



**Russian Central Government Budgeting and Public Sector Reform Discourses: Paradigms, Hybrids, and a “Third Way”**

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4 **Russian Central Government Budgeting and Public Sector Reform Discourses:**  
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11 **Abstract**  
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13 This study explores how public sector reform discourses are reflected in Russian central  
14 government budgeting. Through the lenses of institutional logics, Russian central government  
15 budgeting is considered to be a social institution that is influenced by rivaling reform  
16 paradigms: Public Administration, New Public Management, the Neo-Weberian State, and New  
17 Public Governance. Although NPM has dominated the agenda during the last decade, all four  
18 have been presented in ‘talks’ and ‘decisions’ regarding government budgeting. The empirical  
19 evidence illustrates that the implementation of management accounting techniques in the  
20 Russian public sector has coincided with and contradicted the construction of the Russian  
21 version of bureaucratic governance, which is referred to as the *vertical of power*. Having been  
22 accompanied by participatory mechanisms and a re-evaluation of the Soviet legacy, the reforms  
23 have created prerequisites for various outcomes at the level of budgeting practices: conflicts, as  
24 in the UK, and hybridization, as in Finland.  
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32 **Keywords:** *Russia, public sector reforms, government budgeting, New Public Management,*  
33 *Institutional Logics, hybrids.*  
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## 1. Introduction

The public sector is a significant component of global and national economies, and contributes to approximately 30 percent of the world's gross domestic product in terms of expenditures, ranging from 11 to 51 percent in national economies (Bandy, 2011). Until the end of the 1970s, Max Weber's (1922) ideas regarding rational bureaucracy served as the theoretical foundation for managing public expenditures and providing public services (Pollitt and Bouckaert, 2011). Weber's ideas included, but were not limited to, detaching public administration from the political agenda while seeking for a good or right behavior of public sector administrators in performing their tasks (initially formulated in Wilson, 1887). During the last four decades or so, we have witnessed substantial efforts to reinvent public sectors worldwide. New Public Management (NPM), which represents a comprehensive body of ideas (Hood, 1991), variations of a theme (Hood, 1995), or a cluster of reforms, has been on the top of the agenda for public administration in the Western countries (Hood, 1991; OECD, 1995). This development represents a paradigm shift from the traditional bureaucratic model that was invented by Weber towards a management model and is increasingly considered to be a global trend (see, e.g., Sahlin-Andersson, 2001). Weber's ideas provide for the efficient execution of legal authority and power, while NPM represents the efficient management of public resources in a more businesslike manner in the context of a newly defined role of state operations (Budäus and Buchholtz, 1996; Naschold, 1995; Eliassen and Kooimann, 1993). Arguments for NPM reforms include a more efficient and effective use of resources, augmented accountability, a greater focus on outputs, and improved performance, to name just a few (Hood, 1991, 1995; Mellet, 2002).

The United Kingdom, New Zealand and Australia served as the earliest examples for the emergence of NPM on the edge of the 1970s and 1980s (Hood, 1991). Continental Europe and developing countries began incorporating NPM in the 1980s (Hood, 1995). Further on, Anglo-Saxon community has intensively promoted NPM reforms to less-developed economies (see, e.g., IMF, 2006 for Malaysia; Timoshenko and Adhikari, 2010 for Nepal; Kuruppu, 2010 for Sri Lanka and numerous others) through international organizations such as the International Monetary Fund (IMF) and the World Bank (WB). However, certain reforms under the NPM umbrella have not been enacted in the pure sense in certain contexts, including European continental countries. This lack of enactment has coincided with the emergence of various discourses regarding public sector reform paradigms other than NPM, including Public Administration (PA), New Public Governance (NPG) and the Neo-Weberian State (NWS) (Pollitt and Bouckaert, 2011). Conversely, Drechsler (2013) offers a different perspective and presents a contextual paradigm of governance and administration: Chinese, Western and Islamic traditions of governance. The homogeneity of these traditions is widely questioned. Pollitt and Bouckaert (2011) suggest that the Anglo-Saxon and the Continental European traditions differ, and Pollitt (2009) declares that the Russian or Soviet tradition is a stand-alone case and claims that post-Soviet Eastern European countries share many common features with the Russian model. In the Russian case, which is apparently similar to numerous post-Communist contexts, the ideas of NPM were apparently not based on the business practices, but rather were

1 imported by the international financial institutions (Timoshenko, 2008; Timoshenko & Adhikari,  
2 2009, 2010). However, unlike numerous developing economies, Russia inherited its accounting  
3 tradition (Bourmistrov, 2001) and the legacy of a sophisticated administrative planning system  
4 that was used to govern the state, the public sector and so-called *socialist enterprises* in the  
5 Soviet Union.  
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10 At the outset of the 2000s, a wind of NPM-driven reforms swept through the Russian public  
11 sector landscape at an accelerated pace (see Timoshenko, 2006, 2008; Timoshenko and  
12 Adhikari, 2009, 2010; Bourmistrov, 2006). Numerous ambitious top-down government  
13 initiatives signaled a clear-cut shift in the ideology that was imbued in the Russian public  
14 administration. The policy reforms included, but were not limited to, the structural reform of  
15 government agencies and other reforms of all federal relations and self-government, the launch  
16 and implementation of performance-oriented budgeting and medium-term financial planning,  
17 as well as a stride away from traditional cash accounting toward business-like accrual  
18 accounting. Prior empirical studies in the context of Russia have revealed that, at the beginning  
19 of the millennium, Russian decision-makers were markedly influenced by overseas  
20 developments, particularly, large international organizations such as the IMF and the WB. It is  
21 indeed through these supranational agencies that budgeting and accounting ideas commonly  
22 propagated in the West arrived on Russian shores. Although these concepts originated in a  
23 rather normative manner from international organizations, they were coercively diffused by  
24 government officials throughout Russia, which caused considerable hardships for a myriad of  
25 public sector entities. This resulted in the external image of the Russian state as an NPM  
26 reformer being decoupled from the local practice, implying the existence of a rhetoric-reality  
27 gap. Therefore, rather than being instrumental, these seemingly NPM-like alterations were  
28 better comprehended in terms of legitimacy (Timoshenko, 2006, 2008; Timoshenko and  
29 Adhikari, 2009).  
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34 In their study of governmental accounting, Antipova and Bourmistrov (2011) have claimed that,  
35 although on-going changes seemingly fit well with the Russian top political agenda, they have  
36 contradicted existing accounting traditions. In the aftermath of this, a hybrid accounting system  
37 has come into being, which “combines historical “sediments” of the past and only some  
38 “innovations” of today” (Antipova and Bourmistrov, 2011, p. 10). This clearly aligns with prior  
39 empirical studies regarding public sectors worldwide, which indicate that NPM-inspired reforms  
40 are better understood in terms of fashionable and popular line of thought, rather than a full-  
41 fledged device calibrated to solve all public administration problems. Having said that, those  
42 actions by Russian officials may have intended to bolster a favorable image of the state in the  
43 eyes of external parties such as foreign investors and supra-national institutions, such as the  
44 IMF and the WB. Neo-institutional theorists could argue that this is an anticipated situation  
45 providing that such changes are viewed as going from the top and seen as an adaptation to the  
46 environment (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). However, bearing in mind  
47 the presence of strong Russian traditions (Bourmistrov, 2001; Antipova and Bourmistrov, 2011,  
48 2013), there could also be enough space for competing paradigms. As suggested by Wiesel and  
49 Modell (2014), these paradigms may be seen as governance logics.  
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Notably, with certain minor exceptions, a current body of research on recent developments in the Russian public sector is still in short supply. Although developments in Russian central and local government accounting have been studied by Western researchers (e.g. Bourmistrov, 2001; Timoshenko, 2006), there is a conscious absence of rigorous research efforts regarding the current Russian government budgeting system in Western studies that are written in the English language. Concurrently, scholars have acknowledged the crucial importance of studying management accounting in governments, including the implications for the implementation of public sector reforms (Lapsley, 2000, 2001; Kurunmäki and Miller, 2006). In the case of Russia, the introduction of management accounting with its calculative nature into the central government context, where planning and forecasting have a long-lasting tradition (and potentially play a more significant role than politics), may result in other unintended consequences that differ from liberal market economies. Furthermore, virtually nothing has been unleashed about Russian central government budgeting in most of international accounting and budgeting research networks, workshops, and groups. This paucity of rigorous research efforts on the topic is a valuable source of motivation to augment the knowledge regarding Russian governmental budgeting, both in terms of theoretical development and empirical knowledge.

