square tests to draw meaningful inferences. Findings indicate a high general awareness of mandates like the Business Responsibility and Sustainability Reporting (BRSR) framework. However, practical application remains constrained. CAs struggle significantly with the lack of standardized measurement tools for social metrics, pervasive risks of greenwashing, and inadequate client data systems. The study highlights an urgent need for targeted capacity building and clearer regulatory guidelines to bridge the gap between theoretical ESG mandates and ground-level reporting realities.

KEYWORDS: ESG Reporting, Chartered Accountants, BRSR, Sustainability, Corporate Governance, Gujarat

1. INTRODUCTION

Corporate strategy discussions no longer ignore Environmental, Social, and Governance criteria. The landscape shifted abruptly. Years of mounting stakeholder pressure pushed companies to look far beyond simple profit margins. This forced a massive, messy overhaul in how organizational performance gets measured. Chartered Accountants find themselves squarely trapped in the middle of this wild transformation. Traditionally, they guarded financial integrity. Now, they must somehow quantify the entirely unquantifiable. Measuring carbon footprints and social equity requires the exact same rigid precision previously reserved for balance sheets. The reality on the ground feels chaotic. Overlapping frameworks create endless confusion. Definitions frequently clash. Yet, the overriding expectation remains brutally clear: deliver reliable, auditable non-financial data without fail.

Gujarat offers a highly fascinating backdrop for this study. As an intensely industrialized powerhouse state, the tension between aggressive economic growth and necessary environmental stewardship remains constantly palpable. Massive factories churn out goods around the clock. Industrial emissions inevitably rise. Simultaneously, regulators like SEBI tighten the regulatory screws with the newly introduced BRSR Core framework. They demand an unprecedented, almost overwhelming level of operational transparency. Local accountants face a truly daunting daily task. They have to translate these lofty, theoretical regulatory demands into practical, ground-level compliance. Often, they attempt this feat without adequate software tools, sufficient historical data, or proper training.

The researcher observed a distinct, quiet frustration among professionals during early scoping discussions. Many practitioners felt blindsided by the sheer volume of new reporting requirements. Small and medium enterprises dominate Gujarat's economic fabric. These businesses lack dedicated sustainability teams. Consequently, the heavy lifting falls directly onto the shoulders of their external or internal auditors. The burden feels completely disproportionate. An accountant sitting in Ahmedabad or Surat suddenly needs to understand biodiversity impacts and supply chain human rights violations. This represents a monumental leap from traditional taxation and auditing.

Bridging this massive knowledge gap takes time. Time is exactly what these professionals lack. Deadlines loom large. Regulators show little mercy for delayed filings. The scramble to gather primary data from reluctant, disorganized departments creates immense friction. Some departments intentionally filter unfavorable metrics. Others simply do not track the required numbers at all. The resulting data gaps threaten the very accuracy of the final reports. Accountants spend more hours desperately validating sketchy figures than actually analyzing the strategic implications of the data. This inefficiency stifles the true purpose of sustainability reporting, turning a strategic tool into a mere tick-box compliance exercise.

A deep dive into the daily reality of these financial experts reveals a profession under siege. The old rules no longer apply. New rules remain frustratingly ambiguous. Global standards often fail to translate into the local Indian context. What works seamlessly for a multinational tech giant in Europe completely

falls apart for a mid-sized textile manufacturer in Surat. This misalignment forces accountants to make uncomfortable estimates and bold assumptions. Relying on estimates fundamentally contradicts the accountant's inherent desire for exactness and factual certainty. The tension between the need for narrative storytelling in sustainability reports and the rigid numbers-driven mindset of the profession creates a fascinating paradox worth exploring.

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2. NEED OF THE STUDY

Exploring the ESG reporting landscape requires empirical grounding. Literature frequently discusses sustainability from a macro, global perspective. However, the micro-level realities faced by actual practitioners rarely receive adequate academic attention. The need for this study stems directly from this glaring gap. Existing research overwhelmingly focuses on large, publicly listed corporations in Western economies. Such studies offer very little actionable insight for professionals operating within India's unique, highly complex economic environment. Gujarat, with its heavy reliance on manufacturing and trade, presents specific environmental and social challenges. Ignoring these localized nuances renders generic global frameworks

mostly useless.

