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**Public-Sector Accountability: A Journey from Performance Measurement to Performance
Governance**

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Summary

Over the last thirty years, the public sector has been characterised by continuous upheavals and pressures to demonstrate increased accountability. Buhr (2012) has drawn attention to the momentum for changes in government financial reporting, largely associated with New Public Management (NPM) ideology and an increased emphasis on performance measurement and reporting. Accordingly, performance measurement and governance systems have been progressively modified and developed, encouraging an incredibly rich body of research and studies in the field. By exploring the link between the concepts of accountability, performance measurement and governance, the chapter advances proposals in relation to gaps in the current literature that can inform both future research and practice in the area of public-sector accountability and governance.

Keywords: public sector, dialogic accountability, performance measurement, holistic governance

Introduction

During the past three decades, the public sector has been characterised by continuous upheavals and pressures to demonstrate increased accountability (Bovens et al., 2008; Overman, 2021). If the term accountability embraces the means used and relationships set in place to explain and take responsibility for political and administrative actions (Roberts and Scapens, 1985; Dubnick, 2005), it also entails being able to collect relevant information and report it in a meaningful way. Therefore, the ways and rationales to measure performance, its need and content have consistently been progressively modified and developed, encouraging an incredibly rich body of research and studies in the field (Lapsley, 2009; Liguori and Steccolini, 2014; Steccolini, 2019). While one of the main purposes of performance measurement systems has always remained to address the necessity and duty to be accountable, both within an organisation and towards citizens and taxpayers, how to achieve an effective balance between comprehensive performance measurement and meaningful accountability in the context of the public sector has remained a controversial topic over the years.

By exploring the relationship between the concepts of accountability, performance measurement and governance in the public sector, this chapter aims to highlight the main milestones reached to date and provide proposals and way forwards in relation to gaps in the literature on writing that can inform both future research and practice. The chapter critically explores interactions between public-sector performance measurement and accountability practices (especially in government), identifying key factors to interpret their relationship and variations in practice. This provides the basis for the proposal of possible under-explored themes that can constitute a response to some of the shortcomings identifiable in the literature. The chapter posits that such shortcomings particularly highlight the necessity for a more holistic and dialogicⁱ approach in the following areas: citizen engagement and citizen-led accountability, systematic environmental and social sustainability measures and practices, and structured approaches to performance governance (Almquist et al., 2013; Grossi and Steccolini, 2014). While the subject matter under analysis is extremely broad and it is, therefore, impossible to provide a comprehensive and systematic review of the literature in the short space allowed in a chapter, the contribution aims to propose possible new research directions to support a strong and informed research agenda in the area.

The chapter highlights that the involvement of citizens in the performance assessment of public services has been studied using a range of perspectives. Prior accounting literature has focused on: different ways to involve citizens in performance management (Heikkila and Isett, 2007); frameworks of citizen-driven performance initiatives (Holzer and Kloby, 2005); roles of citizens as

armchair auditors in monitoring government expenditure (O' Leary, 2015), and citizen involvement in designing local-government performance measures (Ammons and Madej, 2018; Mizrahi and Minchuk, 2019). Barbera et al., 2016 have called for more research on citizen-government interaction. Overall, prior studies illuminate the importance of citizen participation in government to improve performance management and accountability. While there is a body of literature on stakeholder accountability (Greiling and Grüb, 2014), the link to citizen accountability has been given limited attention in the literature.

Second, the chapter proposes that more work is needed in relation to the measures and practices of environmental and social sustainability within public-sector organizations. It has been observed that while the concept of environmental and social sustainability has "saturated the modern world" (Niemann and Hoppe, 2018, p. 203), "sustainability practices for public services have been neglected by scholars and others as a subject of theoretical research and in-depth investigation" (Guthrie et al., 2010, p. 450). When evaluating the prevalence of sustainability reports, a common theme from the literature is that the uptake and practice of sustainability reporting among public-sector organizations is still in its infancy compared to the private sector (Niemann and Hoppe, 2018). Adams (2017) suggests that much of the existing public-sector sustainability reporting has focused on compliance, albeit voluntary, with external global governance expectations, with less attention being given to more bespoke national issues.

Finally, while it is acknowledged that public-sector organizations are still closely linked to New Public Management (NPM) ideologies, scholars have called for a move towards a more cohesive view of performance and accountability (Anessi-Pessina et al. 2016; Steccolini, 2019). The increasing need for both financial and performance accountability necessitates a broader set of management, accounting and accountability systems and involves embracing the idea of performance governance. Governance is an umbrella term which refers to the steering and coordination of different actors, often in network-type patterns of collaboration (Almquist et al., 2013; Grossi and Steccolini, 2014). These networks occur out of the necessity to interact. Recognising stakeholder heterogeneity and pluralism in service delivery (Steccolini, 2019), public governance advocates the need for public-sector organizations to strengthen accountability, participation and transparency. Implementing a performance-governance system necessitates a move from a focus on outputs of individual public-sector agencies to one which focuses on outcomes of collaborative efforts (Almquist, et al., 2013). The adoption of a performance-governance approach has direct implications on the forms and means of accountability.

The chapter is structured as follows: the next section provides an overview of current literature on accountability and performance measurement in the public sector, highlighting current gaps and shortcomings. There then follows an elaboration on the identified gaps and the need for a more holistic interpretation and understanding of such issues under a perspective of governance, suggesting three possible areas for future development in response to this. The subsequent three sections review each of these areas in more detail, identifying possible developments for future research. Finally, the conclusions offer an overview of the main contribution of the chapter and delineate future steps and implications for practice.

