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Popular financial reporting: Results, expense and welfare markers

Paolo Pietro Biancone, Silvana Secinaro and Valerio Brescia*

Department of Management, University of Turin, Italy.

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The National and international accounting principles converged with the aim to provide information about consolidated groups, be it accessible, comprehensible and transparent. A public company group certainly varied in the support of Popular Financial Reporting, an instrument of consolidated economic property and financial cost reporting. It completes financial, economic, patrimonial, quantitative and qualitative information of the consolidated group with a simple language, comprehensible to unauthorised personnel and all the citizens. Through quantitative statements, the results of local public companies are known, while qualitative information makes explicit the modalities through which results are obtained. Colloquial documents are an important instrument of communication used collectively to describe results and expand the cost of reporting in a social dimension. The quantitative and qualitative data are inserted into the Popular Financial Reporting in order to guarantee transparency and provide useful information to understand the complexity of the consolidated public group. Citizens make themselves more and more bearers of active interest based on the definition of public politics. For decades, sociologists and psychologists have been working together to develop indexes which mirror the developments of life quality better than Gross National Product statistics. "Happiness formulas" have also been invented, combining various criteria of welfare measurements with measure subjective perception of individuals in a situation. This work analyzes the role of consolidated information starting from the financial statement to the available instruments that make it accessible to citizens. The work team wondered if potential correlations among compound indicators of welfare and expense for functions could be significant in the analysis of the results in local governments. As an example, in our analysis, indicators made up of security, environment and heritage/culture and the related expense entries of the Italian province administrative centers have been taken into account. The research result demonstrates the usefulness of the compound indicators in the translation of the Public Group results towards citizens and the potential correlation between indicators and expense.

Key words: Public governance, popular reporting, local governments, consolidated information, indicators compounds of welfare.

INTRODUCTION

The consolidated balance for local public companies shows the information necessary to verify the

*Corresponding author. E-mail: vbrescia@unito.it.

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achievement grade of the whole aggregate, mainly with references to the composition of sources and uses (Biancone et al., 2014).

In this context, it allows one to know the financial structure of the group, the grade of financial autonomy and the level of debt, the structure of the group property, its overall cost, the structural composition of the costs, especially those that are the most significant elements of production. The consolidated balance supplies the information and knowledge of the different compositions of income, as well as the analysis of the relationship between the incomes which tax the capacity of the checking and income done by the exchange among the supervised societies with consequent possibility of prevision per unit of consolidated business. It also supplies information and knowledge of formulating programs for more optimisation and finding the use of resources. New Public Management (NPM) is the label that many scholars have given to a series of reforms since 1980 to improve the efficiency and pre-stations of Western governments and/ or public sector organizations (Pollit and Boukaert, 2007).

Examples include the development of performance and benchmarking indicators, staff reforms aimed at determining public sector employment based on private sector models, implementing executive departments at arm's length from ministries, creating public-private partnerships and increasing the introduction of new techniques and management tools. Berntzen (2013) shows government's growing awareness of the rooted centrality of citizens in "New Public Management".

The basic idea is to integrate traditional administrative law and traditional business practices that govern the operation of a public body (focusing on the consistency of administrative norms and requirements) with more result-oriented management measures (ensuring greater efficiency, efficiency and effectiveness in resource management and service delivery).

Kickert and Toonen (2006) summarizes some of the main points of the rationalization programs of the administrative apparatus that gives concreteness to the idea of NPM. In the public domain, stakeholders mean involving any person or organization that has interest and can be positively or negatively influenced by public policies. This includes government and private organizations, companies of all sizes, local authors, the community in general, individual citizens, other stakeholders, such as universities, schools, volunteers and community organizations, disadvantaged groups, indigenous groups and people of non-native language background.

Each public service involves a wide range of relationships between policy makers and stakeholders. Strengthened partnerships with these stakeholders can potentially provide a tool to optimize territorial, resource and environmental needs. Indeed, the legitimacy of public policy is now often dependent on a process of exchange

between society and the government (Quirchmayr and Tagg, 2002).

Stakeholders need information and it depends on the levels of interaction with public companies. The stakeholders themselves are the users and recipients of the accounting and balance information of the public companies and groups to which it is headed. The government should see citizens as clients and provide the same service to them as it does to the private companies. Informational needs are perceived not only in the inner front, in the process of planning and control of the consolidated group activities, but also in the outer part, as instrument of accountability towards citizens/users.