Based on the above discussion, this study seeks to explore which logics (paradigms and discourses) have prevailed in the Russian public sector over time and how these discourses have been reflected on in Russian central government budgeting. This paper relies on the Pollitt's (2009) assertion that the Russian case is heterogeneous from both developed and developing countries because of the absence of democratic public administration tradition and the existence of Soviet administrative planning traditions. The purpose of the study is to identify a potentially new configuration, the so-called "third way" of how NPM-like public sector reforms may be instituted in a complex, fast-changing and unexplored context. A time span for the research covers a period commencing from the beginning of the 2000s and continuing until 2015, with the most significant government initiatives discussed. Aligning with Scandinavian institutionalists (Bergevärn et al., 1995), a distinction is made between the world of norms and the world of actions in this paper. The authors of this study base their analysis on Pollitt and Bouckaert (2011) and assume that 'talks' and 'decisions' in public sector reform discourses may constitute norms. Therefore, the paper focuses on budgeting provisions appeared during the last decade or so at the macro-level and does, therefore, have limitations with regard to scope. Hopefully, this study's findings may inspire future research regarding how scholars interpret the outcomes of public sector reforms in non-Western contexts.

The remainder of the paper proceeds as follows. The next section offers an overview of public sector reform paradigms that have recently emerged. A theoretical framework is then elaborated on, where the governmental budget is considered to be a social construction. The theoretical lenses include neo-institutional theory and its recent incarnation, which is referred to as the institutional logics approach. Section 4 provides a more contextual understanding of broad public sector reforms in Russia and recent alterations in Russian governmental budgeting that were brought about by the federal government. In the penultimate section, the viewing of

1 budgeting as a social institution is utilized in attempts to gain a clearer understanding of what  
2 eventually affected the thinking round Russian government budgeting to change the reform  
3 path. Section 6 presents the study's conclusions and proposals for future research.  
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## 9 **2. Public Sector Reforms Discourses**

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11 Along with numerous accomplishments, NPM has received significant criticism from the  
12 academic and professional communities (see, e.g., Lapsley, 2008, Drechsler and Kattel, 2008).  
13 For example, more than two decades ago, Brunsson and Olsen (1993) documented that,  
14 generally, this criticism occurred because public sector reforms rarely proceed as expected, or  
15 intended by the policymakers that designed the reforms. Notably, the existing patterns of  
16 successful implementation of public sector reforms are often advocated by authors that are  
17 closely affiliated with international financial institutions such as the IMF (Dabla-Norris et al.,  
18 2010), the WB, and the Organization for Economic Cooperation and Development (Ruffner and  
19 Sevilla, 2004, Webber, 2004). Concurrently, academic researchers have unveiled a huge gap  
20 between the ideal reform concepts and the application of new financial instruments (e.g. Ter  
21 Bogt and Van Helden, 2000). The resilience of traditional public sector financial instruments in  
22 certain leading Western economies has important implications for the reform process (Jones et  
23 al., 2013). Vivid examples of NPM-like reforms that have a national "flavor" include the "New  
24 Zealand model", the Canadian and Belgian models, and the German model (Pollitt and  
25 Bouckaert, 2011).  
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33 Furthermore, new trends have been recently emerged in the literature, threatening to  
34 challenge the ideological leadership of NPM in the field of public sector reforms and even to  
35 dismiss or supersede it. As Pollitt (2009) noted, traditional bureaucracy excels post-bureaucratic  
36 forms of organization in terms of organizational memory and the capability to learn from  
37 experience. In turn, Drechsler (2013) introduced three potential paradigms of governance and  
38 administration: Chinese, Western and Islamic. He accentuated the significance of national  
39 (regional) contexts in public sector developments, and promoted the use of a contextual  
40 approach to study public sector reforms. Lastly, as evidenced by Pollitt and Bouckaert (2011),  
41 numerous national and regional models have been established by distinguishing themselves  
42 from the Anglo-Saxon model (e.g. Nordic model in Veggeland, 2007), which implies that the  
43 most significant changes regarding NPM have been achieved in Anglophone countries.  
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49 The results of prior studies regarding NPM are somewhat contradictory and riddled with  
50 controversies; a growing number of empirical studies clearly speak against it. These studies  
51 provide more evidence of endeavors to modernize the public sector landscape worldwide  
52 rather than to achieve desired outcomes. In their recent studies of a thirty-year period of public  
53 management makeovers in the UK, Hood and Dixon (2015, 2016) documented the failure of  
54 reforms to reduce government costs and improve its ability to serve the citizenry. However,  
55 despite the above criticism of NPM and its documented merits, there is a consensus in the  
56 literature that NPM is still alive and very much kicking, and will continually stay attractive to  
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policymakers, at least in the foreseeable future, and challenge public sector managers even as it faces resistance and opposition from the profession (see, e.g., Lapsley, 2008; Hyndman and Lapsley, 2016). Recent studies regarding NPM may be channeled into two streams. One stream strengthens the trend of government reduction while focusing broadly on inter-organizational settings. This is what has become known as NPG (Osborne, 2010). The other stream has proposed a model that partially reinvents the merits of a historical ancestor of NPM – PA. This is often referred to as the NWS (Drechsler and Kattel, 2008; Lynn, 2008; Pollitt and Bouckaert, 2011). Furthermore, Pollitt and Bouckaert (2011) affirm the existence of three recently emerged models of public sector reforms: NPM, the NWS, and NPG. However, certain other scholars are of the view that we are experiencing a paradigmatic gap and a pronounced public sector model is not currently available. As Coen and Roberts (2012) stated, “the critical point today is not that one paradigm has been replaced by another. Rather, it is that – for the time being – there is no dominant paradigm at all” (p. 8-9).

### **3. Understanding Public Sector Reforms Using Institutional Logics through Studying Government Budgeting Norms**

Public sector reforms and developments in government budgeting are often interpreted by relying on Institutional Theory (e.g. Czarniawska-Joerges and Jacobsson, 1989; Brunsson, 1993). Institutional Theory (IT) has been a dominating approach that is used by the Western research community to describe organizational changes in social sciences for the past 50 years. As noted by Czarniawska (2008), “institutional theory is not a theory at all, but a framework, a vocabulary, a way of thinking about social life, which may take many paths” (Czarniawska, 2008, p. 770). IT focuses attention on the relationships within and among organizations. Some of the most well-known aspects of these relationships lead to the categories of organizational structure as a myth and ceremony (Meyer and Rowan, 1977) and isomorphism of three types – normative, coercive and mimetic (DiMaggio and Powell, 1983).

