

The role of integrated reporting in improving the financial efficiency of the public sector

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Abstract. The development of clear and relevant reporting is essential for business entities as it provides stakeholders with the necessary information, and this study focuses on reporting in the public sector. The purpose of the study was to assess the current trends in the development of integrated reporting in the country and to provide recommendations for its development in the future. The main research methods used in this study were analysis, forecasting, and abstraction. The study examined the key role of the public sector in ensuring the efficient functioning of the nation and its economy. Particular attention was paid to the conditions in Ukraine, which were shaped by various factors. It was shown that

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ensuring transparency of the country's entities is very important in connection with the need to overcome corruption and receive assistance from international partners. Therefore, the formation of integrated accountability is becoming a very important component of the country's development. In addition, the paper briefly analysed the main possible types of such reporting and describes the main principles by which they should be chosen by the company. The research revealed that the implementation of integrated reporting in the public sector contributed to improved financial efficiency by enhancing transparency and optimizing resource allocation. Moreover, it was found that entities that adopted integrated reporting demonstrated higher accountability and compliance with international financial standards. Finally, the study confirmed that the development of a standardized reporting framework could strengthen investor confidence and facilitate economic stability in the public sector. Thus, this study allows for a better understanding of the peculiarities of the development of the Ukrainian public sector in general, and in particular, assessing the realities of creating integrated reporting for entities in this sector within the country

Keywords: accountability; macroeconomics; audit; sustainability; key stakeholders

Introduction

Integrated reporting of public sector entities is one of the key topics in modern public financial management and public resource management. It is a complex tool aimed at systematic and comprehensive presentation of the financial position and performance of public sector entities, including government agencies, state-owned enterprises, social funds, and other organizations whose financial activities have a significant impact on society. The increasing complexity and volume of financial transactions in the public sector, as well as the growing interest of the public and international communities in financial sustainability, effective resource management, and the fight against corruption, make integrated reporting a relevant and strategically important tool. In addition, it allows for a more effective response to the problems associated with the environmental components of the country's development, which may arise in many countries today. The implementation of integrated reporting helps to ensure transparency, reliability, and accessibility of financial information, which contributes to increasing public and investor confidence in the government sector. That is why finding opportunities to improve the efficiency of integrated reporting in Ukraine remains relevant.

A significant number of scholars have studied the current peculiarities of Ukraine's development. In particular, attention was paid to the study of the state of the economy in wartime, which was studied in the work of T. Sak *et al.* (2022). The authors pointed out the catastrophic consequences for Ukraine from both environmental and economic points of view. They also believed that further recovery of the country will be long and difficult, which is why it is worthwhile to attract all available support from international partners. However, they did not offer any specific advice on how to address these issues. T.M. Derun & O.P. Kocherga (2019) studied sustainable development in Ukraine. They paid special attention to changes in this area in territorial communities, which is quite relevant given the trends of decentralization of power in the country.

Some features of the state of sustainable development in Ukraine were noted by M.V. Ruda & M.M. Mazuryk (2021).

As part of their study, they assessed the main trends in the state of sustainable development in the country and described the possibilities of cooperation with the European Union to achieve better results in this area. However, they did not pay attention to other opportunities to improve sustainable development in Ukraine, not only through cooperation with this association.

The work by S. Bardash & V. Kraevsky (2023) investigated the regulatory framework for accounting and financial reporting in Ukraine's public sector. The authors identified key shortcomings of the existing system and proposed ways to enhance transparency and compliance with international standards. The study by J. Gerwanski (2020) analysed the impact of integrated reporting on the cost of debt in European companies. While the findings were valuable for assessing financial efficiency, the research primarily focused on the corporate sector, limiting its applicability to Ukraine's public finance context. O. Kostenko *et al.* (2021) conducted a bibliometric analysis of the role of integrated reporting in investment decision-making. Although the study provided insights into the academic landscape, it was largely theoretical and did not address the practical implementation of integrated reporting in Ukraine's public sector. Researchers G. Michelin *et al.* (2019) examined sustainability assurance practices and their role in enhancing financial credibility. However, the authors primarily focused on corporate sustainability restatements, which limits the study's relevance to public sector analysis. Scientists A.M. Muhi & M. Benaissa (2023) explored the impact of integrated reporting on the quality of financial reporting, emphasizing its role in improving transparency and decision-making efficiency. The authors provided strong empirical evidence supporting the adoption of integrated reporting. The study by Y. Yang *et al.* (2019) assessed the financial effectiveness of sustainability reporting standards in Chinese firms. The findings demonstrated a positive impact of such reporting on financial performance, but the corporate sector focus necessitates adaptation for application in public administration. In particular, they paid great attention to the study of practices and approaches of

Western scholars in this area, but did not indicate how they could be used in Ukraine.

