

Sustainability accounting and reporting: organisational identity construction and enactment in local governments

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555

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Abstract

Purpose – Sustainability accounting and reporting (SAR) has experienced a wide diffusion in the last decades, also in the public sector. It is primarily useful for increasing accountability, transparency and organisational legitimacy. As a consequence, scholars have focused their attention on the external dimensions of SAR and its relationship with organisations' financial performance. This focus has left the internal and managerial dimension of SAR largely underexplored. This article seeks to address this gap by shedding light on the role that SAR can play in the processes of organisational identity construction and enactment.

Design/methodology/approach – A longitudinal case study was conducted to examine the ongoing voluntary adoption of SAR by an Italian pioneer municipality (MoB), and how this practice has contributed to its identity construction and enactment. Data were collected through semi-structured interviews and official documents.

Findings – The research identifies voluntary SAR as both driven by organisational identity and used to construct and enact it in the absence of a public policy. More specifically, SAR contributes to organisational identity construction and enactment by building a collective memory that demonstrates the alignment and consistency between public employees' work and the identity of the organisation to which they belong.

Originality/value – The research advances the literature on SAR by exploring its contribution to studies on organisational identity. It analyses documents that reflect various phases of organisational processes (planning, accounting and reporting) as organisational practices that contribute to the construction and enactment of organisational identity. The absence of an explicit public policy could be seen as undermining the role of SAR as an accountability tool. Instead, this article shows that voluntary SAR may operate internally as a technology through which organisational identity is articulated, stabilised and enacted over time. This perspective highlights the organisational potential of SAR beyond its external accountability function.

Keywords Sustainability accounting, Sustainability reporting, Organisational identity, Local governments

Paper type Research article

1. Introduction

The traditional view that economic growth leads to economic development and subsequently to a better quality of life for people is increasingly under discussion as many dimensions contradict this logic connection (Dechow, 2023). Even if the literature is particularly focused on private sector organisations, in this reasoning public sector organisations and especially local governments (LGs) are particularly relevant. They are the primary service providers for society (Pollitt, 2003; Pollitt and Bouckaert, 2011), and their decisions can deeply drive and



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impact other subjects operating in other economic sectors by setting social, legal and physical infrastructure where society operates (Gray *et al.*, 2014). LGs are responsible for defining and applying sustainability policies and actions (Ball *et al.*, 2014), which directly impact both social and environmental sustainability in many sectors, including health, safety, education and security. These are the perspectives that have driven the literature on LGs' sustainability accounting and reporting (SAR) practices, with particular attention to the reasons why these reporting practices are adopted (Darteh and Fiorani, 2026; Cappellieri *et al.*, 2025). Much less attention has been dedicated to the impacts that SAR adoption may generate within LGs. Understanding these internal impacts is relevant for setting organisational changes consistently and appropriately (Grubnic *et al.*, 2015, 2018).

Although we are aware of the differences between sustainability and environmental reporting dimensions (D'Amore *et al.*, 2025), for reasons of simplicity we use the term SAR to refer to the overall set of practices that encompass the reporting of performance dimensions that go beyond the financial one.

SAR issues in LGs have evolved especially over the past two decades (Manes-Rossi *et al.*, 2020), addressing various aspects such as the case for sustainability in LGs (Marcuccio and Steccolini, 2005, 2009), the content of sustainability reporting (Goswami and Lodhia, 2014; Niemann and Hoppe, 2018; Siboni, 2014; Williams *et al.*, 2011) and the enablers for adopting sustainability reporting, including the size of LGs and the information to be utilised (Alcaraz-Quiles *et al.*, 2015). Other studies have focused on the role of stakeholder engagement (Greco *et al.*, 2015), the influence of culture in making the concept of sustainability tangible through reporting practices, and the role of legitimation in front of stakeholders as key drivers for sustainability metrics (Greco *et al.*, 2012; Hossain, 2018) or even the fashion in adopting SAR (Marcuccio and Steccolini, 2005). Recently, policy and academic debates have increasingly focused on the transition from voluntary to mandatory sustainability disclosure regimes grounded in the assumption that enhanced transparency can act as a mechanism to "drive change" in organisational behaviour and improve accountability towards both investors and broader stakeholder groups (Christensen *et al.*, 2021; Haji *et al.*, 2023). From an economic perspective, mandatory sustainability reporting is not a neutral intervention. Disclosure mandates can generate both benefits and unintended consequences, e.g. reduction of information asymmetries, improve comparability and increase transparency, but also symbolic compliance, boilerplate reporting or shifts in operational activities to manage reputational exposure (Christensen *et al.*, 2021).

These dynamics are particularly relevant in the public sector, where reporting is expected not only to inform stakeholders, but also to support policy implementation, societal accountability and organisational change. In this sense, SAR may operate not merely as a communication tool, but as a governance mechanism capable of shaping organisational behaviour, priorities and identity (Adams, 2023). This reinforces the relevance of investigating how SAR practices operate internally within LGs and how they contribute to organisational identity construction and enactment.

This is the research objective pursued in this article. To understand the impact of SAR practices on LGs' identity construction is particularly relevant because organisational identity mediates the relationship between social structures and individual/organisational behaviour (Hogg *et al.*, 1995).

This study shifts the analytical focus from the adoption and content of SAR to its organisational effects. It contributes to SAR literature by examining how reporting practices operate within LGs, responding to calls for more critical and process-oriented studies (Manes-Rossi *et al.*, 2020; Niemann and Hoppe, 2018). By adopting a longitudinal perspective, it shows how sustainability-related meanings, practices and accountability mechanisms develop over time (Joseph *et al.*, 2014; Vinnari and Laine, 2013). Finally, the article contributes to organisational identity literature by demonstrating how SAR practices participate in the articulation, stabilisation and enactment of identity in public sector organisations (Tregidga

et al., 2012), thereby enriching debates on sustainability and public value creation (Adams, 2023).

To provide these contributions, the article adopts a qualitative longitudinal case study approach – the case of an Italian Municipality MoB – to investigate how sustainability reporting contributes to the construction of organisational identity within LGs. The analysis combines documentary evidence and semi-structured interviews, enabling the examination of how sustainability-related meanings are articulated, enacted and transformed over time. This methodological design allows for an in-depth exploration of organisational narratives and practices, capturing how identity is progressively constructed within its institutional context.

The study is organised as follows. Section two presents a critical review of the adoption of SAR in the public sector, focusing especially on the increasing institutional pressure to adopt and structure SAR appropriately. Section three proposes the organisational identity framework used for developing and analysing the case results. Section four presents a brief literature review on SAR. Section five explains the research design and methods used. Section six presents and discusses the findings gathered from the longitudinal study. The last section presents final remarks and highlights the article's limitations.

2. A review of SAR adoption in the public sector

SAR has experienced an exceptional diffusion in the public sector because of its potential capacity to satisfy better citizens' information needs but also for "fashion" reasons (Marcuccio and Steccolini, 2005). In the public sector, SAR can be understood as a natural extension of the reforms associated with the *New Public Management* (NPM). NPM introduced a shift from traditional bureaucratic models of administration towards a stronger business-like model with a focus on performance measurement and efficiency, but with a higher level of accountability to a broader set of stakeholders (Hood, 1991). Within this framework, public organisations have increasingly been required to demonstrate not only how resources are used, but also what results are achieved and their impact. Over time, this emphasis on performance has expanded beyond financial metrics to include social and environmental dimensions, reflecting the growing complexity of public value creation. In this sense, SAR can be seen as a tool balancing NPM principles, as it enhances transparency, supports performance evaluation and strengthens organisational legitimacy by making visible the broader impacts of public policies (Farneti and Guthrie, 2009; Ball and Bebbington, 2008). At the same time, the literature suggests that the emergence of SAR also reflects a further evolution of NPM towards more holistic governance approaches that incorporate long-term sustainability concerns and stakeholder engagement (Osborne, 2006; Steccolini, 2019). van der Meer (2024) shows that public servants' role perceptions – shaped by organisational identity – influence how they perform their work, focusing on internal or external organisations' dimensions. This suggests that the construction of organisational identity also contributes to shaping behaviours that ultimately affect performance outcomes. Therefore, SAR should not be viewed merely as a technical extension of reporting practices, but rather as part of a broader transformation in how public administrations understand and communicate their role in society.

Despite its potential consistency with the reform process of the public sector and widespread diffusion, SAR remains voluntary in the public sector. In the European Union, Directive 2003/4/EC requires LGs to give the public access to environmental information they hold, but it does not constitute a formal accounting and reporting system, nor is it linked with other reporting tools (Cupertino *et al.*, 2021; Jackson *et al.*, 2020). What conventional accounting and reporting leave out of what is accountable leads to significant environmental and human rights impacts and higher inequality (e.g. Gray, 2002, 2006).