Over time, IT has not been static, but constantly develops and creates streams and discourses within itself, enlightening the diverse aspects of institutions and the process of institutionalization. Certain scholars (e.g., Zilber, 2013) tend to channel most recent developments into two streams: institutional work and institutional logic. Institutional logics authors position themselves as successors of new institutionalists, sharing with Meyer and Rowan (1977) and DiMaggio and Powell (1983) a concern with how cultural rules and cognitive structures shape organizational structures. However, their main focus is not on the isomorphism, “but on the effects of differentiated institutional logics on individuals and organizations in a larger variety of contexts, including markets, industries, and populations of organizational forms” (Thornton and Ocasio, 2008, p. 100). Institutional logics are defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999, p. 804).

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2 In the context of the public sector, the implied sources of the reforms may be derived from the  
3 classic *troika* of the types of isomorphism (DiMaggio and Powell, 1983) or the set of seven  
4 institutional orders (Thornton et al., 2012). Thus, the market logic may contradict state logic,  
5 and management logic may oppose the governance logic. In addition, these competing logics  
6 may be suggested by the previous review of reform paradigms; when NPM managers oust  
7 Public Administration bureaucrats, one may infer that the logic of profession is challenged by  
8 business logic. Therefore, in the context of the Russian central government, NPM logic may  
9 confront other logics that are referenced in public sector reform discourses, such as PA, NPG or  
10 the NWS.  
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15 Regardless of the context and reform discourse, the budget is the foundation of the public  
16 sector. For the public sector, the budget plays a role similar to the role of accounting in a  
17 private sector, and performs the primary functions that are assigned to accounting, such as  
18 supporting legitimacy and exerting control (Mellempvik et al., 1988; Gårseth-Nesbakk and  
19 Timoshenko, 2014). Accounting is often perceived as *socially constituted* or *socially constructed*,  
20 which implies that the computational practices and techniques of accounting are “intrinsically  
21 and irredeemably social” (Miller, 1994; p. 4). Having originated from institutional theory in  
22 general and the legitimation concept, in particular, this perspective tends to define the  
23 phenomenon being researched as: “... a set of practices that affects the type of world we live in,  
24 the type of social reality we inhabit, the way in which we understand the choices open to  
25 business undertakings and individuals, the way in which we manage and organize activities and  
26 processes of diverse types, and the way in which we administer the lives of others and  
27 ourselves” (Miller, 1994, p. 1).  
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33 In this article, an understanding of budget as a social institution is elaborated on. A social  
34 institution is broadly defined as “an (observable) pattern of collective action (social practice),  
35 justified by a corresponding norm” (Czarniawska, 1997 in Czarniawska, 2009, p. 423). Although  
36 the primary focus of this definition is on social life and social practices, this study is primarily  
37 concerned with the concept of *norm*. The comprehension of a norm departs from the  
38 perception of accounting, which is a *system of norms* and a *system of actions* (Bergevärn et al.,  
39 1995). In their comparative and historical study of Swedish and Norwegian municipal  
40 accounting, Bergevärn et al. (1995) suggest discerning between the accounting action system  
41 and the accounting norm system. The former envisages a purely technical domain, and  
42 embodies those computational practices and instrumental activities designed to register,  
43 measure, and communicate economic data for an economic unit (Mellempvik and Olson, 1996).  
44 In turn, the accounting norm system consists of the institutional environment of the accounting  
45 action system (Bergevärn et al., 1995), and tends to be formed and shaped via complex  
46 interactions between various stakeholders involved in the process of regulation (Mezias, 1990;  
47 Watts and Zimmerman, 1990). By wishing their interests to be represented, diverse groups of  
48 stakeholders participate in the process of norm setting to promote their own version of an  
49 organization’s reality to be legitimized. The resulting norm system may therefore vary from the  
50 intentions, even though accounting action may utterly be controlled by the norms (Bergevärn  
51 et al., 1995). That being said, the norm system of Russian central government budgeting is dealt  
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with in this paper, leaving budgeting action for further research. Since the authors of this paper are more interested in understanding a social rather than a technical dimension of the phenomenon, the institutional nature of a budget is assumed to be similar to that of accounting which in turn allows the use of accounting theories and concepts in this paper.

A norm system is "characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy from the environment" (Scott and Meyer, 1983, p. 140 in Bergevärn et al., 1995, p. 27). Hence, a system of norms forms the institutional environment for the system of actions and is supposed to regulate the latter. However, a system of norms is likely to be a thing in itself because actors [from the system of actions] tend to affect the normative order that they should obey (Bergevärn et al., 1995). Therefore, it is vital to examine the system of norms while developing a broader picture of a social institution. Although important, it is insufficient to solely study norms to embrace and understand the institution as a whole (Bergevärn et al., 1995). As, however, has already been stated, due to the limitations of this study, the paper does not focus on the system of actions and leaves this topic for further research.

Specifically, this study focuses on laws, policies, concepts, political statements, prior studies and other texts that may be regarded as sufficiently influential to constitute a norm. In alignment with the framework that was suggested by Pollitt and Bouckaert (2011), official documents represent "decisions", while articles that are published in professional and academic journals, newspapers, political statements and speeches are 'talks'. Together, 'talks' and 'decisions' constitute a system of norms for governmental budgeting. In alignment with the strategy that was adopted by Hyndman et al. (2014), this documentary analysis considers budget reforms in Russia from a wider international context of global reform discourses, e.g. PA, NPM, NPG and the NWS. In order to provide additional evidence of various ideas that are presented in the discourse of budget reforms in Russia, code words are used. Since the Russian context has been explored less than the Austrian, Italian and British contexts, a decision has been made to concentrate on the qualitative description of the context and the content of the norms and leave the comparative element for future studies.

Russian accounting and budgeting journals as varied as "*Finansy*" [Finance], "*Byudjet*" [Budget] and *Finansy i Byudjet: Problemy i Resheniya* [Finance and Budget: problems and solutions], to list just a few, reflect on budget reforms and occasionally serve as a tribune for government executives who wish to provide their first-hand personal perspective directly to the professional community. Relevant articles on the topic that are authored by top-level government executives, are also considered the primary data. Official government documents were easily accessible and publicly available on the Internet and in legislation databases and included various laws, presidential decrees, cabinet resolutions, concept papers, and ministerial orders, which all contributed to a better understanding of the process of budgetary development and changes in the Russian public sector. The entire list of documents that were utilized to investigate budgeting norms is provided in Appendix 1. During the process of collecting and assessing these norms, it was essential to assemble them according to specific time periods, their institutional source, and the degree of regulations they specify.

#### 4. Russian State and Public Sector Reforms

##### 4.1. Context of the Russian state

Throughout the history, the Russian Empire, the Soviet Union and later, the Russian Federation have represented an example of a society that modernizes itself through rapid changes that affect the social sphere and is affected by leading ideologies (Bourmistrov, 2001). The role of the state in regards to the production of public goods and commodities has changed, although it has remained remarkably significant. After the demise of the Soviet Union in 1991, Russia experienced turbulence as it worked to become a full-fledged market economy and democracy. Despite a severe and devastating economic recession throughout the 1990s, numerous ideas and policy measures aimed at reforming and modernizing Russian society have evolved on the political agenda. The relationship between the Russian state and the rest of the economy, as well as the rules of the game, had been dramatically altered. An administrative planning system was gradually superseded by a competitive market economy, giving rise to a nascent Russian private sector. The latter was considered to be a key factor in constructing the foundation for subsequent economic growth.

