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CSR and Sustainability in the Public Sector

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Chapter 2
Accountability and Sustainability Reporting in the Public Sector. Evidence from Italian Municipalities

Fabiana Roberto, Roberto Maglio, and Andrea Rey

Abstract In the past two decades, the developments of the international issues have increased the need for means of progressing the sustainable development agenda, through which emerged the contribution of accounting through sustainability reporting (SR) techniques. Despite its vital relevance for the public sector, sustainability accounting and accountability do not count to extend research and it is still considered as an emerging field. This paper analyses, using the content analysis technique, the voluntary SR reports in a group of Italian municipalities, by comparing them with the latest Global Reporting Initiative (GRI-G4 2013) guidelines. The analysis found low compliance with the GRI-G4, with only 27.82% of the items disclosed.

Keywords Sustainability reporting · Public sector · Content analysis · Municipalities

2.1 Introduction

Sustainable development is essentially the recognition that that global risks of environmental degradation and the socio-economic issues related to poverty and inequality are unsustainable in the long term (Greco et al. 2012; Williams et al. 2011). Therefore, the adoption of 'strategies' of sustainability would be ideal and necessary in order to fulfill the current needs without compromising future generations. In this *scenario*, the public sector entities need to take an active role and compromise in sustainable development (Ball and Bebbington 2008; Gamage and Sciulli 2017). As Birney et al. (2010) state, "Public sector organisations are central to the delivery of sustainable development. Every aspect of their role—from education to environmental services, and from planning to social care—shapes how people

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live their lives". Moreover, Ball and Bebbington (2008) stated that public organizations can play a superior role in terms of performance and sustainability reporting compared to the private sector one's since their actions are basically linked to logic related to sustainable development rather than to market (Siboni and Sangiorgi 2013). Other scholars have pointed out that public sector organizations should have an active role in sustainable development (Ball et al. 2014) because one of its jobs is to deliver public policies that favour society in general (Ball and Grubnic 2007). Furthermore, it is important to notice a growing interest among stakeholders about the sustainability of public services, along with greater concerns among public entities to build public trust in them, by publishing details of their sustainability goals (Frey 2009; Galera et al. 2015; Niemann and Hoppe 2018). It is, therefore, crucial for the public sector to assess, disclose and report on their social, environmental and economic policies, strategies, actions and results (Ball and Grubnic 2007; Dumay 2016; Dumay et al. 2009; Farneti et al. 2010; Leeson and Ivers 2005).

For the abovementioned reasons, in recent years the public sector entities have been more actively involved in a deep process of managerial and organizational change (Manes-Rossi 2016) through which they started to embrace sustainability values as fundamental for the sector in general (Ceulemans et al. 2015; Dumay 2016). Indeed, in the past two decades, the development of the international issues has increased the need for means of progressing the sustainable development agenda (Gherardi et al. 2014), through which emerged the contribution of accounting through sustainability reporting (SR) techniques (Ball et al. 2014; Ball and Bebbington 2008; Dumay et al. 2010; Guthrie et al. 2010; Guthrie and Farneti 2008; Joseph 2010; Mussari and Monfardini 2010; Olson et al. 1998; Williams et al. 2010). The traditional financial report has been blamed for the limited attention paid to the future of public sector entities (Manes-Rossi 2018) and for not providing a full account of an organization's social and environmental activities (Gore 2006; Guthrie and Farneti 2008; Biondi and Bracci 2018; Montesinos and Brusca 2019). In addition, SR offers to the organizations the opportunity to engage multiple-stakeholders towards a common objective (Ceulemans et al. 2015).

This focus on SR has also been fuelled by increased attention (from policymakers and researchers) to accountability; Willems and Van Dooren 2012; Greiling and Grüb 2014). In fact, external reporting arrangements are common to feature in any performance management or public sector accountability discussion (Downe et al. 2010; Niemann and Hoppe 2018).

Although SR is still voluntary, the practice is globally growing (Mussari and Monfardini 2010). SR becomes a formidable means of communicating to stakeholders about the organization's performance and progress in sustainability (Greco et al. 2015). Furthermore, in countries like Italy, social and environmental reports are playing an important role in helping organizations to discharge their accountabilities to various stakeholders (Sordo et al. 2016).

However, while this form of reporting has been taken up by the private sector, in comparison, progress within the public sector appears patchy and, in many respects, SR is still an emerging field (Dickinson et al. 2005; Ball 2004; Lodhia et al. 2012; Biondi and Bracci 2018).