Unlike the private sector – where sustainability reporting has often been driven by investor demand and market pressures – public sector organisations have adopted SAR primarily to enhance transparency, democratic accountability and legitimacy vis-à-vis citizens and stakeholders (Christensen *et al.*, 2021). In this sense, SAR in the public sector is intrinsically

linked to the concept of public value (Moore, 1995), encompassing social, environmental and economic dimensions of performance. The adoption of SAR is generally grounded in the need to distinguish both the users and the purposes of reporting from those of traditional financial reporting. This differentiation is reflected in the broader range of topics addressed within SAR, the diverse interests and preferences considered, the variety of measurement approaches employed, the longer-term time horizons adopted and the stronger emphasis on an external and stakeholder-oriented perspective (Christensen *et al.*, 2021). Without a specific national or international policy on the matter, stakeholder engagement has been identified as the most relevant driver of SAR adoption (Kaur and Lodhia, 2018; Unerman, 2007). Kaur and Lodhia (2019) discuss the way stakeholders have exerted pressure to increase accountability and responsibility for the impacts of organisational activities beyond financial aspects. Despite the importance of disclosing non-financial information for accountability purposes, accountability is rarely satisfied if there is no legal enforcement in the public sector (Panozzo, 2000). Furthermore, there is no formal forum where public sector organisations must account for non-financial performances. Without legitimate responsibility networks, relevant standards, powerful account holders and transparency, disclosure or accountability will have little impact (Dillard and Vinnari, 2019) as public sector organisations are unlikely to adopt comprehensive sustainability performance measures while SAR remains voluntary (Adams *et al.*, 2014). In this context, the adoption of SAR in public sector organisations could also be due to legitimisation more than real managerial purposes (Deegan, 2002, 2014).

Despite the absence of an explicit legal requirement, institutional pressures have directly and indirectly supported the diffusion of SAR in the public sector (Bebbington and Unerman, 2020). These pressures have operated differently across contexts, with regulation in developed countries often aligned with financial reporting objectives, while in developing countries it has been more closely connected to broader societal concerns such as poverty alleviation and human rights (Haji *et al.*, 2023).

The United Nations has played a significant role in making LGs sensitive to non-financial information with the creation of Agenda 21 in 1992, which included a chapter underscoring the importance of LGs initiatives and their vital role in educating, mobilising and responding to the public to promote sustainable development (UN, 1992, p. 285). This contributed to framing LGs as “stewards of the environment” (Ball *et al.*, 2014), with responsibilities for addressing environmental and social issues (Marcuccio and Steccolini, 2009), creating public value through stakeholder co-creation (Deidda Gagliardo, 2007; Torfing *et al.*, 2021) and considering inter-generational impacts (Montecalvo *et al.*, 2018; Thomson *et al.*, 2018). Local Agenda 21 and the Aalborg Charter further reinforced this orientation by encouraging LGs to address sustainability impacts within their territories (Aalborg Charter, 1994).

In the 1990s in Europe, EU promoted sustainability-related initiatives at different levels of governance (Siboni and Sangiorgi, 2013) and recommendations, environmental funding programmes and local authority networks have further encouraged LGs to integrate sustainability into local strategies (Gesso, 2020) and budgetary priorities (Sangiorgi *et al.*, 2017). After the 2008 financial crisis, EU fiscal policies focused mainly on deficits and public debt, largely neglecting environmental accounting and reporting (Bracci *et al.*, 2015). However, financial constraints also encouraged LGs to connect funding opportunities with environmental and social initiatives (Ball *et al.*, 2014). In this context, EU networks provided knowledge, resources, visibility (Gustafsson and Mignon, 2020) and legitimacy (Kuruppu and Lodhia, 2020), supporting the institutionalisation of environmental topics in public administrations (Pizzi *et al.*, 2023).

Thus, even when SAR is not legally enforced, accounting and reporting can serve as a technology for making a public policy real (Miller, 2001). Although SAR adoption in public sector organisations has often been interpreted as a fashion mechanism (Farneti *et al.*, 2019; Marcuccio and Steccolini, 2005; Vinnari and Laine, 2013), changes in accounting and reporting practices have also political and economic nature (Dillard *et al.*, 2004), thus leading to the institutionalisation of the topic (DiMaggio and Powell, 1983).

While this literature clarifies the institutional conditions shaping SAR adoption in the public sector, it says less about its organisational effects. The following section therefore introduces organisational identity as the theoretical lens for examining how SAR interacts with the ways organisations define and enact who they are.

3. The theoretical lens of organisational identity

According to [Albert and Whetten \(1985\)](#), organisational identity is a self-referential definition socially constructed by those who participate in its creation, maintenance and change. According to the authors, identity can be seen as the features of the organisation that are central to its character – centrality, make the organisation distinctive from similar organisations – distinctiveness, and endure over time – continuity ([Albert and Whetten, 1985](#)) (Table 1).

Organisational identity plays a key role as the organisation's personnel compare whether it is acting "in character" if it has a history of actions consistent with its founding or adopted core values. Organisational identity is better understood considering the relationship between temporal and spatial differences, i.e. the performance of a stable entity over time and locating its organisational identity concerning other organisations (both similar and different) ([Clegg et al., 2007](#)). According to these authors, the relationships between temporal and spatial differences enable the construction of a legitimate sense of organisational identity.

Without central or core values, organisational identity is inconceivable ([Gioia et al., 2013](#)). As different are the policy fields within which LGs operate, various could be the central values that characterise and form the organisational identity of LGs. Therefore, more than one organisational identity could co-exist in LGs, specific to each policy sector.

The leaders' beliefs and values affect the formation of organisational identity as much as the past experiences of organisational members and organisational narratives ([Gioia et al., 2013](#)). An organisational rhetorical history can underscore the creation of a collective memory that can support the organisational identity ([Anteby and Molnár, 2012](#)). Thus, context factors play a key role in the formation of identity. Context elements refer to the organisation's specific external and internal characteristics, including legal, political and cultural aspects. SAR are context elements that allow the analysis of "why and how" an organisational identity is developed and maintained ([Adams, 2002](#); [Lozano, 2015](#)). The development of SAR is part of,

Table 1. Construct validity of organisational identity

	Central and continuous	Distinct
Conceptual domain: identity claims	<i>What?</i> Attributes that are manifested as an organisation's core programmes, policies and procedures, and that reflect its highest values Attributes that have passed the test of time or on some other basis operate as "irreversible" commitments	<i>What?</i> Attributes used by an organisation to positively distinguish itself from others Attributes spanning what is required and what is ideal for a particular type of organisation
Phenomenological domain: identity-referencing discourse	<i>When, Why?</i> Invoked by member-agents "when nothing else will do", as decision guides/justifications, in conjunction with profoundly difficult situations The dominating topic of conversation when seemingly "nothing else matters", in the face of a credible identity threat	<i>How?</i> Represented as categorical imperatives, drawing attention to what must be done to avoid acting out of character, both comparatively and historically

Source(s): [Whetten \(2006, p. 222\)](#)

and contributes to, creating an organisational context that must be understood in greater depth (Bracci *et al.*, 2017).

Politicians, public managers and employees have a key role in developing tools and materials coherent with LGs' organisation identity or driving its formation. Identity is formed through discursive, cognitive and action-oriented processes (Gioia *et al.*, 2010). Hence, organisational identity drives decision-making and activities beyond what is mandatory.

Organisations can adopt multiple mechanisms to (re)enact an identity. The more an identity is (re)enacted, the more strongly it is experienced by stakeholders and the more continuous it might prove (Anteby and Molnár, 2012). Organisational identity is likely to be more affirmed by stakeholders when organisations link their claims to identity-relevant actions (Gioia *et al.*, 2010). Indeed, organisational identity is enacted and embedded rather than "an essence or a substance fleshed out by characteristics" of an organisation (Clegg *et al.*, 2007).

It is argued that a continuous identity is essential to the long-term success of an organisation. Still, the organisational ability to adapt to the environment is also key for its survival (Gioia *et al.*, 2000). According to these authors, organisations engage in "changes to preserve identity". Identity can change over time, particularly due to maintaining organisational legitimacy and reflecting changes in the documents (Laine, 2009; Tregidga *et al.*, 2014). A dynamic and mutable notion of organisational identity arises from the ongoing interrelationships between the organisation and its image (Gioia *et al.*, 2000). Organisational image refers to shared cognitive representations or views of an organisation (Whetten, 2006), which change over time, leading to (re)enactment of organisational identity.

Organisations do not change their identity, there is continuity and it remains stable, but its meaning can become "malleable" to adapt to the environment (social-political context) (Gioia *et al.*, 2013). By (re)enacting organisational identity, organisations gain or maintain legitimacy, which can be shaped by internal and external forces within (Kuruppu and Lodhia, 2020). Legitimacy plays a key role in shaping organisational identity as organisations depend on the social system in which they are inserted. Organisational legitimacy depends on the perception that organisational actions and activities align with the social system's norms, values, beliefs and definitions, and it is time- and place-specific (Deegan, 2007; Suchman, 1995). Organisations change their objectives and methods over time to demonstrate that their activities remain legitimate and consistent with their stakeholders' needs.

