

Citizens' involvement in financial planning in the Russian North: External pressures and internal dynamics of participatory budgeting experiments

EVGENII ALEKSANDROV,

Postdoctoral Researcher,

Nord University Business School, Norway¹

and **ELENA KUZNETSOVA**,

Associate Professor, Murmansk

State Technical University, Russia²

ABSTRACT

The ambition of this paper is to contribute to the growing literature of understanding potentials and challenges of citizens' involvement in state financial planning, i.e. participatory budgeting (PB). The paper traces the development and underlying nature of PB experiments in a comparative perspective: we explore whether and how PB experiments form Participatory Governance (PG) in two Northern municipalities of Russia, one in the High North and the other outside the Barents region. Theoretically, we combine previous knowledge on the role of PB in the PG discourse with ideas of neo-institutional theory capturing external pressures and internal dynamics of PB. The findings show that both PB cases formed limited PG practices. Interestingly, despite the comprehensive rhetoric of "local voice" in the case of the High North municipality, there was much less potential for PG in practice than in the middle-sized municipality outside the Barents Region with less rhetoric. We propose that the combination of various institutional aspects influenced the potentials of PB to form PG – and that even though PB in the High North was supposed to involve the local inhabitants, it was rather designed and adopted by mimetic and coercive pressures. As a result, decisions continued to be kept far away from the "local" High North and its internal dynamics. Another PB case, less strategically important than the municipality in the High North, was mainly designed and developed through a

combination of normative pressures and internal managerial logic. Our paper thus shows the significance of existing institutional relations (external pressures and internal dynamics) between the central and local authorities in the formation of participatory mechanisms such as PB.

Keywords: *participatory budgeting, Participatory Governance, Russia, municipality, High North*

INTRODUCTION

There is increasing acknowledgement of citizens' involvement in state governance under the banner of Participatory Governance (PG) and New Public Governance in general. Based on idea(l)s of deliberative and direct democracy, PG implies the formation of various mechanisms of broader stakeholder participation and engagement in decision-making on regional and city governance, including strategic, urban, and financial planning (see e.g. Fung 2006, 2015; Grossi and Steccolini 2014; Klijn, 2012). Nevertheless, while the topic of PG and its fostering mechanisms has attracted a considerable body of research related to its effects and challenges (for an overview, see Aleksandrov and Timoshenko 2018; Allegretti and Herzberg 2004; Célérier and Cuenca Botey 2015; Ganuza and Baiocchi 2012; Goldfrank 2012; Kuruppu et al. 2016; Pinnington et al. 2009), the empirical research on the underlying nature of PG initiatives is still limited, especially when it comes to the specific contexts and nature of relations between central and local incentives for PG mechanisms within one country (Bartocci et al. 2018; Sintomer et al. 2016; van Helden and Uddin 2016). Such research is vital given the increasing demands for ensuring sustainable societal development, while acknowledging possible tensions between local and central interests (Bourmistrov et al. 2017).

In this regard, we aim to trace the development and underlying nature of the so-called participatory budgeting (PB³) technique, which has become one of the central PG mechanisms/tools across town halls, city administrations, and local governments during the last decade (Fung, 2015). Despite various definitions and possible characteristics (see Sintomer et al. 2008; Sintomer et al. 2016), PB can be defined concisely as a budgeting technique where unelected citizens are allowed to participate in public finance allocation and contribute to the decision-making process of the public budget. Through a comparative perspective, we explore whether and how PB experiments form PG in two Northern municipalities of Russia: one in

the High North (the large Murmansk municipality) and the other outside the Barents Region (a medium-sized municipality in Leningrad region).

The Russian setting represents a critical case for analysing the underlying nature and formation of PB. This is due to radical steps toward experimentation with PG mechanisms on the local level in recent years. PB experiments⁴ were launched almost simultaneously by several municipalities in 2013 to test new democratic instruments of citizen involvement and their effects on governance (Beuermann and Amelina 2014; Shulga et al. 2017). The Russian setting is particularly interesting in terms of existing centralized and hierarchical governance mechanisms (Khodachek and Timoshenko 2018; Zhrebtsov 2014), which potentially influence how new PG tools are implemented. While an in-depth examination of PB has already revealed pitfalls in the North West of Russia (Aleksandrov et al. 2018; Aleksandrov & Timoshenko 2018), more general institutional aspects related to PB implementation and relations between central and local authorities are still unresearched. A comparative perspective is therefore valuable in order to capture possible practice-based variations and tensions. While the two selected cases have similar governance structures and rhetorics concerning the development of PG initiatives, their underlying nature may still be different. The particularly engaging case of PG is in the High North region with high resource potential (e.g. oil, gas, fisheries): it has traditionally been seen as an area of global discourses and institutions which pursue the macro interests of influential state and non-state actors (Sinha and Bekkevold 2017; Tamnes and Offerdal 2014). High North governance is increasingly addressed from the local perspective with the promise of considering the values/interests of the population (e.g. Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Such an agenda becomes especially relevant under conditions of steady economic growth for the industries in the High North and at the same time depopulation among young people (BIN 2018).

