

Business Responsibility and Sustainability Reporting (BRSR)- Individuals' Insights on Pertinence, Supremacy and Challenges

The BRSR is intended to supersede the BRR as a more comprehensive and standardized reporting framework than the former (Menghnani & Babu, 2022). Indian companies should become more aware of and act on ESG issues as a result of this initiative. It is also expected to promote sustainable development in the country. Companies need to have this tool if they want to communicate with their stakeholders throughout the world about their sustainability practices, progress, and plans. This assists companies become more transparent and accountable around ESG issues, improve their reputation, and build trust.



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INTRODUCTION

Business Responsibility and Sustainability Reporting (BRSR) ushered in a contemporary corporate world replacing the conventional Business Responsibility Reporting (BRR) guidelines by SEBI in 2021 with the aim of augmenting ESG disclosures and reporting, thus leading to enhanced transparency and accountability. This study intends to be acquainted with approach of individuals pertaining to relevance, dominance and challenges of BRSR in prevalence. For aforesaid purpose, the structured questionnaire has been prepared and got filled by individuals selected on the basis of purposive sampling method and relevant hypotheses have been developed which have been tested using one sample t-test. The findings underline that individuals believe that BRSR is relevant and supersede the former guidelines of BRR in terms of enhanced quantifiability, transparency and accountability. The hypotheses have been rejected in each case inferring the difference in opinion over relevance, dominance and implementation challenges of BRSR. It has been recommended to impart knowledge about BRSR guidelines at each level of management and implement it in stages to avoid chaos and inefficiency in sustainability reporting.

The Securities and Exchange Board of India (SEBI) introduced Business Responsibility Reporting (BRR) in 2012 as part of corporate governance guidelines. Listed companies were required to disclose their environmental, social, and governance practices and their environmental impact under the BRR voluntarily (Agnihotri & Kumar, 2019). BRR is self-assessment reporting framework, allowing companies to evaluate and report on their own environmental, social, and governance practices. There are guidelines in the framework for reporting, but there are no specific methodologies or standards specified for measuring and reporting on ESG issues as part of the framework. Reporting on ESG practices is voluntary, but many companies choose to do so to gain stakeholder trust and improve their reputation. Moreover, it will allow companies to compare their performance to that of their competition and identify areas for improvement.

Business Responsibility and Sustainability Reporting (BRSR) was adopted by SEBI as a new reporting framework in 2021 replacing Business Responsibility Reporting (BRR). It is mandatory for companies listed in the top 1,000 markets in India on the basis of their market capitalization to report on their BRSR (Sinha, 2021). Climate change, biodiversity, water management, and supply chain sustainability are just some of the ESG issues companies are required to report on under

the BRSR framework which seems to be much wider in scope than BRR (SEBI, 2021). Moreover, companies are required to report their commitment to the Paris Climate Agreement and to the Sustainable Development Goals of the UN. A business's environmental, social, and governance (ESG) practices and the impact they have on stakeholders and the environment are disclosed through Business Responsibility and Sustainability Reporting (BRSR). The measurement of corporate transparency and accountability is increasingly recognized as one of the most critical elements of a company's sustainability strategy. As a result of BRSR, companies are able to communicate how committed they are to sustainable practices, how they are progressing towards achieving ESG goals, and how they plan to improve their practices in the future (Agarwala, 2022). There is a great deal of value in this information for investors, customers, employees, and other stakeholders who are considering investing in a company, working for it, doing business with it, or doing business with them. In addition to providing guidelines for companies to follow, it also provides a way for them to report on how they are meeting their social and environmental responsibilities. An international organization dedicated to advancing corporate accountability and transparency, the Global Reporting Initiative (GRI), has developed the guidelines to ensure proper reporting of corporate activities. It is a part of BRSR's mission to encourage companies to use the latest technologies and tools available to them to measure their environmental impact, the health of employees, and the well-being of their communities.

