

Public value budgeting: propositions for the future of budgeting

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Abstract

Purpose – The principles of public value management (PVM) have greatly inspired public management practitioners and scholars, but the application of these ideas to the everyday practice and research of government has proven to be more difficult. This article formulates propositions for how the principles of PVM could affect one of the core processes of government: budgeting. These propositions can inspire practitioners and be tested by future researchers.

Design/methodology/approach – The article identifies the core principles of PVM and applies these to the budgeting functions of the allocation, management and accountability of public money. This exploration leads to a first conceptualization of “public value budgeting” and generates 12 propositions about how budgeting will change and remain unaltered under the influence of PVM.

Findings – The central argument is that “public value budgeting” could promote more coordination and integration between public funds and community resources, more involvement of societal stakeholders in the budgetary process and more continuous tweaks and changes to the budget. At the same time, legislative vetoes, financial controls and debates about the best use of public money will remain an important feature of public budgeting.

Originality/value – The article forwards the first conceptualization of public value budgeting, connects the literatures on public value and public budgeting, and offers both a practical application of PVM to public budgeting as well as a concrete agenda for future research.

Keywords Public value management, Budgeting, Public value budgeting, Propositions, research agenda

Paper type Research paper

1. Introduction

ptSuccessive public management approaches have shaped the core processes of government. The emphasis of traditional public administration on legitimacy and democratic control fostered extensive procedures and hierarchies inside government bureaucracies (Stoker, 2006). The emphasis on efficiency and customer service by new public management gave rise to elaborate performance management systems and competitive incentives (Hood, 1991; Osborne and Gaebler, 1992). As public value management (PVM) has emerged as yet another approach to government and “a hot topic for both public administration practitioners and scholars” (Williams and Shearer, 2011, Bryson *et al.*, 2014), the expectation would be that this new paradigm will also reshape the processes of government.

The principles of PVM have indeed been applied to different processes within government, such as performance management systems (Moore, 2013; Kroll and Moynihan, 2015), policy design processes (Mintrom and Luetjens, 2017) and cross-sector collaborations (Nabatchi, 2012, Bryson *et al.*, 2014). However, De Jong *et al.* (2017) observe that PVM is often applied only superficially by practitioners. Hartley *et al.* (2017), Faulkner and Kaufman (2018) and Bracci *et al.* (2019) observe that researchers struggle to study PVM empirically and in depth. In this article, we aim to contribute to both the practical and scientific development of PVM by applying its principles to one of the core processes of government: budgeting.



Budgeting is here defined as the collection of activities for allocating, managing and accounting for public funds. Successive public management approaches have sought to reshape this crucial process. Traditional public administration championed checks and balances to ensure proper spending of public funds (cf. [White and Wildavsky, 1989](#)). New public management encouraged performance-driven budget mechanisms to maximize value for money ([Pollitt and Bouckaert, 2011](#)). A few studies have already linked the ideas of PVM to budgeting, conceptualizing public value accounting ([Moore, 2014](#)), re-examining budget rules ([Di Francesco and Alford, 2016](#)) and detailing the use of public value rhetoric in budget allocations ([Chohan and Jacobs, 2016](#)). Even then, [Bracci et al. \(2019\)](#) conclude in a structured literature review of the application of PVM in public budgeting that “the theoretical developments and empirical observations have stagnated”.

This article aims to lay a conceptual foundation for further practical applications and future empirical research by specifying the potential implications of PVM for public budgeting. The research question that guides the study is:

RQ1. How could the functions of public budgeting be affected by the principles of PVM?

We adopt a conceptual research approach in which we observe, analyze and combine already present information about (1) the key principles of PVM and (2) the core functions of public budgeting. We systematically use the insights from previous researches and associated work to generate 12 propositions about how the core functions of budgeting (allocation, management and accountability) may change – and sometimes stay the same – when aligning them with the principles of PVM. These theoretically developed propositions could inspire scholars to conduct more rigorous empirical research into what we call “public value budgeting”.