Accountants are the unsung mechanics of the financial world. When new regulations drop, they are the ones forced to build the engine while the car is already speeding down the highway. Understanding their specific struggles provides essential feedback for policymakers. If regulators fail to grasp the operational bottlenecks, compliance becomes a legal fiction rather than a reflection of true sustainability. This research captures the raw, unfiltered reality of implementing BRSR and other frameworks on the ground. Uncovering the exact nature of data availability issues, knowledge deficits, and inter-departmental conflicts arms standard-setters with the facts needed to refine future guidelines.

Furthermore, the economic implications cannot be ignored. Global investors increasingly tie funding to robust sustainability metrics. If Gujarat's businesses cannot produce reliable ESG reports due to structural accounting challenges, they risk losing access to crucial global capital. The professional accountant sits at the center of this financial crossroad. Their ability to adapt dictates the broader economic resilience of the region. The researcher noticed that smaller firms operate in a state of constant anxiety regarding these new mandates. They fear being left behind. Documenting these fears and operational hurdles is not just an academic exercise; it is an urgent economic necessity.

The transition towards mandatory value-chain assessments accelerates the urgency. Starting recently, top entities must assure their supply chain metrics. This pushes the compliance burden down to smaller, unlisted suppliers who entirely lack the infrastructure to track such data. The chartered accountants advising these smaller entities are caught in a vicious squeeze. They must invent data collection methodologies from scratch. This study provides a necessary platform to voice these hidden struggles. By isolating the specific pain points, the research highlights exactly where capacity-building efforts and technological investments must be directed. Without this empirical evidence, support initiatives will remain dangerously misaligned with actual needs.

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3. LITERATURE REVIEW

Sharma and Kumar (2021) investigated the adoption of sustainability reporting frameworks within emerging markets, emphasizing the shift from voluntary CSR to mandatory ESG metrics. Their findings indicate that while awareness is rising, actual integration into corporate strategy remains superficial. Companies often treat ESG as a distinct compliance exercise rather than a core operational philosophy. The authors noted a significant reliance on external consultants and auditors to bridge internal knowledge gaps, putting tremendous pressure on the accounting profession to provide non-financial advisory services.

Patel and Desai (2020) focused specifically on the implementation challenges of the Business Responsibility and Sustainability Reporting (BRSR) framework in India. They found that data fragmentation is the single largest hurdle for organizations. Companies struggle to collate information across various departments, from HR for social metrics to operations for environmental data. The study highlighted that auditors face immense difficulties in verifying this scattered data, as traditional financial audit trails do not apply. The lack of integrated software systems for sustainability tracking further exacerbates the problem for both preparers and assurers.

Singh (2021) explored the evolving role of financial auditors in non-financial reporting. The research revealed a glaring skills gap within the traditional accounting profession. The findings suggest that while auditors excel at verifying financial accuracy, they lack the technical expertise required to assess complex environmental metrics, such as lifecycle carbon emissions or biodiversity impacts. The author argued that multidisciplinary teams, including environmental scientists and social auditors, are necessary for robust ESG assurance, challenging the current model where traditional accounting firms handle the bulk of this work.

Joshi and Mehta (2021) analyzed environmental disclosures within the chemical manufacturing sector of Gujarat. Their empirical findings showed a high prevalence of selective reporting. Companies readily disclosed positive initiatives, such as tree planting or energy-efficient lighting, while obscuring critical data on toxic waste disposal and water contamination. The authors concluded that without strict, standardized, and enforceable measurement protocols, environmental reports in heavy industries often serve more as public relations tools than accurate reflections of ecological impact.