Accountability and performance measurement in the public sector: the story continues

The past few decades have seen an escalation of interest in different forms of accountability, both at the organisational and individual levels (Munro and Mouritsen, 1996; Agyemang et al., 2019; Overman, 2021). The increasing prominence of ‘accountability’ and ‘performance’ⁱⁱ within a public-sector context, driven by NPM reforms, has given rise, in turn, to a proliferation of scholarly debate and analysis within accounting and other disciplines. The concept of accountability has come to dominate the discourse within both the public and private sectors and, when combined with disclosure, is offered as a resolution for many of the problems that confront organizations, individuals and society (Dillard and Vinnari, 2019). In its simplest form, accountability entails a relationship in which people are required to explain and take responsibility for their actions: “the giving and demanding of reasons for conduct” (Roberts and Scapens, 1985, p. 447). Dubnick (2003, p. 406) views accountability as “the means used to control and direct administrative behaviour by requiring ‘answerability’ to some external authority”. Such an account is expected to render the organization transparent and allow stakeholders to assess its performance. While financial statements are useful in this respect, in most cases, wider performance information (and, in particular, information on effectiveness and efficiency) is essential for public-sector organizations to adequately discharge a broader concept of accountability (Parker, 1996; van Dooren et al., 2015).

Prior research has pondered accountability in the context of principal-agent theory (Edwards and Hulme, 1995; Connolly and Kelly, 2020), legitimacy theory (Tilling and Tilt, 2010; Deegan and Unerman, 2011) and stakeholder perspectives (Mäkelä and Näsi, 2010; Gray et al., 2014). The concept has also been examined in terms of the role and value of the different mechanisms of accountability (O’Dwyer and Boomsma, 2015) and the play-out of accountability in organizations (Ezzamel et al., 2007). In any accountability relationship, the core interaction involves asking questions and presenting

information. In practice, however, different rationales may lead to unanswered questions and unsolicited responses (Busuioac and Lodge 2017; Overman, 2021). Moreover, any accountability relationship “presupposes agreement about what constitutes an acceptable performance...[including] the language of justification” (Day and Klein, 1987, p. 5). Almquist et al. (2013) contend that accountability in the public sector can take a variety of forms, with scholars distinguishing between internal and external (Romzek and Dubnick, 1987) and vertical or hierarchical and horizontal accountability (Bovens, 2009; Hodges, 2012).

External accountability is outward-looking and aimed at discharging information towards external stakeholders, whereas internal accountability is management-focused and may be motivated by a ‘felt responsibility’ (O’Dwyer and Boomsma, 2015), where management chooses to account. Whilst issues around external accountability have been widely studied in the accounting literature, there is less work, particularly within a public-sector context, that evaluates the internal organizational responses to external accountability pressures (Agyemang et al., 2019). Vertical or hierarchical accountability involves establishing accountable behaviour to superiors and actors higher in the hierarchy. It refers to “the legal structures underlying public sector organizations, and which conform to the processes of authorization and defined mandates” (Hodges, 2012, p. 30). In contrast, horizontal accountability reflects obligations as perceived by organizations that report to entities of equal standing to provide public services (Almquist et al., 2013). Accountability in the public sector is invariably described as complex, heterogeneous and multifaceted (Mulgan, 2000; Shaoul et al., 2012). On a more critical note, Brown and Dillard (2013) suggest that some scholars, particularly those working in the social and environmental space, seem to suffer from what they describe as ‘disclosure sclerosis’, generally diagnosed, in terms of accounting, as an obsession with “if we disclose it, responsible decisions will follow” (p. 17).

What is not in doubt is that public-sector organizations are confronted with a plethora of accountability requirements (Power, 1997; Overman, 2021). Simultaneously, these organizations also provide accountability information to a diverse range of stakeholders as part of an obligation (Mulgan, 2000; Overman, 2021). In this context, Bovens (2007, p. 450) defines accountability as “a relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences”. Dillard and Vinnari (2019) view the accountability system as pluralistic, reflecting a range of constituency groups and socio-political outlooks. Consistent with this broader perspective, public accountability is not only needed to induce trust in the organization, but also to fulfil wider socio-

political purposes. Accountability, therefore, must not be consigned to a unidimensional outcome of accounting systems, or as Dillard and Vinnari (2019) put it - “a vacuous signifier” (p. 18), nor should it be envisaged as an accountability mirage (Carnegie and Wolnizer, 1996). In the context of delivering public services, Romzek (2012) distinguishes between formal and informal accountability arrangements. In the former, explicit reporting and performance standards and hierarchical oversight are the norm. In the latter, and similar to Roberts (2018) idea of social accountability, informal interpersonal dynamics are central, whereby accountability is fostered through implicit norms and unofficial performance expectations. Roberts (2018) and O’Dwyer and Boomsma (2015) argue that formal or imposed forms of accountability are important for performance monitoring, oversight, control and compliance within hierarchical relationships.

Public accountability is also concerned with the accountability of ministers and government to the electorate, together with a focus on the stewardship of public funds and on mechanisms for ensuring probity and efficiency in public spending (Day and Klein 1987; Allen et al., 2014). It is suggested that the ongoing need for financial and performance accountability necessitates comprehensive management and control systems that provide feedback for decision making and enhance public accountability (Broadbent et al., 1996; Chow et al., 2007; Almquist et al., 2013). Public accountability can also be viewed through the prism of paradigm shifts that have taken place over time, such as the move away from NPM towards public governance (Osborne, 2006). This latter can be, in part, regarded as a response to the NPM developments and emphasises organizational networks as opposed to individual organizations (Almquist et al., 2013). While NPM systems tend to be more hierarchical and typically based on contractual relationships, public governance places more significance on the importance of interdependent horizontal relationships (Klijn, 2012).

