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Crisis risk management in Municipal Owned Companies between accountability and institutional isomorphism

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ABSTRACT

This study examines risk management (RM) reporting as an accountability mechanism in Italian Municipal-Owned Companies (MOCs), investigating how institutional pressures – mimetic, normative, and coercive isomorphism – shape RM disclosure practices within the Corporate Governance Report (Relazione sul Governo Societario, RGS). Drawing on new institutional theory, the study combines a structured content analysis of RGS documents from 57 MOCs controlled by twelve major Italian municipalities (2018–2021) examining temporal and cross-group variability of RM disclosure. Findings reveal a differentiated pattern of institutional isomorphism. Normative isomorphism emerges as a stable, already-diffused compliance orientation rather than an intensifying trend, privileging low-complexity, financial-ratio-based disclosure over forward-looking risk indicators. Mimetic isomorphism is statistically supported, but is conditioned by public-group membership rather than generalized across the sample. Coercive isomorphism operates decisively on the existence of the RGS – mandated by law for all sampled MOCs – but not on its content, indicating that regulatory pressure secures disclosure in form without ensuring convergence in substance. The study contributes to the limited literature on RM in the public sector by offering an empirically grounded of how the three isomorphic mechanisms operate differently on the form and substance of accountability disclosure in corporatized public service provision. These findings carry practical implications for policymakers and public managers, pointing to the need for regulatory and professional guidance that moves beyond compliance with formal disclosure obligations toward fostering a more substantively integrated, forward-looking risk management culture within MOCs.

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1. Introduction

The increasing importance of risk management (RM) in public sector can be seen as a change in management practices flowing from New Public Management (Lapsley, 2009; Stanton, 2013). Recent events, such as the global financial crisis and the COVID-19 pandemic, have increasingly positioned the concept of risk and the focus on risk management (RM) as central themes within the public sector (Rana, Wickramasinghe, et al., 2019).

The adoption of RM frameworks in the public sector has become a topic of interest for scholars, legislators and policymakers alike (Black, 2005), with RM increasingly regarded as a governance tool that strengthens decision-making and oversight while enhancing transparency, accountability and resilience (Black, 2005; Hutter & Power, 2005; Mikes, 2011; Power, 2007). Despite this growing interest, gaps remain in both the implementation, particularly the integration of internal control systems, and the theoretical understanding of RM across different levels of public sector organization (Bracci et al., 2021), notwithstanding its prominent diffusion in countries such as Australia, New Zealand, the United Kingdom and Canada (Barrett Ao, 2014; Bui et al., 2019; Rana, Wickramasinghe, et al., 2019; Woods, 2009).

The growing relevance of RM in public administration also calls for closer integration with risk disclosure (RD), a topic still explored to a limited extent in the public sector (Solomon et al., 2000), partly due

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to an overemphasis on regulatory compliance and limited attention to more holistic approaches (Bromiley et al., 2015).

Different approaches to RM co-exist in theory and practice and represents the key element for managing the risk of crisis. RM could enhance organizational performance and accountability, but current practices often focus too narrowly on financial metrics and rarely as a managerial tool (Bracci et al., 2021). Looking at recent financial crisis, the inadequacy of risk disclosure has also been strongly echoed by scholars and governments (Oliveira et al., 2011; Sippola et al., 2023; Stanton, 2011).

In the Italian context, Municipal Owned Companies (MOCs) are increasingly used by municipalities to deliver public services, a phenomenon referred to as the 'corporatization' of local government services that received increasing scientific attention in recent years (e.g. Andrews et al., 2020; Citroni et al., 2013; Ferry et al., 2018; Grossi & Reichard, 2008; Torsteinsen, 2019). In 2020 there were 7,969 public sector-owned entities according to data collected by Italian National Institute for Statistics (ISTAT). As pointed out by the Italian Court of Auditors in 2021, there are over 5,000 participating entities (public companies, consortia, foundations, institutions, corporations) of local authorities. These are mostly composed of corporations operating in the local utilities sector.

Italian MOCs are required to disclose their crisis risk management practices through the Relazione sul Governo Societario (RGS – 'Corporate Governance Report'), which provides stakeholders, including the public, regulators and governing bodies, with insight into how these risks are identified, assessed and managed.

The contribution focuses on the following research questions within MOCs belonging to municipalities with more than 250,000 inhabitants:

- how does risk management reporting act as an accountability tool for Municipal-Owned Companies (MOCs)?
- can forms of mimetic, normative and coercive isomorphism, as outlined by new institutional theory, be identified in the disclosure practices adopted by MOCs?

Addressing these questions in the Italian context offers new insights into the integration of RM with public sector management practices and into how institutional pressures shape accountability mechanisms in corporatized public service delivery.

2. Risk management and legitimacy in the public sector

2.1. Risk and risk management in the public sector

There is no single accepted definition of risk, but most conceptualisations share the distinction between reality and possibility (Renn, 1998), referring to the possibility that a danger, loss or adversity of an economic, operational, environmental or reputational/legitimation-related nature may occur (Crouhy et al., 2006), producing a reality different from what was expected and thus requiring anticipatory capacity and risk mitigation activity closely tied to organizational strategy (Barbera et al., 2020).

The meaning and objects of risk are socially constructed, depending on the external environment, historical period, field of operation and internal organizational components (Bhimani, 2009; Black, 2005; Soin & Collier, 2013) and differ between public and private sectors: in the public sector, risk is typically understood in terms of failing to achieve objectives or deliver public services (Black, 2005), rather than as a deviation from profit-maximization goals, and is further shaped by political reputation risk (Power, 2004) and sector-specific risks such as environmental (English, 2000; Gough, 1997), corruption and regulatory risk (Walker, 1998).

Public sector RM literature focused on various aspects like the impact and diffusion of formal RM practices and systems (Palermo, 2014; Vinnari & Skærbæk, 2014; Woods, 2009) as well as informal ones (Carlsson-Wall et al., 2019), the integration of RM within the organizational process (Rana, Wickramasinghe, et al., 2019) and the contingency factors impacting on RM (Subramaniam et al., 2011).

Bracci et al. (2021) offer a structured literature review of public sector RM, identifying four recurring themes such as the relationship between Management Control Systems (MCS) and RM, which remains incompletely integrated due to a dominant focus on regulatory compliance (Hinna et al., 2018; Rana, Hoque, et al., 2019), the connection between RM, performance and accountability, whose potential is limited by an overemphasis on financial performance and compliance requirements (Asenova & Beck, 2003; Burke & Demirag, 2019; Chung & Hensher, 2015; Hood & Smith, 2013; Nisar, 2007), the persistent tension between formal and informal RM practices across public organizations with differing levels of implementation (Carlsson-Wall et al., 2019; Coetzee, 2016; Oulasvirta & Anttiroiko, 2017), which effective integration requires an organizational culture oriented toward continuous learning and innovation to overcome (Flemig et al., 2016), and the centrality of a strong risk culture, clearly defined roles and responsibilities, and adequate technological support for successful RM implementation (Barrett Ao, 2014; Carrel, 2010; Palermo, 2014; Rubino & Vitolla, 2014). A parallel scoping review of public sector sustainability and non-financial reporting similarly documents a fragmented but rapidly growing body of literature, still lacking a unified theoretical framework (Flamini et al., 2023).