Drawing on documentary analysis, video material, social network data, and semi-structured interviews, the theoretical basis of this paper is a combination of previous knowledge on the role of PB in the PG discourse and the formation of its three dimensions (Fung 2006; Fung and Wright 2003; Klijn 2012) with ideas of neo-institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977; Thornton et al. 2012). Such a combination allows for the capture of variations in PB practice and social aspects related to its underlying reasons and rationality in the context of relationships between central authorities and local governments (Mauro et al. 2018). In this regard, our theoretical ambition is to contribute to the literature

in several ways. Firstly, by showing potential institutional challenges connected to the underlying nature of PB and its development for fruitful PG within a scope of relations between central and local incentives, the paper contributes to the growing discussion of PG mechanisms in various countries in general and the High North in particular (Fung 2015; Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Secondly, with its comparative perspective and Russian context, the paper responds to recent calls for comparisons of PB practices within countries and for widening the scope of institutional contexts to include emerging economies (Sintomer et al. 2016; van Helden and Uddin 2016).

The remainder of this article is organized as follows: the next section introduces the PB literature and its role in PG and presents insights from neo-institutional theory to guide our comparison. The third section is devoted to some research settings and methodological considerations. Further, empirical findings of PB experiments are presented as a comparison. The last section contains the discussion and conclusion.

PARTICIPATORY BUDGETING AS A TOOL FOR PARTICIPATORY GOVERNANCE FROM THE NEO-INSTITUTIONAL THEORY PERSPECTIVE: EXTERNAL PRESSURES AND INTERNAL DYNAMICS

Participatory Governance (Fung 2006, 2015; Fung and Wright 2003) is closely related to so-called Democratic Governance or Public Governance agendas (Grossi and Steccolini 2014; Klijn 2012; Osborne 2010). Although different aspects might be emphasized, the key principles of the PG agenda can be formulated within three main dimensions: democratic legitimacy, effective governance, and social justice (Fung 2006, 2015). The democratic legitimacy dimension supposes that through participatory practices citizens will start to trust local authorities' actions and decisions as a result of co-production (Fung 2015). The effective governance dimension suggests that through participation citizens can be active contributors to complex problem solving in government by introducing local knowledge (Lovan et al. 2017). And the social justice dimension supposes that participation enables divergent/plural voices to be heard without consideration of people's current social status and wealth (Fung and Wright 2003).

While there is a variety of mechanisms/tools of PG formation (see e.g. Klijn 2012 for a review), one of the best-known approaches is related to citizens' participation in the budgeting process, i.e. PB. Appearing first in Brazil in 1989, PB became a "symbol of democracy" and a successful model of participation around the world

(Sintomer et al. 2008), today found in more than 1500 cities in different continents (Ganuza and Baiocchi 2012). PB develops in space and time, and the practices vary (Sintomer et al. 2016). In general, the process starts with citizens identifying local needs, generating ideas to respond to those needs, and deliberating on the ideas. Based on the deliberations, citizens develop selected ideas into specific projects that address the needs, in collaboration with public officials. Next, residents vote for or negotiate which of these projects to fund and put in the budget (Pinnington et al. 2009). In Europe, PB has become a highly popular process (Sintomer et al. 2008) with, for example, the UK, Germany, Italy, France, and Spain initiating PB practices countrywide (Allegretti and Herzberg 2004). More recently, less developed and developing countries have also started to follow suit (e.g. Aleksandrov et al. 2018; Kuruppu et al. 2016; Uddin et al. 2011).