3.1 SAR and identity construction and enactment

Rather than being static, identity attributes – centrality, continuity and distinctiveness – are continuously (re)shaped through processes of identity construction and enactment, through which organisations define, express and reproduce "who they are". What an organisation is in a distinctive way needs to be not only declared but made perceptible and visible. To this end, it is possible to refer to processes of identity construction and enactment, that is processes through which an interdependent relationship between values and actions is settled (Weick *et al.*, 2005).

Organisational identity is not only expressed through claims about "who we are", but is also constructed and enacted through organisational practices. Prior research has examined this relationship with reference to practices such as performance measurement and management accounting, showing that they may both reflect and shape organisational self-understandings (Grimes, 2010; Abrahamsson *et al.*, 2011). Although sustainability reporting has been linked to identity representation and change (Tregidga *et al.*, 2014), less attention has been paid to how SAR practices contribute to both identity construction and enactment. Examining SAR from this perspective is therefore particularly relevant, as these practices provide a space in which sustainability-related values and priorities can be articulated, translated into organisational action and reproduced over time, contributing to defining and sustaining what the organisation understands itself to be.

Identity construction refers to the processes through which organisational members articulate central values, priorities and meanings. In a process of sustainability identity

construction, centrality emerges as those sustainability-related values and commitments that are repeatedly emphasised in organisational narratives and representations (Gioia *et al.*, 2013). SAR can play a key role in this regard, as it provides structured spaces – such as reports, plans and performance documents – through which organisations define what is considered core to their mission. Through SAR, organisations can frame sustainability as a central element of their identity, thereby embedding sustainability considerations into their core organisational character, also through a complementary relationship between SAR and other accounting practices (Contrafatto and Burns, 2013).

At the same time, identity construction also contributes to distinctiveness, as organisations use SAR to differentiate themselves from others. By selecting specific sustainability priorities, indicators and narratives, organisations position themselves in relation to peers and stakeholders, highlighting unique approaches, achievements or commitments. In the public sector, where organisations often operate under similar institutional constraints, SAR becomes a key tool for articulating how an organisation is “different” in terms of its values, strategies and impacts (Clegg *et al.*, 2007).

Alongside these construction processes, identity is reinforced and stabilised through identity enactment, that is, the translation of identity claims into concrete practices, decisions and routines. Through enactment, the attribute of continuity is produced and maintained over time. SAR practices – such as planning, measurement, reporting and stakeholder engagement – enable organisations to repeatedly perform and reproduce their identity, making it visible and credible to both internal and external audiences (Gioia *et al.*, 2010; Anteby and Molnár, 2012). In this sense, SAR is not merely a representational device but also an operational tool through which identity is enacted in everyday organisational processes.

Importantly, continuity does not imply rigidity. Organisational identity remains stable in its core attributes, but its meaning can evolve to adapt to changing contexts (Gioia *et al.*, 2000). SAR contributes to this dynamic by allowing organisations to reinterpret and update their sustainability commitments over time, while maintaining coherence with previously articulated values. Changes in reporting content, indicators and narratives may therefore reflect processes of identity adaptation, rather than rupture (Laine, 2009; Tregidga *et al.*, 2014).

Accordingly, SAR can be understood as a practice that connects identity claims (what we stand for), distinctive positioning (how we differ) and continuous enactment (what we consistently do). Figure 1 represents this process of identity construction and enactment. In

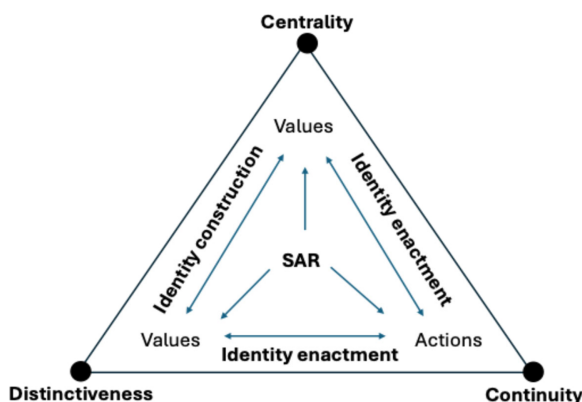


Figure 1. SAR in the process of identity construction and enactment. Source: Authors' own elaboration (based on Albert and Whetten (1985), Gioia *et al.* (2000, 2010, 2013), Weick *et al.* (2005) and Anteby and Molnár (2012))

particular, it is based on [Albert and Whetten's \(1985\)](#) conceptualisation of organisational identity in terms of centrality, distinctiveness and continuity, the processual relationship between identity construction and enactment from [Gioia et al. \(2000, 2010, 2013\)](#) and [Weick et al. \(2005\)](#), while the role of organisational narratives and practices in sustaining identity over time is informed by [Anteby and Molnár \(2012\)](#). Within the theoretical lens represented in [Figure 1](#), values connect identity construction and identity enactment. Values may be explicit, when openly articulated as organisational principles, priorities and commitments, or implicit, when embedded in organisational actions and practices. Through identity construction, values are made explicit and contribute to defining what the organisation considers itself to be, while through identity enactment, they are implicitly expressed and reproduced in organisational action. In the end, SAR is conceptualised as an organisational practice through which sustainability-related values may be articulated, made visible, translated/adopted into actions and reproduced over time.

In complex organisational settings such as public administrations, especially LGs, multiple identities may coexist across different policy domains, each characterised by specific combinations of centrality, distinctiveness and continuity ([Albert and Whetten, 1985](#)). SAR contributes to managing this plurality by providing a coherent “place” within which different sustainability-related meanings can be articulated, coordinated and enacted.

Overall, analysing SAR through the lenses of identity construction and enactment, and explicitly linking it to the attributes of centrality, distinctiveness and continuity, allows for a deeper understanding of its role beyond external disclosure. It highlights how SAR contributes to defining what is central to the organisation, how it differentiates itself and how it maintains coherence over time, thereby positioning SAR as a key technology in the ongoing (re) production of organisational identity ([Tripsas, 2009](#)).

4. A review of SAR literature: from voluntary adoption to standardisation

Having introduced the organisational identity lens, this section positions the study within the broader SAR literature and clarifies the specific gap it addresses. Since its appearance in the late 1970s ([Mathews, 1997](#)), the literature on SAR has developed significantly, evolving from a marginal area of inquiry into a central field within accounting and public management research ([Bebbington et al., 2023](#); [Bisogno et al., 2025](#); [Christensen et al., 2021](#)). Early contributions focused on the limitations of traditional financial accounting in capturing environmental and social externalities, highlighting how conventional reporting frameworks exclude relevant dimensions of organisational performance ([Gray, 2006](#); [Milne, 1996](#)). This led to the emergence of alternative forms of accounting aimed at making visible the broader impacts of organisational activities on society and the environment. Subsequent research has examined the motivations driving the adoption of SAR practices. These include legitimacy-seeking behaviour ([Monfardini et al., 2013](#)), stakeholder pressure ([Valentinetti and Rea, 2025](#)), institutional isomorphism ([Arias et al., 2025](#)) and regulatory requirements ([Haji et al., 2023](#); [Christensen et al., 2021](#)). In the public sector, SAR has been linked to accountability reforms associated with NPM, as organisations are increasingly required to demonstrate not only efficiency but also their contribution to public value ([Farneti and Guthrie, 2009](#); [Ball and Bebbington, 2008](#)).

A growing body of literature has also explored the content and quality of sustainability reports, disclosure practices, measurement approaches and the use of standards such as the Global Reporting Initiative (GRI) and integrated reporting frameworks ([Manes-Rossi et al., 2020](#)).

Some scholars have examined how the adoption of SAR evolves over time. [Tregidga et al. \(2014\)](#) identify three consecutive phases: an initial stage focused on compliance and social responsibility, a second phase in which organisations position themselves as sustainability leaders and a final stage where sustainability is integrated into business strategy and stakeholder partnerships. Similarly, [Contrafatto \(2014\)](#) describes a three-step process leading

to the institutionalisation of SAR: the development of a shared framework, its practical implementation through rules and routines, and its reinforcement via internal managerial structures. Later, [Contrafatto et al. \(2019\)](#) identify three phases: “birth”, driven by institutional entrepreneurship; “development”, where SAR becomes a managerial tool to rebuild trust; and “deconstruction”, marked by a return to more informal and community-based accountability practices.