The most significant topics that have provoked intense organisational innovations in local governments include greater independence from political power, independence gained considering crises of the traditional party system, but leveraging adjustment to the citizen/user's expectations, and in operational terms, through an increasingly stricter comparison with the private enterprise or with the public one present in the international context (Farneti, 1993).

Quantitative and qualitative data are inserted in Popular Financial Reporting in order to guarantee transparency and provide information useful to understand the complexity of the consolidated public group. From this, a high complexity is derived for public administrations to guarantee the pursuit of public interest and transparency (Borgonovi, 2004; Ditillo et al., 2014).

Transparency is guaranteed also through the identification of corporations and companies responsible of the production of public service and of the members or figures assigned to the supervision made by the local government in all the phases of the production process (Biancone and Secinaro, 2010). That is translated into an increasing request of accountability (Freeman, 1984) in the multiple meaning of assumption of responsibility, attention to transparency, reinforcement of participation and engagement of the interest bearers (Freeman, 2010).

Therefore, in this work, it has been asked which instruments give bigger engagement to citizens, as users, suppliers and inspectors of the services of the consolidated group and of the local government. The difficulty in the reading of the results of financial statement and of local government's balance sheet of the citizens needs no other economic instruments to understand the public situation.

To this end, it is necessary to identify alternative and explicatory indicators different from those economies. In the literature, several alternative and sometimes competing ideas exist on the origins and rationale of public policy (Smith, 1827; Marx, 1975; Mill, 1966; Marshall, 1950; Rawls, 1971; Bator, 1958; Moyer and Josling, 1990; Stigler, 1971; Krueger, 1974; Petit et al., 1987).

The different ideas are now defined in two different ways (Sheingate, 2001). The first definition sees policy

makers to be kind of neutral, benign beings who seek to protect weaker members of the society, promoting their human rights and related moral properties, or correcting market failures. The other definition considers policymakers to be captured by one or more powerful interest including the rich, capitalists, monopolies, large farmers and other 'rent-seekers'.

Public policy differs from popular interest. In the definition of public policy, political decision-makers pursue the interests of the citizens, while in the popular culture; it is citizens that make the decisions. This is directly linked to New Public Management and the need for participatory tools. Both the concept of popular culture and public policy identify instruments of transparency and analysis of results to make decisions (Biancone et al., 2016).

At the end of the sixties, we moved slowly and gradually from an objective and monetary vision to a subjective one with a greater attention on social reality. It is in this revolutionary context that the so-called "Movement of the Social Indicators" comes alive, putting to the test the worldwide planning of the marketplaces addressed to economic growth.

Scientists, politicians, economists and sociologists consider sustainability and social welfare as the society bond in the face of common aims, society participation in the democratic process, governability and access of the population to instruction, food, health services, etc (De Carvalho, 2011).

For a decade, sociologists and psychologists have been working together to develop indexes which mirror the developments of life quality better than Gross National Product statistics. "Happiness formula" has also been invented combining various criteria of welfare measurements of subjective perception of individuals on one's situation. During this period, there has been much theoretical concern for the study of competitiveness practiced by experts and international organisms (World Economic Forum, World Bank, International Monetary Fund); from experts of the academic field and consultation societies. The majority of these studies describe the main determiners of the economic performances on competitiveness and interdependence between the current socio-economic development of a country and its potential growth.

In February 2008, the French President, Nicholas Sarkozy created a committee called "The Committee on the measurement of economic Performance and of social progress", guided by Joseph Stiglitz and Amartya Sen. The purpose of the Commission was to "identify the limit of Gross National Product (GNP) as indicator of economic performance and social progress, including the problem of its measurement".

The committee had also the purpose of considering which additional information was needed for the production of indicators more relevant than social progress; to consider the feasibility of alternative

measurement instruments, and to discuss how to introduce statistical information in an appropriate way. The real difficulty already encountered was between official keys of measurement and spread perception. The first document that the committee made gave a list of recommendations and finally judgement instruments. A greater emphasis on income and usage was given, rather than on production; with bigger weight on the experience of single families rather than the whole economy, and on wealth and income. Finally, the document declares being able to read sustainability and citizens' wealth through a "dashboard of indicators".