The guidelines for reporting are divided into three sections:

- **General Disclosures:** As part of this section, we will find details about the listed entity, the products/ services it provides, the list of operations it performs, the market it serves, employee information, holdings, subsidiaries, and associates, corporate social responsibility (CSR), and transparency and disclosure obligations.
- **Management and Process Disclosures:** The contents relate to the businesses and demonstrate how they have adopted National Guideline on Responsible Business Conduct (NGRBC) Principles and Core Elements through their structures, policies and processes. Businesses are asked questions that provide a framework for describing their Policy and Management Process, Governance, Leadership, and Oversight.
- **Principle-wise Performance Disclosure:** Businesses are reported on their performance based on the nine principles set forth in NGRBC. Businesses can substantiate their contribution to sustainable development on the basis of these principles. Specifically, there are two categories of information that are desired: "Essential" and "Leadership." Businesses that have adopted NGRBC are required to disclose information about essential indicators, but those businesses that aspire to reach a higher level of social, environmental, and ethical responsibility are

expected to disclose information about leadership indicators.

It is possible to produce BRSRs in many different formats, such as standalone reports, integrated reports, and sustainability reports. Sustainability practices are also often reported in annual reports or other public filings. This is an important step forward in India's efforts to enhance corporate transparency and accountability and promote sustainable business practices. The SEBI is signaling that companies should address ESG issues in their business strategies by making sustainability reporting mandatory. It is important to note that the BRSR also consists of a template for reporting that companies must follow in order to report their ESG performance in a standardized way. Consequently, investors and other stakeholders can make informed decisions based on consistent and comparable reporting across companies.

In a nutshell, the BRSR is intended to supersede the BRR as a more comprehensive and standardized reporting framework than the former (Menghnani & Babu, 2022). Indian companies should become more aware of and act on ESG issues as a result of this initiative. It is also expected to promote sustainable development in the country. Companies need to have this tool if they want to communicate with their stakeholders throughout the world about their sustainability practices, progress, and plans. This assists companies become more transparent and accountable around ESG issues, improve their reputation, and build trust.

OBJECTIVES OF THE STUDY

- To determine the perceptions of individuals pertaining to relevance of BRSR.
 - Relevance of BRSR,
 - Dominance of BRSR over BRR,
 - Challenges in implementation of BRSR.
- To analyze whether perceptions of individuals differ significantly among each other on the above constructs.

RESEARCH METHODOLOGY

In line with the objectives, the questionnaire was prepared on 5- point Likert scale having certain statements in each section depicting the opinion of respondents ranging from Strongly Agree to Strongly Disagree. The questionnaire has been sent to 100 respondents comprising of academicians, professionals and corporate employees selected on the basis of purposive sampling method. This method is adopted for deliberately selecting specific group of individuals considering their expertise and knowledge in order to obtain reliable and valuable insights about the topic. Out of the total questionnaires sent, 65 responses with completed questionnaires have been received. The relevant hypotheses have been developed to check whether the perceptions of individuals differ over different aspects.

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H₀₁: There is no significant difference in the perception of individuals pertaining to relevance of BRSR.

H₀₂: There is no significant difference in the perception of individuals pertaining to dominance of BRSR over BRR.

H₀₃: There is no significant difference in the perception of individuals pertaining to challenges in implementation of BRSR.

In order to test the hypotheses, one sample t-test has been applied using SPSS 21. The resultant tables of analysis excluded the statements where the results have not been found significant.

ANALYSIS AND DISCUSSION

This section comprises of the descriptive analysis and interpretation of the responses received pertaining to

the awareness, relevance, dominance over BRR and implementation challenges of BRSR.

AWARENESS LEVEL ABOUT BRSR

Respondents were asked to state their awareness about progression in the field of disclosure for Business sustainability and responsibility. Sustainability is the issue which is gaining popularity and concern day by day. Governments and regulatory authorities are taking several initiatives to make businesses environmentally and socially responsible. Introduction of BRSR is amongst one such initiatives. Hence, respondents were first asked to mention their awareness about BRSR. Some general questions were asked to build common understanding and interest about the topic. The obtained responses have been summarized in Table 1. Respondents have to mark their choice out of three options – Yes, Somewhat and No.

