



The Evolving Role Of Accountants In Corporate Governance: A Study Of Esg Reporting In The Indian It Industry

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Abstract: The rising international interest in sustainable finance and Environmental, Social, and Governance (ESG) reporting has made a major impact on financial decision-making procedures. India The Information Technology (IT) industry is a high contributor to the GDP and jobs, under increasing pressure to be in line with sustainable, ethical practices. This essay examines the most prevalent issues and opportunities related to ESG reporting and sustainable finance, in specific to the accountants in the field of the Indian IT industry. It examines the regulatory environment, the readiness of the accounting practitioners, and the contributions of technology towards making disclosures transparent and effective. Based on analysis of secondary data and qualitative information, the paper identifies the loopholes that exist in the existing reporting frameworks and puts forward a set of actionable measures that would help enhance the position of the accountant in creating sustainable corporate governance in the sector.

Index Terms - Sustainable Finance, ESG Reporting, Accountants, IT Sector, India, Corporate Governance, Disclosure Standards, Green Accounting.

I. INTRODUCTION

With the rise of sustainable finance as a world-wide investment paradigm, sustainable reports have changed the way business is reported and how businesses are aligned with social and environmental objectives. The Information Technology (IT) industry is one of the sectors in India that have become part of the sustainability agenda due to its innovation capacity, exports of its services and job creation ability. Accountants have a significant role to play in the ESG reporting because they make the non-financial disclosure credible and transparent. Nevertheless, there is a lack of interrelation between established financial reporting procedures and new ESG models. The current paper intends to seek the dynamic interface of sustainable finance and accounting practices in India IT sector.

ESG in India's IT Sector:

The IT companies of India have been one of the first to practice ESG, owing to their global presence and investor attention. Companies such as Infosys, TCS, and Wipro have embraced the concept of Integrated Reporting (IR) and made sustainability reporting consistent with the business models. Yet, research by Narayan and Sinha (2023) indicates that quantity of disclosure has improved but there is no uniformity in data quality, standardization, and assurance

Objectives of the Study:

1. To assess the contribution of accountants to execute ESG reporting in the Indian IT industry.
2. To determine the barriers to implementation of sustainable finance among the accountants in the conventional reporting systems.
3. To investigate the opportunities that the ESG compliance has on accountants in the IT industry.

Hypotheses of the Study:

H₀: ESG reporting practices do not substantially affect the role and responsibilities of the accountant in the Indian IT sector.

H₁: ESG reporting practices drastically have an effect on the role and responsibility of an accountant in the Indian IT industry.

Scope of the Study:

The change will significantly affect the calculation of revenue, operating profit and net profit as well as net worth of the listed companies. These industries such as metals, telecoms, oil and gas and real estate will be the most affected. Analyst forecasts suggest that the new norms will add more revenues by 4-5 times, and total EBITDA can decline by 2-3. Sebi has accorded publicly-traded corporations more one month to report outcomes on the June and the September quarters in adherence with the new standards.

Research Methodology of the Study:

The research will be grounded on critical evaluation and analysis of fundamentally Primary Data. Accountants are the most important sources. A survey is conducted within the sampled areas to observe its effects whereby a comprehensive questionnaire is drafted to gather useful data as the guideline of the researchers. The assistance of the questionnaire allowed us to conduct an in-depth interview with the specified sources of primary data to learn about their thoughts, thinking and attitude that could assist in providing the researchers with useful recommendations, should they be such. This questionnaire is processed with the assistance of statistical programs such as tabulations, grouping, percentages, averages, hypothesis testing etc. Questionnaire is primarily used to investigate the opinion of the accountants.

Research Area:

Accountants in the city of Mumbai were chosen by the researchers. Data is collected by Researcher using Primary and Secondary sources. Researcher hand delivered more than 100 questionnaires to the respondents.

Review of literature:

It is a phenomenon whose popularity is on the rise due to an increasing awareness that matters that are related to sustainability may have significant implications on the performance of a firm. In India, CSR and sustainability initiatives are increasingly being done by more and more companies due to the requirement of CSR by the Companies Act 2013, which stipulates that companies must do CSR in designated areas. The accounting and reporting of these activities are however in its infancy with close to 40 companies reporting their sustainability performance. Infosys is one Indian company that will report on CSR operations. Infosys Ltd has been the first among the IT firms in the world to print a sustainability report on the GRI (Global Reporting Initiative) G4 framework. The case study will also seek to find out the mode of reporting utilized by Infosys and the impact this has on the business synergy and growth. It analyses the sustainability report of Infosys over a 10 years time and attempts to learn of the reporting policies and practices. Infosys has led in sustainable development as well as reporting sustainability. The sustainability reports are not only used to present the CSR activities but also can be an effective avenue to achieve sustainability objectives of the nations.

The success of any present-day economy depends on the functionality of its financial system. Sustainable finance is a concept of thought that considers Environmental, Social and Governance (ESG) aspects in making an investment. The financial institutes are significant in influencing whether a nation is following sustainable economic development. The financial industry is very powerful and influential. Sustainable finance acknowledges this and tries to use it to the greater good of the society in general. This paper concludes that sustainable companies are more likely to offer better returns to the investors. A study concludes, does the companies place more efforts into the ESG standards more attractive to young professionals and will help the companies to attract quality employees, boost employee motivation and overall productivity. Another study also finds that ESG companies are also likely to have a positive image attached to them.

