

Employee engagement and the blind spots of managerial accounting: A narrative review

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Abstract: Managerial accounting has long prioritized calculability, standardization, and financial control while often overlooking relational and affective dimensions of labor that are central to organizational value. This review addresses the absence of employee engagement in managerial accounting and positions it as a critical object of inquiry. Using a narrative review methodology, the study synthesizes literature published between 2020 and 2025, drawing on Human Capital Theory, Agency Theory, the Resource-Based View, and Stakeholder Theory. The approach emphasizes conceptual integration, reflexive interpretation, and genealogical tracing across accounting, human resource management, and organizational studies. The results indicate that engagement is consistently marginalized across four domains of managerial accounting: performance measurement, cost attribution, budgeting, and disclosure. Engagement is often outsourced to HR functions or treated as a discretionary expense, despite growing evidence that it contributes to innovation, retention, and resilience. The significance of this study lies in reframing engagement as both an economic and ethical dimension of accounting. The review advances a triadic conceptual framework of sensing, translating, and signaling to demonstrate how engagement can be recognized as a substantive accounting object. While interpretive in scope, the study offers important implications for policy, practice, and future cross-disciplinary research.

Keywords: *Accountability, Critical accounting, Employee engagement, Managerial accounting, Organizational performance.*

1. Introduction

Managerial accounting has long been defined by its concern with control, performance, and calculability. However, despite labor's centrality to organizational life, it has remained largely indifferent to the conditions that sustain employee contributions. The absence of employee engagement (EE) from managerial accounting frameworks is not a mere oversight but reflects an epistemic design that privileges the measurable and controllable over the relational and affective dimensions of work [1, 2]. This omission raises foundational questions about what accounting chooses to represent as value and what it systematically renders invisible.

The disciplinary logic of managerial accounting privileges costs, variances, and standardization, while obscuring trust, discretion, and emotional labor. Engagement is excluded not because it is irrelevant, but because it resists the grammars of control that structure accounting knowledge. Human Resource Management (HRM) perspectives, by contrast, emphasize relational and motivational dimensions of work, yet these remain largely disconnected from the calculative practices of managerial accounting, which continue to frame labor as a variable input rather than a site of discretionary value

creation [3, 4]. The resulting divergence has institutionalized a divide between performance control and human development that persists even in contemporary knowledge-based economies.

Empirical evidence underscores the strategic significance of engagement. Leadership trust, participatory appraisal, and investments in corporate social responsibility have been associated with improved morale, innovation, and commitment [5-8]. Internal control mechanisms also shape engagement dynamics, demonstrating that accountability systems are not merely neutral but actively configure the conditions of motivation and participation [9, 10]. Nevertheless, such findings rarely permeate managerial accounting frameworks, where disengagement continues to be treated as a human resource problem rather than a systemic blind spot in performance modeling.

The consequences of this exclusion are tangible. Disengagement leads to absenteeism, presenteeism, errors, and weakened forecasting accuracy, all of which have financial implications that remain largely unrecognized within accounting systems [11, 12]. Historical analysis reveals why managerial accounting emerged from cost accounting traditions designed to monitor industrial productivity. Labor was conceptualized as a controllable input, and even as economies shifted toward knowledge- and service-sector economies, accounting systems retained their emphasis on variance reduction and standardization, leaving little space for discretionary effort or psychological safety [13]. Attempts to incorporate engagement through tools such as the Balanced Scorecard have often reduced it to surface-level proxies rather than recognizing its relational and strategic depth [14].

Foundational work on engagement defines it as a multidimensional construct encompassing cognitive, emotional, and behavioral commitment [15]. Later contributions emphasize identity, belonging, and purpose as central to engagement [16, 17]. Contemporary studies further emphasize the importance of engagement in fostering organizational agility and resilience in complex environments [18]. Nevertheless, managerial accounting has not integrated this body of knowledge, continuing to treat engagement as either irrelevant or incommensurable with its epistemic infrastructure.

The tension is further sharpened by the rise of data-driven managerial accounting systems, including artificial intelligence and sentiment analytics, which risk distorting engagement into a compliance metric rather than a relational capacity [19, 20]. This transformation exacerbates the risk of symbolic compliance, where engagement is acknowledged in reporting but excluded in practice. Critical accounting traditions highlight how such exclusions are not neutral but reflect moral and institutional logics that discipline what counts and erase what cannot be audited [21, 22].