Table 1: Awareness Level about BRSR

Awareness Statements		Yes	Somewhat	No	Total
Do you know about Business Responsibility and Sustainability Reporting (BRSR)?	Frequency	44	16	5	65
	Percent	67.7	24.6	7.7	100.0
Do you know BRSR is emerged in place of Business Responsibility Reporting (BRR)?	Frequency	46	13	6	65
	Percent	70.8	20.0	9.2	100.0
Do you think BRSR is exhaustive and wide-ranging covering the needful aspects of India in terms of ESG requirements?	Frequency	33	26	6	65
	Percent	50.8	40.0	9.2	100.0

Source: Calculated by authors based on the responses received through questionnaire.

Results show that 67.7% respondents know what BRSR is, whereas only 7.7% respondents do not know about BRSR. 70.8% respondents know that BRSR has replaced BRR whereas only 9.2% respondents do not know the fact. Further, 50.8% respondents also know that BRSR is exhaustive and wide-ranging covering the needful aspects of India in terms of ESG requirements. On the other hand, only 9.2% respondents do not agree to this fact. On the basis of these three interest-building questions, it can be concluded that majority of respondents are aware about BRSR and also that how does it differ from BRR. However, for those who are not aware, companies

are required to run awareness programs and conduct trainings to acquaint and educate people about BRSR being the guidelines of the core importance in prevailing corporate world.

PERCEPTIONS ABOUT RELEVANCE OF BRSR

After confirming that respondents have sufficient understanding about BRSR, they were further asked to mark their agreement or disagreement for their perceptions regarding BRSR.

Table 2: Hypothesis Testing Results for Perceptions about Relevance of BRSR

Perceptions	Mean	Std. Dev.	t	df	Sig.
BRSR lays the foundation for enhanced ESG reporting in terms of coverage and trends over past years.	2.42	1.059	-4.450	64	.000
The quantifiable metrics in BRSR makes it easier to make comparison across the sectors and over the time period.	2.37	1.153	-4.409	64	.000
The transparency in ESG related data offered by BRSR enable market participants to assess sustainability related risks and opportunities.	2.32	1.133	-4.815	64	.000
The implementation of BRSR makes it feasible to assess medium-term trends in metrics related to ESG.	2.48	1.032	-4.085	64	.000
The companies able to signify their sustainability objectives, position and performance with the assistance of BRSR.	2.29	1.142	-4.997	64	.000
BRSR is global, material and progressive in terms of its disclosure requirements.	2.34	1.065	-5.009	64	.000

The data quality will be improved leading to efficient information management and effective decision making.	2.20	1.162	-5.551	64	.000
The condition of keeping BRSR requirements voluntary for one year and mandatory after one year enable the companies to better understand and adapt this regulation more effectively and efficiently.	2.38	1.271	-3.904	64	.000
An attempt to bring ESG in mainstream in India through BRSR is an effective move and will prove fruitful in long run.	2.40	1.183	-4.088	64	.000
The scope of BRSR is much wider and influential for reporting on the issues of sustainability and business responsibility.	2.15	1.107	-6.161	64	.000

Source: Calculated by authors through SPSS 21 based on values given to responses received through questionnaire.

They were offered with 10 statements about BRSR to which they had to respond on a 5-point Likert scale ranging from 'Strongly Agree' to 'Strongly Disagree'. Obtained data were then tested for significant difference using one-sample t-test and results have been presented in Table 2. It has been found from the results that on an average respondents agree to all the statements about BRSR. Since all the mean values are below 3 (i.e. neutral), this shows overall agreement of respondents. Their highest agreement was for "The scope of BRSR is much wider and influential for reporting on the issues of sustainability and business responsibility" (Mean 2.15), followed by "The data quality will be improved leading to efficient information management and effective decision making" (Mean 2.20). On the other hand, least agreement was for "The implementation of BRSR makes it feasible to assess medium-term trends in metrics related to ESG" (Mean 2.48), followed by "BRSR lays the foundation for enhanced ESG reporting in terms of coverage and trends over past years" (Mean 2.42).