Bhattacharya (2020) examined the phenomenon of greenwashing and the effectiveness of independent assurance in curbing it. The study found that standard assurance engagements often fail to detect sophisticated greenwashing because they rely heavily on management-provided documentation rather than primary source verification. The findings indicate that auditors are hesitant to challenge management on subjective social and governance metrics due to the lack of clear regulatory

benchmarks, resulting in assurance reports that provide limited real value to investors.

Gupta and Shah (2021) tackled the specific difficulties associated with measuring the 'Social' pillar of ESG. Their research demonstrated that while environmental metrics (like energy use) and governance structures (like board composition) are relatively easy to quantify, social metrics are highly subjective. The findings show extreme inconsistency in how companies measure employee well-being, community impact, and human rights compliance within supply chains. This inconsistency makes year-over-year comparisons and peer benchmarking virtually impossible for analysts and assurance providers.

Verma (2021) investigated the burden of sustainability reporting on Small and Medium Enterprises (SMEs). The study highlighted that top-down regulatory pressure from large corporate clients forces SMEs to comply with complex reporting requests. The findings reveal that SMEs completely lack the financial and human resources to manage these disclosures. They rely entirely on their local tax consultants and Chartered Accountants, who themselves are often ill-equipped to handle ESG frameworks. This creates a compliance bottleneck that threatens the operational viability of smaller firms.

Rao and Iyer (2020) analyzed the relationship between corporate governance structures and the quality of ESG performance. Their findings suggest a strong positive correlation between board independence and robust sustainability reporting. Companies with dedicated ESG committees at the board level produced significantly more accurate and comprehensive reports. The authors noted that auditors face fewer hurdles and find better internal controls in organizations where sustainability is driven directly by top-tier governance structures rather than delegated to mid-level management.

Nair (2021) focused on the necessity of capacity building within the accounting profession to meet the demands of non-financial reporting. The study surveyed professional accounting bodies and found their current curriculum heavily skewed towards traditional finance. The findings emphasize an urgent need for structural changes in accounting education, integrating environmental economics and social auditing into the core syllabus. The author argues that without systemic educational reform, the profession will fail to provide the high-quality assurance required by modern capital markets.

Das and Mishra (2021) evaluated investor perspectives on the reliability of ESG assurance reports. Their findings indicate a significant trust deficit. Institutional investors view current ESG audits with skepticism, citing the lack of standardized auditing standards specific to sustainability. The study found that investors place more value on raw data disclosures than on the assurance reports themselves, believing that current audit methodologies are not rigorous enough to guarantee data integrity. This highlights a critical expectation gap between the assurance providers and the end-users of the reports.

4. RESEARCH OBJECTIVES

1. To assess the current level of awareness and adoption of ESG reporting frameworks, specifically the BRSR mandate, among Chartered Accountants practicing in Gujarat.
2. To identify and analyze the primary operational and technical challenges faced by Chartered Accountants in auditing and assuring non-financial ESG data in the region.

5. SAMPLE SIZE

The study utilizes a sample size of 150 Chartered Accountants. This size provides a robust dataset to draw statistically significant conclusions while remaining manageable for detailed primary data collection.

6. SAMPLING TECHNIQUE

A Simple Random Sampling technique was employed to select the participants. The sample was drawn from the professional directory of Chartered Accountants practicing across major industrial hubs in Gujarat, including Ahmedabad, Surat, Vadodara, and Rajkot. This ensures every practitioner had an equal probability of selection, minimizing selection bias.

7. DATA ANALYSIS

The data analysis relies on primary data collected through structured questionnaires distributed to the selected sample of 150 Chartered Accountants. The responses were tabulated and analyzed using descriptive statistics and hypothesis testing to address the research objectives.

Table 1: Demographic Profile of the Respondents

Experience Level	Number of Respondents	Percentage (%)
Less than 5 Years	42	28.0%
5 to 10 Years	65	43.3%
11 to 20 Years	31	20.7%
More than 20 Years	12	8.0%

Interpretation: Table 1 illustrates the experience distribution of the sampled professionals. The majority (43.3%) possess 5 to 10 years of experience. This indicates that the primary data originates from professionals who are well-established in their practice and have witnessed the recent shift towards non-financial reporting mandates firsthand.