This review positions employee engagement as a missing yet vital accounting object. By synthesizing Human Capital Theory (HCT), Agency Theory (AT), the Resource-Based View (RBV), and Stakeholder Theory (ST), it demonstrates how engagement has been variously framed as an economic investment, a contractual alignment device, a strategic capability, and an ethical obligation. Each lens illuminates important dimensions while also revealing the conceptual fragmentation that sustains the marginalization of engagement within accounting. Rather than aggregating empirical results, the review adopts a narrative and reflexive stance, privileging epistemic critique and conceptual saturation over procedural exhaustiveness [23, 24]. Engagement is examined not as an HR metric but as a litmus test for the institutional and ethical boundaries of accounting.

This research contributes to tracing the historical and conceptual divergence between managerial accounting and engagement, showing how institutional logic has excluded relational labor from accounting recognition. It maps the theoretical terrain that foregrounds the economic, contractual, strategic, and ethical dimensions of engagement. Third, it advances an integrative reframing of managerial accounting as a system that must evolve to represent relational and affective complexity without losing analytical rigor. The central provocation of this review is to ask whether accounting can move beyond behavioral control toward ethical recognition, thereby validating forms of human contribution it has long refused to acknowledge.

2. Literature Review

The relationship between EE and managerial accounting (MA) is shaped by theoretical traditions that view labor, value, and contribution in very different ways. Although engagement has gained prominence as a strategic and ethical imperative, accounting frameworks have continued to marginalize it by privileging calculability, standardization, and control. This section reviews four dominant theoretical perspectives for conceptualizing engagement: Human Capital Theory, Agency Theory, the Resource-Based View, and Stakeholder Theory. Each perspective highlights a distinct dimension of engagement while also exposing limitations that have restricted its recognition within accounting: control, performance,

2.1. Human Capital Theory

Human Capital Theory positions engagement as an investment in employees' cognitive, emotional, and behavioral capacities that is expected to generate future economic returns [25]. This framework views individuals as assets whose productivity can be enhanced through training, education, and development. From this perspective, engagement is a value-adding capability that strengthens long-term resilience. However, HCT has been criticized for its reductionism. Tan observes that it fails to capture collective and contextual dynamics [26], while Auerbach and Green argue that it neglects labor power relations and reduces people to financialized inputs [27]. In accounting practice, such critiques reveal why engagement is rarely represented as an asset. While HCT suggests that engaged employees foster productivity and innovation, managerial accounting does not attribute performance variances to engagement. Moreover, although HCT implies that engagement initiatives should be treated as capitalizable investments, they are frequently classified as discretionary spending. This misclassification creates a gap between theoretical recognition and accounting practice [28].

2.2. Agency Theory

Agency Theory interprets engagement in terms of control, incentive design, and alignment between principals and agents [29]. It assumes that employees may pursue interests that conflict with organizational goals, which necessitates monitoring and appropriate incentive structures. Within this framing, engagement becomes instrumental, serving to reduce information asymmetry and mitigate opportunistic behavior [30]. Recent scholarship has expanded the theory's scope, Bilyay-Erdogan [31]. Ma et al. [32] demonstrate that job autonomy can moderate agency dynamics, showing that engagement may be enhanced when trust replaces surveillance [32]. Even so, in managerial accounting, the theory has primarily reinforced KPI-driven measurement, budgetary precision, and control systems. Engagement is often reduced to indicators that oversimplify its complexity and fail to capture intrinsic motivation or psychological safety. Thus, although AT provides a language for linking engagement to performance systems, it cannot easily accommodate relational trust or discretionary effort, which are crucial to authentic engagement.

2.3. Resource-Based View

The Resource-Based View (RBV) conceptualizes engagement as a rare, valuable, and inimitable capability that can generate sustained competitive advantage [33]. Unlike Agency Theory, RBV emphasizes internal and intangible resources such as trust, collaboration, and organizational culture as central to performance [34]. Engagement fits well within this framework because it is context-specific and socially embedded. Recent reviews highlight that RBV has expanded to encompass intangible resources that are relational and knowledge-based, making engagement a natural extension of the framework [35]. Nevertheless, managerial accounting has been slow to reflect this potential. Investments in engagement are still often classified as overhead rather than strategic assets. Moreover, while RBV highlights the importance of slack and flexibility for innovation, managerial accounting typically relies on rigid control and cost logics [36]. As a result, RBV provides a promising foundation

for reframing engagement, but it lacks operational clarity unless integrated with broader reporting mechanisms, such as integrated or narrative reporting.