A focus on performance accountability

Performance-based accountability often relies on terms such as inputs, activities (processes), outputs and impacts (or outcomes). In the public sector, inputs are usually identified with the resources used in providing a service (for example, expenditure incurred and number of staff); processes represent activities carried out (for example, number of visits made, number of cancer research projects funded); outputs are the actual services provided (for example, number of projects completed); and impacts (or outcomes) are concerned with the long-term effect of an organization’s activities on both individual and societal levels (for example, change in the level of poverty, change in the level of employment in a population, overall satisfaction with the services provided) (Van Dooren, et al., 2015). Building on such measures, financial and non-financial performance indicators in a public-sector

setting highlight several potential functions, including the following: helping to clarify the organization's objectives; evaluating the outcome/impact of the organization; and triggering further investigation and possible remedial actions. However, while setting objectives is critical to performance measurement, there is also the danger that, unless care is taken in developing and implementing suitable systems, such processes may degenerate into a formal ceremony that does little to improve accountability, or the efficiency and effectiveness of the organization itself (Sharifi, and Bovaird, 1995; Thompson, 1995).

Performance-measurement tools may serve as accountability mechanisms because they create methods for reporting and for bestowing rewards. NPM ideas have been often seen as providing a path to stronger accountability and performance within the public sector, although empirical evidence of whether such performance-measurement systems lead to enhanced accountability is indeed sparse. Consequently, there has been growing emphasis on reporting external information on non-financial performance (e.g., measures of efficiency and effectiveness) as opposed to budgetary compliance (Hyndman and Liguori, 2016). At the same time, over the last decades, governments have increasingly moved from the direct provision of public services to outsourcing them (Bovaird, 2007). This has given rise to new public-sector governance forms, where public and private actors, and interests, interact (Kurunmäki and Miller, 2011). The discharge of accountability has, therefore, become even more complex as public-service delivery is mediated by contracts, partnerships and networks. Consistently, a significant body of literature has identified the need for tools for measuring and evaluating performance and accountability in the context of public-private partnerships, contracting out, co-production, austerityⁱⁱⁱ, and public value (Bovaird and Loeffler, 2012; Ditillo et al., 2015; Steccolini, 2019).

Existing accounting and performance measurement tools and, indeed, the NPM paradigm itself, have been largely subject to criticism and seen as being unable to capture the complexity of the design, delivery and management of public services in the 21st century (Grossi and Steccolini, 2014) and bridge the rhetoric gap of reforms (Lapsley, 2008; Osbourne, 2010). Nevertheless, this process has promoted a debate among academics and practitioners about accountability and performance in the public sector and the unsuitability of a one-size-fits-all application of accounting and management techniques (Anessi-Pressina et al., 2016; Steccolini, 2019; Ferri et al, 2021). The accounting literature has long recognized that accounting numbers, as a basis for performance measurement, are inherently incomplete, often uncertain, and leave out important facets that should still be considered (Jordan and Messner, 2012).

Dubnick (2005) suggests that the link between accountability and performance has become highly embedded, and perhaps lost, within the rhetoric of public-sector organizations. Politicians, as principals, are assumed to make use of available performance information to hold agents accountable; however, evidence evaluating whether politicians actually make use of such information, at least for accountability purposes, has been contradictory (Ter Bogt, 2004; Liguori et al., 2012; Saliteter et al., 2019). Moreover, the literature has frequently accentuated the negative effects of performance measurement and management, whereby undue emphasis is given to key-performance indicators and targets that are easily measurable. Consequently, performance metrics have often become instrumental in performance managing staff, supporting existing power structures and, ultimately, crowding out organizational learning.

Potentially dysfunctional roles of accounting may be more likely to materialise when accounting systems and measures are set up to drive performance and accountability (with longstanding narrow and functional views), rather than the vice versa. Often, too much focus is placed on specific accounting practices and on their interpretation. However, such attention sometimes overlooks the external context or the variety of stakeholders involved. This chapter proposes the need for a more holistic view, where it should be accountability-based principles to drive the design and interpretation of accounting, as well as other forms of measurement systems. It is argued that the time is now ripe for the emphasis on accountability systems to progress towards the active inclusion of a multitude of stakeholders. Such broad-scope accountability (Parker, 1996) includes citizens, and incorporate consideration of the complex environment public-sector organizations operate in. Performance measurement and management have a critical role in this journey, as they contribute to deliver public-sector innovation^{iv}; help political representatives to hold government to account; enable citizens to make informed choices in relation to public services; and demonstrate attention to sustainability issues.

A more holistic approach to accountable performance measurement

While changes in the public sector have progressively evoked the move to an increased reliance on performance-related budgeting and management and the fusion of financial and non-financial aspects of performance, a fundamental question remains whether private-sector ideas and tools of performance measurement and accountability are applicable to the public sector. Indeed, accountability and performance measurement can also generate negative feedback loops, creating more accountability and performance measures, while providing little or no tangible influence on

actual operating performance (Ittner and Larcker; 1998; Demirag, 2004). Ideally, performance measurement should enhance accountability by making organizations subject to publicly accessible goals (Heinrich and Marschke, 2010). However, in practice, some performance measurement tools lead to 'gaming', whereby what is measured is all that matters (Bevan and Hood, 2006).

Bevan and Hood (2006, p. 521) define gaming as "reactive subversion such as 'hitting the target and missing the point' or reducing performance where targets do not apply". On this point, Radin (2006) laments how what has been devised in the name of accountability often limits the organizations' responsibilities and prevents them from accomplishing what they have been asked to do. Accountability in public organizations is often deemed a good thing, of which one cannot have enough, despite any possible negative consequences (Busuioc and Lodge, 2016). However, we cannot escape from the fact that certain performance-measurement practices are being introduced in the name of accountability, while they are in truth detracting from it. Performance measures, for instance, are usually presented in quantitative terms, and so have an appearance of fact and may convey impressions of neutrality and objectivity. Nevertheless, in practice, such measures are effectively narrative constructions of reality, although this subjective aspect is often ignored. Indeed, while incomplete, performance measures are frequently seen from a principal-agent perspective and strictly implemented as a control tool to hold public managers to account. As accounting provides for only a limited understanding of organizational life, however, managers will often complement such accounting measures with other sources of information (Jordan and Messner, 2012).