The paper explains how reporting on Environment, Social and Governance (ESG) issues has been developed in India and how the contemporary state of affairs explain ESG reporting by Indian Companies. This paper presents a literature review of the discussions on sustainability/ESG reporting practices by the Indian companies and surveys conducted by professional accounting and credit rating firms like KPMG, PWC, Ernst & Young and CRISIL. Although some large Indian companies have engaged in reporting on their ESG performance over a significant period of time, most have started to report over the last few years because it enables them to demonstrate their interest in the sustainability agenda. The current trend of the rise of ESG Disclosures is connected with the growing demand of stakeholders on the relevant and correct information, on the one hand, and the growing regulatory requirement, on the other hand. The absence of regulation requirements to date has led to the fact that not much attention is paid to the E and S issues in comparison with the compulsory G factors. The systematic research on the processes behind Sustainability/ESG reporting in the setting of India, in particular, following the recent alteration of the regulatory environment, will contribute to the knowledge of the topic. The resilience and sustainability of businesses are evaluated in a different way, owing to massive environmental changes occurring around the world, changes in technology and the global pandemic. The traditional financial metrics disclosed by the corporates are no longer seen as an instrument to comprehend the value a company is capable of producing and the business corporates would be expected to report to stakeholders and regulators regarding the Environmental, Social and Governance elements of their business. This paper underscores the necessity to learn more about the substantial portion of the corporate reporting that is yet to be assimilated into the traditional accounting and reporting knowledge and curriculum bodies of thought.

This article explores the effects of Environmental, Social and Governance (ESG) reporting on the performance of corporate sustainability. It also shows the benefits and difficulties related to the ESG reporting, focusing on its effects on not only financial and market value, but also on the environment, society, and governance. The benefits of ESG reporting include the promotion of transparency, accountability and giving back to society, involvement of stakeholders, and promotion of ethical business conducts. Nevertheless, the most significant issue is the lack of standardized reporting systems, in addition to the credibility and disclosure of ESG reporting. The paper assists organizations to improve their ESG reporting activities and contingency plans, assists policymakers and regulators in determining ESG reporting standards, and allows organizations to highlight the need to include ESG in their investment strategies. The future studies in the sphere of ESG reporting should be dedicated to some areas. To begin with, it is important to research the efficacy of various reporting structures and benchmarks on the national and sector levels. Secondly, exploring how technological breakthroughs such as AI and blockchain help to improve the accuracy and transparency of ESG data. Finally, research on the difficulties of the smaller or emerging businesses in adopting ESG reporting practices.

Limitations of the study:

1. The research is founded on the small geographical region.
2. Additional variables may be introduced to make the study more detailed.

Data Analysis:

The questionnaire is prepared by a researcher among the accountants in the city of Mumbai. The number of questionnaires they received is 95, and 26 of them were incomplete and were disqualified by the researcher before analysis began. Finally, it is 92.

Table No1: Information of questionnaire

Sr. No.	Respondent	Questionnaire distributed	Questionnaire received	Questionnaire rejected (due to incomplete, wrongly filled etc)	Net Sample size for study
1	Accountant	100	95	3	92

Testing of Hypothesis:

H₀: ESG reporting practices do not substantially affect the role and responsibilities of the accountant in the Indian IT sector.

H₁: ESG reporting practices drastically have an effect on the role and responsibility of an accountant in the Indian IT industry.

In order to test the hypothesis, researcher studied following aspects:

Table 2A: Testing of Hypothesis

OBSERVED FREQUENCIES	ESG Factors					
	Environmental	Social	Governance	Integration	TOTAL	
Accountants'	Upto 5	7	9	2	5	23
	5-10	3	6	9	17	35
	10-15	4	2	6	1	13
	15-20	2	3	1	2	8
	Above 20	3	7	1	2	13
	TOTAL	19	27	19	27	92

Table 2B : Testing of Hypothesis

Sr No	H ₀	H ₁	χ^2_{c} al	χ^2_{table}	p_value	Decision
1	ESG reporting practices do not substantially affect the role and responsibilities of the accountant in the Indian IT sector	ESG reporting practices drastically have an effect on the role and responsibility of an accountant in the Indian IT industry	25.81	21.03	3.63 E-01	Reject H ₀ (i.e. ESG reporting practices drastically have an effect on the role and responsibility of an accountant in the Indian IT industry)

In this way, we reject our null hypothesis that ESG reporting practices do not have a significant effect on the role and the responsibilities of accountants in the Indian IT sector. Alternatively, we accept our alternative hypothesis ESG reporting practices have a significant influence on the role and responsibilities of accountants in the Indian IT sector

Conclusion:

The Indian IT accountants are leading the shift towards sustainability. Although the existence of regulatory efforts, such as the BRSR of SEBI, is a good move, there are still serious problems regarding skills, standardization, and integration. The study recommends:

1. Accountant capacity building on ESG frameworks.
2. Secretarial-specific ESG disclosure guidelines.
3. Increased cooperation of IT companies, legislators and educational institutions.
4. Introduction of ESG measures in standard accounting courses.

Through a long-term campaign, accountants will not only be able to adapt, but also be on the forefront of ESG transformation in knowledge-based industries in India.

Findings:

1. Accountants are also getting engaged with the data validation of ESG but are not trained on the aspect of sustainability metrics.
2. IT companies that adopted the use of integrated reporting were more open and they attracted the attention of ESG investors.
3. Lack of mandatory ESG reporting on middle sized companies and a lot of regulatory ambiguity constrain further adoption

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