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# Systematic Literature Review: Theory and Implementation of Social and Environmental Accounting in Public Sector Entities

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## Abstract
This study conducts a Systematic Literature Review (SLR) on the theory and implementation of social and environmental accounting in public sector entities. Using a bibliometric approach through the Bibliometrix package in R and data retrieved from the Scopus database, this study analyzes 82 articles that met the selection criteria and further examines the 21 most relevant articles. The findings indicate that the literature is dominated by studies focusing on local governments (67%) in developed countries, employing qualitative methods (57%) and exploratory approaches (57%). Stakeholder Theory and Neo-institutional Theory are the most frequently adopted theoretical frameworks. The review identifies six major research gaps: (1) limited studies at the central government level, (2) insufficient evidence from developing countries, (3) underutilization of theoretical perspectives such as Legitimacy Theory and Institutional Logics Theory, (4) the need for more quantitative and longitudinal studies, (5) limited attention to carbon accounting in public sector entities, and (6) the need to develop public sector-specific mechanisms for detecting greenwashing.

## Introduction
Social and environmental issues in public sector accounting have received increasing attention as global pressure intensifies for public sector entities to be accountable for the social, environmental, and economic impacts of their activities. Governments are no longer assessed solely based on fiscal performance but also on their ability to preserve environmental sustainability, reduce emissions, manage public assets, and promote social well-being. The literature indicates that public sector organizations exert substantial influence on social and environmental conditions through their roles as public service providers, resource managers, and regulators of economic activities (He, 2022). Research on urban emissions further demonstrates that the economic activities of European cities contribute significantly to global carbon emissions, highlighting the need for comprehensive measurement and reporting approaches (Harris et al., 2020).

The development of social and environmental accounting can be traced to the emergence of sustainability accounting and environmental accounting in the late twentieth century. Environmental accounting refers to a system of measurement, recognition, and reporting designed to identify and disclose the environmental costs and impacts of organizational activities. Furthermore, carbon accounting emerged in response to the growing need to measure greenhouse gas emissions and manage organizational carbon footprints to support the transition toward a low-carbon economy (Thanoon, 2025). These developments illustrate the shift in modern accounting practices from a traditional financial orientation toward approaches that integrate social and environmental dimensions (Unerman et al., 2007).

Despite the growing attention to social and environmental accounting in the public sector, its implementation continues to face several challenges, including the absence of comprehensive reporting standards, the gap between theory and practice, and the limited integration of accounting practices into public policy. Recent studies suggest that research on environmental accounting in the public sector remains relatively limited compared to the private sector (Rahmawati et al., 2024). In addition, global initiatives such as the Sustainable Development Goals (SDGs) require governments to incorporate social and environmental indicators into public financial reporting systems (Sapa' et al., 2024). Therefore, this study conducts a Systematic Literature Review (SLR) to examine the theoretical development and implementation of social and environmental accounting in public sector entities while identifying future research directions. Specifically, this study addresses the following research questions: (RQ1) What are the major research themes in environmental accounting and carbon accounting? (RQ2) What analytical focuses and theoretical frameworks have been employed in previous studies? (RQ3) What are the future research directions for environmental accounting and carbon accounting?

**Methodology**

This study employs a Systematic Literature Review (SLR), a method widely used to map current research developments, research networks, and central themes within a particular field. SLR provides a systematic and replicable approach for identifying emerging themes and future research directions. The study utilizes the Bibliometrix package in R, which has gained broad recognition as a bibliometric tool for conducting systematic literature reviews. The research procedure consists of five stages: (1) searching the Scopus database using relevant keywords, (2) screening the retrieved studies based on journal quality, subject area within Business, Management and Accounting, and document type as journal articles, (3) conducting quantitative bibliometric analysis using Bibliometrix, (4) classifying articles through co-occurrence and bibliographic coupling analyses, and (5) performing thematic analysis to identify research gaps. This study develops five analytical categories to classify and analyze the selected publications by referring to previous SLR studies (Bracci et al., 2019; Bisogno et al., 2018; Bisogno & Donatella, 2021), as presented in Table 1.