Various initiatives have been undertaken in the last decades encouraging voluntary SR in the public sector (e.g. CIPFA 2005; GRI 2005; World Bank 2008). The European Commission has also strongly encouraged central and local governments to adopt SR and a recent directive (2014/95/EU) requires all large ‘public interest entities’ to start disclosing ‘non-financial and diversity information’.

Furthermore, several national and international institutions have developed a variety of models and tools for SR (Dumay et al. 2010; Yongvanich and Guthrie 2006). Among all of these different SR initiatives, one of the most interesting and therefore used are the guidelines of the Global Reporting Initiative (GRI) which attempt to provide an international framework for SR for all types of organizations (del Mar Alonso-Almeida et al. 2014; Farneti and Guthrie 2009; Farneti et al. 2010; Tarquinio et al. 2018).

These guidelines have evolved since their first version (GRI 2000), and currently, the fourth generation is being used since its launch in May 2013. In addition, the GRI published also a pilot sector supplement designed to specifically address the reporting needs of these entities (GRI 2005).

The GRI Sector Supplement for Public Agencies identifies several reasons for preparing SR:

> to promote transparency and accountability;
>
> reinforce organizational commitments and demonstrate progress;
>
> improve their internal governance;
>
> meet disclosure expectations and make information available to facilitate dialogue and effective engagement with stakeholders (GRI 2005, p. 8).

According to GRI, there are multiple benefits to implementing SR. Among those benefits, there is an effective sustainability reporting cycle, which includes a regular program of data collection, communication, and responses, which have the power to help all reporting organizations both internally and externally (Novokmet and Rogošić 2016).

Most prior research into SR has focused on social and environmental disclosure in private organizations’ reports (Milne et al. 2009; Guthrie and Abeysekera 2006; Parker 2005), rather than into reporting by the public sector or not-for-profit entities (Ball and Grubnic 2007; Bebbington 2007; Farneti and Guthrie 2009; Farneti et al. 2010; Mussari and Monfardini 2010; Siboni and Sangiorgi 2013; Siboni et al. 2013). Despite its vital relevance for the public sector, sustainability accounting and accountability do not count with extant research and it is still considered as an emerging field (Ball and Grubnic 2007; Dickinson et al. 2005; Williams et al. 2011; Tort 2010; Greiling and Grüb 2014).

In the Italian context, previous research mainly focuses on a normative perspective such as defining SR and proposing variables on what public sector entities ‘should’ report. However, there is a substantial gap in the analysis of practices, to explore what are the contents of these disclosures (Farneti and Siboni 2011).

This paper, in responding to recent calls for more research into SR within the public sector (Ball and Grubnic 2007; Lewis 2008; Guthrie et al. 2010), contributes to research on SR in the public sector in the context of voluntary reporting by focusing on what a group of Italian municipalities reports in their stand-alone sustainability reports in comparison to the latest GRI guidelines (GRI-G4 2013). Therefore, the research question is "*What and how much sustainability information is reported by Italian municipalities in comparison to the GRI-G4 guidelines*"?

Municipalities have been chosen because they have been highlighted as the potential mayor players in sustainable development (Ball 2004) since they have the responsibility of implementing environmental projects in their local communities (Joseph 2010; Potts 2004) and among their multiple responsibilities through many stakeholders' groups, who are no longer confined to the traditional role of 'housekeeping' (Ball and Grubnic 2007). Furthermore, local governments have a greater proximity to citizens and address a larger number and a greater diversity of stakeholders (Navarro-Galera et al. 2015).

The rest of the paper is structured as follows: Sect. 2 presents prior literature on SR in the public sector and the theoretical background of this study; Sect. 3 describes the research methodology; Sect. 4 presents the main findings of the study and, lastly, Sect. 5 presents our conclusions.

2.2 Literature Review and Theoretical Framework

In the past two decades, there has been growing research on environmental and sustainability reporting initiatives in the public sector (Siboni and Sangiorgi 2013; Domingues et al. 2017). Research studies have found disclosure practices around the world which are directly related to SR (e.g. Adams et al. 1998; Gray et al. 1995; Leeson et al. 2005), giving different insights into the nature and extent of voluntary social and environmental disclosure.