The purpose of this study was to assess the specifics of building integrated reporting for public sector entities in Ukraine, as well as to assess the situation of the sector as a whole. This will improve the effectiveness of future government policy in this area, which will have a positive impact on the country's development as a whole.

Materials and Methods

The study used data on the number of sustainability reports submitted and the number of companies that submit them in most European countries. The data were used from the reports of Klynveld Peat Marwick Goerdeler (KPMG), one of the Big Four audit firms (The KPMG Survey..., 2021; Corporate Register, 2021). The information from the reports is available until 2020, which was the reason for the chosen timeframe (such information is scarce in free online sources). In addition, data characterizing the level of public sector employment in selected countries were used. This information was taken from the official statistical website of the Organization for Economic Co-operation and Development (OECD, 2023). However, as the information on it is limited to 2019, the calculation in this paper was based on this period. The statistical data was analysed using Microsoft Excel.

The approach that was most actively used during the study was the systematic one. It allowed analysing the factors influencing the possibilities of introducing and developing integrated reporting in the public sector of Ukraine based on the interaction of these features within a single model and assessing their impact on each other. This also allowed for a better understanding of the general features of the country's development in the context of war, as well as a better assessment of its sustainable development. The main research method used in this study was analysis. It allowed drawing conclusions, based on publicly available data, about the current state of the public sector in Ukraine and the realities of integrated reporting. In addition, the historical method played an important role, allowing conducting such analyses in the context of a certain period of time, i.e. in retrospect. Abstraction was also used to remove certain factors that were not important for the formation of a holistic picture of the current state of public sector development. This allowed making the picture of the development of this sector in Ukraine more realistic. The forecasting method, in turn, allowed drawing conclusions about how the methods and principles of integrated reporting may develop in the country in the future. Deduction was used to assess the possibilities of using integrated reporting and selecting its optimal forms for Ukraine based on the known information about its use in other countries. At the same time, induction was used to analyse the situation in the context of the country's economic development to identify the factors that have the greatest impact on the specifics of integrated reporting. Statistical research methods were also used, in particular, to analyse certain statistical data showing the level of application of

integrated reporting in the world, as well as the state of development of the public sector in Ukraine.

Results

As such, the public sector plays a very important role in ensuring the efficient functioning of the country and its economy. It ensures social protection for citizens, their security, and the efficient management of public resources (both natural and cultural). In addition, the public sector should create favourable conditions for economic development, in particular by investing in infrastructure and enterprises. Ukraine has its own peculiarities in the process of public sector development, which are primarily due to the peculiarities of the country's formation due to its past associated with the Union of Soviet Socialist Republics (USSR), low level of institutional development, significant dependence on the state of external markets (low crisis resilience), and military operations conducted in the country after 2014. One of them is the decentralization and empowerment of local authorities, which has become particularly widespread since the mid-2010s. The transfer of more financial and managerial powers to the local level requires an improved system of collecting and reporting financial data, which is possible through integrated reporting. Ongoing scandals related to the work of public authorities have also led to increased demands for financial transparency. The public and international partners are actively demanding greater transparency and accessibility of financial information of government agencies and organizations. Integrated reporting will help ensure openness in the spending of public funds. As for the requirements from international partners, this becomes especially relevant during the war and their regular financial and military support of Ukrainians (Krusian, 2023).

International partners demand that certain requirements be met and fulfilled by the state authorities, including the fight against corruption and inefficiency in the public sector. It remains important to harmonize local standards with international ones; in addition, improving the efficiency of such reporting will optimize budget expenditures. The financial reasons for ensuring the submission of integrated financial statements and striving to maximize their effectiveness are similar to those mentioned above. These include lack of financial transparency, absence of a unified accounting and reporting system, corruption and the existence of unfair financial transactions. All of them stem in one way or another from Ukraine's need to obtain loans or assistance for its long-term development, which has always been driven by various factors, and since 2022, by the beginning of Russia's full-scale invasion. There are other difficulties in introducing uniform integrated reporting principles. For example, there are difficulties in forming a unified regulatory framework (which does not actually exist), the lack of sufficient guidance on this topic and limited experience among local professionals in conducting audits for companies based on the analysis of non-financial information. The number of sustainability reports submitted by individual countries can be seen in Table 1.