**Table 1. Analytical Framework Categories for the Systematic Literature Review on Social and Environmental Accounting**

| Code | Category/Sub-category | Definition/Criteria |
|---|---|---|
| A | **Entity Type** | Type of public sector entity examined in social and environmental accounting research. |
| A1 | Local Government | Studies focusing on local governments, including municipalities, regencies, provinces, or equivalent local authorities. |
| A2 | Central Government/National Government | Studies focusing on national governments or equivalent state-level public entities. |
| A3 | Others | Studies focusing on other public sector entities or unspecified public organizations. |
| B | **Research Objective** | Primary orientation of the research. |
| B1 | Development | Studies aiming to develop new frameworks, models, or approaches in social and environmental accounting. |
| B2 | Evaluation | Studies evaluating existing practices or the implementation of social and environmental accounting. |
| C | **Research Type** | Epistemological orientation of the study. |
| C1 | Exploratory | Studies intended to explore relatively under-researched phenomena. |
| C2 | Confirmatory | Studies testing hypotheses or relationships among variables. |
| C3 | Conceptual | Studies focusing on conceptual, theoretical, or framework development. |
| D | **Theoretical Framework** | Theory or conceptual framework used to guide the research. |
| D1 | Explicitly Uses Theory | Studies explicitly employ one or more theories or conceptual |

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| Code | Category/Sub-category | Definition/Criteria |
|---|---|---|
| | | frameworks. |
| D2 | Unspecified | Studies that do not explicitly adopt or report a theoretical framework. |
| E | **Methodology** | Research method employed. |
| E1 | Qualitative | Studies using qualitative approaches. |
| E2 | Quantitative | Studies using quantitative approaches. |
| E3 | Mixed Methods | Studies combining qualitative and quantitative approaches. |

*Source: Prepared by the authors (2026)*

The five analytical categories comprise: (1) Entity Type, including local government, central government or national government, and other public entities, (2) Research Objective, distinguishing between studies aimed at developing new frameworks and those evaluating existing practices, (3) Research Type, including exploratory, confirmatory, and conceptual studies, (4) Theoretical Framework, referring to explicitly adopted conceptual or theoretical perspectives, and (5) Methodology, consisting of qualitative, quantitative, and mixed-methods approaches.

The article selection process was conducted in several stages using the Scopus database. The initial keyword search identified 649 articles. After restricting the publication period to 2016–2026, 519 articles remained. Screening based on the Business, Management and Accounting subject area reduced the dataset to 223 articles. Limiting the document type to journal articles resulted in 154 publications. Finally, applying a minimum citation threshold of five citations as a proxy for academic quality yielded 82 eligible articles. Among these, 21 articles were selected for in-depth analysis.