As it travels around the world, the PB technique is deeply rooted in the three above-mentioned dimensions of PG (Goldfrank, 2012; Pinnington et al., 2009; Sintomer et al., 2008; Sintomer et al., 2016). These scholars discussed broadly these dimensions of PG and their formation through PB by testing them on different countries' settings. Some scholars have shown that PB is able to form all three dimensions of PG, thus becoming a valuable mechanism to ensuring sustainable development in the public sector (e.g. Abers 2001; Allegretti and Herzberg 2004), but an increasing number of critical studies paint a less optimistic picture with various pitfalls of PB in forming PG. For example, PB can be a "shield", "show", and "ritual" without real citizen participation (e.g. Davidson and Elstub 2014; Uddin et al. 2011). Others show that PB can be exploited for others' political and economic interests (e.g. Célérier and Cuenca Botey 2015; Harun et al. 2015; Kuruppu et al. 2016) or just developed through the "old way of thinking", which is rather administratively oriented (He 2011), perhaps leading to a reflexivity trap (Aleksandrov et al. 2018) or to using elements which are not coherent with democratic ideals of PB (Aleksandrov and Timoshenko 2018). By promoting external legitimacy instead of democracy, citizen participation may end up mixing effectiveness with efficiency, as well as developing symbolic social justice with the political elite in place (see Aleksandrov and Timoshenko 2018 for an overview). Such developments point to the generation of more analytical knowledge and the application of novel theories, which can capture the challenges and opportunities of the development of PG practices in specific contexts.

While there are many possible theories to apply to study the underlying challenges related to PB implementation and the formation of PG (for an overview, see Aleksandrov and Timoshenko 2018), we approach the comparative perspective by

drawing upon the ideas of institutional theory, as recently called for by van Helden and Uddin (2016). Explicitly, we draw on ideas of institutional isomorphism (DiMaggio and Powell 1983) and institutional logics (Thornton et al. 2012), which stress various combinations of external pressures and internal dynamics for the formation of PB and therefore its PG dimensions (Bartocci et al. 2018; Mauro et al. 2018).

Institutional isomorphism supposes that organizations adopt similar patterns of practices under particular institutional conditions, thus becoming homogenous (DiMaggio and Powell 1983). In other words, rather than being confined to learning from their own experience by encoding inferences from history into routines guiding their behaviour (Levitt and March 1988), public organizations such as municipalities can find it desirable to be legitimized by others or portray themselves as modern by meeting requirements in resources and securing their survival (Meyer and Rowan 1977). Applied to PB, institutional isomorphism suggests that, in the two PB cases under comparison, legitimated structures and procedures of PB can be transported to municipalities through three separate external forces/pressures or their combinations: coercive, mimetic, and normative (DiMaggio and Powell 1983). Coercive mechanisms are exercised via external pressures exerted by the government, or regulatory or other agencies (e.g. through limiting funding) to adopt certain practices they find appropriate, therefore raising the issue of external legitimacy. Mimetic mechanisms are a result of organizational responses to circumstances of uncertainty when, in the case of PB, municipalities imitate practices of others for institutional survival under uncertainty. Normative mechanisms emphasize the effect of the professions and rational thinking in the adoption of PB (e.g. through the influence of consultants), along with education.

While institutional isomorphism is valuable in capturing external forces/pressures related to PB and its formation of PG, it is still unsuitable for revealing possible internal dynamics in PB design and implementation. In this regard, as proposed by Bartocci et al. (2018), ideas of institutional logics can be useful to interpret internal actors' motivations and processes related to the adoption of PG mechanisms (p. 4). Institutional logics "represent frames of reference that condition actors' choices for sense-making, the vocabulary they use to motivate action, and their sense of self and identity" (Thornton et al. 2012, 2). Applying to PG in particular, multiple logics can create "practice diversity" or internal dynamics by enabling variety in cognitive orientation and contestation over which practices are appropriate (Lounsbury 2008). According to Bartocci et al. (2018), PB design and implementation can be linked to three distinctive underlying logics and their combinations: political, managerial,

and community building. These can in turn be identified with a specific focus on the internal actors (who?), motivations (why?), and processes (how?) in relation to PB (Bartocci et al. 2018). Political logic supposes that the internal dynamics of PB involve politicians (who) and political rationalities in reinventing local democracy (why) where PB is conceived as a highly symbolic tool detached from annual financial planning (how) (Sintomer et al. 2008). Managerial logics involve PB promotion by managers (who) with the idea of improving the public performance of administrations (why), where PB is organized as a more rational process integrated with existing budgeting tools (how) (He 2011). A community building logic supposes that PB is internally constructed by civil society organizations like NGOs or community associations (who) (Sintomer et al. 2008) with the goal of strengthening citizens' sense of belonging to the local community and sociability (why). Based on this logic, PB is organized as management of funds or specific projects in social, environmental, and cultural areas with no explicit reference to the municipal budget (Bartocci et al. 2018; He 2011; Sintomer et al. 2008).