A dialogic perspective, as presented by Brown and Dillard (2013) and Dillard and Vinnari (2019), may help to overcome some of these risks, suggesting that the discourse on accountability and performance needs to gravitate towards processes that culminate in the development of accountability-based accounting systems and forms of critical dialogic accountability and pluralism. A critical dialogic approach to accountability prioritises "the rights and responsibilities of the constellation of constituencies, human or non-human, affected by an account provider's actions in contrast to stakeholder engagements, which are initiated by the party being held accountable" (Dillard and Vinnari, 2019, p. 18). In line with this perspective, performance reporting and accountability within the public sector can be viewed to rather foster more inclusive and democratic interaction, and not be merely or primarily couched as a set of techniques to construct governable realities. Such a dialogic conceptualization of accountability requires discursive mechanisms and the consideration of the plurality of perspectives involved.

Performance-measurement systems and performance-based dialogic accountability principles can contribute to build and strengthen the quality of public-governance systems as a whole and, thereby, improve prospects that the public sector can achieve its objectives and mission (whatever they may be), integrating the needs and perspectives of the multitude of stakeholders they are responsible for. Public-sector governance relates to accountability systems set in place to manage specific relationships and goals, including, for instance, public-service delivery and implementation of public policies. In this sense, public governance and accountability are intrinsically linked and it is difficult to understand one without the other, as public governance gives order and purpose to systems and structures that are meant to create good conduct, collaboration and hold various stakeholders accountable both internally and externally (Almquist et al., 2013). Nevertheless, the authors propose that gaps can be identified in current public-sector accounting literature, especially in relation to developing more citizen-led accountability and integrating critical governance measures, such as sustainability measures and practices, within a dialogically-based accounting and accountability system. It is suggested that more work is needed to explore how public-sector governance and accountability can help deliver the best possible outcomes for citizens in the context of a rapidly changing world. The purpose of public-sector organizations is, indeed, to deliver public benefit and serving society; however, a danger persists that competition both within and between public-sector organizations (for example, public universities) may conflict with the public interest (Carnegie, 2021).

In the following sections, three main thematic areas of development (for both research and practice) are identified and critically discussed. These represent the authors' proposals when assembling together ideas on governance, accountability and performance measurement in the public sector.

Strengthening citizen-led accountability

As citizens play an important role in holding the state to account, equally important is how citizens interact with, contribute and demand accountability for performance from the government itself. Social accountability, sometimes referred to as horizontal or stakeholder accountability (Bovens, 2007; Brummel, 2021), has been put forward to improve alignment between government policy implementation and needs of citizens and other stakeholders (Meijer and Schillemans, 2009). Social accountability suggests that citizens should be able to exert some control over public-sector organizations, and mechanisms should be put in place against accountability deficits (Brummel, 2021). Contrary to what has come to be known as stakeholder engagement in much of the accounting

literature, a dialogic approach to accounting and accountability (Brown and Dillard, 2013), referred to earlier, begins with the identification of the various interested constituencies and a determined recognition of the pluralistic nature of their information needs. In the public sector, a particularly important constituency within a dialogic framework would be the citizens who engage with public services every day. Adopting such a framework should enable any citizen, or other interested party, who might have been affected or otherwise influenced by a public-sector organisation's exercise of authority, to have some fair influence in collective decision making and performance evaluation.

In order to broaden the attention to actual social impacts, the accountability concept should incorporate a more overt social dimension that includes citizens not only as recipients of public services, but also as having an input into the design and implementation of those services (Brandsen et al., 2018). This also aligns with a public-governance perspective, where the desirability of having an ever-increasing diverse range of stakeholders involved in deciding and designing public services is rarely disputed (Barbera et al., 2016; Strokosch and Osborne, 2020). Citizen participation in government performance measurement may empower citizens by providing them with the information they need (Mizrahi and Minchuk, 2019), but also, more importantly, legitimize the role of performance data in public policy-making processes under the belief that engagement of citizens enhances public decision-making (see, for example, Woolum, 2011).

As mentioned earlier in the chapter, prior accounting studies have highlighted the need for more scholarly research on the involvement of citizens in holding government to account for its performance. Similarly, within the public-administration discourse, several studies are concerned with how service-user participation can be included within the process of service planning and production to improve the quality of such services. This is seen as a form of co-production, where value is actively 'co-created'. Osbourne et al. (2016, p. 640) define co-production as "the voluntary or involuntary involvement of public service users in any of the design, management, delivery and/or evaluation of public services". The involvement of professional bodies (such as the British Medical Association or the British Association of Social Workers) when designing health and social-care pathways is an example of co-production. In this instance, the relevant professional body, together with the United Kingdom (UK) Department of Health and relevant civil-society organizations, is recognised as having a role in co-creating or co-producing the design and delivery of a particular care pathway.

In addition to the well-established concepts of service efficiency and effectiveness, a dialogic focus on social accountability is consistent with the co-production approach, as it prioritises

consultation with, and participation of, stakeholders – especially citizens (Moore, 2016). Citizen engagement in public-service delivery is desirable because it challenges and changes underlying preferences that are part of the government governance and controlling power. Furthermore, the involvement of citizens in governance, service delivery, and decision-making is considered essential in an era when many local governments are experiencing financial constraints (Arun et al., 2021). Again, and consistent with a dialogic approach to accountability, the expectation is that the affected citizens, through their participation, will be influential in the decision-making process via the evaluation criteria to which the public official or minister is held accountable.

Drawing on a case study of Newcastle City Council in the UK and its response to austerity measures, Ferry et al. (2019) highlight how local consultation practices can integrate citizens and other groups' voices within local-authority governance, service delivery and funding. Social or informal/horizontal forms of accountability are included in various accountability frameworks within the existing literature (O'Dwyer and Unerman, 2008; O'Dwyer and Boomsma, 2015), although the concept of social accountability and its 'explicit linkage' with citizen accountability within a public-sector context are less well developed. This may be due to the bureaucratic and hierarchical nature of many government agencies/departments. More recently, the rise of social media has provided new possible mechanisms for discharging accountability and highlighted a critical attribute of social accountability, namely that it connects account-givers with 'accountability forums' or 'audiences' (Romzek and Dubnick, 1987; Brummel, 2021). Beyond formal requirements, government officials and managers should have a felt obligation to render an account for their conduct to citizens and other stakeholders (Overman, 2021).