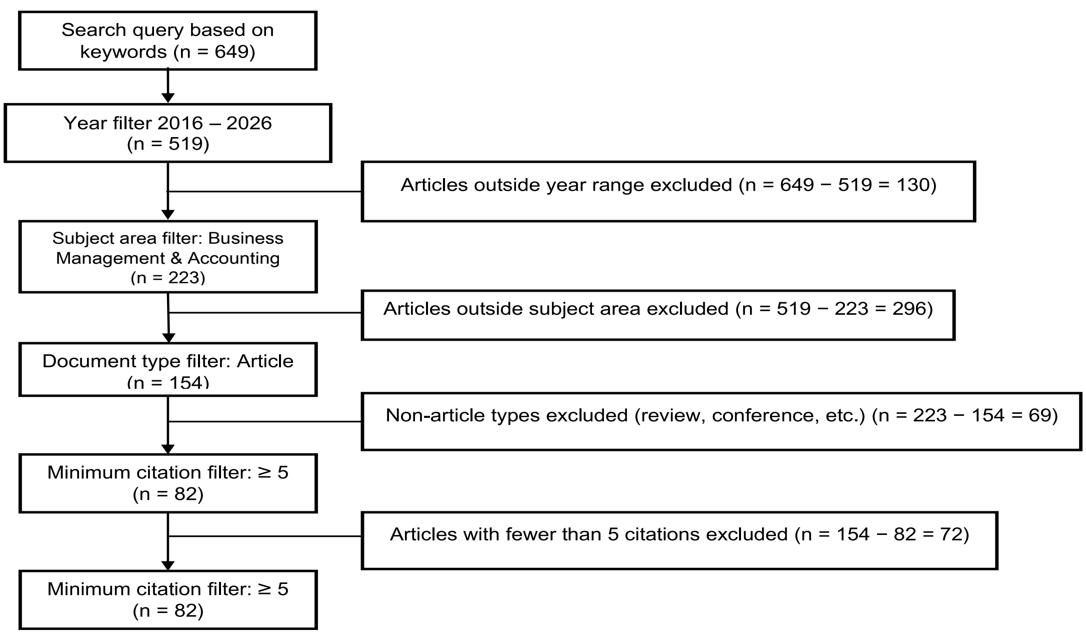


**Figure 1. Literature Search Process**
*Source: Prepared by the authors (2026)*

Based on previous SLR (Systematic Literature Review) studies, each contribution was coded using relevant sub-categories. The coding activity was carried out systematically by carefully examining the title, abstract, and full content of each article. Once coded, the content of each contribution was read and analyzed thoroughly according to

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the established categories. This process aims to uncover insights and critiques of each contribution, which are ultimately used to identify future research directions in the topic of social and environmental accounting in public entities.

Given that systematic literature reviews rely on an interpretive approach to analyze academic publications, ensuring reliability and validity is essential (Massaro et al., 2016). Reliability was established through two procedures. First, the authors collaboratively developed the analytical categories and subcategories. Second, one author and one research assistant independently coded the ten most highly cited articles. External validity was strengthened through an extensive preliminary literature search, ensuring that the selected articles adequately represented the existing body of knowledge on social and environmental accounting in the public sector.

## Result And Discussion

### Results

### Development of Social and Environmental Accounting Research (RQ1)

This section addresses RQ1 by identifying the major themes in environmental accounting and carbon accounting research. The analysis of publication trends indicates that the selected articles span the period from 2004 to 2025, with a notable increase in publications between 2010 and 2020. This trend reflects the growing relevance of the topic alongside increasing global pressure for environmental accountability in the public sector, particularly following the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement. Table 2 presents the five most influential articles based on total Google Scholar citations.

**Table 2. Top Five Contributions Based on Total Google Scholar Citations**

| No. | Reference | Title | Total Citations | Citations per Year |
|---|---|---|---|---|
| 1 | Amran & Haniffa (2011) | Evidence in Development of Sustainability Reporting: A Case of a Developing Country | 242 | 15.13 |
| 2 | Ball & Craig (2010) | Using Neo-institutionalism to Advance Social and Environmental Accounting | 197 | 11.59 |
| 3 | Frantzeskaki et al. (2014) | The Role of Partnerships in 'Realising' Urban Sustainability in Rotterdam's City Ports Area | 157 | 12.08 |
| 4 | Harris et al. (2020) | Low Carbon Cities in 2050? GHG Emissions of European Cities | 179 | 25.57 |
| 5 | Kurpierz & Smith (2020) | The Greenwashing Triangle: Adapting Tools from Fraud to Improve CSR Reporting | 107 | 15.29 |

*Source: Prepared by the authors (2026)*

Table 2 demonstrates that the greatest scholarly attention has been devoted to studies investigating the implementation of sustainability reporting in developing countries (Amran & Haniffa, 2011) and methodological approaches to social and environmental accounting in the public sector (Ball & Craig, 2010). Harris et al. (2020) recorded the highest average citations per year (25.57), reflecting its substantial contribution to discussions on climate change and urban carbon accounting. Meanwhile, the study by Kurpierz and Smith (2020) on the Greenwashing Triangle illustrates the growing academic concern regarding the credibility of sustainability reporting.