Therefore, combining ideas of institutional isomorphism with an institutional logics approach, we ask how the formation of PG by PB can be explained as a social process with a combination of external pressures (DiMaggio and Powell 1983) and internal dynamics (Bartocci et al. 2018). In this regard, the paper examines and reports the main interpretations of external rationalities for PB (coercive, mimetic, and normative), internal dynamics (“who”, “why” and “how”, which form particular logics or their combinations), and PB effects within PG dimensions (democratic legitimacy, effective governance, and social justice). While we acknowledge the possible critique of the institutional approach in studying challenges of PB (especially internal ones, see Aleksandrov et al. (2018)), we rather stress that it is analytically valuable for studying the more general organizational level of PB development in the scope of relations between central government institutions and local governments (Klimanov and Mikhailova 2011).

RESEARCH SETTING AND METHOD

Based on the research question and theoretical considerations, this study is qualitative and applies a comparative case-study strategy. The first case represents the PB practice in the municipality X, which attracted attention for the PG rhetoric among local and regional mass media with such headings as “Citizens have looked into the state pocket”. Municipality X is a city with a population of around 70,000 people, located in North-West Russia (Leningrad region). The municipal budget

was around three billion roubles in 2013. More than 500 large, medium, and small companies operate in the municipality, with different business areas and forms of ownership, including the use of advanced technology. Major industries are manufacturing, construction, science, transport, and communications. There are around 29 educational institutions.

The second case represents PB practice in the municipality of Murmansk (Barents region) with a “3D Budget”. The name comes from three Russian words beginning with the letter “D”, literally translated as “let’s divide the money”. Murmansk, with a population of around 300,000, is located within the Arctic Circle and has strategic significance in the development of resources and economic growth in the Arctic as the largest port on the shores of the Arctic. All large enterprises are connected with fisheries and fish processing, ship repair, sea transport, metal working, rail and automobile transportation, the food industry, and sea geology. Murmansk has around 227 educational institutions. The municipal budget was ten billion roubles in 2013.

There are thus some differences between these two municipalities in terms of geographical position, size, economy, and finance, but both municipalities’ budgeting practices are regulated by a set of similar norms on the federal level.⁵ Thus, we expect these two cases to be suitable to compare. As the main data sources, we draw on documentary analysis, video material, social network data, and semi-structured interviews. Most of the data were collected and analysed during 2013–2014. All data were collected in the Russian language with subsequent translation into English.

To understand the context and preconditions of PB, we accessed a variety of written material (scientific literature and newspaper articles) and official documents (budget and tax law books, documents of, for example, the Ministry of Regional Development, Ministry of Finance and Economic Development Ministry) as well as internal documentation and texts suggested by the interviewees. In our two cases, texts and other data from official websites (municipalities) were also taken into consideration. In both cases, we analysed some official documents regarding PB, local newspaper articles and interviews with PB participants which were available online.

In the case of municipality X, we collected videotape data of internal PB processes (meetings of PB participants) and social network data. This was possible thanks to a special online group created in the social networking service vk.com⁶. It enabled the exchange and communication of information in relation to the PB project. In

total, the Internet portal had around 160 participants for 2014 and open access. The Internet portal contains video material of the PB process, such as PB participants' meetings and presentations from April 2013 to May 2014. In total, we analysed around 32 hours of video material. Social network data for analysis included online discussion texts/lines and texts/lines of comments related to PB processes published in an online group of vk.com. In the case of Murmansk municipality, we tracked the forum discussions and comments of citizens on the official website and vk.com social network of the city administration in relation to PB.

In addition to documentary analysis, videotape, and social network data, we conducted two semi-structured interviews, one with the PB coordinator of municipality X in May 2014 and the other with the head of the Murmansk municipal finance committee in August 2014. Each interview lasted about 60 minutes (only one was tape-recorded). The interview guide was structured by a number of questions on several sub-topics: general idea, reasons/rationality for PB experimentation, guiding principles of the process along with its challenges, and general results. The interviews were transcribed, and a summary was sent to interviewees for additional feedback.

The data analysis was primarily guided by our theoretical framework based on ideas of institutional isomorphism (DiMaggio and Powell 1983), institutional logics (Bartocci et al. 2018), and PG (Fung 2006, 2015; Fung and Wright 2003). Therefore, we highlighted and coded interview transcripts, documents, and notes according to the fields of our study interests, i.e. external pressures for PB, internal dynamics, and PB effects within PG dimensions. Below, we present key findings in this regard.

EMPIRICAL FINDINGS: PB FORMATION OF PG AS A SOCIAL PROCESS OF EXTERNAL PRESSURES AND INTERNAL DYNAMICS

External pressures for PB

The collected data shows that both cases report several combinations of external rationalities for the introduction of PB (Table 1).