2.4. Stakeholder Theory

Stakeholder Theory broadens accountability beyond shareholders to include employees, customers, communities, and ecosystems [37, 38]. It reframes engagement as both a productivity mechanism and a moral obligation central to legitimacy. Freeman's foundational works underline how the theory emphasizes ethical and relational dimensions of value creation. Mahajan et al. [39] further show how it is gaining traction in sustainability assurance, performance evaluation, and non-financial reporting. In this context, employee engagement is not merely an HR externality but a core accountability issue. Nevertheless, managerial accounting has been slow to adopt this orientation. Engagement-related disclosures are more often presented in ESG or sustainability reports than embedded in cost structures, budgets, or performance systems. As a result, while ST provides firm ethical grounding, its influence in accounting remains largely symbolic.

2.5. Conceptual Gaps

Taken together, these four theoretical perspectives illuminate different facets of engagement but also reveal fragmentation. Human Capital Theory treats engagement as an asset, although it risks commodifying employees [27, 28]. Agency Theory provides mechanisms for linking engagement to incentives; however, it often reduces engagement to compliance behaviors [32]. The Resource-Based View positions engagement as a strategic resource, but it lacks operational clarity in accounting practice [34, 35]. Stakeholder Theory places engagement at the center of ethical legitimacy, but it is often confined to external disclosures rather than embedded into accounting control systems [39, 40].

This fragmentation reflects a deeper misalignment between managerial accounting's assumptions and the nature of engagement itself. Managerial accounting relies on calculability, auditability, and financial materiality, whereas engagement is relational, affective, and context-dependent [14]. As a result, engagement is either ignored, symbolically represented, or misclassified within accounting frameworks. Overcoming this gap requires more than technical integration. It requires rethinking what managerial accounting recognizes as value, which contributions are acknowledged, and how the discipline can evolve to account for labor that cannot be easily quantified.

3. Methodology

This study applies a narrative review methodology to critically examine how EE is framed, excluded, or selectively integrated within managerial accounting. The narrative approach is chosen for both epistemological and methodological reasons. Systematic literature reviews (SLRs) and meta-analyses often aim for procedural replicability and statistical synthesis. In contrast, narrative reviews prioritize conceptual resonance, interpretive integration, and institutional critique [23, 24]. The purpose of this review is not to consolidate empirical findings but to investigate why engagement remains underrepresented in accounting systems and how disciplinary logics sustain this absence.

Narrative reviews are not neutral summaries of existing scholarship. They intervene in the ways disciplines define and authorize concepts. In the context of MA and EE, this orientation is especially relevant because the two fields have developed separately, despite the increasing importance of engagement for performance, human capital, and Environmental, Social, and Governance (ESG) priorities. Prior studies have often failed to consolidate conceptual insights or to interrogate the epistemic boundaries that exclude engagement from accounting frameworks [12, 13]. A narrative review, therefore, provides space to explore these silences and tensions in depth.

The approach adopted in this study is interpretive and non-aggregative. Rather than applying rigid inclusion or exclusion criteria, sources were selected reflexively to achieve theoretical saturation. The emphasis was on coherence and conceptual depth instead of completeness [41]. This approach is particularly suitable in contexts where literatures operate with different assumptions and terminologies,

as is the case with accounting, organizational behavior, ESG, and human capital research. Through an iterative process of reading and mapping, the review integrates insights from these literatures while attending to epistemic blind spots and institutional silences.

The identification of sources was guided by conceptual relevance rather than algorithmic search logic. Early explorations focused on themes such as managerial control, relational accountability, psychological contracts, and sustainability reporting. Priority was given to recent works, particularly those published between 2020 and 2025, that either advanced theoretical frameworks or highlighted the invisibility of affective and ethical labor in MA. The emphasis was placed on sources that provided theoretical and conceptual insight rather than those that appeared frequently in citation counts. This orientation aligns with critical accounting traditions that view transparency as rooted in reflexive justification and theoretical coherence rather than in mechanical procedures.