Under a dialogic approach to accountability, citizens can demand accountability from public-sector organizations, but they can also get involved directly in their decision making. Recent studies provide evidence on the active participation of citizens in gathering information, aimed at monitoring and evaluating the performance of public officials (Mizrahi and Minchuk, 2019). Meijer (2016) urges caution, however, in that government performance data require significant handling and interpretation before most citizens and other interest groups can fully understand and use them. As suggested by Neu et al. (2020), new technologies allow us to aggregate and organize different voices. Unlike politicians, however, citizens who require up to date publicly available performance information do not have the formal mechanisms to demand it. Increased performance information provided via the internet, moreover, has generated what Meijer's (2016) refers to as 'fire alarms' for vertical accountability. For example, when the media exposes a public scandal, parliament and public

officials are often forced to act in order to protect their reputation in front of citizens and the public more in general. It is with the emergence of ideas of new forms of pro-active citizenship, as well as of broader conceptions of co-production and co-design (Bovaird 2007; Barbera et al., 2016; Sicilia and Steccolini, 2017), that citizens are increasingly seen as active players in the public governance process, directly involved in deliberations and provisions of services.

The deliberation process associated with participatory budgeting^v is a further example of an important tool for fostering democracy (Bingham et al., 2005; Manes-Rossi et al., 2021). Barbera et al. (2016) formulate a scheme for participatory budgeting based on three levels of citizen participation: pseudo, partial, and full. In pseudo participation, the local government controls the entire process and makes the final decisions. Although citizens are encouraged to put forward their ideas, their involvement is essentially symbolic. Partial participation means citizens can express their ideas and aspirations, but their influence is limited in terms of agnostic dialogue and decision-making. However, in full participation, citizens may be afforded a more decisive influence, whereby agonistic dialogue and debate are encouraged (Brown and Dillard, 2015) and accountability systems emerge as opposed to accounting or performance systems being imposed or dictated by the power holder (i.e., public officials).

The literature discussed above highlights several areas and themes that are currently under-investigated as far as the linkage across citizen participation, accountability and public-governance mechanisms is concerned. Such themes have the potential to support future research in the area and more effective practice. Citizen participation, in both public provision and decision making, can be a powerful tool to grant legitimacy to government policies and actions, but also to strengthen a sense of responsibility, accountability and trust at the societal level; this ultimately contributing to improve the overall governance systems of the state. In this perspective, citizens are both holding government accountable and being accountable themselves for their actions and demands, a relational loop so far little investigated. This, in part, can be explained by a prevailing research focus on budgetary compliance, rather than ex-post reporting and accountability during the provision of public services. This has resulted in less attention being paid to the role of citizens and communities in evaluating public-service delivery (Arun et al., 2021). Indeed, only a few studies have looked at the experiences of citizens' engagement in evaluating and assessing performance (for example, see Ammons and Madej, 2018; Mizrahi and Minchuk, 2019).

While the literature (see, for example, Brown, and Dillard, 2013; Dillard, and Vinnari, 2019) suggests that dialogic engagement during the design and implementation of accounting and

performance measurement systems is essential, further research on social or citizen-led accountability should also investigate under what conditions and to what extent social accountability forms can lead to undesirable outcomes within a public-sector context.

Furthermore, there is the need to understand further how the legitimacy gained through citizen involvement could influence the design of accountability systems and enhance public governance. It is proposed that, while on the one hand, citizen participation might become a political tool to be used instrumentally to increase political visibility and legitimation whilst developing and implementing public policies, on the other hand, the perceived threats of sanctions by judicial and political forums could also constrain the possibilities for actual and influential citizen-led accountability. These all represent dangers, which practitioners in the sector should appreciate. These are also important aspects to facilitate future research aimed at strengthening citizens' voices? and improving performance-based accountability and public-governance systems.

Integrating environmental and social sustainability practices

A second area of investigation relates to the need for more systematic environmental and social sustainability measures and practices within the public sector. Today, more than ever, the world is faced with grand global challenges, such as climate change, inequality and poverty. It is imperative that public-sector scholars engage in research which can provide direction as to how public-sector accounting and accountability can respond to such emerging challenges. In simple terms, public organizations have a moral duty in terms of fidelity to public interests, compassion for those adversely affected, and responsiveness to human needs and the wider common good. Publishing the annual financial statements and quantitative-based performance measures can no longer be considered sufficient to enable public-sector organizations to discharge accountability to a broad range of stakeholders.

Specifically, when communicating on sustainability initiatives, the public sector often attempts to incite the private sector to implement sustainability policies, on one hand, while, on the other hand, the government itself should also have the moral duty to implement and promote their own sustainability policies (Williams et al., 2011; Alcaraz-Quiles et al., 2014). Public-sector organizations deliver important public services for a variety of citizens and, accordingly, should be under even greater accountability pressures to communicate the sustainability of their activities (Tommasetti et al., 2020). Because of their size and significant impact on the environment and society, it has become increasingly important to investigate and evaluate public-sector sustainability

accounting and reporting practices (Ball et al., 2014; Kaur and Lodhia, 2019). Sustainability initiatives are viewed as instruments that can enhance legitimacy across all government institutions.

Social and environmental accountability scholarship has a long history of interdisciplinary research, propagating several representations and analyses of the concerns inherent in the governance of social-ecological systems for the achievement of sustainability (Rinaldi, 2019). Writing in the context of corporate organizations, Adams (2017) notes that prior literature has identified governance and accountability processes as having a significant impact in facilitating changes in approaches to value creation that embrace sustainable development. However, much of the existing public-sector sustainability reporting has been based on voluntary compliance with external global governance expectations (e.g., Global Reporting Initiative, known as GRI guidelines), with less attention given to national issues. While discussions around sustainability have invaded every aspect of society, sustainability practices in relation to public services have been neglected and under-investigated as a subject of theoretical research (Guthrie et al., 2010).