However, the theme of SR has been considered almost only on the business side (Fifka 2013; Milne et al. 2009; Guthrie and Abeysekera 2006; Parker 2005), while less attention has been paid to the public sector (Ball and Grubnic 2007; Bebbington 2007; Dumay et al. 2010; Farneti and Guthrie 2009; Farneti et al. 2010; Guthrie and Abeysekera 2006; Mussari and Monfardini 2010; Siboni and Sangiorgi 2013; Siboni et al. 2013; Williams et al. 2011).

In reaction to this call for more research into sustainability reporting within the public sector, some studies have been carried out during the last decade.

Prior studies at the international level have investigated the 'quantity' and 'quality' of voluntary SR practices by public sector entities. In these studies, it was found that generally disclosure levels are low and SR in public sectors is very poor, illustrated by the lack of consistency in type and extent of SR.

Although there is an increased interest in the topic, there are only a few studies that really focus on the empirical perspective by providing evidence on 'what' organizations actually report. For instance, Jones et al. (2005) investigated SR in Australia across a broad range of private and public sector entities. The results of this investigation show that just a few of these councils report about sustainability performance, instead of confining their sustainability disclosures to general statements of policy.

Similar findings were provided by Guthrie and Farneti (2008) in their study focused on Australian public sector SR practices. Although their reports had been informed by the GRI Guidelines, the application of the GRI was fragmentary and organizations chose only some of the GRI indicators to disclose. Specifically, they found that only 32% out of 81 elements within the GRI were used for reporting, concluding that SR in the public sector is still lacking in delivering the impact of sustainable development to the organization (Joseph 2010) since SR is mainly narrative.

Having regard to the Italian context, Steccolini (2004) developed a content analysis of the earlier Italian LGs social reports and found that social reports tend to provide data and descriptions, but lacks on the intent of assessing results. Moreover, Siboni (2007) found that in 2005 only 14% of the municipalities and 38% of the provinces issued a social report, usually on a politician's advice. The author also found that social reports lack of consistency since they do not follow a specific guideline, and tend to offer data and descriptions rather than assessing results. Farneti et al. (2010), in a similar investigation, found that social reports in Italy are still in their infancy since Italian LG's social reports do not include all the elements outlined by the GRI-G3 guidelines.

Looking at 'quality' aspects of SR, a study by Farneti and Guthrie (2009) focused on the reasons why organizations report on sustainability issues rather than what they report on. In this research, the authors undertook in-depth interviews across 7 different public sector agencies in Australia, where the findings suggested that sustainability reports were mainly directed towards internal stakeholders. Often these agencies had commenced with either triple bottom line (TBL) reporting or the balanced scorecard (BSC) before using the GRI framework, and the reason behind it lies on the fact that international reputation has enhanced its legitimacy.

In another study conducted by Farneti and Guthrie (2007) they examined the reasons for SR in 7 Australian public sector organizations by focusing on the views of preparers of these reports. They found that the reasons for reporting were mixed and that organizational sustainability information was mainly produced for internal stakeholders.

Similarly, Marcuccio and Steccolini (2005) investigated 12 local authorities in one Italian region using semi-structured interviews and an analysis of documentation. Their results showed that the main reasons for developing SR were to emulate other local authorities that already prepared such reports to ensure notions of efficiency, effectiveness and accountability were upheld. However, the introduction of SR for these local authorities was mainly influenced by public sector reforms and not by a genuine concern for the environment. According to the authors, indeed, Italian local governments attempted to 'legitimize' their activities by adopting new forms of reporting that comply with fashionable labels that show conformity with shared norms of rationality and progress, namely the principles of performance improvement and citizens' accountability promoted by the ongoing reform processes. Furthermore, they highlighted the significant increase in the SR practice in the public sector related to a managerial fashion, used to enhance the organization's public image. However, the production of such reports may give the stimulus to finally adopt a new emphasis on sustainability (Marcuccio and Steccolini 2005).

In a subsequent study, the same authors (Marcuccio and Steccolini 2009) examined the Social Reports 'Bilancio Sociale' of 15 Italian local authorities (LA) in order to verify the patterns of financial and non-financial disclosure and the factors affecting those patterns. The authors concluded that although Italian LAs tended to be passive and wait for law reforms before attempting to make any changes to their reporting frameworks, in the case of SR, Italian LAs have commenced preparing SR on a purely voluntary basis. They suggest that each LA uses SR to illustrate their idiosyncrasies and that: "…there is not a standard set of factors that can explain the differences in disclosure practices (p. 163)". Thus, the legitimacy process drove the reporting of sustainability matters.