The GNP is the most widely used indicator in the measure of economic activity, but it has various drawbacks. It measures only market production, without making use of market prices, and it does not take into account the surplus of the consumer or produced externalities. But we have not had current recession because we did not follow the advice given by this Commission; current recession is a periodic process and is part of the nature of the economic system (Leunig, 2011).

The problem is that wealth is extremely difficult to measure. The report acknowledges that the human capital is difficult to measure, and that for a lot of people proficiency is the most important wealth they have and that this is unlikely quantifiable on welfare. Large-scale official investigations should be reported to the territory because happiness of people, their hedonistic experiences and priorities change.

The British Government already does it; and due to acceptance that people in different countries have radically different preferences, it is hard to imagine that these investigations could be standardised at international level in a useful way, as done for standardised national accounts which are at the basis of GNP evaluations. We have also noticed that the creation of too many indexes from the created commission could make the report non-interpretable and non-generalizable, giving again GNP the role of main indicators of comparison.

The report of the commission on the measurement of economic performance and social progress is vaguely interesting, but it gives little in terms of economic historic value. It does not give alternatives in time about how different societies have realized shares on the basis of different indexes. It is evaluated that, taken as a whole, per capita GNP variations could overestimate or underestimate the economic and social progress performance, or that aforementioned measure is more or less accurate for different countries or for different time periods. Indicators and compound indexes are increasingly recognized as useful instruments for policies because they bring information about a country's performance towards their specific purposes inside the three main aspects of sustainability (environment quality, social equity, and economic welfare).

The main advantage of an indicator is its ability of summarizing complex information of our dynamic world in a manageable quantity of significant information. There are no instruments of ideal planning to reach sustainability neither on regional scale nor on local scale (Keiner, 2006).

Recently, politicians have started encouraging scientists to improve the models and develop new techniques for the integration of quantitative and qualitative analysis for local and regional planning of sustainable development (Grosskuth, 2007). To achieve success in planning on any scale, appropriate methods, procedures and instructions are mandatory (Keiner, 2006).

In particular, the indicators right choice is essential to supervise the progresses towards sustainable territorial development. In 2015 a survey was carried on 25 compound indicators, analysing and comparing 36 countries in Europe; it highlighted how it is possible to group in cluster the countries in 4 homogeneous categories. Unfortunately, it is not possible to compare the single countries among them unless through homogeneous cluster groups (Richard and Sara, 2015).

In Italy, the introduction of BES project: Equitable and sustainable welfare carried out in 2014 by ISTAT CNEL guarantees some reference indicators at national level. The detailed analysis of the indicators, made in BES report, aims at making the country more aware of its strong points and of the difficulties to overcome in order to improve life quality of citizens, putting this concept at the basis of public policies and individual choices. The theme of absorbed resources, their allocation to services and the assessment of well-being is closely linked to long-term economic performance and the resulting climate change is linked to excessive production without governance and decision-sharing (OECD, 2016, 2017; Sen, 1999; Stern, 2006a).

METHODOLOGY

The study aims to investigate the possibility of providing benchmarks for the reading of the results of the Local Government's Consolidated Group in pursuit of greater transparency, responsibility and sharing of the results with the citizens through the Popular Financial Reporting. The study also verifies the possible correlation between compound indicators of social welfare in BES report and expense items in the balance sheet of local public companies in relation to specific sectors. In order to verify the possible correlations among some of these indicators (safety, environment and heritage/culture) and its balance sheet item, the Spearman correlation and linear regression coefficients were used. The variables are quantitative (spending, square kilometers, citizens) and qualitative (compound welfare indicators). Such expense functions have been taken into account by way of example for Italian provincial capitals. The statistical analysis was conducted through non-parametric analysis; the Spearman's rank correlation coefficients for all pairs of all the variables in the dataset. The variables used are grouped in Tables 1 to 3 and each able represents an analysis for each topic. All

statistical analyses were carried out using STATA V.13 (Stata Corp, College Station, Texas, USA, 2013) and p value <0.05 was considered significant for all analyses.

RESULTS AND DISCUSSION

The role of local public companies in the achievement of welfare for the city stakeholders

Public companies are characterized by the production of goods and services which are aimed at a collective consumption that takes into account also the objective of wealth redistribution (Puddu, 2001). The first element to be analysed is that public companies are characterized by the production of goods and services as in the case of private enterprises, although the public sector actually addresses them to the whole community.