Russia made important strides towards establishing a robust private sector under Yeltsin's reign, but the development of the government sector appeared to lag far behind. Although the economic conditions were significantly altered, public organizations that provide social services in such areas as education and health care remained virtually unchanged since the Soviet era (see, e.g., Tokarev, 2000; Beliakov et al., 1998; Tragakes and Lessoff, 2003). Since President Putin came to the Kremlin in 2000, questions regarding how to modernize Russian public administration came to the forefront and heralded the launch of a more or less comprehensive policy pattern. During Putin's first four-year term in office, he was determined to build *a strong state* and use it to solve all Russia's problems; this is evident in his statement: "For Russians, a strong state is not an anomaly... Quite the contrary, [Russians] see it as a source and guarantor of order... and the main driving force of any change" (Business Week, 2000)

Since 2000, the Russian state has significantly strengthened its presence in the national economy (IMF, 2013). This process included two dimensions: boosting budget investments into the consolidation and growth of state-owned companies and state corporations as well as de-privatizing key assets in the oil and gas sector by implementing various, and occasionally, highly controversial strategies. In 2012, state-owned enterprises produced approximately 50 percent of the Russian GDP (OECD, 2013). Because of an increase in oil prices and steady GDP growth, Russia's public sector received better financial support when compared to the 1990s. Total public expenditures from federal and regional budgets in 2012 represented approximately 37.5 percent of Russia's GDP (data collected from the Russian Ministry of Finance and the Ministry of Economic Development web pages, calculations made by authors for 2012). In 2016, according to the Report of Russia's Federal Antimonopoly Service, the state controlled up to 70 percent of the country's GDP (FAS, 2016).

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2 Since Putin's re-election in 2004, reform energies intensified with rapid velocity. In this context,  
3 appeals for boosting efficiency, effectiveness, and accountability began to be widely heard in  
4 the country, serving as truths, in the name of which, the Russian state was to be revitalized.  
5 Driven by a motto to double Russia's GDP by 2010, a series of initiatives were proposed by  
6 government officials, signaling a clear-cut shift in the ideology of Russian public administration  
7 (Russia Journal, 2004b). The policy package included, but was not confined to, the Budget  
8 Process Reform, the Administrative Reform and the Restructuring of the Public Network.  
9 Boosting accountability and widening managerial autonomy in the Russian general government  
10 sector were at the forefront of these reform efforts. The goal of the Budget Process Reform was  
11 to ensure the effective allocation and management of government finances for meeting the  
12 country's policy priorities and objectives. The policies were diverse and included the launch and  
13 implementation of performance-oriented budgeting, managers' responsibility, medium-term  
14 financial planning, as well as the transformation of Russian public accounts towards accrual  
15 accounting.  
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21 The need to reform the budget process was deemed extremely important, "especially if viewed  
22 in the context of the on-going administrative and other reforms of all federal relations and self-  
23 government" (Russia Journal, 2004a; Kommersant, 2004). This included an ambitious plan for  
24 streamlining budget institutions, and a change in their nature. A radically improved structure of  
25 the federal government was endorsed with the passage of Presidential Edict # 314 "On the  
26 System and Structure of Federal Organs of Executive Power" on March 9th, 2004. The initiative  
27 was intended to "tackle issues such as the different types of government bodies, their  
28 respective roles, and the overarching accountability / subordination framework" (Parison and  
29 Evans, 2004, p. 7). In addition to the Budget Process Reform, Diamond (2005, p. 4) referred to  
30 this initiative as "a most ambitious attempt to fundamentally restructure of the Russian federal  
31 government apparatus". In contrast to the previous six types of budget institutions with often  
32 unclear internal and external accountabilities (see, e.g., Parison and Evans, 2004), the 2004  
33 three-tiered shape of the Russian executive branch relied on the principle that ministries would  
34 have strategic responsibilities and draft legislation. In turn, these agencies would ensure the  
35 applicability/implementation of legal and regulatory acts, organize the provision of government  
36 services, and management of state property, while services would act as enforcers and  
37 regulators of the new policies that were instituted by the ministries (Avdasheva et al., 2005;  
38 Tambovtsev, 2004). In this the proposed scheme, each agency/service was expected to function  
39 within a clear accountability framework that was created by a specific Ministry and report to a  
40 specific Minister. This presupposed the creation of those mechanisms through which public  
41 services are provided by organizations of varying organizational and legal forms.  
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51 Zherebtsov (2014) claimed that the public administration reform, which was based on NPM  
52 ideology, contradicted the nature of the political process that was established during the  
53 presidency of Vladimir Putin and referred to as the '*vertical of power*'<sup>1</sup>. He argues that this  
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57 <sup>1</sup> The **power vertical** concept aimed at justifying the recentralization of the federal centre power in the Russian  
58 Federation. Monaghan (2012, p. 1) defined it as 'governing from the top' through "appointing loyal figures to  
59 important positions to implement policy decisions".  
60

1 reform “has not yet resulted in significant improvements in the governance of the country”  
2 (Zherebtsov, 2014, p. ii). “The conceptual inconsistency between the reform’s ideological  
3 background, on the one hand, and the mainstream political process that is based on the  
4 doctrine of the ‘power vertical’” were claimed as the primary reasons for reforms’ failures  
5 (Zherebtsov, 2014, p. 436).  
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9 Evidence of moving away from Western-type of liberal paradigms in state governance included  
10 the passage of a new federal law on strategic planning in Russia in June 2014. The policy-  
11 makers who were involved in the drafting of the law nicknamed this legislation “the network-  
12 based Gosplan 2.0” referring to the Russian acronym for the agency in charge of the central  
13 economic planning in the USSR – Gosplan (Rozhkova, 2014). According to this law, strategic  
14 planning is to be introduced into the work of federal and regional authorities, and into the  
15 activities of public sector enterprises and state-owned companies. After the full adoption of this  
16 law, the federation, all regions and so-called “macro-regions” (e.g., Russian Arctic zone, Siberia,  
17 and the Far East and federal districts), all industries and state-owned enterprises are expected  
18 to adopt mid-term (6 years) and long-term (12 years) forecasts, strategies and detailed plans  
19 for their implementation.  
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#### 27 4.2. ‘Talks’ and ‘Decisions’ on Reforms of Russian Government Budgeting