### Analytical Focus and Theoritical Framework (RQ2)

This section addresses RQ2. Tables 3 and 4 present the coding results of the 21 selected articles based on the

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analytical framework developed for this review.

**Table 3. Coding Results of Social and Environmental Accounting Research in Public Sector Entities**

| No. | Author (Year) | Title | Objective | Research Type | Entity Level | Theoretical Framework |
|---|---|---|---|---|---|---|
| 1 | Lodhia et al. (2025) | The Management, Reporting and Assurance of the SDGs in Local Government | Development | Exploratory | Local Government | Practice Theory |
| 2 | Kaur & Lodhia (2019) | Key Issues and Challenges in Stakeholder Engagement in Sustainability Reporting | Development | Exploratory | Local Government | Stakeholder Theory |
| 3 | Kaur & Lodhia (2016) | Influences on Stakeholder Engagement in Sustainability Accounting and Reporting | Evaluation | Exploratory | Local Government | Stakeholder Theory |
| 4 | Ball & Craig (2010) | Using Neo-institutionalism to Advance Social and Environmental Accounting | Development | Conceptual | Local Government | Neo-institutional Theory |
| 5 | Ball (2004) | A Sustainability Accounting Project for the UK Local Government Sector | Development | Exploratory | Local Government | Social Theory Mapping |
| 6 | Chan (2012) | Critical Factors in Minimizing Lighting Energy | Evaluation | Exploratory | Other Public Entities | Engineering and Economic Framework |
| 7 | Iacuzzi (2021) | An Appraisal of Financial Indicators for Local Government: A Structured Literature Review | Evaluation | Conceptual | Local Government | Not Specified |
| 8 | Mbelwa (2015) | Factors Influencing the Use of Accounting Information in Tanzanian Local Government Authorities | Evaluation | Confirmatory | Local Government | Institutional Theory |
| 9 | Modlin (2012) | County Government Finance Practices: What Independent Auditors Are Finding | Evaluation | Exploratory | Local Government | Not Specified |
| 10 | Sciulli (2011) | The Views of Managers from a Local Coastal Council on Sustainability Reporting | Development | Exploratory | Local Government | Accountability Theory |

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| No. | Author (Year) | Title | Objective | Research Type | Entity Level | Theoretical Framework |
|---|---|---|---|---|---|---|
| 11 | Williams (2015) | The Local Government Accountants' Perspective on Sustainability | Evaluation | Exploratory | Local Government | Not Specified |
| 12 | Zhou (2025) | Green Innovation: A Key Strategy for Enterprises and Countries | Evaluation | Confirmatory | National Government | Resource-Based View |
| 13 | Amran & Haniffa (2011) | Evidence in Development of Sustainability Reporting: A Developing Country Case | Evaluation | Exploratory | National Government | Stakeholder Theory |
| 14 | Harris et al. (2020) | Low Carbon Cities in 2050? GHG Emissions of European Cities | Evaluation | Exploratory | Local Government | Not Specified |
| 15 | Frantzeskaki et al. (2014) | The Role of Partnerships in Realising Urban Sustainability in Rotterdam | Evaluation | Exploratory | Local Government | Transition Management Theory |
| 16 | Kurpierz & Smith (2020) | The Greenwashing Triangle: Adapting Tools from Fraud to Improve CSR Reporting | Development | Conceptual | Other Public Entities | Fraud Triangle Theory |
| 17 | Almeida et al. (2015) | Integrating Cleaner Production into Sustainability Strategies | Development | Conceptual | Other Public Entities | Cleaner Production Framework |
| 18 | Yu et al. (2020) | An Emissions Accounting Framework for Industrial Parks in China | Development | Exploratory | Other Public Entities | Not Specified |
| 19 | Rodríguez Bolívar et al. (2018) | Analysing the Accounting Measurement of Financial Sustainability in Local Governments | Evaluation | Confirmatory | Local Government | Agency Theory / Political Economy Theory |
| 20 | Rodríguez Bolívar et al. (2014) | New Development: The Role of Accounting in Assessing Local Government Sustainability | Development | Conceptual | Local Government | Sustainability Accounting Framework |
| 21 | Song et al. (2020) | Evaluation and Driving Factors of Sustainable Development of the Wetland Ecosystem | Evaluation | Exploratory | Other Public Entities | Emergy Analysis |