Risk consideration, action plans and risk responses in organizations are traditionally managed in a fragmented way ('silos' approach), an integration between strategic, business, operational and financial risks is useful in a more holistic approach to break the boundaries of the 'formal' and 'bureaucratic' internal and external control (Castellini & Riso, 2023; Habib et al., 2020; Huber & Scheytt, 2013; Peters et al., 2011).

Risk Disclosure (RD) is closely tied to RM, as it involves communicating risk-related information to stakeholders, enhancing accountability and transparency in public governance (Ibrahim & Hussainey, 2019). The RD process is fundamental to ensuring public organizations can articulate their performance and risks effectively (Allini et al., 2016). Despite established principles of transparency and accountability in the Italian public administration (e.g. Law 241/1990, TUEL and Legislative Decree 33/2013), many organizations exhibit 'mimetic' behaviors, adopting formal practices rather than substantive improvements in RM (DiMaggio & Powell, 1983; Power et al., 2009; Reginato et al., 2010).

RD activity can express and enhance the value of institutional activities to stakeholders (Guthrie et al., 2020), increasing transparency and accountability in the RM domain. Allini et al. (2016) and Solomon et al. (2000) note that few studies have empirically investigated the role of RD for institutional stakeholders in public administration and existing studies mostly examine mandatory RD practices in the United States, Canada, the United Kingdom and Germany (Leopizzi et al., 2020; Linsley & Shrives, 2006).

2.2. Institutional isomorphism and legitimacy in risk management reporting for Municipal-Owned Companies (MOCs)

Many theories analyze how organizations respond to external pressures and how they build and maintain their legitimacy and stability within complex social and institutional environments. This study adopts new institutional theory (DiMaggio & Powell, 1983) as its primary theoretical framework, since the second research question explicitly investigates mimetic, normative and coercive isomorphism in MOCs' disclosure practices. Legitimacy theory (Suchman, 1995) is used as a complementary lens to explain the underlying motivation for isomorphic conformity. Aligning with prevailing norms and regulatory expectations, MOCs seek to build and maintain the legitimacy and social consent needed to operate within complex institutional environments (Carlsson-Wall et al., 2019).

In the context of Municipal-Owned Companies (MOCs), risk management reporting is shaped jointly by institutional isomorphic pressures and legitimacy-seeking behavior: MOCs align their disclosures with regulatory, professional and peer-group expectations (institutional isomorphism) while using this alignment to demonstrate accountability, transparency, and adherence to governance standards to the plurality of stakeholders to whom they are accountable (legitimacy; Freeman, 1984). Documenting and disclosing RM practices through the Governance Report (RGS) thus allows MOCs to signal that the risks associated with the public services they provide are being adequately managed, in an initial approach oriented toward an active role in legitimacy-seeking.

Isomorphism is a process that leads an entity to resemble others facing the same set of environmental conditions (Lammers & Garcia, 2017; Oliver, 1991). Isomorphic change processes act in response to environmental pressures (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) and to the internal characteristics of organizations (Lounsbury, 2008; Modell, 2009) which also includes belonging to the LG group.

DiMaggio and Powell (1983) proposed three types of isomorphism: mimetic, normative and coercive. Mimetic isomorphism occurs when organizations adopt other entities' own practices as a response to uncertainty or to the leadership of organizations that have already incorporated those practices, deemed more advantageous, more legitimate or more successful (Powell, 2007). Coercive isomorphism takes the form when entities adopt the indications issued by an authority with regulatory or supervisory power (Oliver, 1991; 1992). Finally, normative isomorphism occurs when entities incorporate processes, systems or techniques by referring to indications from recognized and credible professional organizations (Olsen, 1991; Trivellato et al., 2021, Giacomini et al., 2018). These forms of isomorphism can coexist with each other, but they are not equally important in all contexts and do not produce the same effects (Argento et al., 2018).

In the framework of new institutional theory, isomorphism theory enhances the understanding of the Corporate Governance Report (RGS) disclosures of Municipal-Owned Companies (MOCs) by examining the interplay between external pressures, such as normative and regulatory influences, and internal organizational demands, including the presence of public shareholders. The risk management system of MOCs is shaped by these environmental pressures and must also adapt to the specific characteristics of the organization. The involvement of public shareholders creates a tension between the need for organizational autonomy and the necessity for coordination in delivering public services.

Beyond this tripartite classification, recent institutional accounts stress that isomorphic pressures do not automatically translate into substantive change in organizational practice. Meyer and Rowan (1977) argue that organizations facing conflicting technical and institutional demands tend to decouple their formal structures, built to signal conformity to external expectations, from their actual operating routines, so that legitimacy is secured symbolically without necessarily altering underlying behavior. Suchman (1995) frames the pursuit of legitimacy as a strategic, and at times purely presentational, resource. Organizations can seek legitimacy either by genuinely aligning their conduct with stakeholder expectations or by managing the impression that such alignment exists. Applied to public sector reporting, this distinction translates into what can be termed performative accountability (Torres et al., 2023). The RGS may perform the function of demonstrating compliance and legitimacy while leaving the underlying crisis risk management practice largely unaffected. Evidence of this dynamic at the micro-organizational level of MOCs has recently been documented by Ahlström (2024), who shows how sustainability reporting can remain decoupled from the substantive agenda of a top management team even when formally scheduled and disclosed. These constructs – decoupling, symbolic legitimacy and performative accountability – provide the interpretive lens through which the results of the present study are read, allowing each of the three forms of isomorphism to be assessed not only in terms of its statistical presence but also in terms of whether it operates on the form or on the substance of RGS disclosure.

To address the second research question, three empirical dimensions of institutional isomorphism will be explored, corresponding respectively to mimetic, normative and coercive pressures:

1. Whether MOCs within the same public group exhibit similar RGS disclosures.
2. The alignment of risk management system disclosures with professional guidelines, reflecting normative isomorphism.
3. The degree to which coercive pressure is exercised over MOCs' RGS reporting, distinguishing between coercion over the existence and disclosure of the report itself – mandated by law, irrespective of its content – and coercion over its specific content, i.e. explicit directives from local governments or regulatory/supervisory bodies on what must be disclosed, illustrating coercive isomorphism.