Both cases reported similar mimetic pressures evident in general reference to PB and other experiments as a possible way to involve local citizens in local financial planning and in this way to gain legitimacy in the eyes of central authorities by exercising the transparency law. Social network data and documents reported that in both cases the initiative for PB was linked to the current Russian federal legislation

PRESSURES	MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION (municipality x)	LARGE MUNICIPALITY OF MURMANSK
Coercive		Funds and strategy dependence
Mimetic	The transparency law International experiences of PB	The transparency law International experiences of PB
Normative	Intervention of research group	

Table 1: Summary of external pressures in two municipalities

calling for transparency and the openness of financial information, namely FZ №8 2009, “On providing access to information about the activities of state bodies and local self-government”. The idea of this law is that municipalities should be more transparent and open to their citizens regarding financial information. Thus, in both cases, we can argue that PB has become a good way to respond to current legislation by imitating others’ experiences of PB. Specifically, it is evident in both cases that several municipalities’ documents in relation to PB refer to the transparency law and to the classical PB experiences of Brazil (Sintomer et al. 2008).

Along with the similarities, the external rationalities for PB were somewhat more nuanced in both cases in terms of normative and coercive pressures. Specifically, the case of the medium-sized municipality of Leningrad Region showed the core element of normative pressure in PB. This was evident in the form of external research group intervention for PB experimentation. As a part of the research centre at one of the prestigious private universities in Russia and in receipt of financial support from a powerful non-commercial foundation, the research group became an important external initiator and further advisor for PB in municipality X. As the documents and the interview highlighted, the nature of the PB experiment was to test whether PB and Western democratic ideas were applicable to Russian practices. Referring to the work of Sintomer et al. (2008), the World Bank report on the Brazilian case, the external research group developed the methodological guidelines for PB implementation in Russian settings, based on rather rational and practical thinking

(e.g. evidence of preliminary observations by the research group in the municipality and awareness of bureaucratic procedures in the municipality; for more detail see Shulga et al. (2017)).

In the Murmansk case, while there was no evidence of normative pressures in relation to PB, coercive pressures appeared to be crucial for PB initiation. Specifically, compared to municipality X, the documents highlighted that most of the budget funds for the development of Murmansk were handled as subsidiaries from federal and regional governments. This in turn dictated the main conditions and priority areas of budget policy spending for Murmansk as a key strategic city under the agenda of Arctic governance, security, and the development of sea routes. In this regard, the Murmansk case was a little more nuanced in terms of searching for extra legitimacy from the central authorities in relation to funds and at the same time following the priorities set for the development of Murmansk region according to transparency and the involvement of local inhabitants in governance. This problematic concern was also evident in an interview with the head of the finance committee who stressed that he was “following both local dimensions and central strategic priorities in governance”.

Internal dynamics of PB

As suggested by the literature, along with external pressures for PB, the internal dynamics can be reflected by particular institutional logics of PB and their combinations (Bartocci et al. 2018). Based on data collected, we found several distinctive combinations of logics in both cases (Table 2).

In the case of municipality X, the internal dynamics of PB was formed within a combination of managerial and community building logics. Specifically, with regard to the main internal rationality for PB, the head of the administration and budget committee department played a central role in the decision to adopt PB by working with the research group to “internalize” PB guidelines for municipality routines. The documentary analysis, videotapes, and social network data also highlighted the involvement of NGOs and activist groups – in addition to public managers – in PB development in the municipality as active participation in the PB process. In this way, the data demonstrated a combination of several internal justifications for PB, including conceiving citizens’ involvement as a rational tool of solving the “legitimacy gap” between local administration and citizens and therefore of increasing the effectiveness of local budget formation and further empowering local

CASES	POLITICAL LOGIC	MANAGERIAL LOGIC	COMMUNITY BUILDING LOGIC
Medium-sized municipality in Leningrad region (municipality X)		<p>Who: Public managers Why: Search for rational problem-solving of “legitimacy gap” and effectiveness How: Mini-group participation, micro-projects, limited budget funds (approx. 1.5%), budget lectures, meetings, discussions and voting</p>	<p>Who: NGOs and activists Why: Sense of belonging to the city How: Thematic dominance of civil organizations’ agenda</p>
Large municipality of Murmansk	<p>Who: Mayor Why: Citizens’ empowerment for democracy How: Broad-based participation with high symbolism, comparatively large amount of budget funds (approx. 10%), only voting for budget directions</p>	<p>Who: Public managers Why: Effective governance How: Use of questionnaires, mass media, online feedback form</p>	

Table 2. Summary of underlying logics of PB in two municipalities

communities in city management. Such a combination of actors and motivations led to the design of the PB initiative jointly by the administration and research group while civil organizations dominated the PB process itself.