28 The introduction of the Budget Process Reform, as briefly described in section 4.1, caused quite  
29 a stir in Russian mass media. Colorful headings, such as “A Reform for the People”, “A Real  
30 Breakthrough in Boosting the Efficiency”, or “A Budgetary Revolution” appeared in Russian  
31 newspapers (see, e.g., Kommersant; Finansovye Izvestia) and online media. According to the  
32 NEI-Moscow News (2004), the reason for this was obviously to ensure that the government  
33 officials work for the citizens, and to hold them accountable to the citizens. The modernization  
34 of the entire budget process was intended to be at the foundation of the Russia’s program of  
35 economic transformation and development with a primary goal of “boosting accountability in  
36 government expenditures”. Advocates of this reform stressed that granting managers more  
37 autonomy in place of asking them for more accountability for the consequences of their  
38 decisions would enhance the quality and efficiency of provided services (Avdasheva et al., 2005,  
39 Tambovtsev, 2004). As former Russian Prime Minister Mikhail Fradkov stated, “the budget  
40 policy’s restrictive impact on [business] opportunities, its inability to maximally make use of  
41 federal finances, and the necessity to create conditions that correspond to government  
42 priorities” were the primary drivers for the change (Russia Journal, 2004a).  
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50 The Federal Ministry of Finance executives, responsible for policy-making in budget regulation,  
51 indicate the stages of the reform, summarize prior achievements and announce future goals. In  
52 addition, they attach core policies or legal regulations to these stages. For the purpose of this  
53 paper, two articles are analyzed that were published in the Russian practice-oriented journal  
54 *Finansy i Byudjet: Problemy i Resheniya* and that were written by Federal Ministry of Finance  
55 executives Aleksei Lavrov and Tatiana Nesterenko (Lavrov, 2005; Nesterenko, 2008). Currently,  
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2 Lavrov holds a post of vice-minister (previously, the head of Department of Budget Policy),  
3 while Nesterenko is a senior vice-minister (previously, the head of Russian Federal Treasury).  
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5 Nesterenko stresses the importance of bringing the experience of financial management in the  
6 private sector into public finances. In her own words, "One should work on clarifying the aim  
7 and the measurement of public expenditure outcomes, design the monitoring systems and the  
8 internal audit, learn to compare public sector with similar commercial organizations"  
9 (Nesterenko, 2008, p. 5). In addition, Nesterenko states that a government entity should be  
10 managed in a manner that is very similar to how a corporation is governed in regards to the  
11 division of responsibilities, delegation and asset management.  
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15 Lavrov appeals to the experience of developed countries and Russia's partners within CIS, and  
16 claims that budget reforms are inevitable and are vital for country's competitiveness. Lavrov  
17 devotes much of his analysis to Russia's nascent experience in building budget federalism, and  
18 states that the achievements made prior to 2004 should not be neglected and undermined,  
19 thus stressing the importance of a balanced approach to reforms. Lavrov builds on the  
20 international practice of budget reforms and uses English terms such as "Performance Oriented  
21 Budgeting", "Medium-Term Expenditure Framework" and "Result-Oriented Medium Term  
22 Expenditure Framework". The "Result-Oriented Medium Term Expenditure Framework" is  
23 claimed to be the normative model for Russia. In regards to the two alternatives, strengthening  
24 external controls or "optimal decentralization", Lavrov appreciates the latter, referring to it as  
25 "the only real" recipe (Lavrov, 2005, p. 4). Public entities should compete for resources to a  
26 certain extent and demonstrate that they provide the most efficient and transparent use of  
27 taxpayers' money. According to Lavrov, the new budget classification that was established in  
28 2004 should bring Russian budget system closer to the international standards and provide the  
29 basis for implementing management accounting principles (Lavrov, 2005, p. 8). Significant  
30 improvements were introduced in 2006: the three-year financial plan, the extended use of  
31 programs, and annual plan-achievement reports. Notably, the program share of the 2005  
32 federal budget was only 7 percent. In 2014, all expenditures of the federal budget were  
33 exclusively within programs. The plan-achievement reports have not been accustomed to the  
34 same extent as the programs and three-year budgets.  
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43 Nesterenko and Lavrov mention several federal documents that form the regulative framework  
44 of budget and reforms. These documents include the Budget Code in three editions, the  
45 Program of development of budget federalism in the Russian Federation until 2005, the  
46 Concept of the Budget Process Reform for 2004-2006, and certain laws that regulate various  
47 aspects of the budget process and legal and economic states of public sector entities. The legal  
48 basis for all budgets in Russia is the Budget Code. However, the Budget Code is very detailed  
49 and technically oriented. To provide a conceptual perspective for budget reforms, this study  
50 analyzes the *Concept of the Budget Process Reform for 2004 – 2006* that was endorsed by  
51 Cabinet Resolution # 249 on May 22<sup>nd</sup>, 2004 (hereafter, *the concept*) as a broadly scoped frame-  
52 setting document. The *concept* was followed by an April 30<sup>th</sup> Russian Cabinet's of Ministers  
53 Resolution # 225, which created a commission for augmenting the efficiency of government  
54 expenditures under the chairmanship of the Deputy Prime Minister Alexander Zhukov, who was  
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empowered to guide this reform effort (Diamond, 2005). Deputy Prime Minister Zhukov stressed that implementing the *concept* would be a step of vital social significance.

The primary objective of the reform process, as stated in *the concept*, was “to lay down preconditions and prerequisites for the most effective allocation and management of government finances by appropriate prioritization of various governmental activities considered having a critical bearing on a country’s development” (p. 2). In essence, the reform process was meant to move away from the costs and inputs [*administration of resources*] towards goals and outputs [*management by results*] by “strengthening the accountability and widening the managerial autonomy within a medium-term financial planning framework” (p. 2). The adoption of a modern budget management model, which is directly translated from Russian as “results-oriented budgeting”, was “the nucleus of the up-to-date organization of the budget process” (p. 3), aimed at forging a more direct link between allocating resources through the budget and the ability to meet the government objectives.

As derived from above, the primary goal of *the concept* was to make administrators of budget funds (line ministries and agencies) more accountable and to better monitor their performance. The budget is to be formulated on the basis of a clear-cut *ex-ante* specification of the performance that is expected of each budget administrator. As a consequence of the transformation process, budget appropriations should be directly linked to the various government functions and divided into distinctly individual programs. They are to be set in a medium-term budget framework, in the sense of a rolling forecast of fiscal aggregates for the budget year plus two forward years (Lavrov, 2004).

The resources that are allocated to the programs should be determined and grouped under the responsibility of administrators of the budget funds (referred to as “Subjects of Budget Planning”). These administrators should have a degree of managerial autonomy and freedom for decision-making to achieve the tasks that are assigned to them. For instance, *the concept* allowed allocations to be freely redistributed by administrators within each program. Concurrently, as was clearly emphasized in the text of *the concept*, line ministries and agencies are to be held directly accountable for meeting a contracted level of outputs through carrying out monitoring and subsequent external audits of finances and results of activities to ensure that effective budgetary performance is rewarded and poor performance is penalized.

The new reform agenda was announced to encompass the following five policy headings (Timoshenko, 2006, p. 90; see Appendix 2 for a detailed discussion):

1. *Modernizing the budget classification and government accounting.*
2. *Distinguishing between the present (“deystvuushikh”) and newly proposed/assumed policy (“prinimaemykh”) commitments when preparing the budget.*
3. *Enhancing medium-term financial planning.*
4. *Developing program- and performance-based methods of budget planning.*
5. *Improving and streamlining procedures of budget preparation and approval.*

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2 Since *the concept* was approved, norms have radically changed. Four laws that were approved  
3 in 2007, 2010, 2012 and 2013 were enacted and resulted in significant changes in the Budget  
4 Code. These changes introduced target programs in 2007 that evolved in 2013 into state  
5 programs that enhance the governance of public sector organizations and clarify redistribution  
6 policies and instruments, which are referred to as “interbudgetary relations”. Certain  
7 practitioners perceive these changes as part of an ongoing process, as implied by the following  
8 statement, “doing reforms is similar to riding a bicycle: if you stop turning pedals – you fall”.  
9 Recently, a major change in the budget regulation occurred in 2012 with the approval of a new  
10 edition of the Budget Code. The primary feature of this change was the full-fledged  
11 introduction of state programs, which by 2014 represented the last significant budget  
12 ‘innovation’ on the federal level.  
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17 The context of the Russian state presents numerous controversies. Various ideas influence the  
18 official agenda and many different drivers affect the decision-making. Both practitioners and  
19 researchers are aware of these controversies and inconsistencies. Certain professionals  
20 propose philosophical or historical backgrounds for these controversies and inconsistencies and  
21 refer to the heraldic symbol of Russia that was inherited from the Russian Empire: the double-  
22 headed eagle, one head looking east and one head looking west. Therefore, Western-like liberal  
23 norms and regulations may coexist with anti-Western traditionalist rhetoric that positions  
24 Russians as a sovereign and self-sufficient society. Perhaps it is Russian tradition to adopt and  
25 adapt foreign solutions, enhance them for internal use, while maintaining a strong survival  
26 instinct of historical sediments and a capability of fostering local creativity for using alien  
27 practices in a highly centralized environment.  
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## 36 5. Discussion