For hypothesis testing, one sample t-test has been applied and found that p values for all the statements are significant. This implies that null hypothesis for all the statements is rejected at 5% level of significance and it can be concluded that there is significant difference among the opinion of respondents for perceptions about BRSR. This explains the diverse way of perceiving the relevance of BRSR by individuals and in order to get this into alignment, it is important to impart sufficient knowledge about BRSR guidelines and ensure the regular follow-up and upgradation in such knowledge base.

DOMINANCE OF BRSR OVER BRR

This section analyses the perceptions of respondents about how superior they perceive BRSR than BRR. They were offered 10 aspects regarding this and were asked to mark their agreement or disagreement on 5 point Likert scale. Collected data were analyzed using mean, standard deviation and one sample t-test. Results have been displayed in Table 3.

Table 3: Hypothesis Testing Results for Perception about Dominance of BRSR over BRR

Perceptions	Mean	Std. Dev.	t	df	Sig.
BRSR is more data driven than BRR covering data points on diversified categories.	2.45	1.146	-3.896	64	.000
BRSR is way more exhaustive than BRR.	2.28	1.083	-5.385	64	.000
BRSR is advanced in terms of providing robust digital information to the stakeholders.	2.38	1.085	-4.571	64	.000
BRSR offers more interoperability than the BRR.	2.40	1.129	-4.284	64	.000
BRSR has incorporated various recognized challenges like waste disposal, recycling, etc. which have not been covered before.	2.42	1.198	-3.936	64	.000
The inclusion of stakeholder engagement section makes it more reliable format for reporting on business responsibility and sustainability.	2.26	1.136	-5.242	64	.000
BRSR is expected to bring enhanced transparency and accountability in disclosures by the companies than in BRR.	2.35	1.067	-4.882	64	.000
BRSR will be able to provide more quantitative data on the environmental and social aspects demonstrated by the companies as compared to BRR.	2.34	1.065	-5.009	64	.000
BRSR will enable the enhanced measurement and comparability across the companies as compared to BRR.	2.34	1.149	-4.640	64	.000

Source: Calculated by authors through SPSS 21 based on values given to responses received through questionnaire.

It has been found from the results that mean value for all statements range between 2.26 and 2.45. This indicates that all the respondents are on an average in agreement with the superiority of BRSR over BRR. The highest agreement is observed for "The inclusion of stakeholder engagement section makes it more reliable format for reporting on business responsibility and sustainability" (Mean 2.26) followed by "BRSR is way more exhaustive than BRR" (Mean 2.28). On the other hand, least agreement was observed for "BRSR is more data driven than BRR covering data points on diversified categories" (Mean 2.45) followed by "BRSR has incorporated various recognized challenges like waste disposal, recycling, etc. which have not been covered before" (Mean 2.42).

For hypothesis testing, one sample t-test has been applied and it was found that p values for all the statements are significant. This implies that null hypothesis for all the statements is rejected at 5% level of significance and it can be concluded that there is a significant difference among the perception of respondents on dominance of BRSR over BRR. Majority of respondents agree that BRSR is more data driven and offers interoperability, and at the same time way more exhaustive than BRR. It is significant to maintain this dominance by ensuring effective implementation of BRSR in the companies and be thoroughly versed with the guidelines and its amendments which will follow in future.

CHALLENGES IN IMPLEMENTATION OF BRSR

After confirming superiority of BRSR over BRR, respondents were asked about challenges to be faced in implementing BRSR. In total, eight challenges were presented to them but t-test revealed significant opinion for four challenges and hence only these have been displayed in Table 4.