Three guiding questions structured the review process: What forms of engagement are visible in accounting scholarship? What dimensions remain excluded and why? Which institutional logics determine the boundary between what is deemed relevant and what is disregarded? These questions reflect the view that values and assumptions are embedded in accounting systems, making the absence of engagement as significant as its presence [42]. In this way, the methodology situates the review as both descriptive and normative.

The stance taken in this study also emphasizes reflexivity. As Sukhera [24] and Gregory and Denniss [43] argue, critical scholarship requires recognition of the values and biases that shape the construction of knowledge. The present review is not presented as neutral. Instead, it deliberately foregrounds the ethical, motivational, and relational aspects of organizational life that accounting has historically overlooked. By doing so, the review seeks to generate insights that challenge disciplinary assumptions while opening new avenues for research.

The methodology serves three main objectives. First, it traces the genealogy of how MA and EE evolved along distinct disciplinary and institutional paths. Second, it develops a theoretical integration across four frameworks: Human Capital Theory, Agency Theory, the Resource-Based View, and Stakeholder Theory. Third, it synthesizes how engagement intersects with the four core functions of MA: performance measurement, cost attribution, budgeting, and disclosure. These objectives support the broader contribution of the study, which is to question how accounting constructs value and whose contributions are recognized.

This methodological choice is also appropriate given the ethical stakes of engagement. EE is rooted in meaning, belonging, and autonomy, which cannot easily be translated into conventional accounting categories [17, 44]. Ignoring these dimensions produces tangible organizational costs, including turnover, disengagement, and forecasting failures [45]. A narrative review allows these outcomes to be examined as consequences of epistemic exclusion rather than as isolated events.

Ultimately, this methodology reflects a critical ambition: to reopen foundational questions about what accounting recognizes as visible and valuable. MA is not simply a neutral toolkit but a disciplinary infrastructure that shapes organizational perception [46]. Narrative reviews are particularly effective for this task because they generate debates rather than close them. As Winchester and Salji [41] and Agarwal et al. [47] emphasize, the most influential narrative reviews expand disciplinary horizons by interrogating silences and revealing new directions for inquiry. This study follows that tradition by questioning why engagement remains invisible in MA and by considering how future scholarship might bring it into view.

4. Results

The analysis reveals that managerial accounting engages with employee engagement only in limited and often symbolic ways. Across the four domains of performance measurement, cost attribution, budgeting, and disclosure, engagement is either overlooked, misclassified, or reduced to superficial indicators. This pattern reflects the persistence of calculative logics that privilege what is auditable and standardized while disregarding relational and affective contributions.

4.1. Performance Measurement

Traditional performance measurement systems remain anchored in financialist logic that emphasizes standardized ratios and quantifiable outputs. Engagement is rarely conceptualized as a performance input or outcome within these systems. Instead, it is externalized to human resource management metrics or captured through pulse surveys that provide managerial insight but are not structurally integrated into accounting frameworks [48, 49]. The reliance on KPIs reinforces commitments to visibility and control while marginalizing the qualitative and fluctuating dimensions of engagement. Emotional labor, identity alignment, and discretionary effort are treated as irrelevant or as noise in measurement systems. Attempts to quantify engagement often yield shallow proxies that strip the human experience of its context [50]. As a result, performance measurement practices do not simply ignore engagement; they actively suppress it by rewarding only observable outputs and penalizing variance, thereby discouraging trust-based and relational contributions.

4.2. Cost Attribution

Within cost accounting, employees are consistently treated as cost centers, which positions engagement either as inefficiency or as surplus [51]. This framing creates a call for “the moral invisibility of the worker,” in which time, wages, and productivity are the only relevant dimensions of labor. Engagement initiatives such as wellness programs, participatory structures, or leadership development are typically classified as discretionary expenses, especially during periods of austerity [52]. Even where activity-based costing enables more detailed allocation, the framework assumes a mechanistic view of labor that flattens psychological and cultural nuances. By misclassifying engagement-enhancing investments as overhead, accounting fails to acknowledge their role in enabling retention, collaboration, and innovation. This misclassification contributes to chronic underinvestment in engagement infrastructures, not because they are unimportant, but because accounting conventions make it difficult to treat them as value-generating inputs.