Table 1. Statistics of countries in terms of the number of organizations submitting reports on sustainable development and the number of reports submitted in the period from 2016 to 2020

No. s/r	Country	The number of organizations submitting reports on sustainable development	Number of submitted reports
1	Great Britain	1762	12745
2	Germany	1507	9507
3	Spain	967	7029
4	France	887	6961
5	Italy	960	6274
6	Sweden	607	4767
7	Netherlands	619	4366
8	Switzerland	411	3251
9	Denmark	304	2404
10	Austria	370	2124
11	Belgium	349	2091
12	Finland	228	1960
13	Norway	228	1533
14	Portugal	194	1521
15	Turkey	119	779
16	Greece	102	698
17	Poland	111	665
18	Ireland	96	542
19	Hungary	72	408
20	Croatia	29	272
21	Czech Republic	38	265
22	Romania	34	178
23	Slovenia	16	175
24	Estonia	14	141
25	Ukraine	24	126
26	Iceland	14	116
27	Slovak Republic	9	113
28	Lithuania	17	102
29	Serbia	12	101
30	Bulgaria	13	84
31	Cyprus	18	78
32	Latvia	12	57
33	Malta	11	53
34	Albania	5	32
35	Georgia	4	25
36	Moldova	3	18
37	Belorussia	2	14
38	Macedonia	1	9
39	Bosnia and Herzegovina	1	7
40	Armenia	0	0

Note: the rating was formed based on the “number of submitted reports” in the country

Source: compiled from The KPMG Survey of Corporate Responsibility Reporting (2021) and Corporate Register (2021)

As can be seen from Table 1, the submission of such reporting is most common among the countries of Western Europe, while among other representatives such a practice is much less widespread. As for Ukraine, the number of submitted reports is quite high and has reached the level

of 124. Among the selected states, it reaches the 25th mark, which is quite a good result. The level of development of the public sector can be partially described by estimating the level of employment in the public sector. This information is shown in Table 2.

Table 2. The level of employment in individual countries of the world in the public sector in the period from 2009 to 2019, %

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Austria	17.15	17.13	16.9	16.79	16.78	16.78	16.94	16.96	16.88	16.75	16.67
Belgium	18.89	18.92	18.75	18.68	18.76	19.01	18.84	18.66	18.54	18.41	18.29
Canada	20.39	20.03	19.87	19.66	19.56	19.57	19.51	19.67	19.53	19.77	19.87
Czech Republic	16.18	16.31	16.3	16.03	16.18	16.3	16.21	16.18	16.46	16.54	16.57
Denmark	29.43	30.42	29.89	29.71	29.79	29.46	29.13	28.47	28.02	27.78	27.61
Estonia	23.66	24.45	22.74	23.27	23.61	23.98	22.99	22.79	20.97	22.05	22.7
Finland	24.9	25.03	24.81	24.64	24.95	24.8	24.56	24.28	24.18	24.06	24.24
France	22.59	22.62	22.19	21.96	22.06	22.15	22.17	22.09	21.84	21.47	21.23
Germany	11.42	11.44	11.07	10.86	10.78	10.73	10.67	10.58	10.57	10.57	10.63
Greece	17.58	18.16	18.35	18	17.3	16.19	16.8	16.47	16.58	16.63	16.65
Hungary	19.89	21.21	20.55	20.65	21.31	21.62	22.09	21.46	20.54	19.67	18.86
Iceland	27.52	27.38	27.45	26.88	26.8	26.27	25.65	24.38	23.79	23.99	24.95
Ireland	16.06	16.48	16.37	16.08	15.48	15.15	15.03	14.88	14.96	14.94	14.91
Israel	21.87	21.71	21.93	20.33	20.02	20.04	20.02	19.67	19.7	19.67	19.58
Italy	14.48	14.37	14.12	13.88	13.98	13.94	13.81	13.68	13.41	13.27	13.21
Lithuania	24.72	25.75	25.6	24.85	24.42	23.77	23.37	22.7	22.64	22.15	21.92
Latvia	21.66	21.73	21.59	22.03	21.42	21.03	20.05	19.81	19.68	19.66	19.61
Mexico	12.77	12.98	12.84	12.78	12.79	12.8	12.79	12.64	12.61	12.56	12.5
Netherlands	13.07	13.35	13	12.83	12.82	12.69	12.49	12.26	12	11.74	11.71
Norway	29.82	30.27	30.42	30.3	30.35	30.4	30.59	30.83	30.83	30.69	x
Poland	16.07	16.01	16.32	16.69	16.87	16.78	16.98	16.72	17.19	17.21	17.25
Portugal	14.95	15.19	15.04	15.51	15.62	15.16	14.84	14.73	14.34	14.08	14.07
Slovak Republic	18.89	19.54	19.62	19.38	19.58	19.48	19.4	19	18.71	18.49	18.52
Slovenia	16.09	16.74	17.49	17.75	17.67	17.58	17.37	17.33	17.14	16.94	16.74
Spain	14.89	15.31	16	16.26	16.73	16.55	16.21	15.95	15.67	15.65	15.58
Sweden	29.57	29.2	28.65	28.68	28.66	28.6	28.81	29.08	28.88	28.68	28.66
Turkey	13.13	12.66	12.29	12.45	12.6	11.09	11.18	11.18	10.77	11.94	13.06
UK	19.7	19.63	19.04	17.96	17.39	16.94	16.52	16.23	16.07	15.96	15.98
the United States	16.71	17.07	16.64	16.21	15.93	15.64	15.39	15.27	15.15	14.99	14.91
Romania	17.43	18.14	16.9	16.32	16.49	15.85	15.93	16.37	15.88	16.09	16.38