37 Elaborating on the ideological contrasts between the Russian tradition of statehood and the  
38 implied neoliberal background of NPM ideology, the institutional logic approach offers deeper  
39 insights. The state of Russia is recognized for advance planning, forecasting and top-down  
40 mobilization, which was inherited from the Soviet past. However, NPM-inspired changes result  
41 in market mechanisms, decentralization, and autonomy. The philosophical and ideological  
42 background of the Soviet state was based on Hegelian and Marx’s dialectics, which claim that  
43 contradictions are the sources of development. To a degree, this corresponds to the  
44 institutional change that Thornton and Ocasio (2008) describe in the following: “The  
45 contradictions inherent in the differentiated set of institutional logics provide individuals,  
46 groups, and organizations with cultural resources for transforming individual identities,  
47 organizations, and society” (Thornton and Ocasio, 2008, p.101). Therefore, the contradictions  
48 between logics may better explain the controversies of the Russian context and help better  
49 understand recent public sector reforms in Russia.  
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55 The empirical evidence gathered in this paper shows that, although the ongoing accounting and  
56 budgeting reforms in Russia were implemented top-down, they replicated certain features of  
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1 NPM. In the Russian context, it is generally perceived to align with recent international trends  
2 and best practices that are commonly found in OECD countries. As documented by Timoshenko  
3 and Adhikari (2009), the transformation process in Russia was substantially affected by  
4 overseas forces through large international organizations such as the IMF, the WB, and the  
5 International Public Sector Accounting Standards Board (IPSASB) that question the prevailing  
6 budgeting and accounting systems, dispense advice on how to alter them, and ensure financial  
7 support. In addition to the evidence of NPM, this analysis notes the existence of a sequencing  
8 approach or a systematic chain of “should do” and “must do” changes that are promoted by  
9 authors or publications who are close to the IMF or other international financial institutions  
10 (Allen, 2009; Bietenhader and Bergman, 2010). The formation and reformation of systems of  
11 norms that regulate government budgeting in Russia can be clearly separated into three stages  
12 (see Appendix 3). These stages are delineated by clear patterns of continuity and change in the  
13 central government budgetary norms.  
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20 The first stage, *management of expenditures*, began with the establishment of the Russian state  
21 in 1991 and continued until 2004. This stage included the creation of the Federal Treasury and  
22 the launch of cash-based budgetary accounting. The dominant institutional pressure was  
23 coercive isomorphism, primarily from the IMF and the WB. In addition, PA logic served as the  
24 prevalent prototype that guided the changes during this period. The second stage, the  
25 *transitional period*, began in 2004 and proceeded until 2008. This stage was characterized by a  
26 clear-cut reference to NPM-like rhetoric, which distanced the Russian state from the legacy of  
27 the Soviet past and moved towards the adoption of budgetary rules and provisions that are  
28 commonly found in the West. Appeals for greater efficiency, effectiveness, accrual accounting  
29 and performance management were widely heard in the country during this period. The  
30 normative isomorphism of the IMF and the WB replaced coercive pressures by eliminating the  
31 dependency on their funds and continued close coordination with the Russian Ministry of  
32 Finance.  
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39 Since 2008, the state of Russia has embarked on a new on-going wave of budgetary reforms  
40 that is commonly referred to as *management of outcomes*. Performance measurement and  
41 performance management, programs, mid-term plans and strategic planning have all been  
42 introduced during the third period. This is indeed the most complex and controversial stage  
43 because of a marked interplay of elements that stem from NPM, NPG and even the NWS. The  
44 normative influence of supra-national institutions remains considerable and penetrates  
45 academic education and research. Although large-scale anti-western rhetoric and the  
46 demonized image of the West dominate Russia’s political realm, the country’s political elite rely  
47 on a comprehensive package of Western public sector methodologies while promoting the  
48 positive image of the Russian state in the international arena.  
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53 Although the primary impression is that reform discourses in Russia have been dominated by  
54 NPM logic, there is evidence that other logics are present (see Table 1). This table is followed by  
55 a broader discussion on Russian traditions, including resistance to incorporating Western  
56 management accounting practices into the central government. The prerequisites for hybridity  
57 at the practice level are also discussed.  
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## Insert Table 1

This study does not provide all of the evidence that exists, but rather the evidence that is the most illustrative. Pollitt (2009) denies the proliferation of PA mechanisms in post-Soviet countries, ruling out the prerequisites for NWS in these contexts, claiming that “for Eastern Europe the most important influence is not the Weberian model but the Russian/Soviet model” (Pollitt, 2009, p. 14). However, during the initial stage of reforms (before 2004), there were numerous features that may be similar to the logic of PA. Within the studied period, the NPM logic dominates not only the rhetoric but is also connected to reform facilitators or supra-national institutions. The peculiarity of the Russian context is that performance measurement and the use of performance management systems expanded simultaneously in Russia’s private and state-owned corporations and in the public sector organizations. To a certain extent, the government was more modern and innovative than the private business organizations.

Various methods can be used to interpret the empirical evidence for describing the outcomes of public sector reforms. Hyndman et al. (2014) trace the emergence of diverse paradigms in public sector discourses by attaching specific concepts to each of the paradigms. In the interpretation of their findings, Hyndman et al. (2014) use the idea of *layers*. In a historical study of accounting in Russia, Bourmistrov (1999) relies on the notion of *sediments*. Lapsley and Pallot (2000) use the term *accounting mutations*. All three concepts imply the distinctions and as in the case of the UK (Kurunmaki et al., 2003), may be beneficial for describing the tensions between ideologies, potential conflicts and the imposition of public sector reforms. Kurunmäki (2004) relies on the idea of *hybridization* that implies the willing acceptance of new practices. To a degree, this line of reasoning corresponds to Mennicken’s (2004; 2008; 2010) conclusions regarding Russia in her studies of the introduction and the use of international auditing standards within post-Soviet audit firms. Through the theoretical lenses proposed by Foucault and Latour, the international harmonization in audit is perceived as translation. Using the “connecting worlds” metaphor (Mennicken, 2008) and the notion of “linked ecologies” (Mennicken, 2010), Mennicken reports that marketization and harmonization projects are often idealized. Although government initiatives may occasionally be willingly accepted, there are other important forces that influence the process of translation that may result in unexpected outcomes. Therefore, the hybrid concept that is proposed by governmentality studies (e.g. Kurunmäki and Miller, 2011) presents an alternative understanding of the translation of global ideas into a local context; therefore, it may be interesting to review the outcomes of public sector reforms in Russia at the level of budgeting norms.

The concept of hybrid has many dimensions. For accounting researchers, this term would most likely refer to a hybrid system that combines cash and accruals (e.g. Jones and Caruana, 2014). Attempts have been made to claim that a hybrid model of public management reform would be a better solution than a ‘pure’ NPM model (Brown et al., 2003). Christensen and Lægveid (2011) provide a broad discussion of what hybrid may represent in a public sector setting:

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2 “Hybridity in the public sector may also mean different things. For some the concept is similar  
3 to complexity. For others, they denote different structural and cultural dimensions or features  
4 existing together. Hybrid organizations can, for example, signify quasi-governmental  
5 organizations that exist at the interface between the public and private sector (Lan and Rainey,  
6 1992), which may be either market or civil society organizations (Koppell, 2003); the mixture of  
7 market and hierarchy (Williamson 1991); the combination of political advocacy and service  
8 provision (Minkoff, 2002); or the mixture of different structural forms inside the ministry, in  
9 relation to agencies, state-owned enterprises and regional and local government (Kickert, 2001;  
10 Pollitt et al., 2007). Hybrid is also the term used to characterize various cultural elements such  
11 as professional cultures, in different parts of government”. (Christensen and Lægreid, 2011, p.  
12 410). Whether the *hybrid reforms*, the prerequisites for which the study seems to have found in  
13 Russia are functional or working [which is a core feature of a hybrid (Jacobs, 2005)], remains  
14 unknown. However, the analysis manifests that new concepts rarely ‘oust’ or replace the old  
15 concepts, which make the norms more complex and allow the authors of this study to claim  
16 that they are functional. Hybridization and hybrids are considered promising in terms of their  
17 scientific value but also may offer a more realistic approach for practitioners, particularly  
18 policymakers and reform designers (Brown et al., 2003).