According to [Parker \(2005\)](#), SAR has been mainly studied by adopting two theoretical perspectives: augmentation and heartland. The former has mainly looked at SAR as being an addendum that augments conventional accounting and its reports, while the latter has treated SAR as residing at the heart of the role of information in the organisation-society dialogue. Despite these two theoretical approaches leading to conceive SAR as the result of an ideology looking for a more democratic society ([Gray, 2002](#)), especially during the last two decades an increasing number of scholars has criticised SAR because of its incapacity to rebalance financial and non-financial dimensions in society ([Spence, 2007, 2009](#); [Tinker and Gray, 2003](#); [Gray, 2002](#); [Deegan et al., 2002](#); [Bebbington, 1997](#); [Gray et al., 1995](#)). [Spence \(2007, 2009\)](#) highlights the limitations of the dominant “business case” approach to SAR, where companies engage in sustainability reporting primarily for reputational or risk management purposes. This instrumental approach hinders transparency and accountability, favouring an idealised representation of corporate performance and ultimately reinforcing the existing power structures. These studies highlight significant variability in reporting practices, often pointing to issues of comparability, completeness and reliability.

In response to these limitations, recent research has increasingly examined SAR standards and their role in addressing global sustainability initiatives, including the sustainable development goals (SDGs), the Paris Agreement and human rights agendas ([Adams, 2023](#)). The literature has emphasised the potential of principles-based standards, auditing and assurance to enhance transparency, comparability and accountability regarding organisations’ social, environmental and governance impacts ([Brusca et al., 2024](#)). However, the coexistence of multiple and partially overlapping frameworks also generates fragmentation because these frameworks reflect different reporting logics and do not always fully capture public sector specificities ([Adams, 2023](#); [Pizzi et al., 2023](#); [Christensen et al., 2021](#)).

Among the most prominent standards are the GRI Standards, which provide a comprehensive, widely adopted framework for impact reporting and align with global sustainability agendas; the International Public Sector Accounting Standards Board (IPSASB) that published a dedicated public sector standard on climate-related disclosures, the Sustainability Reporting Standard (SRS) 1, Climate-related Disclosures, in 2026, with the support of the World Bank; the International Sustainability Standards Board (ISSB) with Standards (IFRS S1 and S2) represent a global baseline for sustainability-related financial disclosures, effective from 2024; the Integrated Reporting Framework offers a complementary perspective on sustainable development and value creation across multiple capitals since 2013.

Rather than further proliferating standards, scholars have therefore called for a more integrated and complementary use of existing frameworks ([Adams, 2023](#)) and for greater attention to the internal role of SAR within organisations ([Thomson et al., 2014](#); [Contrafatto and Burns, 2013](#)). However, this internal dimension remains underexplored. In particular, limited attention has been devoted to understanding how SAR contributes to shaping organisational meanings, practices and behaviours.

This article addresses this gap by conceptualising SAR not only as a reporting tool, but as a managerial and organisational technology involved in the construction and enactment of organisational identity. In this view, sustainability reporting provides practices and narratives through which organisations define “who they are”, stabilise sustainability-related meanings and translate them into actions and routines over time. This perspective responds to recent calls to better understand the internal uses of sustainability information ([Adams, 2023](#)) and advances SAR research by integrating it with organisational identity literature, thereby moving beyond the dominant focus on external disclosure and legitimacy.

5. Methodology

The methodology was designed to examine how SAR practices operate internally within LGs and how they contribute to a sustainability-oriented organisational identity over time. Consistent with prior research highlighting the role of texts and narratives in identity construction (Ravasi and Canato, 2013; Watkiss and Glynn, 2016), the analysis focuses, first, on how this identity is articulated within organisational documents and interviews; second, on how it is progressively filled with meaning through narratives, practices and reported actions; and third, on how these meanings evolve over time through a longitudinal examination of organisational texts (Farneti *et al.*, 2019). This analytical process traces how sustainability-related meanings are constructed, stabilised and transformed, and how they contribute to the ongoing (re)enactment of organisational identity within the case context, in line with interpretive approaches to qualitative accounting research (de Villiers *et al.*, 2019; Patton, 2015).

Studies on sustainability in LGs have highlighted the importance of adopting a longitudinal perspective (Farneti *et al.*, 2019), which enables the identification of contextual elements, reporting features and process characteristics necessary to understand the impact of SAR (Niemann and Hoppe, 2018). As social phenomena are socially constructed through ongoing interactions and are subject to continuous revision (Bryman, 2016), relationships of equivalence between an organisation and its context may emerge at different points in time, while relationships of difference between organisations can be observed within the same temporal setting (Clegg *et al.*, 2007).

Consistent with this view, the present study adopts a qualitative research approach to inform its research design, data collection and analytical procedures. This approach enables the exploration of complex phenomena in context, providing rich insights into underlying processes and meanings rather than aiming to establish generalisable laws (de Villiers *et al.*, 2019), and supports the identification of emergent patterns and behaviours (Patton, 2015; Edmondson and McManus, 2007).

A case study methodology (Yin, 2009), involving an in-depth analysis of a contemporary phenomenon within its real-life context (Saunders *et al.*, 2019; Robson, 2002), is particularly suitable for this purpose. It allows for a nuanced understanding of contextual dynamics, organisational processes and causal mechanisms, while also contributing to theory development by generating new insights (Flyvbjerg, 2011).

5.1 Data collection

The present study draws on two complementary qualitative data sources: documentary evidence and semi-structured interviews. This combination enabled the examination of how SAR contributes to the construction and enactment of organisational identity over time. Documentary analysis identified organisational narratives embedded in formal texts and material artefacts (Bowen, 2009; Gianfelici *et al.*, 2024), while interviews clarified the meanings attributed to those practices by organisational actors and the rationale underpinning the organisational position (Hsieh and Shannon, 2005; Talbot and Boiral, 2021). Data collection covered the period 2002–2018. The starting point was selected to capture possible “before” and “after” changes associated with the first adoption of a preliminary voluntary environmental report in 2003, while 2018 was the latest year for which final documents were available at the time of data collection.

Secondary data included the programme of the mandate ($n = 2$), 3-year plans ($n = 17$), performance plans ($n = 8$), performance reports ($n = 10$), social reports ($n = 6$) and preliminary and final environmental reports ($n = 26$). These sources capture different phases of organisational processes, including planning and accounting, which previous studies have rarely analysed as interdependent practices, potentially limiting the understanding of the overall process (see, e.g. Kaur and Lodhia, 2018; Schaltegger, 2012; Schaltegger and Wagner, 2006). They make it possible to examine how sustainability-related priorities are articulated, formalised and reported over time.

In line with research on texts and narratives in organisational identity construction (e.g. [Ravasi and Canato, 2013](#); [Watkiss and Glynn, 2016](#)), official documents were treated as organisational artefacts through which meanings are stabilised and made visible ([Chenhall et al., 2016](#); [Whetten, 2006](#)). In this sense, identity referents embedded in organisational texts reflect the functions they perform, the distinctive ways in which they are structured, and the organisational circumstances that give rise to their use ([Whetten, 2006](#)). This is particularly relevant in the Italian public sector, where political and managerial decisions must be publicly disclosed and formal documents provide traces of how values are represented discursively, translated into organisational practices and preserved as collective memory ([Anteby and Molnár, 2012](#)).

The case organisation is anonymised and referred to as MoB throughout the article. MoB was selected because it represents a large and organisationally complex LG located in Northern Italy, within a highly fragmented national LG sector composed of several thousand municipalities. Most Italian municipalities are small entities, with municipalities up to 5,000 inhabitants accounting for more than 5,500 administrations and covering more than half of the national territory, although they host a much smaller share of the population. Large urban municipalities, therefore, represent only a limited subset of the Italian LG sector. MoB serves several hundred thousand residents, operates within a broader metropolitan context and manages a broad portfolio of public services across multiple departments and policy areas, including urban planning, mobility, environmental management, education, social services, culture, local economic development and public works. These characteristics make MoB a relevant and distinctive case for examining how long-standing SAR practices operate and contribute to organisational identity construction and enactment over time.

Primary data were collected through seven in-depth semi-structured interviews with MoB representatives directly responsible for, or knowledgeable about, planning, accounting, reporting, environmental management and stakeholder engagement processes. Interviewees were purposefully selected for their role-based knowledge of the organisational processes investigated and their ability to explain continuity and change in SAR practices. The selection aimed to include all key organisational actors involved in the development and implementation of SAR practices, covering the full period of analysis from the early stages of the process to 2018. This ensured comprehensive coverage of the key organisational perspectives underpinning the continuity and evolution of SAR practices within the case. During data collection, interviewees were also asked to identify additional relevant actors; however, no further key individuals were identified, suggesting that the main organisational perspectives had been captured. [Table 2](#) reports the interviewees' roles and their length of service or involvement with MoB. The sample includes coordinators, project managers, senior administrators and a cabinet member directly involved in supporting SAR adoption.