*Source: Prepared by the authors (2026)*

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**Table 4. Summary of Coding Results by Analytical Category**

| | Category | N | % | | Category | N | % |
|---|---|---|---|---|---|---|---|
| **A** | **Entity Type** | - | - | **B** | **Research Objective** | - | - |
| A1 | Local Government | 14 | 67% | B1 | Development | 8 | 38% |
| A2 | Central/National Government | 2 | 10% | B2 | Evaluation | 13 | 62% |
| A3 | Other Public Entities | 5 | 24% | - | **Total** | **21** | **100%** |
| | **Total** | **21** | **100%** | | | | |
| **C** | **Research Type** | - | - | **D** | **Theoretical Framework** | - | - |
| C1 | Exploratory | 12 | 57% | D1 | Explicitly Uses Theory | 13 | 62% |
| C2 | Confirmatory | 4 | 19% | D2 | Not Specified | 8 | 38% |
| C3 | Conceptual | 5 | 24% | - | **Total** | **21** | **100%** |
| | **Total** | **21** | **100%** | | | | |
| **E** | **Methodology** | - | - | | | | |
| E1 | Qualitative | 12 | 57% | | | | |
| E2 | Quantitative | 6 | 29% | | | | |
| E3 | Mixed Methods | 3 | 14% | | | | |
| | **Total** | **21** | **100%** | | | | |

*Source: Prepared by the authors (2026)*

**Public Sector Entity Type**

Table 4 indicates that the literature is dominated by studies focusing on local governments (67%), followed by other public sector entities, including industrial parks and non-profit organizations (24%), while only a small proportion examines central or national governments (10%). The predominance of local government studies is understandable because local governments interact most directly with communities and the surrounding environment. As argued by Ball and Craig (2010), the institutionalization of social and environmental accounting practices at the local level requires particular attention due to differences in institutional capacity and political-economic contexts across jurisdictions. The limited number of studies at the central government level represents a significant research gap, considering the central government's broader influence on national environmental policies and resource allocation.

**Research Objective**

Most studies pursue evaluative objectives (62%), while the remaining studies focus on developing new concepts or approaches (38%). Evaluative research primarily covers three themes. First, studies assess the implementation of sustainability reporting and the factors influencing stakeholder engagement (Kaur & Lodhia, 2016, 2019). Second, research evaluates the measurement of financial sustainability in local governments (Rodríguez Bolívar et al., 2018). Third, several studies examine the effectiveness of environmental policies and the role of collaborative partnerships in promoting urban sustainability (Frantzeskaki et al., 2014). In contrast, development-oriented studies mainly propose new conceptual and methodological frameworks, including the neo-institutional approach introduced by Ball and Craig (2010) and the Greenwashing Triangle proposed by Kurpierz and Smith (2020).

**Research Type**

Exploratory studies account for the largest proportion of literature (57%), indicating that social and environmental accounting in the public sector remains an emerging research field. Early-stage research is commonly characterized by exploratory qualitative investigations aimed at understanding relatively underexplored phenomena (Punch, 1998). Confirmatory studies employing quantitative approaches remain relatively limited (19%), suggesting that the field has not yet reached a level of maturity that supports broad empirical generalization. Nevertheless, several confirmatory studies, particularly those conducted by Rodríguez Bolívar et al. (2018) and Zhou (2025), demonstrate a growing effort to statistically examine the factors influencing the effectiveness of social and environmental accounting practices.