4.3. Budgeting and Incentives

Budgetary practices remain central to managerial control, yet they offer little scope for recognizing engagement [53]. Budgets often function as disciplinary tools that enforce compliance, minimize variance, and privilege hierarchical authority [54]. This assumption that precision alone drives performance conflicts with the nature of engagement, which thrives on discretion, autonomy, and trust [32]. Engagement-enhancing behaviors, such as creativity, collaboration, and initiative, require latitude, but most budgeting systems restrict this flexibility. The result is an accountability paradox in which the very tools designed to enforce responsibility erode the psychological conditions needed for engaged action. Incentive systems intensify the problem. They rely heavily on output proxies, such as sales or efficiency targets, which encourage performativity rather than genuine commitment [55]. By reducing engagement to reward-seeking behavior, these systems undermine intrinsic motivation and reinforce an audit culture that considers only what can be quantified as valuable.

4.4. Strategic Disclosure

The most visible recognition of engagement is evident in disclosure practices, such as ESG reporting, integrated reporting, or voluntary sustainability statements. Engagement is presented as part of organizational culture, social capital, or workforce well-being. Regulators and investors increasingly expect these disclosures, yet they remain detached from internal accounting systems [12, 13]. Disclosure frameworks are designed for legitimacy and signaling, not for control or decision-making [56]. As a result, engagement becomes a reputational symbol in public communication rather than an operational variable in managerial accounting. Moreover, such disclosures often lack assurance and consistency, and they are rarely tied to resource allocation or performance reviews. This asymmetry raises a fundamental question: Is engagement treated as a substantive dimension of accountability or

merely as a reputational asset? Without integration into cost structures, budgets, and performance systems, disclosures risk functioning as symbolic compliance rather than substantive recognition.

4.5. Overall Findings

The findings across these four domains demonstrate a consistent pattern: engagement is rendered invisible, symbolic, or misclassified in managerial accounting. In performance measurement, it is reduced to survey scores or ignored altogether. In cost attribution, it is treated as discretionary overhead. In budgeting, it is suppressed by control logics that minimize discretion. In disclosure, it is acknowledged rhetorically but disconnected from decision-making systems.

To synthesize these findings across performance measurement, cost attribution, budgeting, and disclosure, Table 1 contrasts traditional managerial accounting practices with engagement-driven alternatives. The table provides a comparative overview that illustrates how prevailing accounting logic restricts the recognition of employee engagement, while also identifying pathways for reorienting accounting toward more relational, ethical, and strategically integrated practices.

Table 1.
Traditional vs. Engagement-Driven Managerial Accounting Practices.

Domain	Traditional Practices	Engagement-Driven Practices
Performance Measurement	Key performance indicators emphasize efficiency and quantifiable outputs. Engagement is externalized to HR surveys and treated as an ancillary factor.	Engagement is recognized as a core performance input. Relational, affective, and discretionary contributions are incorporated into performance evaluations.
Cost Attribution	Employees are treated as cost centers. Engagement initiatives such as wellness or development programs are classified as discretionary overhead.	Engagement-related investments are treated as strategic assets that support retention, collaboration, innovation, and long-term value creation.
Budgeting and Incentives	Budgets are designed to minimize variance and enforce compliance. Incentives rely on output-based proxies that suppress discretion and creativity.	Budgets are structured to allow adaptive discretion and support autonomy. Incentives are linked to trust, collaboration, and creative contribution.
Disclosure	Engagement is acknowledged in ESG or sustainability reports, but remains disconnected from internal accounting systems. Disclosures emphasize external signaling.	Engagement disclosures are integrated with costing, budgeting, and performance systems, ensuring consistency between internal practices and external reporting.
Underlying Logic	Calculability, auditability, and financial materiality define what is visible and valuable.	Relational accountability, discretionary value recognition, and ethical legitimacy are foregrounded as essential dimensions of accounting.