19  
20 It is a challenge to introduce a reform in a top-down manner when that reform was designed to  
21 enhance bottom-up democratic mechanisms. Although it is possible to identify different logics  
22 through the study of norms, the institutional work approach (Lawrence and Suddaby, 2006;  
23 Lawrence et al., 2009, 2011) may be more beneficial for studying practices of government  
24 budgeting in Russia and may provide information on the nature of possible hybridity in Russia’s  
25 central government budgeting.

## 36 37 **6. Conclusions**

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39 The purpose of this study was to identify a potentially novel configuration or the so-called  
40 “third way” of how NPM-like public sector reforms may be instituted in a complex, fast-  
41 changing and unexplored context. The paper sought to contribute to existing knowledge  
42 regarding the Russian public sector in times of change by exploring the developments in the  
43 Russian central government’s budgeting norms. This study covered a 15 year period (2000 until  
44 2015) that is known for dramatic changes in Russia’s public sector (Antipova and Bourmistrov,  
45 2013). This study focused on budgeting provisions that were instituted in Russia during this  
46 period at the macro-level and therefore, has limitations with regard to scope. The theoretical  
47 frame of reference incorporated concepts from a newly emerging stream of new institutional  
48 theory, the institutional logics approach (Thornton and Ocasio, 2008). Broadening the argument  
49 of Wiesel and Modell (2014), the authors of this study claim that the public sector reform  
50 paradigms that were formulated by Pollitt and Bouckaert (2011) may be understood as  
51 competing logics. The primary method for gathering data for this study was a document search.  
52 The system of norms, which regulates the system of actions (Bergevärn et al., 1995), was  
53 analyzed through the study of ‘talks’ and ‘decisions’ regarding public sector reforms as  
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1 suggested by Pollitt and Bouckaert (2011). The public sector discourses framework that was  
2 proposed by Hyndman et al. (2014) was adopted and developed to find evidence of four public  
3 sector reform paradigms in Russia's budgetary framework.  
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7 The study shows that, although the Russian setting is distinct from that of OECD countries, the  
8 similar processes of hybridization and "nationalization" of NPM-like arrangements are  
9 apparent. However, unlike previous studies regarding Russia's public sector reforms (e.g.  
10 Timoshenko, 2008; Antipova and Bourmistrov, 2013), this study raises doubts as to whether the  
11 NPM ideology served as a prototype or a normative model for Russia's policy-makers to  
12 implement changes. It is argued in this paper that, along with the NPM trend, the nascent  
13 system of governmental budgeting is a result of other public sector reform discourses and  
14 certain ideas that were inherited from the Soviet past and the strong ideological rhetoric of  
15 Russia's political elite, aimed to boost the image of the Russian state as a modern and  
16 progressive player in the international arena. The empirical evidence demonstrates that  
17 Russia's budgetary framework possesses inherent features that are pertinent to each paradigm.  
18 These features include, but are not limited to, NPM-like performance measurement and  
19 performance management, a strong reliance on legislation that is more reminiscent of PA  
20 tradition than NPM, and elements of NPG and the NWS such as consolidated budgets and  
21 reports, participatory budgeting and the role of the state as the primary provider of welfare.  
22 Therefore, it is very likely that all the four public sector discourses have acted in concert to  
23 transform Russia's budgetary framework, with the power and potency of each paradigm  
24 varying over time, given the particular set of actors and circumstances in place.  
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32 Notably, it is beyond the authors' comprehension to name any of those four as the prevailing or  
33 dominant ideology behind the transformation process in contemporary Russia. First, one of the  
34 most visible features of the last decade or so in the nation has been the growing centralization  
35 of power, so it is not a pure NPM model that underlies the on-going changes. Next, the  
36 mobilization of core democratic mechanisms has been merely ceremonial, implying that it is  
37 not PA, which subsequently rules out the NWS, as claimed by Pollitt (2009). Furthermore, it is  
38 not NPG because of a clear-cut focus on hierarchy and vertical subordination rather than  
39 coordination and governance. Lastly, the study documented recent and assiduous endeavors to  
40 reinvent the Soviet legacy through the adoption of a new federal law on strategic planning.  
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45 The case of Russian governmental budgeting is indeed telling. Although with varying power and  
46 potency over time, all four public sector reform discourses outlined above have co-existed in  
47 one setting and are deemed somewhat reflected in the content of central government  
48 budgetary provisions. This study claims that a hybrid of the four prototypes may offer a richer  
49 and broader understanding of Russian governmental budgeting than any single model.  
50 Arguably, all this is very much indicative of a hybrid nature of public sector management reform  
51 in contemporary Russia.  
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55 In alignment with Christensen and Lægreid (2011), this research addresses the implications of  
56 hybridity for public sector reforms. The authors of this study believe that a prerequisite for the  
57 emergence of a hybrid is a situation where the aspiration to achieve external legitimacy collides  
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2 with the requirement of maintaining internal legitimacy. Indeed, the complexity and  
3 sophistication of Russia's public sector regulations may be unintended; however, they may be  
4 the inevitable consequences of a centralized and politicized environment where the changes  
5 are conditioned by competing institutional logics.  
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8 Echoing Brown et al. (2003), this study proposes that the hybrid concept may be beneficial in  
9 understanding the institutional developments of a public sector, particularly for unexplored  
10 contexts such as Russia where existing approaches that primarily describe well-studied contexts  
11 of developed and (to a lesser extent) developing countries hardly appear to be relevant.  
12 However, hybridization and hybrid concepts are somewhat controversial and relying on these  
13 concepts is often criticized for overstressing the implications of the term, hybrid. The broad  
14 use of the term often occurs in the field of governmental accounting, where hybrids solely refer  
15 to a blended system of cash and accruals. The authors of this paper acknowledge that the  
16 hybrid concept has not yet gained sufficient analytical strength and has not been sufficiently  
17 institutionalized to form a paradigm either in research or in policy-making practice. The concept  
18 of hybridization is not new, but surely has a value, because governments must assess local  
19 conditions and consider what is good for them, rather than blindly accepting top-down  
20 internationally dictated models. Finally, unlike Brown et al. (2003), the authors of this study do  
21 not claim that the hybrid model is a superior normative model for policy-makers but rather  
22 suggest that this model is a promising concept for research purposes. In addition, it is  
23 recommended that future studies deal with this issue at the practice level.  
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### 33 **Acknowledgment**

34  
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39 research, although they may not agree with all of the interpretations/conclusions of this paper.  
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**Appendix 1****The list of documents analyzed in the paper**