Moreover, Farneti and Pozzoli (2005) see the self-laudatory intent of some public organizations that have adopted social report practices. Also, Farneti (2011) observed that within Italian LGs, the term 'social report' is a misnomer and that the report is used as a tool for disclosing managerial matters.

A recent study conducted by Greco et al. (2012) highlighted important differences in SR motivations and practices between different geographical contexts. In this comparative study, a sample of Italian and Australian LCs was used. The authors found that the motivation for SR appears to be affected by several political, social and cultural values, which responds to the national contexts in which these organizations operate. More recently, Greco et al. (2015) conducted a study about the motivations of Italian local councils for producing SR. Their findings highlighted that initially SR is introduced for accountability and legitimacy reasons. However, over time traditional SR was incidental to more advanced tools of policy-making and reporting, in which some of the stakeholders were actively involved. Thus, the authors suggested that there is a political negotiation in which sustainability reporting finds itself.

Deducing from the literature review conducted, various theoretical frameworks have been proposed to explain the reasons for SR practices in public sector entities (Giacomini et al. 2018), but they are generally addressed in terms of Legitimacy Theory (LT) (Marcuccio and Steccolini 2009) or of Stakeholder Theory (ST) (Deegan and Unerman 2006). LT and ST may offer an appropriate theoretical framework to explain the behaviour of public sector entities in relation to transparency, as an essential element of accountability (Greiling and Grüb 2014; Navarro-Galera et al. 2018).

In addition, Mussari and Monfardini (2010) suggested that the Institutional Theory (IT) (DiMaggio and Powell 1983) offers the possibility to explain the SR adoption and diffusion in public sector entities.

IT emphasizes rules, regulations, ideas and a cultural framework that characterize the social context in which companies work (Tarquinio et al. 2018). On the other hand, legitimacy is based on the notion that the legitimate organization is there to support the interests of an individual and/or group, and therefore, there is a general acceptance in the society for that organization because it operates under a consistent and fair framework. However, to maintain that legitimacy, organizations must provide accounts of their activities in order for legitimacy communities to continue to validate, moderate or expel the status of legitimacy (Black 2008). LT considers the way an organization seeks to legitimize its activities and therefore meet society's expectations. For this reason, LT is based on the notion of the social contract, which implies that organizations gain their right to operate through seeking and gaining social approval (Deegan and Unerman 2006). Public sector entities can use SR as a means to communicate with various stakeholders about management, environmental, labour, policy and social responsibility matters. Thus, these reports have an important role in legitimizing their conduct toward stakeholders. In this framework, governments or managers could decide not to report sustainability information because it is not seen as a priority for their legitimation towards citizens (Giacomini et al. 2018). According to ST, the long-term existence of an organization needs the support and approval of its stakeholders (Liu and Ambumozhi 2009). Thus, under ST, different groups of stakeholders and their demands may have an impact on a public entity's behaviour, pressuring it to give information.

2.3 Research Method

There is no consensus on what SR means, nor a common shared framework (Biondi and Bracci 2018). In this study, we refer to multiple SR practices as a set of different reporting labels, such as social reporting, sustainable reporting and environmental reporting. We used the content analysis technique in order to examine the extent of social and environmental disclosures in the stand-alone reports of 8 Italian municipalities in comparison with GRI-G4 guidelines.[1]

Content analysis was chosen as it is the "dominant research method for collecting empirical evidence" in social and environmental reporting (Guthrie and Abeysekera 2006; Parker 2005). Content analysis is "a technique for gathering data, involves codifying qualitative and quantitative information into pre-defined categories in order to derive patterns in the presentation and reporting of information" and "is a method of codifying the text of writing into various groups or categories based on a selected criterion" (Guthrie and Abeysekera 2006, p. 120).

In the Italian context, although SR is not mandatory, public entities can choose to disclose and report their decisions on sustainability issues based on the three national guidelines issued guidelines to encourage the transparency of the public sector towards citizens, by using social reports. The Study Group issued the first operating guidelines for the Social Report (GBS) in 2005 providing principles and procedures for drafting a social report. In 2007 the GBS issued a specific standard addressed to all the public entities. The other two were issued by public agencies. Specifically, in 2006 the Prime Minister's Office of Public Affairs issued a guide for social reporting for the public sector, mainly focused on social reporting rather than environmental reporting. The next year the Federal Ministry of Interior issued the document *Guidelines for Social Reporting in Local Governments (2007)*,