**Discussion**

**Theoretical Framework**

Approximately 62% of the reviewed articles explicitly adopt one or more theoretical or conceptual frameworks, while 38% do not specify any theoretical foundation. Among the theory-driven studies, Stakeholder Theory is the most frequently employed framework (Kaur & Lodhia, 2016, 2019; Amran & Haniffa, 2011), emphasizing the importance of addressing the interests and expectations of multiple stakeholder groups in sustainability reporting. Neo-institutional Theory (Ball & Craig, 2010) also provides a robust framework for explaining how institutional pressures shape the adoption of social and environmental accounting practices within public organizations.

Other theoretical perspectives include Practice Theory (Lodhia et al., 2025), Transition Management Theory (Frantzeskaki et al., 2014), Fraud Triangle Theory (Kurpierz & Smith, 2020), and Agency Theory together with Political Economy Theory (Rodríguez Bolívar et al., 2018). The diversity of theoretical perspectives demonstrates the multidisciplinary nature of social and environmental accounting research, which intersects accounting, management, public policy, and environmental studies.

Qualitative methods dominate literature, representing 57% of the reviewed studies, followed by quantitative approaches (29%) and mixed-methods research (14%). The predominance of qualitative research is consistent with the large proportion of exploratory studies, where qualitative inquiry is particularly appropriate for investigating new and complex issues from the perspectives of the participants involved (Hennink et al., 2020). Within the reviewed literature, qualitative studies primarily employ in-depth interviews, document analysis, case studies, and content analysis to understand the implementation of social and environmental accounting practices. By contrast, quantitative studies generally focus on examining relationships among variables through survey methods and statistical analyses. Examples include the survey conducted by Mbelwa (2015) and the regression analysis performed by Rodríguez Bolívar et al. (2018). The relatively limited number of quantitative and mixed-methods studies suggests considerable opportunities for future empirical research capable of producing stronger and more generalizable evidence.

This section addresses RQ3 by identifying potential avenues for future research based on the synthesis of the reviewed literature. The findings reveal six major research gaps that warrant further investigation. First, research on social and environmental accounting remains heavily concentrated at the local government level, whereas studies examining central or national governments are still limited. Considering that national governments play a strategic role in formulating environmental policies, allocating public resources, and coordinating sustainability initiatives, future studies should investigate how social and environmental accounting is institutionalized at the national level.

Second, most empirical evidence originates from developed countries, particularly Australia, the United Kingdom, and several European countries. Comparatively, developing countries remain underrepresented despite facing more complex environmental governance challenges. Future research should therefore provide greater attention to public

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sector organizations in developing countries, particularly within Southeast Asia, Africa, and Latin America, where institutional contexts differ substantially from those of developed economies. Third, although Stakeholder Theory and Neo-institutional Theory dominate the literature, several relevant theoretical perspectives remain largely unexplored. Future studies may benefit from adopting Legitimacy Theory to examine how governments maintain public trust through sustainability reporting. Institutional Logics Theory also offers opportunities to explain tensions among political, administrative, and environmental priorities within public organizations. Likewise, Public Value Theory may provide valuable insights into how environmental accounting contributes to the creation of long-term public value.

Fourth, literature continues to be dominated by qualitative and exploratory studies. While these studies have significantly contributed to theory development, the field would benefit from more quantitative and longitudinal research capable of providing stronger empirical evidence. Future studies may employ panel data, structural equation modeling, or quasi-experimental designs to examine the causal effects of sustainability accounting practices on organizational performance and environmental outcomes. Fifth, despite the growing global emphasis on carbon neutrality, relatively few studies specifically investigate carbon accounting within public sector entities. Existing studies mainly focus on greenhouse gas inventories and urban emissions rather than accounting systems that integrate carbon measurement into public financial management. Consequently, future research should explore the development of carbon accounting frameworks that are specifically designed for public sector organizations.