The joint use of new institutional theory and legitimacy theory is therefore consistent with the research objective of investigating how Italian Municipal-Owned Companies (MOCs) utilize risk management reporting to respond to external pressures. Institutional theory explains the observable convergence of disclosure practices through mimetic, normative and coercive isomorphism, while legitimacy theory explains why MOCs pursue such convergence, namely to build a reputation for reliability, transparency and regulatory compliance, and to strengthen trust in the organization.

3. Italian Municipal-Owned Companies (MOCs) and Corporate Governance Reporting

The Italian reform process that pervaded local authorities do not appear informed as to the 'risk logic' and has neglected the relationship between risk management and the management control system (Castellini & Riso, 2023; Riso & Castellini, 2019).

There is no legislation that provides how municipalities put in place their enterprise risk management strategy, leaving the topic to the sensitivity and capabilities of the single organization and its public managers ('self-challenging" management practices). Only the corruption risk was the subject of regulatory intervention in 2012, when Law n. 190 introduced the obligation for Italian public administrations to implement an organic risk management process to manage the corruption risk. Moreover, it is possible to find several studies on financial sustainability of LGs and predictive indicators of financial crisis (Iacuzzi, 2022; Navarro-Galera et al., 2016; Padovani et al., 2021; Zafra-Gómez et al., 2009).

On the contrary, the characteristics of MOCs and the potential economic and social impact of their possible crisis (or instability) have attracted growing scholarly attention. The strands of literature give rise to diametrically opposing evidence and expectations about municipal capitalism. Among the main factors positively related to the presence of MOCs there are the search for better efficiency in the provision of local public services (Argento et al., 2010; Krause & Van Thiel, 2019; Voorn, 2020), privatization (Cruz et al., 2014) and competition (Leavitt & Morris, 2004, Voorn et al., 2018) but also a number of benefits such as the management of fiscal stress and financial distress in the period of financial constraint (Citroni et al., 2013; Grossi & Reichard, 2008), flexibility in employment and reward systems, the ability to express better management capacity and managerial experience to increase performance in public service delivery (Andrews et al., 2020) and, finally, political and pragmatic causes (Voorn, 2021). On the other hand, there is literature which emphasize how MOCs can create principal–agent problems and lower transparency, making auditing and accountability more difficult and negatively affecting public ethics, as well as lower citizen satisfaction, increased risk for corruption and market distortions, worse business climate and possibly also with higher taxes (Bergh et al., 2022; Bergh & Erlingsson, 2024). MOCs can operate under private or public law. About revenues, they derive both from fees of services, and they are defined with reference to the market conditions, and from revenues rate regulated by specific political or social protection needs (Tavares, 2017). There is no shortage of situations in which the income and financial situation of the MOCs depends on the contributions by the local government. In even more general terms, some companies are profit oriented, others pursue break-even objectives (Bel & Fageda, 2010). Thus, MOCs have to mitigate the operational and economic autonomy, typical of being a company, with the public value of the economic activity carried out, directly deriving from the assignment of public services.

These circumstances led the Italian legislator to introduce, through Legislative Decree 19 August 2016, n. 175 (TUSP – Consolidated Law on participating companies), the obligation for MOCs – i.e. companies over which one or more public administrations exercise control pursuant to the Italian Civil Code – to prepare specific corporate crisis risk assessment programs, using qualitative and quantitative indicators to intercept possible signs of crisis, adopt measures to prevent aggravation, correct its causes and draw up suitable recovery plans, and to communicate them annually to the Shareholders' Meeting and disclose them through the Relazione sul Governo Societario (RGS – 'Corporate Governance Report').

The RGS is an annual report disclosing information on company governance, with particular regard to risk management and compliance with governance standards; for MOCs, it typically covers the governance structure, the roles and responsibilities of management, and the processes in place for risk management and control, focusing especially on the financial situation and the financial risks that could trigger a corporate crisis. As such, the RGS functions as an accountability mechanism, demonstrating that the entity has not only identified relevant risks but has also put in place plans to manage them – a function consistent with broader accounts of how Italian public sector entities blend private and public accountability logics in their reporting (Grossi & Steccolini, 2015).

Two guidance documents assist MOCs both in implementing the risk management system and in communicating their financial health: the CNDCEC's March 2019 'Corporate Management Report containing the Corporate Crisis Risk Assessment Programme', and the Ministry of Economy and Finance's January 2021 'Indications on the Corporate Risk Assessment Programme', issued following public consultation.

The RGS reflects a broader international trend toward mandatory risk disclosure as a component of corporate governance regulation, mirrored by comparable frameworks such as the US Securities and Exchange Commission's risk-factor disclosure requirements and GAAP financial reporting standards, and the EU's Non-Financial Reporting Directive requiring large companies to disclose ESG risks. By mandating the RGS, Italian lawmakers position risk management and disclosure as vital not only to the sustainability and performance of MOCs but also to upholding public trust and accountability, in a manner consistent with broader critical accounts of how accounting regulation shapes, and is shaped by, research and disclosure practice (Laughlin, 2007).

4. Methodology

In terms of methodology, a content analysis was conducted (Beattie et al., 2004; Beretta & Bozzolan, 2004; Gray et al., 1995a, 1995b), which is a method of coding a text according to specific criteria (Weber, 1985). Content analysis is an effective method for exploring strategic and institutional legitimacy in MOCs' risk management reporting. It systematically identifies themes and keywords that reflect legitimacy strategies, revealing how MOCs align with social norms for institutional legitimacy. The method also provides both quantitative and qualitative insights into strategies for achieving strategic legitimacy, particularly how companies address long-term risks. Additionally, it tracks the evolution of reports over time, allowing for the assessment of isomorphic practices adopted in response to external pressures. To serve as an effective research tool, the process must be reliable and valid (Andrèn, 1981; Holsti, 1969; Krippendorff, 1980 and 2004; Weber, 1985). Following Krippendorff (1980 and 2004), our content analysis was applied to ensure stability, accuracy and reproducibility. Stability refers to the repeatability of the data coding process over time (Krippendorff, 1980 and 2004; Milne & Adler, 1999), whereas precision involves evaluating the accuracy of the coding, for example against a predetermined value or by looking at the values achieved by previous studies (Kassarjian, 1977; Krippendorff, 1980 and 2004); finally, reproducibility refers to the possibility of applying the analysis on specular study realities (Jones & Shoemaker, 1994). To improve reproducibility, a coding scheme was developed (Krippendorff 1980 and 2004), obtained through the following steps: identification of information categories and subcategories; identification of the elementary unit of measurement, definition of the coding scheme and preparation of the spreadsheet.

In relation to the objective of the analysis, the information categories and sub-categories are derived from the requests of the TUSP and from the indications of the professional and regulatory bodies intervening on the subject (CNDCE and MEF). The model developed for this study is composed of the following three categories, divided into a total of nineteen sub-categories:

1. risk management program implemented for corporate crisis risk assessment;
2. content of the corporate management report in terms of crisis risk monitoring and assessment;
3. supplementary elements of the crisis risk management system.