The PB process was organized in a rational form of mini-public participation where 15 citizen-participants and 15 “backup” citizens (in case participants from the main group withdrew) were randomly selected into a PB commission to decide how to spend around 1.5% of the municipal budget. For that purpose, the PB commission

operated during May and June in meetings moderated by a member of the research group. During those meetings, the citizen-participants exchanged and deliberated project ideas for budget applications, and discussed them with administrative departments. Educational aspects were also evident in the form of open lectures on the municipal budget process, governance structure, and urban management organized by the administration and the research group. The meetings were followed by final discussions and voting for particular project ideas among the commission members and subsequent implementation within the municipal budget. As the video and social network data demonstrated, within such a design, the PB process was dominated by mini-projects with thematic dominance of the agenda of civil organizations, including environmental issues (e.g. budget spending for local battery recycling), capital budgeting in sport (e.g. construction of cycling paths), or common urban space construction (e.g. multifunctional park areas).

Both municipalities wielded a sort of PR campaign before experimenting with PB, but the Murmansk municipality clearly chose a more prominent rhetoric in conjunction with its PB initiative; it also encouraged local citizens to participate in the upcoming initiative with such slogans as “You decide how to slice (= distribute) the budget”.

In the case of Murmansk, the internal PB dynamics was different, revealing a combination of political and managerial logics in place. With regard to the main internal actors, PB was initiated by the mayor with the support of the head of administration and the council of deputies. The public council of the city served as a communication channel, and the mass media provided a PR company. Further, the documentary analysis and interview demonstrated a combination of several internal justifications for PB, including citizens’ empowerment to increase democracy and effective governance. Specifically, the head of the finance committee reflected that PB was intended as “...a form of work with the population which allows the opinion of citizens to be considered at the discussion of distribution of the budgetary funds” along with making it possible to “...identify the most significant social problems from the standpoint of Murmansk citizens”.

The PB process in Murmansk was organized in a combination of rational administrative thinking and large-scale rhetoric on citizen participation as a symbol of direct democracy. Specifically, according to available accounts, it was expected that all citizens of Murmansk would decide how to spend 10% of the municipal budget in two

stages: an extensive questionnaire (September 2013) and a public event (4 November 2013). The questionnaire could be filled in on paper or online and was designed with two subsequent parts. Firstly, citizens were asked what expenditures they considered as priorities for the city of Murmansk in 2014 (for example education, health, sport, or social housing). Secondly, people were asked whether they supported the social projects of the administration. The public event was organized on the central square of the city with the so-called “slicing [or sawing] the budget” approach: the organizers prepared a beam there that symbolized the budget of the city. The beam was divided into nine parts (the same ones as in the questionnaire, e.g. education, health, etc.) with 12,500 small holes and 12,500 sticks prepared for voting. Every citizen could get one stick to put it in a specific hole. A few hours later, the beam looked like a big hedgehog. Then the beam was sawn into nine pieces of different length.

PB effects within PG dimensions

As suggested by our theoretical frame of reference, specific external rationalities and internal dynamics of PB can lead to the formation of PG in general (Bartocci et al. 2018; DiMaggio and Powell 1983; He 2011) and its three dimensions in particular (Fung 2006, 2015; Fung and Wright 2003). Based on the collected data, this paper reports several distinctive potentials of PG formation in this regard (Table 3).

In municipality X, several potentials for PG formation were evident. Within the democratic legitimacy dimension of PG, the collected data demonstrated that PB had become a valuable tool in citizens’ learning about local government and the budgetary process, as evidenced by more sophisticated questions and issues raised by PB participants with the administration. As the videotape observations demonstrated, by understanding the budget process, the participants started to understand and discuss project ideas with officials rather than only blaming them. Therefore, it can be argued that PB has led to the formation of citizens’ trust in local authorities and has become a good communication channel between citizens and local authorities: “... People got used to seeing officials as their enemies, but when they work together on something, they change the style of conversation and ideas about the work. People begin to offer constructive ideas.” [PB coordinator]

Regarding the formation of the effective governance dimension of PG in municipality X, the data sources reported several examples of citizens’ contributing to local governance with their knowledge (Lovan et al. 2017). Specifically, the PB commission created a number of interesting capital budgeting projects such as a multifunctional