Table 2: Awareness regarding BRSR and ESG Frameworks

Level of Awareness	Frequency	Percentage (%)
Highly Aware (Familiar with detailed metrics)	38	25.3%
Moderately Aware (Familiar with broad concepts)	87	58.0%
Low Awareness (Heard of it, but lack working knowledge)	25	16.7%

Interpretation: The primary data in Table 2 addresses the first research objective. A significant 58.0% of respondents report

moderate awareness, understanding the broad concepts but lacking deep technical familiarity with specific metrics. Only 25.3% claim high awareness. This highlights a critical need for targeted professional development and deep-dive training programs focusing on the granular details of the BRSR framework.

Table 3: Primary Challenges Faced in ESG Assurance

Specific Challenge Identified	Mean Score (1=Low, 5=High)	Rank
Lack of standardized data collection systems at client site	4.65	1
Difficulty in quantifying social metrics	4.42	2
Absence of clear regulatory auditing guidelines	4.18	3
Inability to verify supply chain (Scope 3) data	3.95	4
Client resistance to disclosing negative impacts	3.70	5

Interpretation: Table 3 ranks the operational challenges addressing the second research objective. Respondents rated the lack of standardized data collection systems at the client site as the most severe hurdle (Mean = 4.65). This indicates that the bottleneck lies heavily in corporate infrastructure. The difficulty in quantifying subjective social metrics ranks second. CAs struggle to find objective audit trails for these qualitative claims.

Hypothesis Testing: Experience Level vs. Perception of Challenge

H0: There is no significant difference in the perception of ESG reporting challenges based on the experience level of the Chartered Accountant.

H1: There is a significant difference in the perception of ESG reporting challenges based on the experience level of the Chartered Accountant.

A One-Way ANOVA was applied to the primary data to test this hypothesis.

Source of Variation	Sum of Squares (SS)	Degree of Freedom (df)	Mean Square (MS)	F-Value	P-Value
Between Groups (Experience)	12.45	3	4.15	5.82	0.001
Within Groups	104.12	146	0.71		
Total	116.57	149			

Interpretation: The calculated P-value (0.001) is significantly lower than the standard alpha level of 0.05. Consequently, the null hypothesis is rejected. The primary data demonstrates a statistically significant difference in how professionals of varying experience levels perceive reporting challenges. Further analysis revealed that highly experienced CAs view the lack

of clear regulatory guidelines as the primary hurdle, whereas newer professionals struggle more with verifying supply chain data methodologies.

8. CONCLUSION

The landscape of corporate reporting has fundamentally transformed. The era of evaluating companies solely on financial performance is over. This empirical study clearly demonstrates that while the transition towards mandatory ESG reporting is well underway in Gujarat, the path remains fraught with practical obstacles. Chartered Accountants recognize the importance of frameworks like BRSR. However, their ability to execute robust, independent assurance is severely hampered by systemic issues.

The primary data reveals that theoretical awareness does not seamlessly translate to technical capability. A majority of practitioners possess only a surface-level understanding of the detailed metrics required by modern sustainability frameworks. Furthermore, the operational challenges are substantial. Auditors constantly encounter fragmented data systems at client sites. Quantifying social impacts remains highly subjective, creating a fertile ground for inadvertent or deliberate greenwashing. The significant variance in challenge perception based on experience levels highlights a fragmented professional approach to assurance engagements.

Regulatory bodies must move beyond merely mandating disclosures. They must focus heavily on standardizing measurement methodologies, particularly for social and governance metrics. Concurrently, professional accounting bodies must rapidly overhaul their training structures. Integrating specialized sustainability modules into continuous professional education is no longer optional. Until the foundational data architecture within corporate entities improves and the specific technical capacities of assurance providers are actively developed, ESG reports will struggle to achieve the reliability historically associated with financial audits. Addressing these ground-level realities is the only way to ensure the long-term credibility of corporate sustainability initiatives.

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