Initial contact was made by phone and followed by an email explaining the purpose of the study. The interview guide was shared in advance to allow reflection on the topics discussed and to facilitate more considered, contextually grounded responses. The semi-structured interview guide, including the main themes and questions, is reported in [Appendix](#). The guide was used flexibly to allow for follow-up questions and the exploration of emerging issues, reflecting the interpretive nature of the study.

The interviewees provided insights into organisational changes within MoB, including how environmental issues are identified and framed, what underpins the continuity or discontinuity of related processes, and the rationale of activities beyond formal requirements. They also clarified how key actors interpret, justify and enact change, and how stakeholder engagement processes are constructed, mobilised and embedded within organisational practices, thereby informing the interpretation of organisational identity over time. Follow-up questions were used to clarify and deepen responses. All interviews were conducted face-to-face between March and November 2019 at the interviewees' offices, lasted 60–90 minutes, and totalled 480 minutes. The interviews generated approximately 150 pages of interview transcripts. Interviews were considered appropriate because they covered all the principal

Table 2. Profiles of interviewees in MoB

Interviewees' code	Job position and department	Length of service in the role
A0	Head of the financial reports: Financial Resources Office	Since 2009 (for 17 years)
A1	Coordinator at the Planning and Control Office	Since 2010 (for 12 years)
A2	Coordinator and project manager at the Environmental Quality Office: Sector Environment and Green Areas, Department – directly involved in the SAR process	Since 2008 (for 12 years)
A3	Senior administrator at the Statistics Office: Sector Planning, Control and Statistics	Since 2009 (for 10 years)
A4	Project manager and trainer at the entity responsible for stakeholder engagement processes	Since 2010 (for 7 years)
A5	Project manager of projects with environmental and social impacts and responsible for stakeholder engagement processes	Since 2008 (for 10 years)
A6	Member of the cabinet for Urban Planning, Private Building, Environment, Protection and Rehabilitation of the Historic City – directly involved in the decision to support SAR adoption	Political mandate 2011–2016

organisational functions involved in SAR and generated recurring explanations and interpretations across respondents, indicating that sufficient depth had been reached for the purposes of this case study. As the study examines organisational identity as an internally constructed phenomenon, only internal stakeholders were interviewed.

5.2 Data analysis

Data analysis was conducted through an interpretive qualitative approach informed by a discourse-oriented perspective. The analysis aimed to examine how sustainability-related meanings are constructed, stabilised and transformed over time, and how these contribute to the enactment of organisational identity, drawing on insights from prior longitudinal studies of organisational texts (e.g. [Tregidga et al., 2014](#)). [Table 3](#) combines the analytical process with an illustration of how each step was applied in the study.

Following the steps reported in [Table 3](#), documentary and interview data were analysed iteratively and in conjunction. Interview extracts were used to explain, support or challenge patterns emerging from the documentary analysis, particularly regarding the continuity and discontinuity of SAR practices, the role of funding availability, political priorities and the continuity of key organisational actors, consistent with interpretive qualitative research ([Suddaby, 2006](#)). Contradictions across interviewees, and between interviews and documents, were retained analytically where they provided insight into tensions in how organisational identity was understood and enacted, supporting the identification of recurring themes, inconsistencies and evolving interpretations ([Mahama and Khalifa, 2017](#)). A timeline of significant events, reporting developments and organisational changes was then constructed to support the longitudinal interpretation of how sustainability-related meanings were produced, stabilised and transformed within the case. This interpretive lens helped explain how social actors made sense of SAR practices within a specific organisational context ([Gephart, 2004](#)). The study was conducted by three authors. Interviews were carried out by one author, who was directly involved in data collection, while the initial analysis of documentary and interview data was discussed and refined collaboratively across the research team. Emerging interpretations, decisions and patterns were examined iteratively, allowing initial readings to be challenged and alternative interpretations to be considered.

Table 3. Analytical process and illustration from the study

Analytical step	Specific procedure	Illustration from the study
Data sources	Documentary data, including plans, reports and environmental documents; semi-structured interviews	The analysis combined planning documents, including 3-year plans and programmes of mandate, reporting documents, including social, performance and environmental reports, and interviews with actors involved in planning, environmental management, reporting and stakeholder engagement
Data familiarisation	Full reading of documents and repeated reading of interview transcripts	Documents were read in full to understand their structure, content, temporal positioning and broader organisational and policy context
Data reduction	Selection of sustainability-related documentary extracts and relevant interview extracts	Extracts on environmental and sustainability issues were selected, including climate adaptation and sustainable mobility. Interview extracts were retained where they clarified the rationale, continuity and organisational significance of SAR practices
Data organisation	Analytical worksheet organised by document type, year and section; distinction between planned and achieved actions; thematic grouping of interviews	Extracts were organised by document type, year, section and relevance to organisational identity dimensions, distinguishing planned actions in planning documents from reported achievements in environmental reports
Iterative analysis	Comparison across documents over time and between documentary and interview data; identification of patterns, inconsistencies and omissions	Extracts were compared over time and across data sources to identify recurring themes, inconsistencies and omissions in how sustainability issues were represented and interpreted
Longitudinal interpretation	Timeline of key events; analysis of changes in meanings and practices over time	The analysis examined how shifts reflected evolving organisational priorities and alignment with EU environmental agendas, contributing to continuity in sustainability-related practices
Theoretical interpretation	Interpretation of meanings in relation to organisational identity	Findings were interpreted in terms of how sustainability-related meanings were constructed, stabilised and transformed over time, reinforcing a sustainability-oriented organisational identity
Reflexive validation	Iterative discussion among authors to refine interpretations and ensure coherence	Emerging interpretations, including the role of environmental reporting in supporting continuity and distinctiveness, were refined by comparing documentary evidence with interview accounts and considering alternative explanations

Source(s): Authors' own work

6. Findings and discussion

6.1 The case context

Since the 1990s, the EU has promoted sustainability-related initiatives across different levels of governance (Siboni and Sangiorgi, 2013), through recommendations for LGs and funding programmes supporting environmental policies and legislation. The EU Programme for the

Environment and Climate Action (LIFE), for instance, funded LGs to test environmental accounting systems and reports intended to replace State of the Environment reports.

In Italy, this funding led only eighteen LGs to implement City and Local Environmental Accounting and Reporting (CLEAR) and two to implement ecoBudget. Despite the high number of Italian LGs, only sporadic experiments occurred. However, MoB continued to engage in SAR over time.

During the same period, MoB operated within Italian public sector reforms inspired by NPM (Hood, 1991; Pollitt and Bouckaert, 2011). In the case context, these reforms increased the importance of planning and performance documents and, in 2011, led to the adoption of a revised structure for the 3-year plan and the introduction of mandatory performance planning and reporting. However, they did not introduce a mandatory SAR system. This distinction is important for the case: while social reporting was discontinued and partly absorbed into mandatory performance reporting, environmental reporting persisted as a voluntary practice. MoB's voluntary SAR practices therefore developed alongside NPM-inspired reforms, but were not directly required by them.

MoB was funded by the EU ecoBudget project (2002–2004) and implemented its first voluntary environmental report in 2003, while SAR regulation for public sector organisations was being discussed in the Italian parliament (2001–2004). At the same time, some Italian LGs experimented with SAR through national and EU projects. Italian reforms also increased demand for transparency, accountability and responsiveness to stakeholders (Marcuccio and Steccolini, 2005; Greco *et al.*, 2015). Thus, despite attempts to approve a public policy, voluntary tools may be seen as a strategy to gain legitimisation and avoid further legislation. In 2007, a bill delegating the government to introduce SAR in public sector organisations was approved but never passed into law, leaving SAR voluntary.

MoB's voluntary adoption of SAR sits within a broader engagement with international and EU initiatives since the 1990s, beginning with the membership of ICLEI (International Council for Local Environmental Initiatives) – Local Governments Sustainability, which enabled access to networks, EU projects and policy alignment (Table 4).

Table 4 illustrates the relationship between institutional initiatives and the evolution of SAR practices over time, highlighting both continuity, particularly in environmental reporting, and discontinuity, such as the abandonment of social reporting. This supports the interpretation of SAR not only as a response to institutional initiatives, but also as a practice embedded within broader organisational and policy dynamics, through which reporting contributes to the construction and enactment of organisational identity over time.

6.2 Central and continuous identity features

In MoB, central and enduring identity attributes are reflected in its participation in, and creation of, coalitions that translate international and national visions into local actions. MoB's engagement in international networks drove the adoption of the dominant environmental agenda promoted by the UN, EU and other international organisations. Despite limited institutional and legislative pressure, this engagement dates back to the early 1990s (Table 4): MoB was the first Italian LG to join ICLEI in 1993, took part in the first European Conference on Sustainable Cities and Towns in 1994, signed the Aalborg Charter and later its commitments, adopted Local Agenda 21 in 1999, and received an ICLEI award at COP97 for its voluntary municipal energy plan. These commitments led to multiple planning instruments to reduce carbon dioxide equivalent (CO₂-eq) emissions in the territory. In this sense, MoB's early engagement with ICLEI and related international initiatives contributed to identity construction by defining sustainability as a central and distinctive organisational priority; over time, this engagement supported identity enactment as these commitments were translated into planning instruments, environmental targets and reporting practices.