PG DIMENSIONS	MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION (municipality x)	LARGE MUNICIPALITY OF MURMANSK
Democratic legitimacy	Citizens' learning, trust formation and communication channel	Negative discussions in local mass media, decrease of citizens' trust
Effective governance	Interesting effective projects Future officials (experts) from citizens New PB cycle	Extensive questionnaire data and public meeting but these were not used further No plan to repeat PB again
Social justice	Limited decisions with few participants, BUT discussions of municipality governance beyond PB	"No comments" for citizens' budget decision to be taken into consideration

Table 3. Summary of PB formation of PG dimensions in two municipalities

playground or cycling area in the city centre. As the PB coordinator reflected, such projects are usually marginalized by the administration which is too busy with other government responsibilities and the implementation of more standard capital projects. In this way, citizen involvement led to a more effective response to the local needs in creating the city environment. In addition, as observations and documents revealed, the municipality gained new “experts” among the citizens, who applied to be municipal council members. Such effective governance results have led to the transformation of the PB experiment into established practice in municipality X since 2014.

Last but not least, the PB in municipality X also had implications for the social justice dimension of PG to some extent. In particular, the data revealed that, while PB produced limited decisions (only 1.5% of the municipal budget) with few participants (15 commission members), such a weak form of participation has also led to discussions of municipality governance beyond PB. Such observations were evident especially on the Internet portal/network, where not only PB commission members but, importantly, other citizens discussed project ideas. For example, the discussion of a new playground capital project has led to parallel questioning of the city administration actions in relation to nearby territories and park reconstruction.

In Murmansk municipality, potentials for PG formation were hardly evident. As the data revealed, the PB initiative instead led to decreased democratic legitimacy and unclear effects on effective governance and social justice. Specifically, after the public event of “slicing the budget”, the administration gave a very positive assessment on the project, as the experiment showed that citizens (about 25,000 people) were very active and interested in deciding on budget allocations of the city. However, there was no disclosure of how big a part of the budget (10%) would be formed in accordance with the wishes of the citizens. In this regard, the administration maintained a “no comments” position, where the results of the questionnaire and public event were kept but not used further. This resulted in rather decreased trust of citizens in their local authorities and negative assessments in local mass media and internet forums with such headings as: *“It is not clear if the ‘3D Budget’ project really influenced the budget decisions”*, *“The experiment is obviously not finished”*, *“The idea is good, but the execution spoiled everything”*. Others expressed their opinion more strongly: *“While we were slicing the beam, they [officials] were slicing the real budget”*, *“The officials used citizens as a mindless stage prop”*, *“The administration showed extreme disrespect for us”*, *“They reported on results and forgot about us”*. It seems that the administration was satisfied with the intermediate result, that is, establishment of “feedback” with the citizens concerning budgeting. Nevertheless, the reflection of the head of the Murmansk municipal finance committee was more nuanced on that issue. Accurately, he/she reflected on the fact that *“even though we have a general idea of such initiatives as PB to be adopted through looking at others’ examples, we are too much dependent in our actions on federal and regional orders and priorities”*. To some extent, the head of the Murmansk municipal finance committee agreed with the criticism of the citizens that the PB was unfinished and symbolic. However, she/he emphasized the general strategic orientation of Murmansk and funds being mostly exploited for specific purposes connected to the Arctic development. Indeed, we found several strategic documents and programme documents which challenged the possibility to consider the results of citizens’ decisions, even to the extent of 10% of the total budget. Therefore, as one of the participating citizens reflected in the social media: *“participation was only for participation”*. As a result, there are no plans to repeat such an experiment in Murmansk yet.

	EXTERNAL PRESSURES	INTERNAL DYNAMICS	PARTICIPATORY GOVERNANCE
MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION	1. Normative 2. Mimetic 3. Coercive	1. Managerial logic 2. Community-building logic	Increased democratic legitimacy Limited effective governance Limited social justice
LARGE MUNICIPALITY OF MURMANSK	1. Coercive 2. Mimetic	1. Political logic 2. Managerial logic	Decreased democratic legitimacy Unclear effective governance Unclear social justice

Figure 1. Comparison of PB experiments and their formation of PG

DISCUSSION AND CONCLUSION

This paper responds to the recent calls to study the underlying nature of PG in terms of the specific contexts and nature of relations between the central and local incentives toward PG mechanisms within one country (Bartocci et al. 2018; Sintomer et al. 2016; van Helden and Uddin 2016). In this regard, the paper has traced the development and underlying nature of the PB technique as a central mechanism/tool in forming PG (Fung, 2015). Specifically, we have explored whether and how PB experiments formed PG in two Northern municipalities of Russia: one in the High North (the large Murmansk municipality) and the other outside the Barents Region (a medium-sized municipality in Leningrad region).