Source: compiled based on OECD (2023)

As Table 2 shows, the level of public sector employment is highest among European countries, particularly in Western Europe, while it is lower among other countries. In terms of trends over time, the percentage of public sector employees has been gradually declining on average across countries (although not in all cases), suggesting a general decline in the role of the public sector in these countries, at least until 2019.

Sustainability reporting plays a crucial role in addressing the information asymmetry between companies and stakeholders, such as investors and governments, especially in

the context of environmental and sustainability issues. Companies benefit from its presentation in a number of ways: it helps them to understand weaknesses not only in financial terms, but also in social, environmental and governance aspects. In addition, companies that do this tend to be more attractive to investors due to their transparency and consistency with environmental practices. Table 3 presents the efficiency of budget fund usage in various regions and communities across Ukraine that have implemented integrated reporting, showcasing both the total budgets and the resulting benefits in terms of financial management and governance.

Table 3. Efficiency of the use of budget funds through integrated reporting in Ukraine

Region/Community	Total budget, UAH million	Savings due to reporting implementation, %	Key achievements
Kyiv	90,000	4%	Increased transparency in financial management, improved city planning, and investment attraction.
Vinnysia	12,000	5%	Active engagement in open government partnerships, promoting citizen participation and improved governance.
Khmelnyskyi	10,000	4%	Joined the Open Government Partnership, focusing on inclusive governance and diversity.
Odesa	20,000	3.5%	Efficient budgeting and resource allocation, increased public sector transparency.
Lviv	17,000	4.5%	Innovative governance reforms with a focus on sustainability and smart urban development.

Source: compiled based on Ministry of Finance of Ukraine (2024)

Table 3 illustrates the considerable progress achieved by several Ukrainian cities in implementing integrated reporting, resulting in concrete advantages in their financial management. Despite the seemingly modest percentage savings from reporting adoption, which range from 3% to 5%, these data signify a vital transition towards enhanced financial efficiency. For example, Kyiv demonstrated a significant enhancement in transparency and budgeting efficiency considering the city's magnitude. Cities such as Vinnysia and Lviv saw a significant impact, indicative of their strong commitment to transparent governance and sustainable development initiatives. These numbers indicate that integrated reporting transcends mere financial scrutiny. It promotes improved resource allocation, stimulates

public engagement, and strengthens overall governance. Furthermore, the alignment of local governments with global governance frameworks, such as the Open Government Partnership, indicates a profound commitment to transparency and inclusivity, which enhances local fiscal stability, attracts investment, and guarantees the effective utilisation of public resources. These findings highlight the significant ramifications of decentralisation and integrated reporting, which are modernising local government frameworks throughout Ukraine. Table 4 presents a comparative analysis of financial efficiency in Ukraine prior to and subsequent to the decentralisation reform, emphasising critical aspects such as management expenditures, revenues, resource allocation, and infrastructure investments.