[1]It should be noted that the G4 Guidelines have been superseded by the GRI Standards, released on 19 October 2016. The use of the GRI Standards will be required for all reports or other materials published on or after 1 July 2018.

which sets out guidelines for social reporting in local governments and recommends providing disclosures regarding environmental policies and green public procurement. However, as stated by Farneti and Siboni (2011) the "governmental guidelines are generic in nature and lack significant details in terms of content, indicators, and assurance. Also, they have a managerial focus, and they have very little to do with sustainability, except for aspects related to labour." Thus, we decided to use the GRI-G4 guidelines because it "presents a good attempt to overview developments internationally" (Ball and Grubnic 2007, p. 258). Also, "the GRI claims to provide the basis of worldwide standardized, comparable, reporting on the sustainability of (particularly business) organization" (Ball et al. 2006, p. 268), giving the framework a practical appeal for organizations seeking accounting innovation.

In this study, we applied the Guthrie and Farneti (2008) framework, developed for a previous study, with some adaptation to the last guidelines GRI-G4 (GRI 2013). Indeed, the framework is based on the International GRI-G3 (GRI 2006) and the public agencies supplement (GRI SSPA 2005).

The G4 Guidelines use indicators built on several principles and the standard disclosure is articulated in three main parts:

– Strategy and organization profile;
– Management approach;
– Performance indicators.

Performance indicators are divided into six main areas: economic, environmental and social concerns of human rights, labour practices and working environment, and product responsibility and society. Total indicator are 79 items, comprising 9 economic indicators, 30 environmental indicators, 14 indicators of labour practices, 9 indicators of human rights, 8 social indicators and 9 indicators of product responsibility. The Sector Supplement for Public Agencies adds another set of 15 indicators to these (Guthrie and Farneti 2008). In these six categories, the number of indicators is decreasing over time; indeed, the indicators were 92 in the G2 guidelines and 81 in the G3 guidelines (GRI 2006).

Thus, in Table 2.1 is presented the disclosure instrument built, divided into six areas and coded into (34) aspects and 84 items including those specific for public agencies.

In the next section are presented the results of the analysis developed, as well as the main findings.

2.4 Findings

Scholars have expressed different opinions about the most appropriate unit of analysis to be used for content analysis (Steenkamp and Northcott 2007). Gray et al. (1995) suggest using in written communication words, sentences and pages. In addition, Guthrie and Abeysekara (2006) consider portions of pages. Finally, Unerman (2000) considers as a unit of analysis words, phrases, lines, sentences, charters and pictures.

Table 2.1 The coding instrument for SR in the public sector

Categories	Aspects	Items
1. Environmental	Materials	EN1 EN2
	Energy	EN3 EN4 EN5 EN6
	Water	EN7 EN8 EN9
	Biodiversity	EN10 EN11 EN12 EN13
	Emissions, effluents, and waste	EN14 EN15 EN16 EN17 EN18 EN19 EN20
	Products and services	EN21 EN22 EN23 EN24 EN25
	Compliance	EN26 EN27
	Transport	EN28
	Overall	EN29 EN30
2. Social—labour practices and decent work	Employment labour/management relations Occupational health and safety training and education	LA1 LA2 LA3 LA4 LA5 LA6 LA7 LA8
	Diversity and equal opportunity	LA9 LA10 LA11LA12
	Equal remuneration for women and men	LA13
3. Social—Humans Rights	Investment	HR1 HR2 HR3
	Non-discrimination	HR4
	Freedom of association and collective bargaining	HR5
	Child labour	HR6
	Forced and compulsory labour security practices	HR7
	Indigenous rights	HR8
	Assessment	HR9
4. Social—Society	Local communities	SO1 SO2
	Anti-corruption	SO3 SO4 SO5
	Public Policy	SO6
	Anti-competitive behaviour	SO7
	Compliance	SO8
5. Social—product responsibility	Customer health and safety	PR1 PR2
	Product and service labelling	PR3 PR4 PR5 PR6 PR7
	Marketing communications	PR8
	Customer privacy compliance	PR9
6. Public agencies—specific supplement for PA	New disclosure elements for public agencies and new social indicators for public agencies	PA2 PA3 PA4 PA5 PA6 PA7 PA11 PA12 PA13 PA14

(continued)

Table 2.1 (continued)

Categories	Aspects	Items
	Administrative efficiency	PA15

The coding instrument applied in this study record the use or otherwise of an individual item within the reports analysed. Moreover, a total index was constructed to show the percentage of possible disclosures (84 items × 8 organizations = 672 possibilities). The index was determined by the total observation from the reports analysed, out of the total possible observations. Also, the analysis recorded the type of information disclosed (declarative, monetary, non-monetary), basing on a common classification in the literature (Guthrie et al. 2004).