Companies can be rationally studied and classified under many points of view: The definitions of companies proposed by the doctrine are numerous, but they are nothing more than different interpretations of the same phenomenon, which depend on the particular moment crossed by the studies (Giannessi, 1960).

It is Ferrero (1968) company concept as a social economic, dynamic, open system that was created to satisfy the needs. From the centrality of the satisfaction of needs repercussions on the image, reputation, human resources, relations with suppliers and customers, territorial impact are generated (Harrison and Caron, 1998). The role played by public companies is to answer the needs of social necessity: public companies finalize the production of goods and services to the satisfaction of particular customers, public service users (Borgonovi, 1984).

In this second perspective, the issue of accounting harmonization and its social reporting function is inserted (Meneguzzo et al., 2006; Lazzini and Ponzio, 2007). Accountability is closely linked to responsibility: the person who performs a programming, management or control function is a responsible subject towards those who suffer/accept the effects of the exercise of these functions (Ricci, 2005). With reference to a territory, if you report organization is because there are people whose job is necessary "to account" and, at the same time, there are people who feel the need and responsibility of "accountability" of the actions taken.

The social responsibility of the territory is a development approach that is emerging in the search for sustainable models on a global scale. The "share" is the focus in its broadest and fullest sense, including and overcoming the economic categories and the profit needs. Consequently, companies are key players in social responsibility (Fox et al., 2002), but not only one.

In the center, there is the community as a promoter and at the same time beneficiary of mentality, strategy and socially responsible behaviour of each of its components.

Table 1. Expense environment function and specific BES indicators.

Region	Administrative center	Environment expense	Surface Km ²	Per meter expense	IBES indicator environment chapter 10 page 257
The Abruzzi	L'aquila	2892107.61	466	6206.239506	113.9
Basilicata	Potenza	28646748.6	173	165588.1422	103.5
Calabria	Catanzaro	161551196.5	102.3	1579190.581	98.7
Campania	Naples	291850000	117.3	2488064.791	105.4
Emilia Romagna	Bologna	3926000	140.7	27903.34044	102.6
Friuli Venezia Giulia	Trieste	14079901.2	212	66414.6283	105.9
Lazio	Rome	12932164.73	1285	10063.94142	100.8
Liguria	Genoa	172799055.5	243.6	709355.7287	103.8
Lombardy	Milan	367751110.8	181.8	2022833.393	103.9
The Marche	Ancona	22336787.3	123.7	180572.2498	98.1
Molise	Campobasso	16243234.28	55	295331.5324	100.7
Piedmont	Turin	2547059500	130.2	19562668.97	105.5
Apulia	Bari	77182708.02	130.2	592801.1369	103.5
Sardinia	Cagliari	104332175.8	85.45	1220973.385	108.1
Sicily	Palermo	140074607.1	158.9	881526.7913	92.4
Tuscany	Florence	113.322.189.92	102.4	1106662.011	101.5
Trentino Alto Adige	Trento	58691390.95	157.9	371699.7527	118.8
Umbria	Perugia	41978437.24	449.9	93306.15079	102.9
Valle D'aosta	Aosta	5699000	21.37	266682.2649	116.5
Veneto	Venice	118162413.8	414.6	285003.4101	106.9

Table 2. Expense for the function of landscape, heritage and culture safeguard and BES indicators.

Region	Administrative center	Culture expense	Resident number	Per capita expense	Landscape and cultural heritage BES indicators chap 9 page 235
The Abruzzi	L'aquila	825642.35	69753	11.8366572	91
Basilicata	Potenza	1179473.79	67122	17.57208948	91.9
Calabria	Catanzaro	7937382.2	90840	87.37761118	75.2
Campania	Naples	10560000	974074	10.84106546	79.9
Emilia Romagna	Bologna	1238000	386181	3.205750671	101,8
Friuli Venezia Giulia	Trieste	9678565.33	205413	47.1175891	104
Lazio	Rome	3179781.6	2864731	1.109975631	94
Liguria	Genoa	29626727.75	586655	50.5011084	95.5
Lombardy	Milan	122439115.1	1345851	90.97523805	102.7
Marche	Ancona	6093882.53	101518	60.02760624	100.9
Molise	Campobasso	560158.9	49431	11.33213773	81.9
Piedmont	Turin	55518733.69	890529	62.34354377	10.6
Apulia	Bari	5947758.27	327361	18.16880529	92.8
Sardinia	Cagliari	28362657.34	154460	183.6246105	100.3
Sicily	Palermo	11672104.67	678492	17.20301001	84
Tuscany	Florence	40.495.804.18	382.808	105.7862014	102.7
Trentino Alto Adige	Trento	807114836.5	39099	20642.85113	117.3
Umbria	Perugia	5465432.75	165668	32.99027422	103.9
Valle D'aosta	Aosta	3399700	34777	97.75713834	97.4
Veneto	Venice	15035475.33	264579	56.8279241	91.9

The transition to accrual accounting in the public sector began at the end of 1980 and at the beginning of 1990. In several countries accrual accounting was introduced.