We start with outlining the core principles of PVM, building on the existing debate in the literature about what public value and PVM is. We continue with a brief overview of the development of the allocation, management and accountability budget functions in government under the influence of traditional public administration, new public management and new public governance. We then apply the principles of PVM to each of the functions, generating 12 specific propositions which can be applied by practitioners and tested by researchers [Table 1](#). The article concludes with a reflection on the challenges these changes and continuities could bring to public budgeting.

2. The principles of public value management

Public value and PVM is a relatively new concept in public management and still the subject of an ongoing – and eclectic – debate about what it exactly entails ([Bryson et al., 2014](#)). This makes pinning down the core principles of PVM a tricky task. We therefore focus on the core principles of public value which we think could have the most impact on public budgeting, namely (1) a broad perspective on the aims of government by focusing on creating collectively desired outcomes, (2) a strategy to achieve this by working together with the different stakeholders affected and (3) a realization that what is valuable and how it is to be achieved will change over time and between contexts.

2.1 Focus on achieving broad societal outcomes, not narrow organizational goals

Mark Moore, the principal architect of PVM, admonishes public organizations to not focus narrowly on achieving targets or protecting politicians, but to strive for desirable societal outcomes, such as welfare, well-being and equity ([Moore, 1995, 2013](#)). The purpose of government should be “the achievement of such collectively valued outcomes while minimizing the costs of exercising public authority and using collectively owned assets” ([Bryson et al., 2014](#)). PVM so offers a broad perspective on what public organizations – and

public money – should achieve, encompassing material values such as welfare, immaterial values such as well-being and political values such as equity (Van der Torre *et al.*, 2019).

2.2 Create public value by collaborating with all stakeholders

The second principle of PVM focuses on how these societal outcomes are to be achieved by collaborating closely with all relevant public, private and community stakeholders. Public organizations must engage with a broad authorizing environment of stakeholders to get their support, aligning the collective capabilities of these actors to generate a shared capacity to create public value (Moore, 1995, 2013). The authorizing environment includes both formal overseers such as courts and legislators, but also informal constituents such as interest groups and the media. Public organizations can also not rely on government resources alone to create value, but must mobilize the operational capacity of a range of public, private and community partners to achieve their goals (Alford and Yates, 2016). For example, “citizens [are] seen as problem-solvers and co-creators actively engaged in creating what is valued by the public and is good for the public” (Bryson *et al.*, 2014, p. 446). The authors (Ibid.) emphasize the importance of collaborating with partners to achieve value by deliberately speaking not of public value management but of public value governance.

2.3 Continuously customize and change to maximize value

Although proponents of PVM do argue that its core ambitions and perspectives are relevant to all public organizations (Douglas, 2016), PVM does not promote a one-size-fits-all approach to public management. The specific formulation of the value proposition, the composition of the authorizing environment and the shape of the operational capacity will depend on the needs and demands of the specific policy context and the specific time (Moore, 1995, 2013). Public managers are therefore continuously aligning and realigning the strategic triangle (De Jong *et al.*, 2017). Moreover, PVM is not inherently averse to traditional bureaucracy or market-based mechanisms; it instead advocates a pragmatic selection of whatever mode of governance best suits the societal challenge and context at hand (Alford and Hughes, 2008). What is desired by the stakeholders and what is possible in the specific context will change from case to case and from moment to moment, requiring “restless value-seeking” (Moore, 1995) and constant adaptation.

Beyond emphasizing the new in the principles of PVM, it is also important to mark the old. Rhodes and Wanna (2008) criticized PVM for supposedly empowering unelected public managers at the expense of democratically backed institutions. However, Moore himself is at pains to emphasize the involvement of private and community actors which do not mean the legislator and other democratic bodies can be side-lined. Public value relies on high-quality decisions where “all interested parties have had a chance to be consulted, and all the formal legal rules governing the process of decision-making have been met” (Moore, 1995, p. 163). All the broad ambitions, collaborations and adjustments have to remain within the framework set by democratically elected bodies (see also Bryson *et al.*, 2014). This enduring role of the legislator, for example, may also impact how PVM will change, or not change, public budgeting.