In relation to the risk management program implemented for the assessment of corporate crisis risk, as regards the requests pursuant to art. 6, paragraph 2, Legislative Decree 175/2016, the tools for assessing the risk of crisis were investigated, including the periodically performed monitoring. These are essentially the tools adopted by the MOCs in order to verify, evaluate and monitor the risk of company crisis, which can be defined as the probable manifestation of a company's state of difficulty and consequently of loss of going concern, not only for the economic-financial profile, understood as the inadequacy of prospective cash flows to regularly meet planned obligations, but, more generally, corporate obligations.

On this point, the sub-categories analyzed are:

a. general presentation of the crisis risk assessment program;
b. actions implemented by the Board of Directors;
c. analysis of financial ratios for the purpose of intercepting possible situations of imbalance, pre-crisis or crisis;
d. forward-looking indicators developed on the basis of the foreseeable evolution of the economic reality of reference aimed at the timely identification of the risk of crisis;

e. other assessment tools;
f. overall assessment of the tools adopted for crisis risk analysis;
g. carrying out periodic monitoring of crisis risk
h. the recurrence of such monitoring at least every six months, as expressly required by the TUSP.

The analysis focuses on the content of the corporate management report in terms of crisis risk monitoring and assessment. The detailed sub-categories are:

a. the company;
b. the shareholder structure;
c. the board of directors;
d. the control bodies (board of statutory auditors, auditor, supervisory body);
e. company personnel;
f. the evaluation of the crisis risk;
g. conclusions reached by management.

Finally, with regard to the supplementary elements of the risk management system in relation to crises, the categories analyzed refer to four risk sub-categories (strategic; process; IT; financial) to which the MOCs are exposed and which are variously structured.

a. Strategic risk, which includes: political risks, economic-financial risks, legislative risks, environmental and sustainability risks, risks of incorrect programming, planning and recognition of strategic opportunities, risks associated with the protection of competition, risks of incorrect investment management and heritage.
b. Process risk, which includes: regulatory risks, risks associated with internal provisions; risks related to contracts, risks relating to the environment, health and safety, risks of corruption prevention and transparency; privacy risks.
c. Information Technology (IT) risk referable to: risks relating to: data integrity and security, risks relating to the availability of information systems, risks relating to infrastructure and IT projects.
d. Financial risk, inherent in: the company's financing operations and investments; access to capital or failure to renew or repay loans, interest rate risk; liquidity risk.

With reference to the elementary unit to be measured, in order to determine from a quantitative point of view the space occupied in the document by each category of information, there are various possibilities such as, for example, the single word, the line, the sentence, the paragraph, a portion of a page (Kassarjian, 1977; Krippendorff 1980 and 2004). A debate has developed in the literature regarding the elementary unit to be measured. However, Hackston and Milne (1996) argue that the measurement error between different units of measure is insignificant.

In the research, the row was implemented as the unit of measurement. In detail, for each RGS examined, the ratio between lines of content referable to each category and sub-category and the 'maximum communicable' by each entity was determined. The latter is given by the product of the number of pages making up the RGS of each entity and the number of lines of the page with the highest information content so-called 'full page'.

To formally assess intercoder reliability, a subsample of 15 subsidiaries (drawn from three of the twelve municipalities in the sample: Genoa, Turin and Milan) was independently coded by a second analyst for the 2021 reporting year. Agreement across the four information categories was quantified using Krippendorff's alpha with the interval-level difference function (Hayes & Krippendorff, 2007), yielding $\alpha = 0.853$ (95% bootstrap confidence interval [0.735, 0.931]), above the threshold conventionally regarded as indicating reliable coding ($\alpha \geq 0.800$; Krippendorff 1980 and 2004).

During the analysis we isolated the most significant examples. This made it possible to contextualize and emphasize the peculiarities of RGS with respect to the theoretical framework.

In addition to the descriptive content analysis, inferential statistics were used to test the two dimensions of institutional isomorphism that lend themselves to formal comparison. Normative isomorphism, examined through the temporal stability of category incidence across the four years considered (2018–2021), and mimetic isomorphism, examined through the variability of category incidence across the twelve public groups (municipalities) in the sample. For each of the four information categories (presentation format; risk management program; risk monitoring and assessment; supplementary elements), a one-way ANOVA was run first using year, and then public group, as the grouping factor. Normality was checked with the Shapiro-Wilk test and homogeneity of variances with Levene's test. Since Levene's test indicated significant variance heterogeneity across public groups for all four categories, Welch's robust F was used throughout for the by-group comparisons, in place of the classical Fisher F, and cross-validated with the non-parametric Kruskal-Wallis test; significant omnibus tests were followed by Games-Howell post-hoc pairwise comparisons, which do not assume equal variances or equal group sizes and use the Welch-Satterthwaite degrees of freedom for each pair.

Coercive isomorphism was not amenable to the same inferential testing strategy because of no directive from authorities with regulatory or supervisory power beyond the TUSP mandate itself was identified within the RGS content analyzed. This form of isomorphism could be assessed only in relation to the existence of the disclosure obligation itself, rather than through formal group or temporal comparison.

We analyzed a limited number of Italian municipalities, identifying those with a population of at least 250,000 resident inhabitants, according to the ISTAT data. Information was obtained through the AIDA PA database of Bureau Van Dijk. The choice to study only large municipalities is motivated by their greater organizational capacity and resources, which allow for more sophisticated risk management practices. These municipalities provide a wider range of services, making the analysis of risk reporting more representative. Furthermore, their impact on local policies and greater visibility compared to smaller municipalities ensure increased exposure to external pressures, influencing their accountability practices. Finally, the comparability among similar entities enhances the statistical relevance and generalizability of the findings (Barbera et al., 2020; Carini et al., 2019; Giacomini et al., 2018).

Twelve LGs were identified, with 57 companies. The reference time horizon extends between 2018 and 2021 to make a time comparison on the variability of the data over the years. Of the 57 MOCs identified, not all consistently published a stand-alone or retrievable RGS in every year of the period. The number of MOCs for which an RGS was available and coded varies from 40 (2021) to 50 (2020), 48 (2019) and 44 (2018), reflecting differences in reporting continuity and, in a few cases, corporate restructuring (mergers or liquidations) over the period analyzed. This also explains why standard deviations could not be computed for some public groups in years in which only one MOC of the group had an available RGS.

The composition of the subsidiaries in the municipalities analyzed is represented in Table 1.

The RGSs was searched in the transparent administration web site section of the single MOCs. Cross-checks were carried out also consulting the transparent administration section of the parent LG.

5. Results

The analysis examined how municipally controlled companies present the corporate governance report (RGS), either as an independent document or as part of the management report. Findings show a non-monotonic trend: in 2018, 45.5% of companies issued RGSs independently, increasing to 51.1% in 2019, before declining to 48.0% in 2020 and further to 42.5% in 2021 (Table 2). Notwithstanding the

Table 1. Sample composition.