This reform was part of a large administrative reform, often referred to as NPM. NPM is the collection of management practices and leadership gradually introduced

Table 3. Expense for safety function and BES indicators.

Region	Administrative center	Safety expense	Resident number	Per capita expense	Safety BES indicators chapter 7 page 195
The Abruzzi	L'aquila	9754227.09	69753	139.8395351	111.4
Basilicata	Potenza	4846671.66	67122	72.20690176	93.2
Calabria	Catanzaro	625663.1	90840	6.887528622	85.1
Campania	Naples	81290000	974074	83.45361851	94.6
Emilia Romagna	Bologna	7633000	386181	19.76534319	116.9
Friuli Venezia Giulia	Trieste	211296.15	205413	1.028640592	91.4
Lazio	Rome	67610852.51	2864731	23.60111735	97.6
Liguria	Genoa	45887334.55	586655	78.21860301	104.8
Lombardy	Milan	213367315.8	1345851	158.5371009	104
Marche	Ancona	3555824.08	101518	35.02653795	99.4
Molise	Campobasso	2259241.7	49431	45.7049564	104.6
Piedmont	Turin	97613411	890529	109.612838	105.2
Apulia	Bari	28582914.74	327361	87.31313364	98.4
Sardinia	Cagliari	14047175	154460	90.94377185	88.6
Sicily	Palermo	42956685.83	678492	63.31200048	97.4
Tuscany	Florence	50.572.933.33	382.808	132.11044	105.6
Trentino Alto Adige	Trento	26074980.74	39099	666.896359	115.5
Umbria	Perugia	6871933.45	165668	41.48014976	57.3
Valle d'aosta	Aosta	728300	34777	20.9420019	117.3
Veneto	Venice	23102194.22	264579	87.3168098	91.4

in the public sector since 1980. NPM is a broad term for a variety of management ideas, often borrowed from the private sector, namely through the introduction of tools and ideas as competition, privatization, management by objectives, decentralization, etc. in the public sector (Hood, 1991; 1995).

However, it is often not possible or economically viable the realization of private analysis tools such as financial reports tailored to each individual stakeholder. The services provided by the public companies, and particularly by local authorities like water service, waste, gas distribution and energy and local transport not only enter directly into the basket of consumers' goods households of residents, impacting the cost of living, but they enter the production processes of the companies of a certain area affected by their performance by influencing the production costs and thus the prices of their goods. The way in which this input in production processes and household spending takes place are not limited to the level and dynamics of prices, because a crucial role is also played by the quality of the performance; in fact, the latter determines the degree to which public services spread positive externalities in the served area.

Containment of the tariff increases and raising of the quality of services are the two main outcomes that economic theory associates with a process of liberalization of markets previously characterized by vertically integrated local monopoly, entrusted with management without selection procedures open to public.

As it is known, competition in the market, technologically or for the market in segments where there is still a form of natural monopoly and contestability regimes covered by appropriate legislation and creation of modern regulatory institutions, is functional for extracting monopoly rents and consumer surplus maximization (Armstrong and Sappington, 2006).

If competition, in the two meanings, or regulation, cannot have effect in this direction, the inefficiency - productive and allocative - that results tends, by raising production and containment of quality costs, to spread throughout the whole economy. Competition in the market or for the market is growing very slowly, and some signals leave well portend that the ongoing reforms will not rely even entirely on the benefits associated with these forms of rivalry and contestability, in which ancient and widespread resistances seem to be once again the better.

On the other hand, this transition is experienced by users in non-favourable way, since apparently, the price dynamics seem to register increases instead of reductions, as called for by economic theory. However, we should not forget that the time reference benchmark is not correct, in the sense that prior to the reforms of the organization of local public services, the level of rates was influenced by deficits that more or less surreptitiously companies created and which were covered by general taxation, whose load was not directly perceived by users. Therefore, the gain in terms of transparency and financial accountability is now firmly grasped by users because the

costs of the inefficiency of past managements were unloaded on all taxpayers or future generations through public debt (Petretto, 2007).