On the whole, the principles of PVM have been enthusiastically embraced by practitioners and scholars alike (Williamson, 2011; Hartley *et al.*, 2017). Several authors have explored how these principles would affect the core processes of government. Moore (2013) and Kroll and Moynihan (2015), for example, show how performance management would incorporate broader indicators of societal outcomes beyond narrow targets, involve more stakeholders and become more adaptive. Mintrom and Luetjens (2017) show how policy design would take more account of stakeholder experiences under the influence of public value thinking. However, Bracci *et al.* (2019) conclude that the translation of the lofty principles of public

value to the daily business of government is stagnating, especially when it comes to the functions of public budgeting.

3. The functions of public budgeting

Budgeting has always been front and center in public organizations and understanding its function is a key to shaping government. Budgeting is seen as the key mechanism translating political ideas into practical action. Budgets are plans “for the accomplishment of programs related to objectives and goals within a definite time period, including an estimate of resources required, together with an estimate of resources available, usually compared with one or more past periods and showing future requirements” (Smith and Lynch, 2004). As budgets systematically relate expenditure of funds to accomplishment of planned activities, they are the manifestation of putting your money where your mouth is (Schick, 1992).

In the last decades, scholars have created different classifications to distinguish between different functions of budgeting (see Khan and Hildred 2002, Budding and Grossi, 2014; Van Helden and Hodges, 2015; Anessi *et al.*, 2016). For instance, Irvine (1975) separates planning, coordination, control and evaluation, while Hofstede (1968) considers authorizing, forecasting, planning and measuring as the main functions of budgeting. The classification of budget functions as devised; Alan Schick has gained a broad following. Building on work by Anthony (1968), Schick (1972) argues that every budget system, even rudimentary ones, comprises planning, management and control processes. Consequently, Schick distinguishes three core functions of public budgeting:

- (1) Allocation: setting the overall spending limits and dividing the funds available between prioritized activities and services;
- (2) Management: translating allocated budgets to mandates for officials and organizations, which equips these entities to deliver the budget aims. The organizational units and their leading officials obtain the authority to control parts of the public funds as budget holders;
- (3) Accountability: checking whether the officials and organizations have spent the money in line with the budget ceilings and categories agreed beforehand and examining whether the collective expenses resulted in the desired outcomes.

While over time these three core functions of budgeting have stayed the same, the exact tools and procedures as well as the relative importance of each of this function has been subject to change, connected to the evolution of management thinking and the more fundamental questions within the public administration discipline about power, choice and control (Saliterer *et al.*, 2018). As we are interested to lay a conceptual foundation for empirical research by specifying the potential implications of PVM for public budgeting, we explore how the functions of budgeting have developed, as a result of previous shifts in management paradigms.

3.1 The development of the allocation function

The allocation function traditionally designates the maximum amount of funding the policy elites – e.g. political representatives, executives, public managers – are willing to spend on a program, activity or service (Schick, 1992; Jones and Pendlebury, 2010; Anessi *et al.*, 2016). Budget allocation has strong overlap with what others call planning (Irvine, 1975) or forecasting and planning (Hofstede, 1968). Through the allocation of public funds, organizations are forced to make decisions about the future, planning what they are going to do, with which priorities and how they plan to fund it (Rubin, 2010; Overmans, 2018).