		MoCs with RGS			
LG	MOCs	2021	2020	2019	2018
Total	57	40	50	48	44

Table 2. Methods of presentation of RGS.

%	Independent	Integrated	Total
2021	42.5%	57.5%	100%
2020	48.0%	52.0%	100%
2019	51.1%	48.9%	100%
2018	45.5%	54.5%	100%

2019 peak, the overall trajectory from 2019 to 2021 indicates a growing preference for including the RGS within the management report over time.

With regard to the format in which MOCs present the RGS – either as a standalone document or integrated within the financial statements or other corporate reports – neither year nor public group is associated with significant variation. The choice of presentation format therefore does not cluster systematically either over time or by controlling municipality, suggesting that this dimension of RGS disclosure is left to the discretion of the individual company rather than being shaped by normative or mimetic pressure.

5.1. Overall analysis and normative isomorphism

The first step of the analysis was to evaluate the content of the RGSs as a function of the categories and sub-categories explained above at an overall level, i.e. considering all the entities in the sample (Table 3).

The extended time horizon allows an overall assessment of the performance trend. The space dedicated to the risk management program category, pursuant to Legislative Decree 175/2016, shows a broadly increasing trend over the period, interrupted by a marked dip in 2019 driven largely by reduced space devoted to the ‘financial ratios and margin analysis’ sub-category.

This financial-ratio sub-category remains the most prominent within the program category, consistently exceeding the incidence of general presentation information, itself showing a rising trend before a marked drop in 2021. The dominance of these two sub-categories, and their overall growth over the period, are symptomatic of a conservative approach to risk management communication, although the parallel, more-than-twofold increase in the ‘other risk assessment tools’ sub-category over the same period introduces a partially countervailing trend.

The remaining sub-categories show lower incidence, reflecting their specificity, but a generally increasing trend; forward-looking indicators remain the least diffused sub-category, exceeding 1% only in 2021.

Turning to the risk monitoring and assessment category, incidence falls by over thirteen percentage points across the period, following a small increase between 2018 and 2019 that is subsequently reversed.

Within this category, the conclusions sub-category is the most prominent throughout, while information on the board of directors, statutory board, company structure and staff remains broadly constant; space devoted to presenting the company itself, however, declines steadily over the period.

Even the residual topics show a relatively constant trend, even if they represent the least significant sub-category of the report.

Table 3. Overall results.

		Space			
Category	Subcategory	2021	2020	2019	2018
Risk Management Program		**42.93%**	**42.61%**	**31.97%**	**37.11%**
	Financial ratios and margin analysis	14.36%	17.21%	9.01%	14.61%
	General presentation of the risk assessment program	10.83%	14.47%	13.38%	12.38%
	Other tools implemented for risk assessment	8.47%	3.76%	4.05%	3.09%
	At least six-monthly monitoring of corporate crisis risk	3.77%	3.32%	2.76%	2.09%
	Forward looking indicators	1.51%	0.55%	0.77%	0.54%
	Overall assessment of the risk management system	1.97%	2.57%	1.87%	3.23%
	Actions implemented by the Board of Directors to manage the risk of crisis	2.03%	0.74%	0.12%	1.17%
Risk Monitoring and Assessment		**30.81%**	**36.19%**	**47.88%**	**43.98%**
	Board of directors	4.96%	4.79%	4.63%	5.67%
	Company presentation	5.06%	7.67%	11.83%	11.48%
	Statutory Board	4.95%	4.57%	3.50%	5.31%
	Conclusion on the risk of crisis	10.17%	13.11%	21.55%	14.81%
	Shareholder structure	2.60%	3.00%	3.03%	3.47%
	Staff	1.29%	1.70%	1.47%	2.20%
	Residual topics	1.77%	1.36%	1.86%	1.04%
Supplementary Elements of the Risk Management System		**17.73%**	**14.63%**	**15.28%**	**15.61%**
	Process risks	7.47%	6.85%	7.69%	6.95%
	Strategic risks	7.34%	6.32%	6.19%	7.45%
	Financial risks	2.11%	1.25%	1.37%	1.11%
	IT risks	0.80%	0.21%	0.04%	0.10%
Other information		**8.53%**	**6.56%**	**4.87%**	**3.30%**

The third category, concerning the supplementary risk elements, is the least prominent overall (net of the residual category) but the most specific and innovative, capturing the particular risks the company faces or could face. Its relevance grows moderately, though non-linearly, over the period, driven mainly by process risk (chiefly contractual risk and internal regulation) and, secondarily, strategic risk, which increasingly incorporates environmental and social concerns alongside more traditional competition-related issues; financial risk receives markedly less space, despite some growth over time, while IT risk remains virtually absent. The residual category, covering information not classifiable elsewhere – such as reasons for not adopting further governance tools or notable year-end events – also grows progressively, reaching over 8% incidence in 2021.

Taken together, this compositional pattern indicates that MOCs privilege the standardized, more easily benchmarked sub-categories required by the TUSP – financial-ratio analysis and general program presentation – over sub-categories demanding more sophisticated, forward-looking judgment, such as prospective indicators and IT-related risk, which remain marginal throughout the period. This selective elaboration is consistent with a formal rather than fully substantive engagement with crisis risk management, whereby formal compliance with the disclosure mandate does not necessarily extend to the underlying analytical effort.

A one-way ANOVA was run on each of the four information categories using year as the grouping factor, in order to test whether the patterns described above configure a temporal trend attributable to normative isomorphism. None of the four omnibus tests reached significance, nor did the non-parametric Kruskal-Wallis test confirm any year effect for any category. This indicates that, contrary to what the year-on-year percentages might suggest at first glance, normative isomorphism is not observable as a progressive, time-bound diffusion process. The compliance-oriented approach to crisis risk reporting described above (privileging financial-ratio analysis and general program presentation over forward-looking indicators) is already largely in place at the beginning of the period considered (2018) and remains statistically stable throughout, rather than intensifying over time. Companies tend to report more on the corporate crisis risk assessment program as required by the TUSP and by the indications of the National Council of the Order of Accountants and Accounting Experts, but this orientation should be read as an already-diffused, low-complexity compliance posture rather than an emerging trend: the focus remains on consolidated risk management tools that do not require excessive complexity, such as the supplementary elements of the risk management system promoted by the document 'Indications on the Corporate Risk Assessment Programme' of the MEF, while forward-looking indicators remain marginal (below 1% of RGS content until 2021).

Finally, no risk areas were found to have been flagged to the LGs by authorities with control or supervisory powers – such as the Court of Auditors or other auditing bodies – within the RGS content analyzed. This rules out, at the level of disclosed content, evidence of coercive isomorphism stemming from ad hoc supervisory directives.