Consolidated financial statement and popular financial reporting

The overall view of the starting point is the consolidated financial statement (Puddu et al., 2013). The Financial Reporting would stimulate the relationship between government and stakeholders in a clear and understandable view of the results meeting the need for transparency and accountability of institutions (Biancone et al., 2016). We are not talking about social balance and neither about the mission report in the strict sense, but about Popular Financial Reporting, a useful tool to empower the population democratically involving other actors in the production process (Biancone and Secinaro, 2015).

The independent organization that establishes and improves the accounting standards in the United States is called GASB. It started its activities in 1984 and introduced the fundamentals to draw up a report based on the popular Budget. The Government Finance Officers Association (GFOA) offers a different approach to the financial statement to generally accepted accounting principles (GAAP). For the first time in February 2006, GFOA encouraged all to issue a comprehensive annual financial report (CAFR), in accordance with GAAP.

The Public Body should produce a short and easy to read document, understandable to all citizens. In addition, it could allow easy reading of other potential users, such as politicians, employees of the public sector, the media, community groups, etc. (GASB, 1992).

The Popular Financial Reporting must be drawn up within six months of approval of the consolidated financial statement. It must present the information in an engaging and easy to understand writing, avoiding technical jargon and translating the information into graphs. The language must be narrative to highlight certain information and must present financial data through trends and comparisons. Essential to the success of the document is the encouragement of feedback from stakeholders.

In the US, 60% of municipalities use the Popular Financial Reporting. This new tool has been adapted to meet the international accounting standards IPSAS and evaluate the performance in the public context (Montesinos et al., 2013).

Indicators in local authorities

The conceptual framework, according to the General Purpose financial report (GPFR) of public sector entities (2008), identifies by the International Accounting Standards Board (IPSASB) (2013). Three large groups of

potential users: recipients of services or their representatives: the suppliers of the resources, or their representatives, and other parts that include special interest groups and their representatives.

The IPSASB in particular points out that the legislature, acting in the interest of members of the community, is a great GPFRs user. Thus, by 2010, according to the conceptual framework for General Purpose, the IPSAS identifies citizens as primary users of GPFR. Contrary to the definition of New Public Economy in the 20th century, now even the poor, who pay little or no taxes, evaluate the efficiency and effectiveness of the market through voting. In developed countries, it is clear that the reform of the system of performance and Reform Strategy of the purposes of the public system are aimed at increasing effectiveness and productivity, and provide greater citizens' satisfaction (Yusuf, 2013).

It should be noted an identification and proposal of a plan of indicators with the expected results of the budget in order to explain the objectives of management, in addition to measuring the results and monitoring the services and activities. Forwarding this analysis, the theory of liability is based on the concept that citizens want good performance from their governments and that the performance of the directors can be measured. These aspects are equally important for citizens (Kelly, 2005).

The public body tends to public responsibility to meet and increase efforts towards the services that the population requires. In public institutions, there is a growing push toward internal management control and the achievement of performance. The evaluation of the results achieved by individuals is only a tool to consolidate and increase sales, according to a consumption-based approach by referring to the fiscal targets.

Seldomly, the public assessments are efficient. Often the needs of citizens and stakeholders in general are against the public interest to satisfy the interest of the individual. Since the criticism of public responsibility you can think that the Popular Financial Reporting is a useful tool to strengthen the capacity of the population and stakeholders in the evaluation of results, and that this can be interpreted correctly by changing the ability of the citizens.

BES: Equitable and sustainable welfare

The project to measure the equitable and sustainable welfare, born of a joint initiative of the CNEL and ISTAT, is part of the international debate on "GNP passing", fuelled by the knowledge that the parameters on which to evaluate the progress of a society cannot be exclusively economic, but should also take account of the fundamental social and environmental dimensions of welfare, accompanied by measures of inequality and sustainability. The document was presented in its third

edition on December 2, 2015.

The BES (Equitable and Sustainable Welfare) is based largely on the Organisation for Economic Co-operation and Development (OECD) framework presented earlier. It is a bigger challenge than the initiatives presented in this document because it tries to integrate the welfare with equity and sustainability. This provides considerable theoretical problems which must be clarified and resolved before we can begin the technical / methodological discussion on how to measure the size in the various domains.

