Abstract

In order to make informed decisions in the public sector, citizens need to access the financial statements in a legible and intelligible form and, at the same time, they need to know non-financial information, such as information on public service performance and public policy results. More in general, information on financial, environmental and social issues has become progressively more important over the last decade (Greiling, Traxler, & Stötzer, 2015; Peña & Jorge, 2019; Argento, Grossi, Persson, & Vingren, 2019), as it has become increasingly evident that traditional financial documents are able to provide only a partial view of the overall organizational performance (Montesinos & Brusca, 2019).

Indeed, despite the change in the nature and functions of public accounting systems, which almost everywhere are undergoing a transition from cash-based systems with the exclusive function of authorizing public spending towards accrual-based systems with a better external accountability function, the complexity of reading accounting documents from the citizen remains remarkable. That is, the citizen is generally unable to use this information to feed his own decision-making processes. Annual reports are more and more documents reserved for “insiders” and they have built a barrier to the widespread dissemination of information (Sannino, Tartaglia Polcini, Agliata, & Aversano, 2019; Steccolini, 2004). Citizens without specific technical knowledge are
unable to understand data included in the annual report (Jones, Scott, Kimbro, & Ingram, 1985; Daniels & Daniels, 1991; Steccolini, 2004).

These issues have become of crucial importance in the new public management context, where public sector organizations’ reporting has been impacted by the need for accountability and transparency (Williams, Lodhia, Arora, & McManus, 2021; Bartocci & Picciaia, 2013; Hood, 1995; Almqvist, Grossi, van Helden, & Reichard, 2013; Parker & Gould, 1999; Martin & Kloot, 2001; Guthrie & Farneti, 2008; Greiling et al., 2015; Ball, Grubnic, & Birchall, 2014; Velti & Silvestri, 2015; Biondi & Bracci, 2018; Osborne, 2018). To promote accountability and transparency of the public sector, satisfying citizens’ information needs (Osborne, Radnor, & Nasi, 2013; Sicilia, Guarini, Sancino, Andreani, & Ruffini, 2016) and improving their decision making (Coy, Dixon, Buchanan, & Tower, 1997; Lawrence, Alam, Northcott, & Lowe, 1997), it is essential both financial and non-financial information (Cormier & Gordon, 2001; Ahmed Haji & Anifowose, 2017). Indeed, communication and transparency in financial data is a way through which public sector organizations can get closer to their citizens and encourage them to participate in collective decision making (Styles & Tennyson, 2007; Kloby, 2009; Marcuccio & Steccolini, 2009; Cuadrado-Ballesteros, Santis, Citro, & Bisogno, 2019; Biancone, Secinaro, & Brescia, 2016; Cohen, Mamakou, & Karatzimas, 2017).

Similarly, this is also true for non-financial information. Studies of “incremental information theory” argued that socio-environmental reporting plays an additional information role compared to the financial report, useful for overcoming the information asymmetries suffered by stakeholders and facilitating their control over organization activities (Grossi, Papenfuß, & Tremblay, 2015; Baginski, Hassell, & Kimbrough, 2004; Biondi & Bracci, 2018); while it is worth mentioning that even non-financial reporting suffers from structural limitations that prevent it from fully exploiting its potential (Pollifroni, 2007; Migliaccio, 2010; Puddu et al., 2014). On the other hand, precisely this informative role is contested by the “impression management theory”, which doubts the concrete usefulness of the voluntary report. Similarly, this is also true for simplified reporting. Subsequently, some scholars believe new accounting and reporting approach needs to involve stakeholders (Thomson & Bebbington, 2004; Lee, 2006; Grossi, Biancone, Secinaro, & Brescia, 2021) and ensure transparency and more information (Biancone, Secinaro, Brescia, & Iannaci, 2018).

In this scenario, while conceptual discussion appears to dominate the existing non-financial reporting and simplified reporting in public sector literature, research appears fragmented when moving to the citizens’ engagement. Therefore, we consider it useful to offer, through a structured literature review, an overview of: 1) how the literature has dealt with the relationship between various types of non-financial reports of the public sector organizations and citizens’
engagement; 2) whether the literature has addressed issue of which non-financial reporting formats foster citizen engagement; and 3) identifying by existing literature which public sector organizations adopt which types of reports.

We selected only research articles published from January 1990 to the date of querying the database for research, with peer review and written in English. We made these choices 1) to offer an overview of the literature of the highest academic level and 2) to observe the trends in the literature towards the issue of the first guidelines on non-financial reporting (GASB in 1994, GRI in 1997 and AccountAbility 1000 in 1999). These standards were issued for companies operating in the private sector; however, they can also be used by the public sector. Finally, we decided to include papers published until mentioned date, due to their contribution to the enrichment and advancement of literature. However, no considerations can be made about the citation index and the bibliometric impact on the articles published more recently.

First, we analysed the article selected by performing a bibliometric analysis using the R Bibliometrix software (Aria & Cuccurullo, 2017). Subsequently, we content analysed the articles selected using an analytical framework developed by the authors and based on the criteria defined by several authors (Orlikowski & Baroudi, 1991; Chen & Hirschheim, 2004; Dwivedi & Kuljis, 2008).

REFERENCES

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