Table 4. Comparison of financial efficiency before and after the decentralisation reform in Ukraine

Category	Before decentralisation	After decentralisation
Management costs	Higher management costs due to central control; budget management and decision-making were less efficient and slower.	Decreased management costs due to more local control, reducing inefficiencies in the distribution of funds.
Revenues of local budgets	Local budgets received about 40% of total revenues, with limited control over major taxes and budget allocations.	Local budgets receive over 60% of revenues; key taxes (e.g., personal income tax) are now controlled by local authorities.
Efficiency of use of local resources	Lower efficiency; local authorities had less control over their own resources, leading to less optimal allocation.	Improved efficiency as local governments have more control over budget priorities, leading to better-targeted spending.
Quantity and quality of investments in local infrastructure	Investments were often delayed or inefficient due to bureaucratic obstacles and lack of local control.	Significant increase in investments in local infrastructure, with better planning and execution of projects due to local autonomy.

Source: compiled based on Ministry of Finance of Ukraine (2024)

The decentralisation reform in Ukraine has distinctly transformed the financial environment, leading to both structural and operational enhancements at the local level. Prior to decentralisation, local governments encountered considerable inefficiencies, especially in administration expenses, due to slower and more centralised decision-making processes. Centralised budget control restricted local authorities' authority, frequently resulting in suboptimal resource allocation. Post-decentralisation, local authority over fiscal resources and decision-making has optimised governance, resulting in fewer administrative expenses and improved allocation of funds (Meduna, 2023). This reform has resulted in a significant rise in local revenues, increasing

from around 40% prior to decentralisation to over 60% thereafter. This transition is mostly attributable to the decentralisation of essential levies, such as personal income tax, which is now administered by local councils, therefore augmenting their financial independence (Klok, 2022). Moreover, the reform has enhanced the effective utilisation of local resources, since local governments are more adept at prioritising expenditures according to distinct regional requirements. The influence is also seen in local infrastructure, where decentralisation has facilitated enhanced oversight of spending. Investments that were before hindered by bureaucratic obstacles have increased, leading to more prompt and superior infrastructure projects (Hysi et

al., 2024). This comparison highlights the transformational impacts of decentralisation, particularly regarding budgetary autonomy and the enhancement of public services and infrastructure development throughout Ukraine.

Currently, international practice has developed several principles for presenting company reports based on a focus on non-financial information. All of them have both their negative and positive components. For example, the International Standard on Assurance Engagements 3000 (ISAE) provides a framework for auditing non-financial aspects of operations, including information systems, internal control systems and corporate governance processes. In its turn, AA1000AS (Assurance Standard developed by AccountAbility) defines the rules for reviewing reports in terms of materiality, completeness, compliance, and their integration into the company's reporting management system. In addition to non-financial reporting standards, financial reporting standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) are also relevant. The GRI standards allow for the comparison of economic, environmental and social information from different companies (Ponomarenko *et al.*, 2014). The SASB focuses on the financial aspects of sustainable development, taking into account environmental aspects; its assessment is based on twenty-six criteria divided into five segments and covers a significant amount of different information about the components of sustainable development in Ukraine. The IIRC Integrated Report provides comprehensive information on a company's governance, performance, values and environmental performance, primarily for project investors. It is primarily aimed at project investors, as it provides the maximum amount of information on how a company or its project will develop over a very long period of time.

There is still a debate about the most effective methods of sustainability reporting. The choice of reporting method depends on a variety of factors, including the nature of the business, stakeholder preferences, industry, and country specifics. Companies can adapt the reporting method that best suits their goals and context. While no single reporting method is perfect, a unified standard combining elements of both GRI and SASB could provide a more balanced approach and thus be a fairly universal option for most companies. The development of such a standard would simplify the process of sustainability reporting and classification. Nevertheless, it may be more beneficial for Ukraine to create its own principles for financial reporting on environmental and social impacts. This is because they will be able to take into account the peculiarities of the domestic market, which, as mentioned above, can have a significant impact on the reporting. The issue of information and how reliable its assessment can be in general also remains important at the moment. This is even more true for data containing information on the environmental and social performance of a company. Therefore, it is important to ensure that reporting principles are in place so that the

qualitative (or even quantitative) variables of the social and environmental components of sustainability principles can be easily converted into an understandable form that can be evaluated and compared.