BES is a process that takes as its starting point the multidimensionality of welfare and, by analysing a large number of indicators, describes all of the aspects that contribute to the quality of life of citizens. In this context, official statistics must keep up with the growing demand for quality statistical information. It is up to the citizens and their representatives choose which dimensions of welfare can return more value and on which it is better to invest, with the understanding that the achievement of certain objectives may affect or delay the achievement of others.

BES can assist the government in the process of planning resolution and at the same time provide the citizen with information to guarantee transparency and a key also linked to the services that the institution offers. The Local Entity functions can be represented in aggregate and in terms of quantity and quality of achievement of planned results, and through comparison and interpretation such as statistical Regional indicators of reference of specific activities (for example, Heritage, environment or safety).

In a complex system you must seek common interpretations and maximum indicators to understand the work of the governance, culture and economy of a region / organization. The Popular Financial Reporting can provide comparison tools, and use the different Bes indicators as interpretations, thus assisting the administrator in future programming. Welfare can be a tool to increase or decrease the supply of services in pursuance of economic availability of the entity, going to decrease waste, also instructing the citizen welfare perceived in the different functions carried out by the body.

Transparency, governance and resource control

From 2008, the issue of enhancing global tax transparency to curtail tax evasion has been at the top of international agenda. That year, the G20 shone a spotlight on the lack of tax transparency, and followed swiftly in 2009 with a commitment to put an end to bank secrecy and protect public finances.

To ensure a global level playing field where there was no place to hide, it was important that the tax transparency standard at the time, the EOIR standard,

was widely adopted, including financial centres. Coinciding with the G20 meeting in April 2009, the OECD issued a progress report on jurisdictions' implementation of the EOIR standard, identifying those jurisdictions that had substantially implemented it, committed to implementing it, or had not yet made such a commitment. That progress report has been supplanted by the Global Forum's review and rating process.

Today, there is an additional standard on tax transparency that provides automatic exchange of financial account information (AEOI). Reflecting a step change in tax transparency, the new standard, consisting primarily of the Common Reporting Standard (CRS), was established by the OECD in 2014 and endorsed by the G20 Finance Ministers and Leaders.

The EOIR standard requires that all jurisdictions ensure that they maintain information (on ownership of entities and arrangements, accounting information and bank information), that their tax authorities have access to that information and are able to exchange it with foreign tax authorities when it is foreseeably relevant to the administration and enforcement of their tax laws.

The OECD-hosted Global Forum on Transparency and Exchange of Information for Tax Purposes has released the results of its Fast-Track review process. The outcome is clear - massive progress has been made by many jurisdictions towards the exchange of information on standard request (the EOIR standard) in the last 15 months, since the G20 Finance Ministers call for identification of noncooperative jurisdictions with respect to tax transparency.

Progress to meet the automatic exchange of information standards (AEOI standard) as well as efforts by countries to expand their network of exchange of information agreements by joining the multilateral Convention on Mutual Administrative Assistance in Tax Matters has also been significant (OECD, 2016; 2017). The Global Forum's review process considers whether a jurisdiction has a sufficient legal and regulatory framework as well as appropriate processes and procedures in place to meet the EOIR Standard. All members of the Global Forum (today 142 countries and jurisdictions) undergo a peer review, as do "jurisdictions of relevance", which are not Global Forum members but identified as relevant to its work to tackle tax evasion through a level-playing field based on greater transparency. The path of tax transparency and the exchange of information between states is one of the many steps to ensure full transparency. At present, tax evasion and resource shifting may result in lower collection and spending on different sectors. The World Bank, in the Global Economic Prospects, also represents in 2017 a decline in growth in the BRIC countries due to low confidence in government. Policies to address the EMDE investment weakness include both direct and indirect measures.

Public investment directly lifts overall investment, and

improvements in its delivery increase its benefits to growth. It can also foster private investment, at least in the presence of economic slack, sizable infrastructure needs, and sound governance. Finally, public investment may have the collateral benefit of reducing income inequality. More indirectly, cyclical and structural policies for strengthening growth prospects, a key driver of investment, stimulate investment.

These may include cyclical stimulus in countries where activity is weak for cyclical reasons and which have the available policy space. Most importantly, structural reforms to improve governance could encourage investment, foreign direct investment, and trade, and thereby improve longer-term growth prospects (World Bank, 2017).