Prior literature indicates that sustainability reporting in public-sector organizations, including local councils, is still in its infancy and tends to lag developments in reporting in the private sector (Dickinson et al., 2005; Kaur and Lodhia, 2018). Existing literature has focused on motivations for sustainability reporting (Marcuccio and Steccolini, 2005; Farneti and Guthrie, 2009), sustainability disclosure practices, and stakeholder engagement (Ball et al., 2014; Williams, 2015; Kaur and Lodhia, 2019). Adams et al. (2014), in a study of performance measurement practices in federal government departments in Australia, observe that sustainability, environmental or social responsibility measures tend to be the least-used performance measures. Furthermore, these authors also note that employee diversity and economic activity were the main sustainability performance measures used with much less attention paid to ecological and social welfare issues. In the context of inadequate public-sector reporting of social and environmental indicators, the evaluation of public reports to determine sustainability performance is unlikely to be conclusive.

Standardized frameworks, such as the GRI's guidelines and 'triple bottom line' (TBL) that are widely used in the private sector (see Laine et al., 2022, for a detailed review of the main frameworks on sustainability reporting), have until recently been less prevalent within public-sector organizations. Bellringer et al. (2011) suggest that a key reason for the poor reporting of GRI indicators is that public-sector sustainability information is mainly produced for internal stakeholders. A TBL reporting approach to sustainability within public-sector organizations would be timely and consistent with the

contemporary expectations of ensuring transparency and accountability for both financial and non-financial performance, and would serve to highlight the environmental and social impacts of these organizations. However, such reporting is not equivalent to being accountable for the public value that has been created. Similarly, the explicit linkage between sustainability measures and governance, as well as sustainability measures and citizen accountability/participation, has been subject to less investigation (Greiling and Grüb, 2014) in the accounting literature.

Drawing on a case study of the State of Victoria in Australia, Coffey (2013) assesses strategic governmental policy and planning processes aimed at promoting sustainability. The study highlights the importance of public engagement and other governance arrangements as solid foundations for promoting and realising sustainability goals. The research concludes that failing to shape the social and cultural dimensions can impede the achievement of policy objectives despite the efforts made by government to fulfil its sustainability ambitions. Dillard and Vinnari (2019) highlight the need to develop and employ democratic dialogue (dialogic) mechanisms to empower a broad range of stakeholders to contribute effectively to sustainability practices, including reporting on sustainability performance. Nevertheless, within the extant literature, this relationship is still reversed, with stakeholder engagement emerging as an outcome of public-sector sustainability practices, rather than as its driver (Lodhia et al., 2012). The environmental and social dimensions within sustainability reporting should receive more attention by scholars also on the basis that public-sector organizations need to demonstrate, and be accountable, on how they generate value for their key stakeholders.

Nevertheless, we should be careful not to make the mistake of importing incomplete techniques from the private sector such as, providing measurement systems which are often incomplete, non-standardized, imprecise, misleading and with a focus on outputs as opposed to outcomes. By privileging financial capitalism and failing to account for environmental and social externalities, accounting has also impacted on “the culture and focus of governments, societies and corporations” (Cooper and Morgan, 2013, p. 418), leading Brown and Dillard (2015) to propose that accounting and performance reporting need to move from being ‘technologies of hubris’ to ‘technologies of humility’. This would require accountants to take account of the perspectives of stakeholders themselves and the envisioning of new processes and methods for dealing openly with normative questions. Integrated reporting, whose aim is to overcome duplications and ‘silo thinking’ by integrating information systems of internal and external reporting, has been put forward as a way to capture sustainability information for decision-making purposes (Niemann and Hoppe, 2018). This approach is gaining traction also within public-sector circles (Bartocci and Picciaia, 2013).

According to the “International Integrated Reporting Council” (IIRC), sustainability reporting can “improve understanding of the relationships between financial and non-financial factors that determine an organizations performance and how an organization creates long-term value...” (IIRC, 2013). Prioritizing such reporting could contribute to regain the public trust which has been eroded with neoliberal policies introduced under the auspices and rhetoric of previous public-sector reforms and innovations. For local governments, for instance, the linkage of policies and actions to local outcomes constitutes the ultimate management and accountability demand, and this is not achievable with standardised frameworks such as GRI. Increasingly, the United Nations’ 17 Sustainable Development Goals (SDGs) are also being viewed as critical indicators for sustainability. It is in this context that public-sector governance and accountability processes are essential to the national implementation of SDGs (Abhayawansa et al., 2021).

What is currently missing from the literature is an understanding of the nature of accountability and governance mechanisms that can enable the effective realisation of SDGs (Abhayawansa et al., 2021). Stakeholder or citizen-led engagement has been increasingly cited as being a critical factor in enhancing the contribution of accountability processes to sustainability strategy and their implementation (Buhmann et al., 2019). The public sector is, however, unlikely to embrace comprehensive sustainability performance measures, which tend to remain voluntary with no perceived need to be competitive in these areas. Moreover, when public-sector organizations report on broader economic, social and environmental performance (for example, through sustainability reports), they tend to do so using business-related frameworks and concepts. There is, therefore, the danger that such reporting will only reinforce a business-as-usual perspective (Brown and Dillard, 2013; Gray et al., 2014).

In their study of sustainability reporting covering six cities in four European countries, Niemann and Hoppe (2018) posit that the focus on disclosure in sustainability has had its day, and that more impact-oriented studies are urgently needed so that we can look beyond what is presented in reports, and evaluate the impact on those stakeholders involved in the reporting process. The improvements to accountability structures suggested by many social and environmental accounting scholars often derive from modifications to existing systems, as opposed to embracing new dialogic forms of accounting and performance measurement. There is still a dearth of public-sector research that provides meaningful evidence that governments are engaging in measuring and reporting relevant sustainability outcomes (Adams, 2014; Niemann and Hoppe, 2018). This represents a

promising new research agenda at the intersection of accountability studies and organizational research.