In the early days of budgeting the budget is seen as the product of a political search by competing actors. A budget serves as a consolidated and stable contract between stakeholders, codifying how much money each of them gets and how the money should be spent. The budgetary process is a struggle among politicians and interest groups, where each seeks to get as much money as possible. To structure this political conflict, the budgeting process is likely to be incremental, with the largest part of the budget made of stable, continuing programs that are slightly changed year by year (Wildavsky, 1978). To maximize democratic control and rational spending, the budget follows a line item format, providing a detailed overview of agreed spending (Rubin, 2010; Martin, 2002). Revenues and expenditures are classified by type, with each category being defined broadly (for instance contrasting operating and capital expenditures) or broken down in detailed items (further disaggregating expenditure types). This approach to budget allocation has strengths and weaknesses. The detailed classification of spending by the political principal strengthens political control at the expense of civil service discretion. The budget format, however, does not provide information about the underlying objectives of a budget (Rubin, 2010; Wildavsky, 1978), downplaying political contestation between actors as they are unable to effectively compare actions and programs. By opting for incremental changes and overly detailed, yet still opaque budget formats, democratic control over public spending may in effect be reduced.

The essence of budget allocation has changed considerably with the arrival of businesslike thinking in the public sector. From that moment on a budget is regarded as the product of a more technocratic attempt to connect spending and performance (Osborne and Gaebler, 1992). Budgets allocate maximized grants to policies while also specifying the performance desired. This focus on performance shapes the design of budgets. Instead of listing the detailed items, performance or program budgets detail the desired outputs in terms of quantity and quality of services or products provided.

New public management promotes the incorporation of performance information in resource allocations in an attempt to inject greater rationality and objectivity in the budgetary decision-making process (Diamond, 2003; Joyce and Tompkins, 2002). The archetypical performance budget is “smart”, detailing the specific, measurable, accountable, reasonable and timed goals, which the public money should help to achieve (Van Nispen and Posseth, 2007). The link between performance indicators and budget allocation is frequently questioned. Lauth (1987) already argued that “it is naive to think that governors and legislatures will make resource allocation decisions primarily based on productivity data”. The empirical evidence on the use of performance indicators is ambiguous to this day.

3.2 The development of the management function

The management function translates budget allocations to mandates for officials and organizations. It equips them to deliver the policy aims connected to that part of the budget. When a budget is formally approved, some officials obtain the authority to control parts of the funds as budget holders. The management function contains activities that would fall under the coordination and control function distinguished by other scholars (e.g. Irvine, 1975). The mandated officials become responsible for the achievement of policy objectives and are tasked with using the allocated resources to deliver policies. This management mandate can vary in the amount of discretion officials are given, setting different degrees of autonomy for making changes to pre-agreed spending plans (Van Helden and Hodges, 2015).

Originally, the management function receives little attention with the focus mainly on the allocation and accountability of public spending (Schick, 2009). The budget is managed through authorizing executive actors, such as ministers or the chief executives of public organizations and flowed down the hierarchy into ever smaller budget portions for the lower units. Good budget management refers to being in control of public funds. Ministers, senior managers and mid-level officials strive to increase their grip on public funds to maximize

their influence over policy and to minimize their exposure to errors (Hood, 2010). Civil servants strive to enlarge their share of the budget as an indicator of their status within the bureaucratic arena while simultaneously refining their hold over how the money is spending exactly in order to prevent and detect deviations from the rules and procedures (Niskanen, 1971). Street-level bureaucrats and other decentralized units are left with very little budget discretion in these arrangements.

This changes after the 1980s, when ministers and senior officials are given more responsibility for achieving the output targets connected to the budgets. The emerging “performance budgets” are low on input details, usually allocating a lump sum to public health or traffic management, but specific in the output the funds should achieve (Diamond, 2003). Ministers and especially public managers now carry the explicit burden of spending the money in the most effective, efficient and economic manner, gaining discretion over how the money is exactly spent. This approach to budgeting introduces the possibility of external actors managing public money. The delivery of services is more often contracted out to private companies or quasi-privatized government organizations. The government focuses on the steering processes, emphasizing the allocation and accountability of public funds, but steps back from the actual management work (Bryson *et al.*, 2014).