As shown in Table 1, the distinction between traditional and engagement-driven approaches is not merely technical but reflects divergent institutional logics. Traditional practices emphasize calculability, auditability, and financial materiality, thereby marginalizing engagement and reducing it to mere symbolism. Engagement-driven practices, by contrast, foreground relational accountability, discretionary value recognition, and ethical legitimacy as essential to organizational performance. This comparative framing highlights both the limitations of existing accounting systems and the opportunities for transformative integration that can align managerial accounting with the realities of contemporary organizational life.

5. Discussions

The findings of this review highlight a persistent misalignment between MA systems and EE. Across performance measurement, cost attribution, budgeting, and disclosure, engagement remains systematically undervalued, either treated as symbolic or excluded entirely. This exclusion is not incidental but reflects the historical and epistemic design of accounting systems that prioritize

calculability, auditability, and standardization. The discussion integrates emerging trends, ethical dilemmas, conceptual reframing, and research and policy implications to propose new directions for scholarship and practice.

5.1. Emerging Trends in Accounting and Engagement

The digitalization of accounting practices is reshaping how engagement might be represented and controlled. Artificial intelligence and algorithmic management tools are increasingly applied to sentiment analysis, monitoring, and predictive modeling of workforce behavior [19]. While these technologies provide new data streams, they risk converting engagement into compliance metrics that distort its relational and motivational qualities. A similar tension is evident in sustainability reporting, where ESG frameworks increasingly emphasize social capital and workforce well-being, yet often in ways that remain detached from accounting's core logics [13]. These developments reveal both opportunity and danger. On the one hand, new tools may broaden what is visible in accounting. On the other hand, they may reinforce a managerial gaze that reduces engagement to an auditable signal.

Another trend concerns the integration of human capital reporting into broader value frameworks. Regulatory and investor pressures have intensified demands for organizations to disclose workforce-related data, including engagement, turnover, and diversity metrics [39]. However, disclosure practices continue to prioritize external signaling over internal transformation. Engagement is acknowledged rhetorically but disconnected from budgeting or cost allocation. Without integration into MA's technical instruments, such disclosures risk remaining symbolic.

5.2. Ethical Dilemmas

The treatment of engagement in MA also raises ethical concerns. Accounting frameworks that exclude engagement perpetuate a form of moral invisibility, where the relational and affective contributions of workers are ignored because they do not conform to calculative categories [57]. This invisibility is not value-neutral. It reflects institutional choices about whose labor is recognized and whose contributions are rendered silent. By privileging what can be audited, accounting narrows organizational accountability and fails to reflect the ethical dimensions of work.

Another ethical dilemma arises when engagement is superficially acknowledged but distorted through proxies that reward conformity rather than authentic commitment. The overreliance on surveys, compliance checks, or algorithmic sentiment scores risks trivializing engagement and undermining trust. When employees recognize that engagement is treated as a tool for surveillance or symbolic reporting, the very conditions for genuine participation erode. These dynamics highlight the need for accounting scholars to interrogate not only what is measured but also what is silenced and why [12].

5.3. Toward a Conceptual Framework

To address these tensions, this review advances a conceptual framework that positions engagement as both an economic and ethical object of accounting. The framework draws upon four theoretical perspectives. Human Capital Theory frames engagement as an investment in productivity and innovation. Agency Theory interprets it through the alignment of incentives and monitoring. The Resource-Based View highlights its role as a rare and inimitable capability. Stakeholder Theory emphasizes engagement as both an ethical obligation and a concern for legitimacy. Each perspective is partial in its own way, yet their synthesis offers a more holistic understanding of how engagement might be recognized within MA.

The framework proposes three layers of integration. First, engagement should be represented as a performance input alongside financial and operational indicators. Second, engagement-related investments should be treated as strategic resources rather than discretionary costs. Third, engagement should be embedded within accountability systems that extend beyond shareholders to include

employees and other stakeholders. This layered approach enables MA to maintain analytical rigor while expanding its scope to encompass the relational and affective dimensions of work.

The framework also incorporates the triadic model of MA functions identified in this review: sensing, translating, and signaling. Sensing involves recognizing engagement as a critical input into organizational performance. Translating requires developing accounting logics and instruments that integrate engagement into costing, budgeting, and performance systems. Signaling emphasizes the external communication of engagement in ways that are credible, consistent, and connected to internal practices. Together, these functions create a pathway for bridging the gap between symbolic recognition and substantive integration.