The authors auspicate that scholars will look, in future research, beyond what is already visible in the sustainability reports and evaluate, using a more holistic approach, the impact on those stakeholders involved in the reporting process. While avoiding information overload for readers and acknowledging always-present limitations of performance-measurement systems, the theme of sustainability also presents a learning aspect that is critical to inform and improve accountability practices. The reporting of voluntary self-assessments, for instance, can help invigorate engagement by citizens on specific government sustainability policies. Such learning processes also represent important, albeit currently under-investigated, avenues of future study.

Towards performance governance

In the wider literature, performance measurement and management have been associated with organizational efforts to understand the links between desired results and their determinants, often with the assumption that organizations that better understand and manage these mechanisms can continuously improve performance (Fitzgerald et al., 1991; Sarrico, 2012). In the public sector, performance measurement systems typically include a few different, sometimes competing, perspectives such as financial, operational, developmental, citizen-related, etc. (Van Dooren et al., 2015). The risks highlighted by the existing forms of managerial performance measurement discussed earlier in the chapter suggest the need for these to be translated into more integrated and comprehensive forms for governing performance. Measurement and performance have been the strong keywords, over the past decades, of the managerial agenda introduced into the public sectors worldwide (Halligan et al., 2012; Steccolini, 2019). This process has, however, highlighted the inability of current systems to provide a complete picture of reality, as well as their risks of unintended consequences and gaming (Bevan and Hood 2006; Mizrahi and Minchuk, 2019). Many calls have been made to encourage overcoming the managerial trap public-sector organizations are currently under (Van Helden et al., 2008; Jacobs, 2016; Anessi-Pessina et al. 2016; Steccolini, 2019).

Performance that is identified, measured and used in a more dialogic way could strengthen both internal and external accountability. While empirical evidence still suggests a strong attachment to NPM-like managerial ideas by public-sector organizations, the shortcomings of such systems are now pervasive and the time is ripe to progress towards a more integrated idea of both performance and accountability. The authors propose that this could take the form of performance governance,

moving from a more managerial governing of performance to governing for performance in a multidimensional way. This could strengthen information and feedback flows within and across organizations and actors operating in, but not necessarily belonging to, the public sector.

The evidence discussed in the previous sections in relation to the ever-increasing forms of collaboration between public, private and not-for-profit sectors in the delivery of public services, as well as the necessity to consider environmental effects and sustainability of their actions, all suggest the importance to continue reappraising the question of how performance should be approached, viewed and managed in a public-sector context. Bouckaert and Halligan (2008, p. 2) posit that “performance management has to be located within a broad construction of organisational life, which recognises that performance management cannot be considered in isolation from other factors that make up public management and the more general public administration system”. They suggest that governing performance is, by definition, an intergovernmental exercise, which stresses the importance of the sustainability and effectiveness of service delivery towards a multitude of different stakeholders. If performance is to be effective in such a complex setting, particularly in areas where the measurement of outcomes may be difficult, it can be argued that a governance approach to performance becomes essential, although its implementation may be convoluted and challenging. Performance governance, indeed, requires knitting together a range of processes, structures and indicators at differing levels, inside and outside the specific public-sector organization (Bouckaert and Halligan, 2008; Conaty, 2012). The pressures for public services to move towards the inclusion of the private and not-for-profit sectors, as well as societal trends towards greater external engagement, have generated the need for an alternative governance approach in several areas, and performance measurement is not exempt.

The idea of performance governance links together a holistic approach with the measurement needs to assess public-sector results in a way that includes organizational relationships with the external environment and citizens. Over time, as the performance focus has moved from improving processes and inputs to results and impacts, the agenda in both research and practice has moved forward to linking specific indicators to broader objectives and activities of the public sector (Hawke, 2012; Van Dooren et al., 2015; Steccolini, 2019). Moreover, the joint consideration of governance and performance management can result in expanding our understanding of public-sector systems, recognising the greater complexity and always-changing role of governments that we have been witnessing for a while now. With reference to accounting systems, in particular, this perspective complements and aligns with changes introduced in the following terms: co-production (Pollitt, 2003);

horizontal accountability (Sproule-Jones, 2000); whole of government accounts (Christensen and Lægreid, 2007; Bouckaert and Halligan, 2008); integrated governance and collaborations (Mandell, 2001; Broadbent and Laughlin, 2013); and citizen engagement and participatory budgeting (Manes-Rossi et al., 2021). A dialogic use of whole of government accounting and reporting, where information is collected and kept together in a comprehensive and organic way based on a shared structure, for instance, could contribute to integrate ideas of both democratic governance and result-based accountability. While this doesn't necessarily mean creating completely new tools for accounting and measuring, the implementation of systems where multiple contributions converge to highlight the generation of shared results in a relational chain would also allow the inclusion of and reporting to citizens as users of both services and information.

Performance governance differentiates itself from the traditional and business-like forms of management because of the following: the type and purpose of the measures used (more holistic and outward looking); the level of government activity and societal outcomes addressed; and the degree of integration of performance management across government agencies and other social institutions (Halligan, et al., 2012). A performance-governance approach is argued to contribute fruitfully to more accountable performance measurement practices by acknowledging: (i) organisational relationships and integration of performance to address a range of (public and private) collaborations through networks, partnerships, and coordination mechanisms (Grossi and Steccolini, 2014). This often requires the production of inter-organisational, consolidated, reports, objectives and measures to be identified and shared for horizontal and vertical accountability within and outside government (Halligan et al., 2012); (ii) citizen engagement in terms of performance feedback and other active participation forms (Epstein et al., 2006; Callahan, 2007; Dutil et al., 2010); and (iii) societal impacts, such as those on the environment, with the identification of multi-level performance indicators (e.g. following the different stages of service implementation, their value added and improved levels of sustainable service delivery) (Dutil, et al., 2010).