5.2. Results for public groups and mimetic isomorphism

The analysis was subsequently conducted with reference to the twelve selected public groups. To examine the presence of isomorphic behaviors and understand the effect of being part of a group, the focus was addressed to the level of dispersion between the results of the MOCs in the municipalities analyzed (Tables 4–6). For interpretive purposes, and to avoid a purely qualitative characterization of dispersion, standard deviations are classified with reference to the tercile distribution of the standard deviations observed within each table: values below the lower tercile are labeled 'low dispersion' and values above the upper tercile 'high dispersion'. On this basis, for Table 4 (risk management program) low dispersion corresponds to SD below 16.6% and high dispersion to SD above 26.9% (median 20.7%); for Table 5 (risk monitoring and assessment), to SD below 14.9% and above 21.5% (median 17.7%); for Table 6 (supplementary elements), to SD below 8.4% and above 14.5% (median 11.0%).

Regarding the risk management program category, the municipality dedicating the most RGS space is Florence, with Verona briefly taking the lead in 2020 with closely comparable values (Table 4); Rome, by contrast, consistently devotes the least space to this category across all four years.

Table 4. Results by public group: risk management program.

	Mean				St.deviation			
Risk management program	2021	2020	2019	2018	2021	2020	2019	2018
Bari	67.96%	62.63%	26.35%	36.97%	27.23%	20.67%	21.23%	26.83%
Bologna	34.12%	22.27%	21.69%	24.59%	9.07%	17.62%	11.33%	12.67%
Catania	53.21%	58.47%	42.80%	34.60%	11.21%	13.07%	19.23%	8.09%
Firenze	70.17%	65.15%	43.33%	47.68%	23.92%	26.92%	34.37%	46.23%
Genova	42.67%	43.60%	38.20%	38.46%	23.05%	27.13%	28.86%	28.99%
Milano	31.58%	33.39%	31.91%	27.36%	20.02%	25.23%	–	–
Napoli	–	58.84%	14.46%	17.82%	–	51.73%	5.31%	14.42%
Palermo	38.59%	45.41%	21.68%	38.56%	–	8.83%	17.58%	37.01%
Roma	8.61%	28.22%	16.91%	14.96%	16.38%	35.93%	39.95%	39.68%
Torino	46.88%	25.15%	25.38%	35.17%	16.24%	13.32%	17.76%	14.13%
Venezia	54.32%	49.67%	42.95%	34.10%	19.22%	34.47%	40.66%	47.02%
Verona	64.81%	67.75%	35.09%	27.76%	7.35%	8.75%	21.24%	20.71%

Table 5. Results by public group: risk monitoring and assessment.

	Mean				St.deviation			
Risk monitoring and assessment	2021	2020	2019	2018	2021	2020	2019	2018
Bari	6.39%	0.96%	18.90%	10.04%	1.78%	0.77%	5.96%	10.94%
Bologna	27.17%	40.00%	35.49%	32.37%	19.28%	5.13%	7.98%	8.66%
Catania	37.50%	31.58%	24.91%	36.98%	1.67%	15.73%	17.32%	14.01%
Firenze	15.69%	15.88%	23.79%	4.16%	16.33%	15.81%	22.92%	4.50%
Genova	28.80%	34.16%	27.85%	27.50%	15.10%	19.81%	23.54%	18.97%
Milano	33.54%	34.83%	31.37%	31.42%	21.13%	22.97%	–	–
Napoli	–	37.12%	61.11%	50.63%	–	44.19%	6.55%	26.75%
Palermo	29.84%	35.53%	37.92%	24.96%	–	19.54%	18.00%	24.12%
Roma	47.02%	40.34%	35.56%	48.60%	14.80%	27.13%	27.52%	30.54%
Torino	32.83%	51.67%	32.99%	26.84%	16.12%	29.21%	19.97%	14.33%
Venezia	37.58%	44.84%	46.52%	41.11%	14.18%	33.70%	40.48%	34.18%
Verona	22.83%	19.43%	31.64%	44.19%	14.27%	16.62%	21.59%	26.20%

Table 6. Results by public group: supplementary elements of the risk management system.

	Mean				St.deviation			
Supplementary elements of the risk management system	2021	2020	2019	2018	2021	2020	2019	2018
Bari	20.87%	19.51%	18.16%	21.58%	16.87%	12.80%	23.45%	35.72%
Bologna	15.61%	12.82%	11.56%	11.91%	4.83%	5.16%	3.43%	3.33%
Catania	7.86%	8.36%	6.72%	5.89%	8.07%	27.16%	35.39%	11.53%
Firenze	10.50%	7.42%	6.77%	8.80%	7.72%	5.26%	5.33%	47.87%
Genova	23.32%	16.10%	7.71%	8.02%	15.65%	12.85%	7.99%	11.66%
Milano	25.33%	19.20%	9.09%	8.78%	14.92%	9.43%	–	–
Napoli	–	2.71%	7.54%	7.42%	–	4.36%	9.79%	10.37%
Palermo	21.90%	14.90%	9.43%	13.73%	–	11.05%	9.38%	12.78%
Roma	26.09%	31.44%	30.44%	18.72%	17.57%	17.02%	18.32%	10.17%
Torino	20.29%	22.18%	17.42%	17.03%	12.30%	25.34%	31.49%	21.73%
Venezia	3.11%	5.09%	1.07%	10.03%	4.79%	6.44%	1.68%	17.20%
Verona	8.02%	10.78%	9.69%	14.31%	10.91%	10.58%	8.17%	5.58%

Dispersion within individual municipalities, however, is highly heterogeneous: Verona records the lowest dispersion in the last two years, alongside relatively low values for Bologna, Catania and Palermo, whereas Bari shows the highest dispersion, together with Florence, Genoa and Venice, indicating markedly uneven communication practices among the subsidiaries of these municipalities.

A semblance of mimetic isomorphism is thus found (Alsharari, 2019; 2021) only in some of the municipalities analyzed – notably Verona, Bologna, Catania and Palermo – rather than as a generalizable behavior: Verona's subsidiaries communicate substantively but uniformly about the risk management program, whereas Bari's communicate extensively but highly unevenly.

This descriptive picture of heterogeneous, group-conditioned communication is corroborated by inferential statistics: a Welch's ANOVA on the risk management program category by public group confirms a significant effect, robust to the variance heterogeneity indicated by Levene's test. Games-Howell post-hoc comparisons confirm that Florence differs significantly from Bologna, Naples, Rome and Turin, consistent with the descriptive pattern reported above.

For the risk monitoring and assessment category (Table 5), the positioning of public groups shifts: companies controlled by Naples, Rome and Venice dedicate the most RGS content to this issue, while the Bari group is the least communicative. Dispersion is markedly more limited than for the risk management program category, and notably Bari – the most dispersed group for that category – records among the lowest dispersion here, while Milan shows the highest dispersion in the final year, alongside relatively higher values for Naples, Rome, Turin and Venice in earlier years. As with the risk management program category, this points to a partial, group-conditioned form of mimetic isomorphism (Alsharari, 2019; 2021): Bari's shift from high dispersion on program content to low dispersion on monitoring content suggests that convergence pressures operate selectively by information category within the same municipal group, rather than uniformly across a group's entire disclosure profile.