Finally, increasing concerns regarding greenwashing create opportunities for future studies to develop governance mechanisms capable of detecting symbolic sustainability reporting in public sector organizations. Although Kurpierz and Smith (2020) introduced the Greenwashing Triangle, empirical evidence regarding its application in the public sector remains scarce. Future research may therefore examine how public governance, internal control systems, external audits, and institutional oversight can reduce the risk of greenwashing within government sustainability reporting. Collectively, these research gaps indicate that social and environmental accounting in the public sector remains an evolving field with substantial opportunities for theoretical advancement, methodological diversification, and empirical investigation.

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Within the reviewed literature, qualitative studies primarily employ in-depth interviews, document analysis, case studies, and content analysis to understand the implementation of social and environmental accounting practices. By contrast, quantitative studies generally focus on examining relationships among variables through survey methods and statistical analyses. Examples include the survey conducted by Mbelwa (2015) and the regression analysis performed by Rodríguez Bolívar et al. (2018). Mixedelatively limited number of quantitative and mixed-methods studies suggests considerable opportunities for future empirical research capable of producing stronger and more generalizable evidence.

**Conclusion and Recommendations**

This study provides a comprehensive overview of the development of social and environmental accounting research in public sector entities through a Systematic Literature Review of 82 Scopus-indexed articles, with 21 articles selected for in-depth analysis. The findings indicate that literature is predominantly characterized by studies focusing on local governments, qualitative methodologies, and exploratory research designs. Stakeholder Theory and Neo-

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institutional Theory emerge as the dominant theoretical perspectives, reflecting the importance of institutional pressures and stakeholder accountability in shaping sustainability accounting practices within the public sector. The review also identifies several important research gaps. These include the limited number of studies at the central government level, insufficient empirical evidence from developing countries, the underutilization of alternative theoretical perspectives, the scarcity of quantitative and longitudinal research, the limited attention devoted to carbon accounting in public sector organizations, and the need to develop mechanisms for detecting greenwashing in public sustainability reporting. Future research should extend beyond local government studies to examine central and national government levels, as well as developing-country contexts, including Indonesia, which remain underrepresented compared to the dominance of developed-country cases. Theoretically, greater use of Legitimacy Theory, Institutional Logics Theory, and Critical Accounting Theory could enrich analytical frameworks currently dominated by Stakeholder Theory and Neo-institutional Theory. Methodologically, more quantitative and longitudinal studies are needed to empirically test the effectiveness of social and environmental accounting implementation over time. Furthermore, future studies should give greater attention to carbon accounting and to developing mechanisms for detecting greenwashing in public sector sustainability reporting.

**Limitations**

This study is not free from limitations. Although it uses the SLR method, some articles may have been missed. The search criteria and article selection also affect the results of the review. This research only uses the Scopus database and limits the selection to English-language articles, so relevant articles in other languages are not covered. Future SLR research can address this limitation by expanding the database and selection criteria.

**Research Contribution**

The findings contribute to the literature by providing a structured research map and identifying promising directions for future investigations. From a practical perspective, the review offers useful insights for policymakers, public managers, and researchers seeking to strengthen the implementation of social and environmental accounting in support of sustainable public governance.

**Disclamer**

This manuscript was prepared with the assistance of the free version of the Artificial Intelligence (AI) tool SciSpace. The AI tool was used to identify key sections of the reviewed articles, including the theoretical framework, methodology, and concise conclusions, as well as to develop the discussion outline based on the coding framework established by the authors and the results of the bibliometric analysis. The authors assume full responsibility for the content, interpretation, and conclusions presented in this manuscript

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