Quantitative analysis, BES indicators and expense functions

In a complex system, common interpretations and maximum indicators must be searched for, which allow one to understand the work of the governance, culture and economy of a region / organization. The Popular Financial Reporting can provide comparison tools, and use the different Bes indicators as interpretations.

We wonder if correlations between BES indicators, expense, population and other parameters useful to the analysis exist. We have examined the financial statements of the year 2015 of the Regional capitals and analysing some specific functions at the level of environment (Table 1), landscape and cultural heritage (Table 2) and safety (Table 3). To start the analysis of data and possible correlations between expense and welfare indicators, we examined the composite indicators for BES function assuming other comparison variables (number of inhabitants or Km²).

Statistical analysis was conducted through the Spearman correlation and using linear regression in order to identify possible significant results between analysed variables. With regard to the safety function, there is a positive but not statistically significant correlation between per capita expense and BES indicators, neither with the Spearman correlation (Spearman's rho = 0.266; p = 0.258) nor by linear regression ($\beta = 0.03$; p = 0.148). With regard to the environmental function, there is an inverse but not statistically significant correlation between expense Km² and BES indicators, both with the Spearman correlation (Spearman's rho = -0.049; p = 0.838) and linear regression ($\beta = -9.18$; p = 0.997).

As for the function of safeguarding the heritage of culture and education, there is positive and statistically significant correlation between per capita expense and BES indicators, highlighted with the Spearman correlation (Spearman's rho = 0.460; p = 0.0414) or by linear regression ($\beta = 0.001$; p = 0.019).

In two cases, a significant correlation is not found; in

one it is. There is a correlation between economic data and indicators of welfare synthesized by originating region and function. But further analysis is needed to identify major accident variables and possible correlations between economic data (expense) and welfare.

CONCLUSION AND IMPLICATIONS OF THE RESEARCH

The BES indicators can be analysed to assume a correlation between economic data, both quantitative and qualitative recognized in Popular Financial Reporting. Nonetheless, they are not absolute interpretations because such indicators include independent data on which the government cannot intervene. The BES indicators are certainly a useful parameter to evaluate in historical terms a variation between indicators based on the implementation of targeted policies for functions or service.

However, the statistical correlation between BES indicators and expense by function does not provide useful data to the reading of the results of Local Government and Consolidated Group. It is different in the case of individual services and quantities produced, compared to BES indicators detected for particular topics of national interest.

In the study view, a correct interpretation of the quality and cost of provision for the citizen service can reduce the distorting effects on the data market externalities allowing greater ability to interpret the public service. An objective comparison also allows greater transparency of the result represented according to international accounting standards, increasing the responsibilities of public managers and the ability of the population to evaluate the performance of the Consolidated Group of the Local Government. It is suggested that the use of compound welfare indicators to assess whether service policies related to the volume or quality affect the perception of the city.

In conclusion, both BES indicators and the Popular Financial Reporting must be mutable documents according to the objectives of consolidation of the Local Group and the needs of the citizens. The Popular Financial Reporting integrated with BES indicators will provide significant further planning and control tools; not limiting the stakeholders in a simple reading of the collected results.

The OECD's fiscal transparency path (OECD, 2016; 2017; Kingma and Schaper, 2017) ensures more allocation effectiveness. These activities in Agenda supported by the states, coupled with Popular Financial Reporting and compound welfare indicators, converge towards greater participation and decision by the citizens and stakeholders. Tax transparency and the ability to readily allocate resources and results immediately are the

tools used to correct tax evasion effect (Bernardi and Franzoni, 2004).

The governance tools proposed in this document may favour public sector investment by assessing both the perception of the population and the performance of the committed resources. Popular Financial Reporting also ensures easy reading of the allocation. Greater governance can also facilitate the growth of BRIC states (World Bank, 2017).

Furthermore, Pareto identifies possible distortions caused by the interest of few in the market. Here the remedy has to lie in more freedom, including that of public decision and participatory political decisions (Sen, 2001). Recognizing the right level of spending resources, consumption and perception of well-being related to public services is also a valuable tool to reduce environmental pollution. In a long-term perspective, enhancing the various values by ensuring transparency can lead to rationalization of resources and the empowerment of citizenship and public decision-makers in the direction of the sustainable development (Stern, 2006b).

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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