These descriptive differences are statistically significant: a Welch's ANOVA on the risk monitoring and assessment category by public group confirms a significant group effect, again given significant variance heterogeneity across groups. Games-Howell post-hoc tests indicate that Bari differs significantly from Naples, Rome, Turin and Venice, mirroring the low-dispersion/high-dispersion contrast described above; notably, the Bari-Turin contrast, only marginal under the classical Tukey procedure, is confirmed significant once the comparison is made robust to unequal variances.

Lastly, for the supplementary risk elements category (Table 6), Venice, Naples and Catania devote the least RGS space to the issue, while Rome devotes the most, consistently across the period. Dispersion remains contained overall, with Bologna, Venice and Verona showing the lowest levels and Bari and Turin the highest, though still moderate in absolute terms.

A Welch's ANOVA confirms a significant group effect for the supplementary elements category, corroborated by the non-parametric Kruskal-Wallis test, which yields the strongest effect size among the three categories tested; the effect is, if anything, more strongly supported under Welch's correction than under the classical Fisher procedure, reinforcing rather than qualifying the conclusion. This indicates that, despite the overall low incidence of this category noted below, the little space dedicated to supplementary risk elements is distributed very unevenly across public groups.

Overall, this information category remains scarcely present across subsidiaries' RGS: being the most complex to manage and the most innovative of the categories introduced by professional guidelines, it receives comparatively little attention in the adaptation of the risk management system and its disclosure.

Taken together, the three inferential analyses delineate a differentiated pattern of institutional isomorphism across the three mechanisms examined. Normative isomorphism is not observable as a temporal trend: none of the four information categories varies significantly by year, indicating that the compliance-oriented orientation toward low-complexity risk management tools is a stable, already-diffused feature of MOC reporting rather than an emerging one. Mimetic isomorphism, by contrast, is statistically supported for three of the four categories (risk management program, risk monitoring and assessment and supplementary elements), all varying significantly by public group, while remaining absent for presentation format; this suggests that convergence toward shared reporting practices, where it occurs, is conditioned by group-level factors – such as the parent municipality's own risk culture or the coordination exercised by the controlling shareholder – rather than being a generalized, sample-wide phenomenon. Finally, coercive isomorphism can only be assessed in relation to the existence of the RGS itself: all MOCs sampled comply with the obligation, under art. 6, paragraph 2 of the TUSP, to prepare and disclose the report; no equivalent coercive pressure was detected, however, on the content of what is disclosed, since no specific directive from municipalities or regulatory/supervisory authorities addressing the content of the RGS was identified in the reports examined. This distinction between coercion over form and the absence of coercion over content is central to the discussion that follows (Tables 7–9 and Appendix A).

6. Discussion and conclusions

This research indicates that risk management reporting holds potential as an accountability tool for Municipal-Owned Companies (MOCs), though several factors currently limit this function. Although regulatory mandates, such as the Consolidated Law on Publicly Owned Companies (TUSP), have driven

Table 7. Inferential statistics: temporal (by-year) comparisons – normative isomorphism.

Category	Welch's F	df1	df2	p
Presentation format	1.26	3	97.5	0.294
Risk management program	1.00	3	97.9	0.395
Risk monitoring and assessment	1.50	3	98.4	0.220
Supplementary elements	0.15	3	98.0	0.931

Significance levels: *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

Table 8. Inferential statistics: cross-sectional (by public group) comparisons – mimetic isomorphism.

Category	Levene's F (df)	p	Welch's F (df1, df2)	p	Shapiro-Wilk W	p	Kruskal-Wallis χ^2 (df)	p
Presentation format	—	—	1.41 (11, 57.0)	0.196	—	—	15.5 (11)	0.161
Risk management program	4.01 (11, 170)	<0.001***	4.88 (11, 56.9)	<0.001***	0.989	0.188	—	—
Risk monitoring and assessment	3.69 (11, 170)	<0.001***	7.53 (11, 57.0)	<0.001***	0.990	0.216	—	—
Supplementary elements	3.03 (11, 170)	0.001**	3.50 (11, 56.9)	<0.001***	—	—	47.8 (11)	<0.001***

Note. Asterisks denote statistical significance. Significance levels: *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

Table 9. Games-Howell post-hoc pairwise comparisons (significant by-group effects).

Category	Comparison	Mean difference	t	df	p
Risk management program	Florence vs Bologna	0.448	5.23	17.6	0.003**
Risk management program	Florence vs Naples	0.524	4.45	16.9	0.013*
Risk management program	Florence vs Rome	0.439	3.91	29.6	0.021*
Risk management program	Florence vs Turin	0.390	4.51	18.5	0.010*
Risk monitoring and assessment	Bari vs Naples	−0.496	−5.47	9.4	0.010*
Risk monitoring and assessment	Bari vs Rome	−0.328	−4.75	25.7	0.003**
Risk monitoring and assessment	Bari vs Turin	−0.247	−4.56	30.7	0.004**
Risk monitoring and assessment	Bari vs Venice	−0.262	−3.73	35.2	0.028*

Significance levels: *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

MOCs to publish Corporate Governance Reports, compliance remains largely focused on fulfilling formal legal requirements rather than proactively engaging stakeholders. Findings show that reporting often emphasizes the economic-financial dimension and institutional structures of MOCs while underreporting specific risks – such as political, strategic, or process risks – that would enhance transparency and accountability. This focus highlights a risk management approach oriented toward compliance, not a proactive, integrated risk management culture, echoing broader findings on the persistently formal, compliance-driven nature of public sector accountability reporting more generally (Jones & Pendlebury, 2004; Steccolini, 2004).

Normative isomorphism appears through adherence to professional standards and guidelines governing reporting. The ANOVA results show that this orientation is not a temporal trend but a structural, stable feature of RGS disclosure, already largely in place in 2018 and not intensifying thereafter. This is consistent with Sippola et al. (2023) account of municipal risk management as increasingly shaped by professionalized, standardized reporting templates that, once adopted, tend to persist rather than evolve incrementally; it also resonates with Power's (2004) observation that the diffusion of formalized risk management systems produces a broad, generic 'risk management of everything' orientation privileging accessible, low-complexity tools over more demanding, forward-looking ones. As previous studies have shown, normative isomorphism helps explain RGS content (Carlsson-Wall et al., 2019; Zuffada et al., 2021), though it reveals an orientation toward 'low-impact' professional standards rather than more challenging tools that would enhance transparency.