Markets and competitions require benchmarks, information symmetry and comparative data to work, and the performance measurement industry links money-performance-service to provide this data. External parties are often given precise specifications of what they are expected to deliver, for instance in detailed service level agreements, but considerable latitude in finding the appropriate arrangement for delivering the goods. To this day, budgets are usually accompanied by an emphasis on measurement and attempts at performance transparency (Læg Reid, 2014). This is part of a continuous technocratic search for better performance. Just as private companies are continuously looking at their internal processes and external competitors for opportunities for cost-reduction, so governments should seek to use all the available data to continually increase the value for money they achieve.

3.3 The development of the accountability function

The accountability function entails a check whether the officials and organizations have spent the money in line with the budget ceilings and categories agreed beforehand and examines whether the collective expenses resulted in the desired outcomes. It shows strong similarities with what other scholars (e.g. Irvine, 1975) call the evaluation function.

Initially, the accountability function centers on checks of formal actors, such as auditors and legislators, whether the money has been spent correctly. Expenditure is legitimate if the funds are exhausted, spent in line with their dedicated line-item and in accordance with the appropriate procedures and protocols. The auditing of proper spending may be extended to include checking whether the money is spent sensibly, detecting gross inefficiencies or excesses on the budget parameters, but the checks are quite limited in nature. In the early days, accountability remains a rather technical affair, where clear red flags are raised when money has been spent incorrectly with plenty of checks and fire alarms, but if the expenditure was in line with the rules, little attention is given to postfact evaluations. This is driven by the fundamental focus of the political actors on the next round of budget allocations, which is already in progress by the time the old budget is wrapping up, and the budget formats focusing on inputs and line items, which make further questions about effectiveness and impact hard to address. Cost-benefit analyses are usually done by special committees, asked by the legislator to review the past investment in suspected budget black holes such as government IT, infrastructure investment or innovation projects.

Later, when the attention for the managerial perspective increases, a new style of accountability arises. Legislators and auditors are provided with richer accountability instruments, as budget evaluations include information on both the money spent and the

output achieved. The integration of nonfinancial and financial data in policy articles strengthens governmental accountability, making information more readable and relevant (Rubin, 2010). This allows for a better discussion about the performance of government and the value for money achieved. The tendency for narrow targets and hard numbers, however, does tend to restrict the notion of performance to efficiency, effectiveness and economy. Beyond the formal governmental actors, performance budget information can also be used by external parties to examine government performance “armchair wise” (O’Leary, 2015). Actors, such as citizens and private companies can make their own rankings, benchmarks and calculations to identify efficient or inefficient government units. Given the numerical and financial nature of the data available, however, this type of budget accountability is usually only accessible for actors well-versed in financial management. Budget specialists and management aficionados will have an edge in the discussion, as will advocacy groups which can mobilize large number-crunching departments to better understand the actual performance behind the numbers.

4. Conceptualizing public value budgeting

Building on the three principles of PVM and the description of the functions of public budgeting, we formulate 12 propositions about how public value could affect public budgeting, offering a first conceptualization of “public value budgeting”. The first nine propositions were formulated by applying the three principles to the three functions of budget allocation, management and accountability Table 1. In exploring what could change, we also encounter elements that we expect will remain unchanged, adding three more propositions.

Public value principles	Allocation Propositions for continuity	Management	Accountability
Focus on achieving broad societal outcomes	Budget allocation will involve more coordination of public spending with other public, private and community investments to maximise societal outcomes	Budget management will involve more large, shared funds aimed at broad societal outcomes to be jointly managed	Budget accountability will involve more dimensions and societal outcomes in the assessment of whether public money was well spent
Create public value by collaborating with all stakeholders	Budget allocation will involve more private and community actors in the allocation process	Budget management will involve more nongovernment actors managing public money	Budget accountability will involve more actors and perspectives in the assessment of whether public money was well spent
Continuously customize and change to maximize value	Budget allocation will involve more intermittent updates to the allocation of public money	Budget management will involve more ongoing changes in who manages money and how money is managed	Budget accountability will involve more discontinuity between by which ambitions money was allocated by which ambition the expenditure is evaluated
Enduring need for democratic control	<i>Proposition for continuity</i> Budget allocation will continue to ultimately require the approval of the legislator	Budget management will continue to involve the obligation to provide transparency about the decisions involved	Budget accountability will continue to involve political disagreements between different actors and interests