The Municipal Energy Plan aims to reduce municipal energy needs and climate-changing emissions as a local implementation of the Kyoto Protocol, national and regional European directives on energy

Table 4. Institutional initiatives and evolution of SAR practices in MoB

Year(s)	Institutional initiatives and commitments	SAR practices
1993	ICLEI membership (first Italian LG to join)	Initial engagement with sustainability networks; no formal reporting
1994	Aalborg Charter	Commitment to sustainability principles at local level
1997	ICLEI award for Municipal Energy Plan (COP97)	Development of environmental planning tools
1999	Local Agenda 21	Early integration of sustainability principles into local planning
2003	EcoBudget project (EU co-funded)	First voluntary environmental report
2005–2010	–	Introduction and development of voluntary social reporting
2006	Aalborg Commitments	Continuation and consolidation of environmental reporting
2008	Covenant of Mayors	Increasing focus on energy and climate-related reporting
2011	Performance management reporting enforced by law	Discontinuation of social reporting; partial integration into mandatory reporting
2014	Mayors Adapt initiative	Environmental reporting aligned with climate adaptation agenda
2018	Integration of UN SDGs into planning	Environmental reporting aligned with SDGs and broader sustainability agenda

Source(s): Authors' own work

saving and the promotion of renewable energies, as designed in the Municipal Energy Plan approved in 1998 (3-year plan 2005–2007, p. 65)

MoB's official documents reflect an external lens to represent the environment. The document's content changes over time in line with the priorities set by international organisations, reflecting an intention to legitimate the voluntary environmental practices being implemented. At the beginning of the 2000s, the focus was on managing natural resources, and later, the focus shifted to energy, climate change and air quality (through mobility alternatives). This shift indicates a transformation in the meaning of sustainability reporting and reflects MoB's identity construction, moving from a descriptive representation of environmental conditions towards a more strategic alignment with climate and energy-related policy agendas.

During 2009, the municipality (...) committed to finding additional economic resources to complement the ones already allocated by the administration through participation in various regional, national and European calls. The co-funded projects were approved, in particular in the area of sustainable mobility, in compliance with the policies and indications issued by the EU and by the other funding entities (Environmental report 2009, p. 5)

In 2018, the inclusion of the UN Sustainable Development Goals (SDGs) in MoB's strategic planning shows the commitment to the environmental challenges posed by the UN SDGs.

Environmental challenges have ever been central to us. Now with the United Nations' Sustainable Development Goals, numerous references to policies that the administration has long undertaken and supports concerning the adaptation to climate change, sustainable energy, and the development of ecological networks (MoB's 3-year plan 2018–2020, p. 80).

MoB's adoption of the dominant environmental agenda contributes to stabilising and institutionalising the characteristics and values of its identity, which have endured through its continuous adaptability to the dominant agenda, thereby providing legitimacy to MoB. This finding suggests that sustainability reporting is not merely a reflection of external pressures, but a mechanism through which organisational identity is stabilised by aligning local practices

with evolving institutional agendas. Many of the initiatives adopted relied on the “political orientation”, “funding” and “strategy for the city”.

If there is some funding in some areas, we decide to invest in those topics because there is the possibility of having resources (...). In sum, there is political orientation, but also the funding available and the strategy for the city (Interviewee A4).

LGs engage in international, national and regional networks to access knowledge and resources, enhance visibility (Gustafsson and Mignon, 2020) and complement hierarchical governance with broader managerial capabilities (Ferlie *et al.*, 2011). Prior research has also shown ICLEI’s role in supporting and legitimising environmental agendas in LGs, for example in Australia and New Zealand (Strengers, 2004). MoB adds a complementary perspective: engagement with networks such as ICLEI became an irreversible commitment and high-level priority, highlighting a core identity attribute that passed the test of time (Albert and Whetten, 1985). This shows how organisational identity is continuously re-enacted through reporting practices that adapt to changing institutional expectations while maintaining continuity in core values.

Drafting the Climate Change Adaptation Plan consists of an adaptation strategy and an action plan, resulting from the activities of [name of an EU-funded project] and the adhesion of the municipality and European initiative Mayors Adapt – the Covenant of Mayors Initiative on Adaptation to Climate Change (3-year plan 2016–2018, p. 137).

The sustainability dimension characterising MoB’s identity could have been abandoned at any time after its adoption. SAR is often a fragmentary process leading to the disappearance of sustainability practices within the municipality when a specific person or group of people that support the prevailing identity ceases its role in the internal power mechanism (Farneti *et al.*, 2019). Internal organisational factors drive the loss of interest due to the reporting practice’s use to represent an identity disconnected from internal and external stakeholders (Vinnari and Laine, 2013). Actions are shaped by the government in office and are subject to change following elections (Ball *et al.*, 2014). This suggests that voluntary reporting usually involves a specific group of people aiming to establish a certain identity. According to interviewee A6, the fact that the same people have been working in MoB over time supports the continuous implementation of similar beliefs, values and norms in the organisation.

In this political continuity, a continuity of people that have had different roles, in these ten years it has structured the idea of having a city where the environment is an essential part of the communication and vision. The environment is part of the objectives in the mandate programme (Interviewee A6).

MoB’s organisational commitment to sustainability is associated with the dominant EU environmental policies, and it is governed by political parties and people in decision-making roles benefiting from an identity consistently deployed in environmental policies and practices across time. The various MoB cabinet members for the environment have consistently prepared and shared the effect of their commitment through voluntary environmental reports, supported by other cabinet members and the municipal council to continue developing the voluntary reporting system. In MoB, the annual environmental reporting is the primary means to re-enact organisational identity to gain or maintain legitimacy – hence its continuous adoption across time.

The purpose of this instrument [the environmental report] is to contribute to the development, implementation and updates of Community [EU] policy and legislation in the field of the environment, particularly as regards the integration of the environmental aspect into other policies and to contribute to sustainable development in the Community [EU] (Social report 2006, p. 189).

The experience of MoB is consistent with the idea that voluntary sustainability reporting is often driven by internal actors who act as “sustainability champions” and promote a specific agenda through voluntary accounting practices (Farneti and Guthrie, 2009; Maroun and

Lodhia, 2018). A similar dynamic has been observed in municipalities' involvement in sustainability commitments (Garcia-Sanchez and Prado-Lorenzo, 2008). In the absence of legislation, the role of specific actors with decision-making capacity becomes particularly relevant for promoting sustainability reporting in LGs (Greco *et al.*, 2012, 2015). In MoB, however, the evidence does not point to a single sustainability champion. Rather, the continuity of environmental reporting was sustained by a small constellation of political and administrative actors over time: people who, although occupying different roles, contributed to embedding environmental priorities in MoB's communication, vision and mandate programmes. This indicates that SAR was supported by actors with decision-making capacity, including cabinet members responsible for the environment and administrative officers involved in environmental services and reporting processes. MoB's findings also corroborate the idea of Ball (2005), who suggested that officers responsible for environmental services support the environmental development agenda.

Overall, these findings contribute to organisational identity theory by showing how SAR functions as a mechanism for maintaining continuity while accommodating change, thereby enabling the ongoing enactment of organisational identity.

6.3 Distinctive and continuous identity features

The first feature is the scope and boundaries of SAR among Italian LGs since the participation in networks that MoB uses to distinguish itself from other LGs. This suggests that SAR not only reflects organisational identity (r)enacting, but also actively contributes to constructing distinctiveness by differentiating MoB from other organisations operating within the same institutional environment. Since the '90s, Italian legislation has mainly focused on financial aspects (Panozzo, 2000), economic efficiency for recovering legitimacy after financial scandals (Cepiku *et al.*, 2016) and increasing transparency in the use of public resources (Steccolini, 2004), to integrate Italy into the EU's economic and monetary union (Grossi and Mussari, 2008). In this context, MoB was the first Italian LG to adopt innovative sustainability practices such as environmental reporting, through the ICLEI project co-funded by EU EcoBudget. This is consistent with Bebbington *et al.* (2009), as internal organisational and social factors played a crucial role in driving the voluntary adoption of sustainability reporting. Its historical and cultural characteristics support proactive engagement in initiatives beyond legal requirements. This distinctiveness, however, is not episodic but rooted in continuity. In line with organisational identity theory, distinctiveness becomes meaningful when it is repeatedly enacted over time and stabilised through consistent organisational practices (Albert and Whetten, 1985; Gioia *et al.*, 2000). Thus, SAR differentiates MoB from other LGs and maintains this differentiation through continuous enactment, linking identity claims with consistent action.