The adoption of a performance-governance approach has direct implications on the forms and means of accountability. The need for effective inter-agency, inter-sectoral and inter-jurisdictional collaboration is well established (Ansell and Gash, 2008; Edwards, 2011), yet systems of shared accountability, especially concerning societal, environmental and sustainability results, are often underdeveloped. The achievement of global results and impacts is often too difficult to measure and account for. Within central and local governments, recent initiatives have reflected a more systemic and collaborative approach, at least at the conceptual level, to sharing outcomes and accountability

(Manes-Rossi et al., 2021). Examples of joined-up government have been proposed, for instance, in the UK for some time now, through means including cross-departmental performance targets of public-service agreements shared by more than one government department (Ling, 2002). It is important to stress that measuring performance at an integrated level itself represents a governance tool. Integrating both an internal and external focus, such measures could be used by politicians and managers, as well as the other stakeholders involved in the decision-making processes. As precise shared objectives are difficult to be agreed on in this setting, trust between parties will, however, play an essential role (Pierce et al, 2002).

The challenges of implementing such an approach are, of course, potentially multiple both in terms of effectively engaging with the private sector and citizens (who cannot be forced into it) and creating a supportive culture where the benefits of common engagement and shared control and disclosure are seen as bigger than the other agency and transaction costs (Dutil, et al., 2010; Halligan et al., 2012). Moreover, these forms of reporting require greater cooperation efforts, especially in the attempt to identify and measure the possible value added by each of the actors involved (Agranoff, 2005). Where more stakeholders are involved, not only in decision-making processes, but also in the contribution and measurement of outputs and outcomes, this becomes particularly challenging and subject to a high degree of interpretation and subjectivity. Because of the different layers and levels involved, accountability processes become more difficult and blurred. While these represent essential aspects if we want to move away from a managerial approach towards a more holistic, dialogic and democratic approach, empirical research in these areas is limited to date. How can joint action be effectively measured and accounted for? How can the costs and benefits of the different parts involved be weighed in this process? What are the risks and consequences of such blurred relationships for citizens? More academic research is needed in this area, and a greater investment in terms of governments' resources and time would also be welcomed.

Conclusions

The chapter has focused on exploring and providing an overview of some emerging themes and relationships as far as public-sector accountability, performance measurement and, ultimately, governance systems are concerned. This review is, of course, necessarily partial because of space constraints; much more could be stated about the links and interactions across accountability, performance measurement and governance, and the multiple approaches these can be studied under. Several alternative perspectives are, indeed, proffered in the literature with a view to strengthening the governance momentum, as well as social accountability and outcomes-based performance

measures, sustainability reporting and delivery of public value (Almquist et al., 2013; Hyndman and Liguori, 2016; Arun et al., 2021).

The literature discussed above highlights the need, for both scholars and practitioners, to pay greater attention to how we interact with and use accounting representations, and for what purposes. The chapter contributes to previous literature by providing a critical assessment of the existing research on such themes and identifying possible avenues for future study. This, obviously, has also important implications for practice. To avoid repeating mistakes of the past, the authors suggest, the development of public-sector accountability systems should be recognised as interactive, holistic, and integral to proper governance, so that accounting and performance reporting gain meaning through their relationship with accountability itself. Just like we would prefer a medical doctor to investigate and assess our situation as a patient from a holistic and comprehensive point of view, rather than focusing only on one problem/issue and missing the greater picture, both researchers and public officials/managers should strive to adopt a more holistic interpretation and use of accounting and accountability systems. Taking a dialogic perspective, in an always-more-complex environment, we should be able to study and set in place accountability-based accounting systems, rather than accounting-based accountability systems.

The three broad themes identified in this chapter represent particularly apt spaces for future advancements of public-sector accounting theory and practice. Particular attention should be paid to research and practice on sustainability. The interaction between sustainability practices and accountability and governance systems has been widely under-theorised and under-investigated. Finally, we should not underestimate the role of accountability, performance measurement and governance structures in promoting learning (see Arun et al., (2021) for a review of ‘learning accountability’ within a public-sector context) within public-sector organizations. Accountability systems provide the opportunity for public officials and public managers to reflect upon and adjust the effectiveness of their performance in achieving both social and functional goals, and to maintain a balanced relationship with a diverse range of stakeholders. This also constitutes an opportunity for improved governance across public-sector departments and organizations.

Looking ahead, and with a specific focus on research, it is unthinkable not to view governance systems as interwoven and dependent on accountability systems and tools. Such concepts are, indeed, inseparable and affect all ranges of account-giving behaviours and relationships (both in terms of financial and non-financial measures and dimensions). A structured, dialogic and holistic view of

accountability can enhance our understanding of governance arrangements and, in turn, their influence on other aspects of organizational life. Moreover, these systems may progress and develop in very unexpected ways. Similar upheavals, the authors suggest, are what future studies should particularly focus on in order to contribute substantially to future developments to come.

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ⁱ As discussed later in the chapter, a dialogic approach enables a broad range of societal actors to account for things that traditional accounting ignores and to develop accounting and accountability systems that acknowledge diverse ideological positions (Brown and Dillard, 2015).

ⁱⁱ Performance within the public sector has been constructed around pillars such as ‘efficiency’, ‘effectiveness’ and ‘economy’ (van Dooren et al., 2015).

ⁱⁱⁱ The term ‘austerity’ is commonly used in the context of public-expenditure cuts and the need to restore balance in government finances (Bracci et al., 2015).

^{iv} Public-sector innovation, in this context, is understood as a process involving a change to achieve widespread improvements in governance and service performance.

^v Participatory budgeting focuses primarily on empowering citizens by placing the final budget decision-making in their hands (see, for example, Manes-Rossi et al., 2021).