Table 1.
Propositions for change and continuity in the functions of public budgeting

4.1 Propositions for how public value management could affect the allocation function

The principles of PVM could affect three changes to the allocation function. First, it is likely that under PVM the allocation process is reframed as an attempt to spend every government penny in pursuit of achieving broad societal outcomes, rather than narrow public organization goals (Moore, 1995). Budget allocations would therefore consider how other governments, societal and private partners spend their money to spot the opportunities for added value (Moore, 2013). This can lead to some different approaches than traditional budget maximization. For example, the Dutch government-owned railway company commissioned a “true value review” (KPMG, 2016), which found that the best way for improving public transport was not to allocate more money to trains, but to invest in privately owned bus companies, as better buses to train stations would provide the most significant reduction in overall travel time. The overall societal impact is leading, not the organizational goals or the public / private divide.

Second, the emphasis on collaboration could lead to greater coordination with private and community actors during the allocation process. Public value budgeting would involve not only politicians and technocrats from within government but also a wider group of actors outside government (cf. Rossmann and Shanahan, 2012). This process should not be only about lobbying the government to spend money on them but also to spend money alongside them. A further shift from participatory budgeting toward parallel budgeting as a form of coproduction (cf. Bovaird and Loeffler, 2012). Citizens and other stakeholders would get a voice in the allocation of public funds but would also have to outline how they themselves will allocate their resources to achieve a shared value proposition. For example, urban regeneration projects are currently financed by co-investment commitments of governments, private companies, housing cooperatives, charities, etc. (see the discussion by Dorner, 2019 in this journal about the underlying trends propelling this “investment” philosophy).

Third, in line with the continuing quest for value creation, the allocation process would be ongoing and never finished. Budgets are currently presented as set in stone, only amenable to change at one specific moment in a year or in the event of major external fiscal alterations. The importance of ongoing customization and restless value seeking in PVM encourages a continuing societal conversation between all the different partners about better ways to create value (Moore, 2013). New insights from the operational environment may lead to shifts in the use of public money (cf. Alesani, 2012). Importantly, this “rebudgeting” (Alesani, 2012) should not become an excuse for indecisive and opaque budget management. A flexible allocation requires more decision-making (defining new value propositions and trying new things every day) and more budget transparency (allowing for everyone to make budget suggestions).

Beyond these changes, there is still an important continuity: the democratically elected legislator is the ultimate decision-maker on how public money is spent (cf. Rhodes and Wanna, 2008). As public budgeting is about spending the money of the community, a representative of the community needs to sign off on the allocation. The role of the legislator may start to vary. Legislators can choose to position themselves at the beginning of the process, awarding broad portions of money that can be allocated by the joint partners or outlining through which consultation process the money can be allocated. More traditionally, the legislator can position itself at the end of this process, sanctioning the final budget allocation devised by the stakeholders. Either way, the legislator would retain its pivotal role.

From these ideas we distill the following propositions for changes and continuities in public value budgeting:

- P1.* Budget allocation will involve more coordination and integration of public spending with private and community investments;

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- P2. Budget allocation will involve more private and community actors in the allocation process;
 - P3. Budget allocation will involve more ongoing changes and updates to budgets;
 - P4. Budget allocation will continue to ultimately require the approval of the legislator.