5.4. Implications

The implications of this review are significant for both scholarship and practice. For researchers, the findings underscore the need to move beyond descriptive studies of engagement toward analyses that interrogate its absence in accounting systems. Future research should explore how engagement can be operationalized within performance measurement, cost structures, and budgeting processes without reducing it to superficial proxies. Cross-disciplinary approaches linking accounting with organizational behavior, psychology, and sustainability studies will be essential for developing robust models that reflect the complexity of engagement.

For policymakers and practitioners, the review highlights the importance of regulatory and institutional frameworks that require organizations to recognize engagement as a substantive dimension of accountability. Current disclosure requirements, such as those embedded in ESG reporting, should be integrated with internal accounting systems rather than treated as separate communication channels. Policymakers can play a crucial role by establishing standards that encourage organizations to view engagement-related investments as strategic assets. For organizations, the implication is clear: treating engagement as an externality or a discretionary cost undermines resilience, innovation, and legitimacy.

6. Conclusion

This review critically examines the marginalization of employee engagement in managerial accounting. The analysis revealed that across performance measurement, cost attribution, budgeting, and disclosure, engagement is consistently excluded, misclassified, or reduced to symbolic indicators. Such omissions are not accidental. They reflect the historical design of accounting systems that privilege calculability, auditability, and financial materiality while disregarding relational, affective, and ethical dimensions of work. By synthesizing theoretical perspectives and mapping them onto the main functions of MA, this study demonstrates both the persistence of disciplinary blind spots and the possibilities for rethinking how accounting defines value.

The novelty of this review lies in reframing EE as a missing but essential accounting object. Rather than treating engagement as a concern of human resource management alone, the review positions it at the heart of accounting debates about control, value, and legitimacy. The integration of Human Capital Theory, Agency Theory, the Resource-Based View, and Stakeholder Theory provides a layered understanding of how engagement has been variously represented and misrepresented. At the same time, the triadic model of sensing, translating, and signaling provides a conceptual framework for bridging symbolic recognition and substantive integration. This combination of genealogical tracing, theoretical synthesis, and functional reframing represents a significant contribution to the literature on both engagement and managerial accounting.

The contributions of this study are threefold. Theoretically, it extends critical accounting scholarship by demonstrating that the exclusion of engagement is not merely a technical issue but an institutional logic that shapes what is considered valuable and visible. Methodologically, it illustrates the utility of narrative reviews for interrogating epistemic silences, demonstrating that reflexive integration can yield insights beyond those provided by statistical aggregation. In practice, it highlights

the risks of treating engagement as an externality or a discretionary cost and underscores the importance of embedding engagement into accounting systems as a strategic and ethical imperative.

Despite its strengths, the review has limitations. The focus on literature published between 2020 and 2025 prioritizes contemporary debates but leaves open questions about earlier contributions that could add historical depth. The interpretive and non-aggregative nature of narrative reviews means that completeness is not guaranteed, and alternative selections of literature could yield different emphases. Furthermore, while the framework developed here is conceptually robust, its operationalization within organizations remains an open challenge that requires empirical testing. These limitations point toward future research directions. Scholars should explore how engagement can be integrated into performance measurement, cost attribution, and budgeting processes without reducing it to superficial proxies. Comparative research across cultural and institutional contexts would illuminate how local conditions shape the possibilities for integration. Critical historical work is also needed to trace how the exclusion of engagement became embedded in accounting practices and to identify conditions that might allow for its reintegration. Finally, cross-disciplinary studies linking accounting to organizational behavior, psychology, and sustainability research would enrich the conceptual vocabulary for representing engagement with accounting systems.

In conclusion, this review calls for a reframing of managerial accounting beyond a calculative infrastructure. It should also serve as a system of recognition that validates employees' relational and affective contributions. By positioning engagement as both an economic and ethical object of accounting, this study challenges the discipline to expand its boundaries and to align more closely with the realities of organizational life. The central message is clear: accounting must evolve not only to measure what is visible but also to recognize what has long been rendered invisible.

Institutional Review Board Statement:

As the research was based exclusively on documentary materials and secondary data, it does not involve human or animal subjects, so an Institutional Review Board Statement or formal ethical clearance was not required.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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