MoB is the only Italian LG that has not abandoned the practice over time, even if no national policy has emerged. This continuity is critical from an identity perspective. As highlighted by Gioia *et al.* (2000), organisational identity is preserved through ongoing enactment, whereby repeated practices reinforce core meanings over time. SAR persistence in MoB is therefore not only a managerial choice but a mechanism that stabilises identity, turning a voluntary practice into an enduring organisational attribute. The adoption of voluntary reports by LGs can be seen as a managerial fashion that started in the 2000s (Marcuccio and Steccolini, 2005). For some LGs, sustainability was either a single experiment or something left behind after publishing a few reports coherent with the fashion and "fad" arguments (Farneti *et al.*, 2019; Marcuccio and Steccolini, 2005; Vinnari and Laine, 2013). Thus, MoB's continued adoption of voluntary environmental reporting enacts its identity and reflects commitments that distinguish it from other Italian LGs. In this sense, SAR operates as a mechanism of differentiation, positioning MoB as a distinctive actor within a shared institutional field. MoB is a social actor that reflects and interprets cultural themes and resources in constructing who it is and what it does, as Glynn and Watkiss (2012) discussed.

MoB's distinctiveness should therefore be understood not only in relation to other Italian LGs, but also through its positioning within broader transnational sustainability networks. Membership of ICLEI and participation in EU-level initiatives did not simply make MoB similar to other network members. Rather, these networks provided shared agendas, language and legitimacy that MoB translated into local reporting practices over time. SAR therefore helped MoB make visible its capacity to enact international sustainability commitments locally and continuously, reinforcing its distinctive positioning both within the Italian LG context and in relation to broader sustainability networks.

MoB's environmental reporting content focuses on environmental areas resulting from voluntary commitments within the EU, such as the Covenant of Mayors in 2008 and the Mayors' Adapt in 2014, which include mobility, air quality, energy and climate change. MoB has defined for many years its intention to follow EU goals and commitments as described:

MoB should maintain its European role, not only through strategic infrastructures but also through its contribution to the achievement of the objectives deriving from international commitments (Paris COP 21, which establishes the reduction of GHG by 40% by 2030) and from regional commitments (Programme of the mandate 2016–2021, p. 19).

Alignment with EU agendas supported both distinctiveness and continuity: it differentiated MoB from other Italian LGs while maintaining coherence between past commitments and new policy priorities. MoB's environmental focus differs from research showing that voluntary initiatives may be shaped by anticipated sustainability reporting legislation, as in LGs in New Zealand (Othman *et al.*, 2017) and the United Kingdom (Ball, 2005), or by expected greenhouse gas legislation in Australia (Goswami and Lodhia, 2014). In Italy, no such legislation was under discussion. In the case of MoB, alignment with the EU therefore represented a voluntary distinctive imperative rather than a response to anticipated regulation. According to Whetten (2006), identity-referencing practices gain strength when they are repeatedly invoked across situations, particularly in moments of decision-making. Environmental reporting can therefore be interpreted as a "categorical imperative": a recurring practice that signalled what MoB had to continue doing to remain consistent with its established sustainability-oriented identity.

The process underlying SAR adoption in MoB was mainly internally oriented. No formal forum held MoB accountable for sustainability performance, limiting the accountability role of sustainability mechanisms. Although stakeholders are essential for accountability (Kaur and Lodhia, 2019), no external stakeholders were directly engaged in MoB's reporting process. This finding is consistent with studies on sustainability reporting in Italian LGs (Greco *et al.*, 2012, 2015), other European LGs (Niemann and Hoppe, 2018) and Australian LGs (Kaur and Lodhia, 2018). Marcuccio and Steccolini (2005) argue that the internal process is essential to make colleagues aware of activities developed in the environmental domain. Farneti and Guthrie (2009), instead, highlights the limited value of these documents for external stakeholders. In MoB, environmental reporting was therefore not primarily used for external accountability, but to materialise values and distinguish MoB from other Italian LGs where adoption was absent or limited. It was mainly used internally to support the narrative of a distinct organisational identity. In this sense, the case challenges conventional interpretations of SAR as primarily an accountability mechanism and shows how reporting can support internal recognition of organisational distinctiveness, which, in turn, enables the sense of identity itself, as discussed by Gioia *et al.* (2013).

These findings also qualify the accountability implications of SAR. In a context where SAR remains voluntary, reporting may operate as an organisational practice able to make sustainability values visible and connecting current actions with previous commitments. However, this internal identity-enactment function should not be conflated with democratic accountability, which requires opportunities for citizens and stakeholders to question and influence organisational priorities. Internal identity enactment may therefore provide an

organisational foundation for external accountability but cannot substitute for stakeholder engagement.

Environmental reporting supported the internal legitimacy of the environmental agenda by making visible the work of the offices and actors involved in environmental services and reporting processes, and by linking their activities to MoB's strategic priorities and sustainability-oriented identity. However, the interviews do not suggest that those responsible for SAR used reporting primarily to maintain their own individual legitimacy within the organisation.

Not all MoB sustainability reports became organisational identity attributes. Besides environmental reporting, MoB adopted social reports between 2005 and 2010, covering activities and results on education, social policies, culture and local associations to "represent the whole entity in a single document" (Social report 2005, p. 7). MoB stopped publishing its voluntary social report in 2011 when the performance management report was enforced by Italian law. The social reports information was partly included in the performance management documents, and the same happened to some environmental information. This divergence shows that different SAR practices played distinct roles in the enactment of organisational identity over time. It also marks a moment of selective identity construction, as MoB implicitly distinguished between SAR practices that remained central to its sustainability-oriented identity and those that could be absorbed into mandatory performance reporting. Social reporting was discontinued and partly absorbed into mandatory performance reporting, whereas environmental reporting persisted as a voluntary practice. This suggests that environmental reporting became more closely aligned with MoB's institutional agendas and internal organisational priorities, thereby reinforcing its role as a key mechanism for identity enactment, used to monitor environmental priorities, support organisational decision-making and reproduce MoB's sustainability-oriented identity over time. Its continuation was supported by cabinet members responsible for the environment and by the council, who considered the environmental report a valuable practice for summarising the state of the environment in the territory.

It is a voluntary instrument that could have died after a few years. However, it is something that first impassioned the cabinet member for the environment and the council. They see it as an instrument that gives a valuable snapshot of the current state of some environmental aspects that they do not often find (Interviewee A2).

Although performance and environmental reports partly overlap, environmental reporting summarises the state of the environment in the territory and, to a lesser extent, the organisation's environmental performance. This information could have been integrated into performance management reports, yet environmental reporting remained relevant, justifying its continued adoption despite partly replicating information already published in a regulated document.

The environmental report is aimed at developing a document with specific information that can be scanned. Also, it provides information on the progress of the most critical environmental thematic areas (Interviewee A2).

The decision to continue adopting environmental reporting shows its centrality as an enactment of organisational identity within MoB, distinguishing it from other LGs. The economic logic underlying decision-making in LGs leads to a primarily financial representation of nature (Weir, 2019), and what is left out of conventional accounting weakens significant environmental impacts. The environment is seen as a source of value to serve economic interests, amplifying an anthropogenic and instrumental environmental approach (Tregidga and Milne, 2006). By contrast, MoB environmental reports represent a categorical imperative over time: an organisation-specific attribute that cannot be abandoned (Whetten, 2006).

These findings contribute to the literature on SAR by showing how reporting practices can evolve from accountability tools to mechanisms of identity construction, enactment and differentiation, particularly in contexts where formal regulatory pressures are limited. By documenting environmental commitments over time, MoB’s reports did not merely account for sustainability actions, but contributed to shaping what the organisation was understood to be. Table 5 uses this distinction to trace how SAR contributed to identity construction and identity enactment across phases of emergence, expansion, disruption, selective stabilisation and adaptation.

This longitudinal reading shows that SAR operated both as a mechanism for constructing sustainability-related identity claims and as a practice through which those claims were enacted and stabilised over time. Environmental reporting became the main SAR practice through which MoB maintained continuity, differentiated itself from other Italian LGs and adapted its identity to evolving EU and international sustainability agendas. In this sense, continuity did not imply a lack of change; rather, it was produced through the selective stabilisation of environmental reporting and its ongoing adaptation to new policy priorities.