1. On the budget policy in 2000: budget address of the President of The Russian Federation to the Government of the Russian Federation, 12/04/1999 (О бюджетной политике на 2000 год: бюджетное Послание Президента РФ Правительству РФ от 12 апреля 1999 г.)
2. The program of the development of the budget federalism in the Russian Federation until 2005 (Программа развития бюджетного федерализма в Российской Федерации до 2005 г.)
3. The concept of reforming of the budget process in the Russian Federation in 2004-2006 (Концепция реформирования бюджетного процесса в Российской Федерации в 2004-2006 гг.)
4. On the measures on increasing the efficiency of the budget expenditure: the decree of the Government of the Russian Federation, # 249, issued 22.05.2004 (О мерах по повышению результативности бюджетных расходов: Постановление Правительства РФ от 22.05.2004 №249)
5. On the budget policy in 2010-2012: budget address of the President of The Russian Federation to the Government of the Russian Federation (О бюджетной политике в 2010-2012 годах: бюджетное послание Президента РФ Правительству РФ от 25.05.2009)
6. Order of the Government of the Russian Federation "On approving the list of state programs of the Russian Federation" #1950-r, issued 11/11/2010 (Распоряжение Правительства РФ от 11.11.2010 №1950-р «Об утверждении перечня государственных программ Российской Федерации»)
7. State program of the Russian Federation "Creating the conditions for efficient and responsible management of regional and municipal finances, increasing the sustainability of budgets of constituents of the Russian Federation" (Государственная программа РФ «Создание условий для эффективного и ответственного управления региональными и муниципальными финансами, повышения устойчивости бюджетов субъектов Российской Федерации»)
8. The program of increasing the efficiency of budget expenditure in the Russian Federation for the period 2010-2012 (Программа повышения эффективности бюджетных расходов в Российской Федерации на период до 2012 г.)

## Appendix 2

### Five policy headings according to the Concept of reforming the budget process in Russia in 2004-2006 (adopted from Timoshenko, 2006).

To begin with, none of the aforementioned budgeting goals in support of boosting accountability, transparency, effectiveness, and efficiency in government expenditures was expected to be achieved without related changes in the accounting system. Reinventing Russian public accounts occupied the leading place among those policy directions laid down in *The Concept of the Budget Process Reform*. Along with the budget classification, the reforming of Russia's public sector accounting system, as stated in *the concept*, was "... a necessary and indispensable precondition in modernizing a country's budget process. Both the budget classification and accounting system should become a reliable tool that ensures transparency of those activities of the state bodies and administrators of budget resources, and provides with a wealth of financial information required throughout all the phases of the budget process, emanating from the analysis of the previous period's financial results, to the preparation and presentation of the draft budget, and its execution throughout the fiscal year up to the generation of final accounts" (p. 4). Under this rubric, the objective of the transformation process was declared twofold. One was to make the budget classification closer to international best practice by incorporating the IMF GFS classification methodology. Another objective was to introduce a Chart of Accounts, integrated with the budget classification so that all spending units would be brought under a single budget classification and a single Chart of Accounts. The purpose of so doing was to enable the effect of decisions made in the fiscal and budgetary sphere on the stock of assets and liabilities to be judged upon, as well as for the assessment and preparation of reports on budget execution.

The *second* policy measure was intended to cut significantly down the time devoted to the process of budget formulation and approval. To make things clearer, present commitments are those obligations, which are predetermined by varying compulsory provisions and regulations endorsed earlier and liable to be included in the budget automatically. On the other hand, the new assumed/proposed policy commitments envisage those expenditures, the insertion of which into the budget is dependent upon decisions being made directly in the course of budget preparation for the next fiscal year. To be included in the budget, the latter are to be subjected to thorough scrutiny. As were recognized, nearly 90-95 per cent of commitments were already "locked-in" so the truly new programs occupied 5-10 per cent of the budget (Diamond, 2005).

The *third* element of the reform package aimed at ensuring the augmented reliability of medium-term forecasting for those resources available to budget managers. Specifically, the budget for the forthcoming fiscal year is to become a constituent part of an annually updated rolling multi-year (normally three-year) fiscal document. In analogy with Soviet five-year plans, some Russian mass media nicknamed these as three-year plans (Finansovye Izvestia, 2004).

The *fourth* direction was declared to be the keystone of the reform package, directed at establishing a procedure for assessing the effectiveness of budget expenditures. Viewed in this way, it presupposed a step-by-step move away from the view of the budget as primarily focused on resource allocation and input control (so-called *smeta* financing or resource management) towards the program and performance-oriented budgeting.

Finally, the *fifth* area of the transformation process envisaged the streamlining of procedures for budget preparation and budget approval to also meet the requirements of medium-term performance-oriented budgeting. In particular, *the concept* proposed the draft law on the federal budget for the next fiscal year to be approved in three readings as compared to the previous four.

**Appendix 3. The Russian Budget Reform Framework (based on Lavrov, 2005 and Nesterenko, 2008)**

Stages, main reform elements and targets	Time period	Corresponding document(s)
<p><b>Stage 1 – Management of Expenditures</b>            The main elements:</p> <ul style="list-style-type: none"> <li>- Cash-based accounting</li> <li>- Treasury</li> <li>- Targeting of expenditure plans</li> <li>- Redistribution methodology</li> </ul> <p>Targets:</p> <ul style="list-style-type: none"> <li>- Strengthening the budget system</li> <li>- Standardized cash accounting reports</li> <li>- External control of budget execution</li> </ul>	<b>Prior 2004</b>	1998 Budget Code; The Program of the development of budget federalism in the Russian Federation until 2005
<p><b>Stage 2 – Transitional period</b>            The main elements:</p> <ul style="list-style-type: none"> <li>- <i>Performance oriented budgeting</i></li> <li>- <i>Medium-term expenditure framework</i></li> <li>- <i>Target programs</i></li> </ul> <p>Targets:</p> <ul style="list-style-type: none"> <li>- Enhanced quality of the budget system</li> <li>- Resource/Expenditure balance</li> <li>- Basis for performance-based budgeting and program-based budgeting</li> </ul>	<b>2004-2008</b>	2004 Budget Code; The Concept of reforming the budget process in the Russian Federation in 2004-2006
<p><b>Stage 3 – Management of Outcomes</b>            The main elements:</p> <ul style="list-style-type: none"> <li>- Separation of budget system levels</li> <li>- Mid-term financial planning</li> <li>- Target and results-oriented budgeting</li> <li>- Increasing autonomy and enhancing accountability of public sector organizations</li> <li>- Reports on financial condition of public entities, based on accrual accounting</li> </ul> <p>Targets:</p> <ul style="list-style-type: none"> <li>- Three-year program based performance-oriented budgets</li> <li>- Accounting and reporting according to international standards</li> <li>- Internal control and audit</li> <li>- Effective and efficient public sector with enhanced quality of public services</li> </ul>	<b>After 2008</b>	2007 Budget Code; 2010 Budget Code; 2012 Budget Code; 2013 Budget Code with further editions and supplements; Federal Law “On strategic planning in the Russian Federation”

**Table 1.** The Evidence of Various Discourses in the Content of Central Government Budgeting Norms (based on Hyndman et al., 2014)

Dimension /discourse	PA logic	NPM logic	NPG logic	NWS <sup>1</sup> logic
Code words	Citizen Cash Commitments Expenditure Procedures Function	Efficiency Effectiveness Output Outcome Accruals Market	Partnership Transparency Consolidation	Consultation Modernization
Primary features	Cash accounting and reporting Budgetary accounting Appeals to the rule of law	Move towards accrual accounting Performance measurement and performance management Audit control	Consolidated budgets Participatory budgeting Stakeholder approach	State as the main facilitator of complex problems Law on strategic planning

<sup>1</sup> The NWS discourse was not presented in the initial framework, suggested by Hyndman et al. (2014) and was added based on Pollitt and Bouckaert (2011)