Discussion

The application of integrated reporting in public sector organizations has been assessed (based on data from Australia) by B. Williams & S. Lodhia (2021). The authors noted that in the public sector, where high accountability is expected, voluntary reporting is being introduced more slowly. In other words, public entities in Australia were rather slow to adopt these reporting principles; interestingly, this process was much faster with private companies. This course of action can be explained primarily by the widespread bureaucracy among government representatives. The researchers generally emphasized the importance of integrated reporting in the public sector, where traditional financial reports often do not meet the information needs of stakeholders. This can help to solve problems in the context of sustainable development and to formulate more comprehensive principles for the functioning of public authorities (whose goals would be broader than they are now). The role of integrated financial reporting was also noted by F. Manes-Rossi (2018). The scientist wrote that such reports emphasize the importance of stakeholders in the accountability process; in some cases, stakeholders can even actively participate in decision-making processes. He also specifically described the role of such reporting for the public sector.

P. Velte (2022) in his study assessed the growing relevance of integrated reporting over the past decade. He noted that such a system can lead to significant positive consequences for the development of the country, in particular by combining the reporting of information on various forms of capital (financial, productive, intellectual, human, social, and natural). It also emphasizes materiality and integrated thinking. This form of reporting allows for the consideration of issues such as greenwashing, which may not be reflected in individual corporate social responsibility reports. K. Lueg & R. Lueg (2021) in their study described the difficulties associated with the submission of integrated reporting. They pointed out that there are a significant number of different methodologies for submitting a report, which is why a company must decide which one will be more beneficial for it (if the legislation does not define any single form of submission). In this case, it often leads to sacrifices that result in one of the stakeholders (whether investors, government officials or citizens) losing out on quality information. While companies should choose the most optimal options that will provide all stakeholders with their share of benefits, sometimes it is necessary to sacrifice some interests for others (Berest & Sablina, 2024).

The testing of assessment systems for sustainability reporting in several European cities (Warsaw, Paris, Zurich, Amsterdam, and Dublin) was conducted as part of Study I. Dorin *et al.* (2019). The analysis of these cities revealed

different approaches to sustainability reporting. Although they all started voluntarily, they have made different design choices over the years. Of these, only Warsaw has published an Integrated Report. The frequency of reporting ranged from multi-year to annual (Lemishovska, 2023). The typology and format of the reports varied: some were comprehensive, while others were spread over several documents. The reports also varied in length. The study found that there was no external audit and each city used its own format. The quality analysis showed variations in content, with discussions of context, organizational performance, government policy and long-term trends using different sets of indicators. The reports were disseminated primarily through websites and social media, and Zurich visualized the data on a special dashboard. The findings (based on the analysis of empirical data) suggest that meeting the diverse information needs of stakeholders requires strategic approaches, such as combining large multi-year reports with annual updates disseminated through various media. In other words, although city authorities have been submitting reports with the same purpose, they have actually developed different methodologies in the process, with effectiveness varying from city to city. The state authorities should indeed update their own principles of integrated reporting in the country, depending on the specifics of the country. However, it is also worth remembering that they should build on existing principles to ensure that they are understood by stakeholders around the world (Ismayilzade *et al.*, 2024). Thus, a balance should be struck in this regard to ensure the most effective presentation of integrated reporting among companies.

The impact of integrated reporting in public sector organizations, focusing on Udine, was analysed in S. Iacuzzi *et al.* (2020). The study found that integrated reporting triggers slow transformational change towards achieving the sustainability goals, particularly when implemented through different strategies aimed at promoting value co-creation, engaging the whole organization and preventing resistance. Research suggests that the transformational function can be promoted through various mechanisms, which can be divided into two groups: internal and external. The former is aimed at combating resistance from within the company, which is aimed at not submitting reports or making them less useful; the latter, in turn, is aimed at countering external factors. Nevertheless, as already mentioned, the mere submission of integrated reports will not be enough to achieve sufficient results. This can only be achieved if there is a high-quality interaction between the various components of a single strategy aimed at achieving the main goals of sustainable development in the country.