7. Conclusion and future research

The objective of this study is to investigate how SAR practices operate internally within LGs and how they contribute to the construction and enactment of their organisational identity. To address this objective, the article analysed the longitudinal case of MoB, an Italian pioneer in the voluntary adoption of environmental reporting. The findings show that environmental reporting operated as a technology through which a sustainability-oriented organisational identity was constructed, enacted and maintained over time. They also show how SAR may support efforts to institutionalise sustainability practices even in the absence of a legal requirement, thereby contributing to the maintenance of LGs’ identity. This perspective is

Table 5. Longitudinal dynamics of SAR and organisational identity in MoB

Period	SAR development	Identity construction	Identity enactment	Main identity emphasis
Early 1990s–2003	Participation in international sustainability networks; first environmental accounting/reporting experiments	Sustainability/ environment articulated as part of MoB’s public role	Initial translation into environmental planning and first voluntary reporting	<i>Distinctiveness emerging</i>
2003–2010	Environmental reporting consolidated; social reporting introduced	Broader sustainability identity constructed through environmental and social narratives	Repeated production of voluntary reports; integration with planning and reporting routines	<i>Centrality expanding</i>
2011–2014	Mandatory performance reporting introduced; social reporting discontinued	Social reporting loses salience; environmental reporting remains identity-relevant	Selective persistence of environmental reporting despite overlap with mandatory tools, and its use to monitor priorities and support decisions	<i>Continuity tested/ selective stabilisation</i>
2014–2018	Alignment with climate adaptation, energy agenda and SDGs	Sustainability identity reframed around climate, energy and global agendas	Environmental reporting used to maintain coherence between past commitments and new policy priorities	<i>Continuity through adaptation</i>

Source(s): Authors’ own work

relevant because, differently from research which looks at SAR primarily for accountability purposes (Kaur and Lodhia, 2019; Ball *et al.*, 2014; Bebbington *et al.*, 2009), it highlights the internal role that SAR can play in constructing and enacting an organisational identity that differs from the identity fostered in the public sector through the NPM reform process (Skälén, 2004).

More specifically, the findings show that SAR simultaneously contributes to the construction of centrality, distinctiveness and continuity, as conceptualised in organisational identity theory (Albert and Whetten, 1985), and (re)affirm the managerial relevance of focusing on non-financial performance in LGs. While prior literature has largely examined SAR as a tool for accountability and legitimacy, this study demonstrates that its implementation enables organisations not only to define “who they are”, but also to stabilise this definition over time. In this sense, distinctiveness is not simply achieved through the adoption of innovative practices, but through their sustained and repeated enactment, which transforms them into enduring identity attributes that affect the strategic and operational activities of MoB. Participation in networks that share similar values is therefore relevant to the construction of organisational distinctiveness. Although network participation could be perceived as reducing distinctiveness, in MoB the opposite occurred: engagement with EU-level networks helped legitimise a sustainability-oriented identity within the public sector realm. Distinctiveness emerged not only from aligning with supranational agendas, but from the organisation’s ability to translate these agendas consistently into local practices over time, thereby stabilising its positioning within the institutional field in which it operates.

Evidence from MoB shows the continuous adoption of voluntary reporting and the expansion of accounting boundaries due to the local context and its political and social culture. The voluntary reports contribute to and reflect the construction of MoB’s central and core identity by aligning with the dominant and innovative environmental agenda at the European level. But the present study also shows how organisational identity has been key in the PS and how it is enacted through the continuous adoption of voluntary reporting to become perduring and able to affect LGs’ decision-making. The continuous adoption and publication of environmental reports, even if when its content could have been inserted in a different but compulsory report (the performance management report), has contributed to the formation of a clear collective memory (Anteby and Molnár, 2012).

Importantly, the case also shows that not all SAR practices became identity attributes: while social reporting was discontinued and partly absorbed into mandatory performance reporting, environmental reporting persisted as the dominant and enduring practice through which MoB enacted its sustainability-oriented identity. These reports, as a SAR technology, contribute to the formation of collective memory by capturing documented practices, values and milestones and connecting MoB’s past commitments with present and future sustainability priorities. In this way, SAR supports organisational members in recognising the continuity of the municipality’s sustainability-oriented identity and the alignment between their work, the LG’s strategic objectives and the organisation’s enduring commitments. Purposes like sustainability become relevant for public employees and organisations not only because of stakeholder and social pressures, but also because they are made consistent with the identity of the organisation they are part of. SAR contributes to this alignment and consistency, thereby supporting the continuous (re)formation of organisational identity. This study makes a distinct contribution by showing that, in a public sector context where SAR remains voluntary and weakly institutionalised, reporting can still become organisationally consequential when it is connected to enduring identity claims, internal decision-making and collective memory. In this sense, SAR is not only shaped by organisational identity, but can also become one of the practices through which identity is selected, stabilised and enacted over time.

Evidence from the present study has implications for policymaking and management decisions. The findings suggest that accounting and reporting boundaries in public sector organisations should extend beyond economic-financial representations to include environmental and social dimensions. A broader form of accountability requires integrating

financial and non-financial information so that environmental and social impacts are not treated as external to public sector accounting and reporting systems. Financial information remains important for supporting public decision-making; however, when it becomes the dominant basis for defining organisational priorities, environmental degradation and social inequalities risk remaining outside the accounting mechanisms through which organisations are managed, evaluated and held accountable. This implication is supported by the institutional context discussed: while financial reporting and performance management are formally regulated, SAR remains largely voluntary and weakly institutionalised. In MoB, this tension is visible in the fact that some environmental information could have been absorbed into mandatory performance reporting, yet environmental reporting continued to be produced voluntarily because it supported the enactment of a sustainability-oriented organisational identity.

Managers should therefore use SAR not only for external accountability purposes, but also to circulate within organisations those values that are central, distinctive and enduring, and to show employees how their work aligns with the organisation's identity. These implications are relevant for LG professionals, politicians and networks, as SAR can connect reporting with planning, performance management and long-term public value objectives, while frameworks and shared language provided by networks such as ICLEI can support the organisational embedding of voluntary SAR practices. Overall, the study contributes to the SAR literature by showing that reporting practices can evolve from instruments of accountability to mechanisms of identity construction and enactment. At the same time, it advances organisational identity theory by empirically illustrating how centrality, distinctiveness and continuity are interdependent: centrality and distinctiveness are constructed through strategic positioning and narrative framing, while continuity stabilises and recognises these elements over time through repeated enactment. SAR operates at the intersection of these dimensions, acting as a key mechanism in the ongoing (re)production of organisational identity.

Despite its theoretical and practical contributions, this article also has limitations. First, the empirical analysis is based on a single case study, limiting the generalisability of the findings. Second, only internal stakeholders were interviewed, and only official documents were analysed, which may restrict understanding of how SAR is perceived outside the organisation. Third, the analysis did not consider social media and websites. During most of the period examined, however, these channels were not central to MoB's SAR practices, which were primarily articulated through official planning and reporting documents. This focus is consistent with the study's aim to examine how SAR contributed to organisational identity construction and enactment through formal organisational texts and interviews. Future research could examine whether and how digital media reshape the relationships among SAR, stakeholder engagement and organisational identity.

Appendix

Interview guide

Section 1: Organisational background and role

- (1) Can you briefly describe your role within the organisation?
- (2) How long have you been involved in planning, accounting, reporting or environmental management activities?
- (3) What is your involvement in sustainability accounting and reporting processes?

Section 2: Identification and framing of environmental issues

- (1) How are environmental and sustainability issues identified within the organisation?

- (2) Which actors or units are involved in this process?
- (3) How have these issues changed over time?
- (4) To what extent are external frameworks (e.g. EU policies, international initiatives) influential?

Section 3: Sustainability accounting and reporting practices

- (1) When and why did the organisation start adopting sustainability accounting and reporting practices?
- (2) What are the main objectives of these practices?
- (3) What types of activities are carried out beyond mandatory requirements? Why?
- (4) How are planning, accounting and reporting processes connected in practice?

Section 4: Continuity and change

- (1) What factors explain the continuity of sustainability accounting and reporting practices over time?
- (2) Have there been moments of discontinuity or change? What triggered them?
- (3) What role do organisational routines and past experiences play in maintaining these practices?

Section 5: Actors and change processes

- (1) Who are the key actors involved in promoting or maintaining sustainability reporting?
- (2) How do these actors influence organisational decisions?
- (3) How do they conceptualise and implement change within the organisation?

Section 6: Stakeholder engagement

- (1) What role does stakeholder engagement play in sustainability reporting processes?
- (2) Which stakeholders are involved and how?
- (3) To what extent does reporting aim at external accountability versus internal purposes?

Section 7: Organisational meaning and identity

- (1) What does sustainability accounting and reporting represent for the organisation?
- (2) How do these practices relate to the organisation's values and mission?
- (3) Do you think these practices contribute to shaping "who the organisation is"? How?
- (4) How do employees perceive these practices?

Section 8: Closing reflections

- (1) In your view, what is the main value of sustainability accounting and reporting for the organisation?
- (2) Are there any challenges or limitations in maintaining these practices?
- (3) Is there anything else you would like to add?

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