4.2 Propositions for how public value management could affect the management function

The *management* function could change in multiple ways when aligning it with the principles of PVM. First, as resources are allocated in close coordination with private and community resources, we propose they will be managed in close coordination with private and community resources. The current approach is to slice and dice the budget into ever smaller bits, so that every part of the bureaucracy has their own share of the pie. The challenge is that all these different units must negotiate with each other if they want to achieve collective aims. In a public value approach, the money is kept together from the start – across departments and even beyond government – and assigned as a shared fund for a particular societal issue (Moore, 2013, 2014). Actors can then jointly decide how this money is managed and spent.

Second, the comanagement of funds would also increasingly involve nongovernment actors, as private and community actors can manage public money (e.g. Posner *et al.*, 2009). If the local government is best suited to distribute public health funds, they manage the funds. If parents are better positioned than governments to spend education funds, they manage the budget. If supermarkets and sport clubs are better positioned to invest in public recreation, they manage the budget. The relevant criteria for who gets to manage the budget are whether the way the money is managed is supported by the authorizing environment and whether it optimizes operational capacity (cf. Moore, 2013). The public, private or community nature of the actor is not relevant.

Third, the management of public money would become more dynamic as the process of continuously learning also affect how the money is managed (cf. Moore, 2013). At the same time more traditional concerns about the propriety of how the money is managed will endure. The management of public funds will still be checked by legislators, auditors and other watchdogs against the set principles and rules. There may actually be a demand for more transparency in the management process, as stakeholders want to continuously learn where is the money is going and whether it could better be spend in a different way, rather than having to wait for the end of the budget period (cf. Douglas and Meijer, 2016). In practice, the management function could be strengthened (or burdened) with additional layers of oversight (e.g. Moynihan, 2006).

From these ideas we distill the following propositions for changes and continuities in public value budgeting:

- P5. Budget management will involve more large, shared funds to be jointly managed;
- P6. Budget management will involve more nongovernment actors managing public money;
- P7. Budget management will involve more ongoing changes in who manages money and how money is managed;
- P8. Budget management will continue to involve the pressure to provide transparency about the procedures and decisions involved.

4.3 Propositions for how public value management could affect the accountability function

The *accountability* function could also potentially be affected by the principles of PVM. First, there is no single bottom line in PVM to which the public expenditure can be held to account

(Kalamboikidis, 2014). As Moore (2013) highlights in his public value scorecard, there are costs and benefits associated with public value creation. Importantly, these items refer to both material streams such as financial efficiency and tax burden, but also immaterial matters such as the cost of government coercion or improved quality of life. Budgets are still immensely important in PVM, as they represent both a cost to society as a tool for improvement, but it is enveloped in a wider perspective on collective costs and benefits (Bozeman, 2002, 2007). This stimulates the movement from strict budget accountability to richer forms of accountability (cf. Gains and Stoker, 2009). This richness concerns not only the content of accountability (the inclusion of nonfinancial aspects in addition to financial aspects) but also the shift to new forms and procedures of accountability (other types of accountability processes, discussions and/or reporting formats).

Second, the accountability process explicitly involves multiple partners and perspectives (Martin, 2002; Moore, 2014). Government actors such as legislators maintain important tasks in the accountability process, due to their constitutional role of professional expertise, but societal actors such as community action groups and private citizens have an equal role to play. To an extent, this aligns with concept of “social accountability”, which has been introduced by the World Bank (Malena *et al.*, 2004). This citizen-driven accountability refers to a broad range of activities and mechanisms that ordinary residents, communities, media and civil society organizations can use to hold people accountable. These external parties are not only entitled to partake in the accountability process but their involvement is also crucial. As public value can only be assessed through the satisfaction and impression of the stakeholders and constituencies involved, they need to be heard in the process of evaluating what value has been produced.