Mimetic isomorphism is statistically supported for three of the four categories analyzed – risk management program, risk monitoring and assessment and supplementary elements – but not for presentation format. This asymmetry indicates that convergence within municipal groups operates on the substantive content categories of the RGS rather than on the formal choice of presentation vehicle, and that it is conditioned by group-level factors rather than being a generalized, sample-wide phenomenon: some public groups (Verona, Bologna, Catania, Palermo) show markedly lower within-group dispersion, consistent with genuine imitation among group-controlled MOCs, while others (Bari, Florence, Genoa, Venice) display high internal heterogeneity, indicating that shared ownership by the same municipality is a necessary but not sufficient condition for mimetic convergence. Evidence of this partial, group-conditioned dynamic aligns with recent institutional accounts of decoupling at the micro-organizational level of MOCs: even where reporting practices are formally aligned with peer or professional templates, the underlying process by which they are produced – and the attention they receive from top management – can remain uneven and decoupled from a genuinely shared institutional logic (Ahlström, 2024).

Coercive isomorphism requires a more nuanced reading than normative and mimetic isomorphism, because it operates simultaneously on two distinct objects: the form of disclosure and its content. On the form, coercive pressure is unambiguous and total. All MOCs in the sample comply with the obligation, under art. 6, paragraph 2 of the TUSP, to prepare and publish the RGS, and no exceptions were observed. On the content, however, no equivalent coercive pressure was detected. The analysis found no indication that municipalities or regulatory/supervisory authorities issued specific directives shaping what MOCs report within the RGS, beyond the general requirements already codified in the TUSP and in the CNDCEC/MEF guidelines. Rather than a methodological gap, this is a substantive finding, for which recent cross-country evidence offers a plausible interpretation. Coercive pressure can be absorbed procedurally – satisfied by the mere existence of a compliant document – without penetrating its content, a form of formal compliance. Heinemann et al. (2025) document an analogous mechanism for German state-owned enterprises, where fiscal rules are formally respected while activity is shifted toward extra-budgetary entities, leaving the substantive fiscal constraint unaffected; Dargenidou et al. (2024) similarly show, for Spanish municipal enterprises, that formal legal autonomy from the parent municipality coexists with the persistence of political control exercised through transfers and subsidies. Read against this literature, the absence of content-level coercive isomorphism in the RGS is not evidence against coercive pressure, but evidence that such pressure, in the Italian setting studied here, is calibrated to secure the existence of disclosure rather than its substance – a distinction that this study's empirical design was intended to keep separate, and that resolves, rather than restates, the apparent tension between the formal obligation to report and the substantive discretion MOCs retain over what they report.

In conclusion, risk management reporting among MOCs is shaped by institutional isomorphism in ways that differ markedly by mechanism: normative isomorphism operates as a stable, already-diffused compliance orientation rather than an intensifying trend; mimetic isomorphism operates selectively, converging on substantive content categories within some public groups but not others, and not at all on the choice of presentation format; and coercive isomorphism operates decisively on the existence of the RGS but not, on the evidence available, on its content. This differentiated picture qualifies, rather than undermines, the conclusion that RGS reporting currently functions more as a compliance mechanism than as a fully accountability-oriented one: regulatory pressure has reliably produced the report, but it has not by itself produced convergence toward a richer, forward-looking or risk-specific disclosure content. For RGSs to fulfill their accountability potential more fully, MOCs would need to move beyond formal compliance – already consolidated at the level of form – toward a more substantively integrated reporting approach, reflecting a stronger, stakeholder-centered risk management culture.

The results discussed in this research are inevitably influenced by certain limitations, primarily the focus on a select group of significant municipalities. While it is believed that including additional municipalities would not drastically alter the overall findings, this limitation should be acknowledged.

A future insight into behaviors within groups could come through situation-specific and change-centered studies (Lounsbury, 2008) in accordance to the field of literature (Lounsbury, 2008; Miller et al., 2008; Ter Bogt & Scapens, 2019) which have underlined the importance of considering the decision-making role of individual managers (role of actors) in heterogeneous situations, as well as account for local differences while recognizing the field level influence on local organizations, and not only to formal processes and standardization between organizations.

Ethical approval

This study is based exclusively on publicly available data and did not require ethical approval.

Author contributions

CRediT: **Cristian Carini**: Conceptualization, Supervision; **Ikram Dourhnou**: Data curation, Formal analysis; **Elisa Mori**: Data curation, Writing – original draft; **Claudio Teodori**: Writing – review & editing.

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Data availability statement

The data that support the findings of this study are derived from publicly available sources. Specifically, Corporate Governance Reports (RGS) were collected from the official websites of Municipal-Owned Companies and their parent local governments. These data are publicly accessible and can be retrieved from the respective institutional websites. The coded dataset generated through the content analysis (line-level classification by category and sub-category for each RGS) is not currently deposited in a public repository; it is available from the corresponding author upon reasonable request, and the authors intend to make it available as supplementary material upon acceptance to support replicability of the coding scheme.

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Appendix A. List of sampled municipal owned companies (MOCs)

Local government (LG)	MOC (company name)
Bari	AM GAS SPA
Bari	Amiu Puglia SPA
Bari	Bari multiservizi SPA
Bologna	Autostazione Srl
Bologna	CAAB SPA
Bologna	Srm srl
Catania	AMTS Catania SPA
Catania	ASEC spa (rete gas spa)
Catania	ASEC trade srl
Catania	Catania multiservizi SPA
Catania	Sidra SPA
Firenze	ATAF srl
Firenze	CASA SPA
Firenze	Firenze Parcheggi SPA
Firenze	SILFI
Firenze	Sas servizi alla strada SPA
Genova	AMIU
Genova	AMT GENOVA
Genova	ASTER
Genova	FARMACIE GENOVESI
Genova	GENOVA PARCHEGGI
Genova	JOB CENTRE
Genova	SPIM
Milano	MILANO SPORT
Milano	MM
Milano	SO.GE.MI
Napoli	Mostra d'Oltremare
Napoli	Napoli Holding
Napoli	Napoli Servizi
Palermo	AMG Energia
Palermo	Amap
Palermo	Amat
Palermo	Reset
Palermo	Risorse ambiente Palermo
Palermo	SRR
Roma	ATAC
Roma	Aequa Roma
Roma	Risorse per Roma
Roma	Roma metropolitane
Roma	Zetema
Torino	5T srl
Torino	AFC Torino SPA
Torino	C.A.A.T.
Torino	Finanziaria città di Torino Holding
Torino	Infratrasporti.TO srl
Torino	Società riscossioni SPA
Venezia	AMES spa
Venezia	Gruppo AVM
Venezia	Gruppo CMV
Venezia	IVE srl
Venezia	Insula Spa
Venezia	Venezia spiagge SPA
Venezia	Venis SPA
Verona	AGSM Verona SPA
Verona	Azienda mobilità e trasporti SPA
Verona	Solori SPA
Verona	Verona Mercato SPA