Some tips for developing integrated reporting were developed by A. Pratama *et al.* (2019) and B. Vermeeren & B. van der Heijden (2022). The authors emphasized the importance of assessing the quality of integrated reporting to ensure its effectiveness by proposing to evaluate its quality by setting scores and points. To do this, they propose to create an appropriate matrix in which these points will be

described, weighted. This will also provide an opportunity to create conditions for continuous improvement of the quality of reporting, development of more useful assessment tools. In turn, M. Othman *et al.* (2022) assessed the possibilities of improving the methods of reflecting environmental and social components of development in integrated reporting. They noted that the existing integrated reporting framework lacks explanations of measurement methods, strategic ideas, interrelationships, comprehensive information, and disclosure of trivial information. Scholars have emphasized that it needs new communication and cooperation tools to meet the needs of stakeholders, and more opportunities for interaction in this area.

Thus, the Ukrainian government still has a long way to go to establish unified principles of integrated reporting in the country. This will be especially difficult in a time of war, when the main focus of the main representatives of the authorities is on finding opportunities to counter the enemy. Nevertheless, after the war is over, it is possible to expect a wider dissemination of examples of integrated reporting among both Ukrainian and state-owned organizations.

Conclusions

The study assessed the role of the public sector in the efficient functioning of the country, social protection and resource management. There are several unique challenges in Ukraine that have shaped the trajectory of the public sector and are related to specific historical events that have shaped the country's development. Decentralization and the empowerment of local governments have led to a greater need for improved financial data collection and reporting, with integrated reporting becoming a valuable tool in this context.

Integrated reporting is important in addressing the key challenges facing the public sector in Ukraine. It will increase financial transparency and ensure openness in the allocation of public funds, aligning with international requirements and support during crises and conflicts. The country's desire to receive development loans and assistance is also crucial, as it requires compliance with certain standards and the fight against corruption. Although Ukraine has made significant progress in sustainability reporting, it still faces obstacles related to the standardization of the legal framework, methodological guidance and limited local experience in auditing non-financial information.

The paper describes how sustainability reporting serves as a vital tool to bridge information gaps between companies and stakeholders, especially in environmental and sustainability issues. It helps companies to identify weaknesses in various aspects of their operations and attracts investors seeking transparency and environmental responsibility. A number of types of sustainability reporting that can be used by companies under different conditions have been briefly described. The task of its management is to choose the option that will satisfy as many of its stakeholders as possible. An excellent example for Ukraine could be neighbouring Poland, which has more experience in this area and can share it. It is relevant for future research to assess the

development of integrated reporting not only for state-owned entities, but also for private enterprises. In addition, it is possible to assess the specifics that should be taken into account when preparing integrated financial statements, depending on the sector of the company that prepares them.

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Conflict of Interest

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Роль інтегрованої звітності у підвищенні фінансової ефективності державного сектору

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Анотація. Розробка чіткої та релевантної звітності є важливою для суб'єктів господарювання, оскільки вона надає зацікавленим сторонам необхідну інформацію, і дане дослідження зосереджується на звітності в державному секторі. Метою дослідження було оцінити сучасні тенденції розвитку інтегрованої звітності в країні та надати рекомендації щодо її подальшого впровадження. Основними методами дослідження були аналіз, прогнозування та абстрагування. У дослідженні розглянуто ключову роль державного сектору у забезпеченні ефективного функціонування держави та її економіки. Особливу увагу приділено умовам в Україні, які формувалися під впливом різних факторів. Було показано, що забезпечення прозорості діяльності державних суб'єктів є критично важливим у зв'язку з необхідністю подолання корупції та отримання міжнародної допомоги. Тому формування інтегрованої звітності стає важливим компонентом розвитку країни. Крім того, у статті коротко аналізуються основні можливі види такої звітності та описуються головні принципи їх вибору компаніями. Дослідження показало, що впровадження інтегрованої звітності в державному секторі сприяло підвищенню фінансової ефективності за рахунок прозорості та оптимізації розподілу ресурсів. Також встановлено, що суб'єкти, які впровадили інтегровану звітність, демонстрували вищий рівень підзвітності та відповідність міжнародним фінансовим стандартам. Нарешті, дослідження підтвердило, що розробка стандартизованої звітності може зміцнити довіру інвесторів і сприяти економічній стабільності у державному секторі. Таким чином, це дослідження дозволяє краще зрозуміти особливості розвитку українського державного сектору в цілому та оцінити реалії створення інтегрованої звітності для суб'єктів цього сектору в межах країни

Ключові слова: підзвітність; макроекономіка; аудит; сталий розвиток; ключові зацікавлені сторони