Third, the accountability process is not only important after the fact but should play a continuous role throughout the implementation of the budget. As discussed for the allocation and management function, the destination and handling of public money may be changed in line with developing insights by frontline professionals about what investments generate the most value. One of the difficulties that is often addressed is to hold someone accountable for outcome that may or may not occur in the future. We argue that a longer time horizon does not offer a solution for this problem and increases the chance of inertia. In fact, the idea of PVM is that an ongoing conversation about the estimated or expected impact of activities contributes to more meaningful accountability (cf. Overman, 2020). Shifting budgets require active and continuous consent from both formal authorizers, such as the legislator, and informal partners, such as companies and charities involved. This ongoing financial tinkering requires active and explicit accounting for the changes made communicated clearly to the different partners while the changes are implemented, making sure that flexibility does not lead to opaque finances.

Finally, there are important continuities in the accountability function as well. Dahl and Sloss (2014) accuse PVM as co-opting into the wider neoliberal agenda of New Public Management by still believing in its performance-oriented logic and too readily borrowing from business studies. Apart from the emphasis in the PVM literature on “publicness”, this is also countered by the emphasis on politics. A shared perspective on public value creation will not magically lead to more consensus between actors what is good and worthy. Value is ultimately still assessed by elected officials and citizens (Bryson *et al.*, 2014) in a consideration which may not be party-political, but at least political in nature. Actors may find overlap and agreement, but also will have to deal with different opinions. A shift toward public value budgeting will not change that.

From these ideas we distill the following propositions for changes and continuities in public value budgeting:

- P9. Budget accountability will involve more dimensions and societal outcomes in the assessment of whether public money was well spent;

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- P10.* Budget accountability will involve more actors and perspectives in the assessment of whether public money was well spent;
- P11.* Budget accountability will involve more discontinuity between the goals by which the money was allocated originally and the ambitions by which the expenditure is evaluated eventually;
- P12.* Budget accountability will continue to involve political disagreements between different actors and interests.
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5. Discussion and conclusion

The goal of this article was to formulate propositions about how the principles of PVM could affect public budgeting. The article focused on three core principles of PVM and applied them to the budgeting functions of the allocation, management and accountability of public money. This exploration leads to a first conceptualization of “public value budgeting” and generates 12 propositions about how budgeting will change and remain unaltered under the influence of PVM.

The main conclusion is that public value budgeting, compared to present day budgeting processes, would entail more coordination and integration between public funds and community resources, more involvement of societal stakeholders in the allocation and execution of public budgets and more continuous tweaks and updates to the ongoing budget. The accompanying propositions could serve to inspire practitioners but could also enable more rigorous research into whether these propositions can be empirically validated.

The article is a conceptual exercise and serves primarily as a preparatory step for future research, which comes with some limitations. First, we present our own reading of the principles of PVM and our own assessment of the implications for public budgeting. Other authors may identify different core themes within the eclectic PVM debate and arrive at different changes and continuities for public budgeting. We do not argue that ours is the only way PVM can be applied to budgeting, but have tried to translate our conceptualization and extrapolations to observable and testable propositions about what public value budgeting would look like. Some of these propositions may very well be falsified, but that is not problematic if we can advance our understanding of PVM through more empirically informed studies ([Hartley et al., 2017](#); [Bracci et al., 2019](#)).

Most importantly, our propositions could be too starry-eyed about the potential impact of PVM on public budgeting. Maybe nothing will change. A key question will be how the principles of PVM will or will not manage to address the power of the current paradigms of traditional public administration and new public management over the budgeting process. To counter all the positive stories about how PVM changed government, [De Jong et al. \(2017\)](#) also point to all those managers which were beaten back by the overpowering legacy of bureaucracy and business logics. The transition to public value budgeting will not be easy or self-evident, the changes proposed here may play out very differently in practice.

This brings us to our final suggestions for a research agenda on public value budgeting. We invite researchers to improve and further specify our propositions, but above all to move toward empirical tests. These propositions can be tested in different contexts (local or national governments, single organizations or networks) and through different methodologies (case studies, surveys, or field experiments). Especially more longitudinal research is required to observe changes and continuities over time, just as intervention studies may be helpful to implement some of the PVM principles in practice and to then observe the effects. Through such a combination of rigorous study, we can better understand how public budgeting changes and stays the same.

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