Table 2.2 presents the characteristics of the social reports and the framework adopted for each municipality analysed. Most of SR lacks consistency since they do not follow a specific guideline (Steccolini 2004).

Table 2.3 highlights 'what' has been disclosed in terms of categories and items. The first column shows the categories ($n = 6$). The second column gives the sum of the elements within the GRI-G4 coding instrument ($n = 84$). The total index is reported in the last column. The analysis undertaken shows that of a possible total of 672, only 187 disclosures have been reported, which is almost 28% of the possible items that could have been reported by the municipalities. In addition, it should be noted that the category of 'Public Agencies' accounts for the highest number of disclosures within

Table 2.2 Length and framework followed for SR

Municipality	Sustainability reporting tool	Number of pages in the report	Framework followed
M1	Social and environmental report	230	None (developed internally)
M2	Social report	151	None (developed internally)
M3	Social report	96	None (developed internally)
M4	Social report	64	None (developed internally)
M5	Social report	158	GRI-G3 guidelines
M6	Environmental report	96	None (developed internally)
M7	Social report	127	Italian Directive for a social report issued by the Department of Public Affairs (2006)
M8	Social report	109	None (developed internally)

Table 2.3 Total SR disclosure by all items

Category	A = Number of core and additional items	B = Total observations from all reports	Total possible observations 8 × A = C	Total index B/C (%)
Environmental	30	68	240	28
Human rights	9	0	72	0
Labour practices and decent work	13	35	104	33.65
Product responsibility	8	4	64	6.25
Society	9	21	72	29.16
Public agencies	15	59	120	49.16
Total	**84**	**187**	**672**	**27.82**

Table 2.4 Type of information disclosed

Quality	Absolute value of observation from all reports	Percentage
1—Declarative	126	67.4
2—Monetary	9	4.9
3—Non monetary	48	25.5
4—Monetary and non-monetary	4	2.2
Total	**187**	**100%**

the dataset analysed, with 49.16%, followed by 'Labour practices and decent work' with 33.65%, 'Society' with 29% and 'Environment' only accounting for 28%.

Finally, Table 2.4 highlighted the type of information disclosed (i.e. declarative, monetary, and non-monetary). Only 4.9% of sustainability reporting disclosures were monetary in nature, 25.5% were non-monetary and 67.4% were declarative. This indicates little use of monetary values.

2.5 Conclusions

In the past two decades, there has been growing research on environmental and SR initiatives in the public sector (Siboni and Sangiorgi 2013; Domingues et al. 2017). Although several authors have highlighted the need to understand public organizations' current SR practices, a few researches have been conducted in this field (Ball and Grubnic 2007; Guthrie and Farneti 2008; Lewis 2008; Farneti and Guthrie 2009; Guthrie et al. 2010). This study offers a view of SR practices in Italian municipalities and their consistency with GRI G-4 guidelines, with similar results to prior studies (see Farneti et al. 2010). The analysis found low compliance with the

GRI-G4, with only 27.82% of the items disclosed. This level of disclosure is higher than the level found in Guthrie and Farneti's (2008) study of Australian public sector 'better practice' organizations, which found that the GRI framework was used but its use was fragmented even though all of the organizations insisted that they had followed them. Our results highlight that no 'Human rights' item was communicated and few disclosures were observed about 'Product responsibility' and 'Society'. The findings suggest that the practice of producing SR is improving over time but is still under-developed in Italian municipalities. Furthermore, it appears that the SR has been used to describe administrative and managerial matters rather than to disclose social and environmental information. Indeed, the 'public agencies' category was the most reported by the 8 municipalities. Similar findings emerge from a study on Italian university social reports (Mazzara, Sangiorgi and Siboni 2010). Finally, with regard to the type of information disclosed, it was found that items recorded were mainly 'declarative' (67.4%) or non-monetary (25.5%). Less disclosure has been given to 'monetary' (4.9%), and 'monetary' and 'non-monetary' (2.2%) information. This result differs from studies concerning public sector organizations' sustainability and social reporting (Guthrie and Farneti 2008), that found a 'non-monetary' and a 'monetary and non-monetary' preponderance disclosure.

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