Table 4: Hypothesis Testing Results for Challenges in adoption of BRSR

Challenges	Mean	St Dev.	t	df	Sig.
BRSR is heavily data driven which makes it infeasible for the companies to gather data over the wide parameters covered under the regulations.	2.71	1.071	-2.200	64	.031
The variability or inapplicability of various parameters makes it difficult to make overall comparison of the sustainability performance of the companies across the industries.	2.69	1.224	-2.027	64	.047

It is important to execute BRSR in stages by making the management aware of its benefits and educating the hierarchy from top to bottom in order to achieve its goals. In light of this, businesses should strive to improve their sustainability reporting in order to contribute meaningfully to a sustainable future.

The lack of right set of skilled ESG professionals for BRSR in India makes it's reporting inefficient in an emerging implementation stage.	2.62	1.246	-2.488	64	.015
The cost burden of reporting on ESG requirements is much higher for small or mid-sized Indian businesses as compared to the large companies.	2.63	1.153	-2.581	64	.012

Source: Calculated by authors through SPSS 21 based on values given to responses received through questionnaire.

It has been found that respondents opinion were significantly different for "BRSR is heavily data driven which makes it infeasible for the companies to gather data over the wide parameters covered under the regulations", "The variability or inapplicability of various parameters makes it difficult to make overall comparison of the sustainability performance of the companies across the industries", "The lack of right set of skilled ESG professionals for BRSR in India makes it's reporting inefficient in an emerging implementation stage" and "The cost burden of reporting on ESG requirements is much higher for small or mid-sized Indian businesses as compared to the large companies". Thus it can be concluded that null hypothesis is rejected at 5% level of significance and it can be inferred that there is significant difference among the opinion of respondents for these statements and majority of respondents are on agreement side. Respondents consider that BRSR is a heavily data driven approach requiring more data as well as trained staff from company's side. Also, it will create heavy cost burden on the reporting company. It is recommended to execute BRSR in stages and ensure regular training programmes to skill the concerned managers in charge of it.

CONCLUSION

In order to demonstrate real progress towards achieving a sustainable future, companies need a business responsibility and sustainability report to track and monitor their progress. Businesses can make informed decisions about how to move forward when they have a

comprehensive view of their environmental and social impacts. The majority of individuals are aware about the concept of business responsibility and sustainability reporting and its dominance over business responsibility reporting in terms of being wide-ranging and exhaustive covering the needful aspects of ESG requirements of India. Moreover, the majority of professionals and academicians agree on the relevance of BRSR in context of enhanced ESG reporting, quantifiable metrics in BRSR, transparency, assessment of medium-term ESG trends, global and progressive in its disclosure requirements. Also, the dominance of BRSR over BRR has been advocated in terms of being more data driven, more interoperable, more focused upon material issues and disclosure of sustainability data, transparency and accountability in sustainability disclosures, quantified data and enhanced measurability and comparability of sustainability across the companies. However, the individuals are neutral in terms of challenges in implementation of BRSR in prevailing business environment, thus indicating the adaptability and acceptance of these guidelines.

The study supports the fact that BRSR is in nascent stage and holds good prospects in future and proper monitoring would result in timely reporting of companies' activities covered under the scope of BRSR. Since ESG issues disclosures have gained momentum over the years and became popular, in this line, government has also made regulatory guidelines for the same and penalizing the companies in case of non-disclosure by the companies would act as a driving force for the management. It has been recommended for each level of management to conduct training and awareness programmes to impart the knowledge on concept and implementation of BRSR in companies and outcomes of such training programmes should be reviewed continuously for each category of participant. Also, it is important to execute BRSR in stages by making the management aware of its benefits and educating the hierarchy from top to bottom in order to achieve its goals. In light of this, businesses should strive to improve their sustainability reporting in order to contribute meaningfully to a sustainable future.

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