The findings show that both PB cases formed limited PG practices based on its three main dimensions: democratic legitimacy, effective governance, and social justice (Fung 2006, 2015; Fung and Wright 2003; Lovan et al. 2017). Such observations concur with previous observations in the literature on the problematic nature of PB in the PG discourse (e.g. Aleksandrov et al. 2018; Célérier and Cuenca Botey 2015; Harun et al. 2015; He 2011; Kuruppu et al. 2016; Uddin et al. 2011). Nevertheless, the internal country comparison perspective brings exciting insights into the nature of relations between the central and local incentives toward PG mechanisms. PB formation of PG is clearly a social process combining external pressures (DiMaggio and Powell, 1983) and internal dynamics (Bartocci et al. 2018) (see Figure 1).

As revealed in the Murmansk case, even though the general content of PB was guided by PG intent, the results of citizens' incentives toward the budget were hidden under the general budget-drafting process related to key priorities of the regional and federal development of the Arctic. These findings agree with recent claims that strategic and financial planning continues to be far removed from the really "local" High North (Bourmistrov et al. 2017). Such symbolic actions and ignorance (e.g. Davidson and Elstub 2014; Uddin et al. 2011) led to rather decreased democratic legitimacy in Murmansk. The same applied to other dimensions of PG in Murmansk, because the PB potential of forming effective governance and social justice was blurred. In the medium-sized municipality X, even though the PB experiment was much smaller in terms of scope and funding, the potential continued to grow with stronger engagement by the local inhabitants. Here, the PB experiment was comparable with the general content of PB practices (Sintomer et al. 2008; Sintomer et al. 2012; Sintomer et al. 2016), adding local flavours such as coordination by the external research group and the lecture component. As we discovered, this PB experiment had more potentials to form PG but with limited dimensions of effective governance and social justice. Such internal challenges of PB have already been revealed by previous studies in general (Harun et al. 2015; Lovan et al. 2017; Sintomer et al. 2016) and on Russia in particular (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018). At the same time, the result of the experiment also has some potential in this regard such as the creation of future experts among citizens who then become deputies or officials, along with discussions of municipality governance beyond PB.

Summing up, even though both municipalities' initial rhetoric was related to forming PG through the introduction of PB, its potentials in practice were entirely different. Paradoxically, the medium-sized municipality with less rhetorical and less comprehensive PB content in terms of the scope of citizens' participation and funds to be distributed formed a more fruitful PG discourse than the large municipality of Murmansk, which had more initial open incentives for citizens' involvement on a more significant scale and with a larger budget.

In order to explain such observations, we propose that particular relations between the PB external pressures (DiMaggio and Powell 1983) and internal dynamics (Bartocci et al. 2018; DiMaggio and Powell 1983; Meyer and Rowan 1977) have influenced the potential for PG formation in both cases. Specifically, in the case of Murmansk municipality, even though PB in the High North was supposed to involve the local inhabitants' dimension, it was rather designed and adopted by mimetic

and mainly coercive pressures, which kept decisions far away from the “local” High North. Those pressures were juxtaposed with the external dynamics of PB. These are driven by a political and managerial logic, where the intentionality and actions related to PB have high PG potential. The other PB case, less strategically important than the municipality in the High North, was mainly designed and developed through a combination of normative pressures and internal managerial logic.

Therefore, the central argument in our paper is the importance of considering the possible relations between external pressures and internal dynamics (Mauro et al. 2018) of such PG mechanisms as PB, for this influences the potential of PB to form PG in particular contexts. As our paper has shown, the lack of alignment between external pressures and internal dynamics can lead to limited PG potential of PB. When applied to the High North, paradoxically, the development of PG mechanisms is challenging because the High North context offers both opportunities and constraints from an institutional point of view. Strong political and managerial incentives toward PG cannot guarantee that the practice will succeed. Crucially, the High North is a part of global opportunities for resource exploitation. Its strategic importance limits the development of participatory practices even though local incentives toward such practices have high potential. The High North thus becomes a setting where all local initiatives are still much more about global discourses.

With these findings, the paper contributes to the growing literature of potentials and challenges of PB as a mechanism for securing sustainable societal development in various countries in general and the High North in particular (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018; Bartocci et al. 2018; Beuermann and Amelina 2014; Fung 2015; Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Specifically, we contribute to this literature by showing possible tensions between external pressures and internal dynamics of PB, which potentially limit PG development in terms of relations between central and local governments (Bourmistrov et al. 2017). Secondly, by adopting a comparative perspective and involving the Russian context, the paper responds to the recent calls for comparison of PB practices within countries and for widening the scope of institutional contexts to include emerging economies (Sintomer et al. 2016; van Helden and Uddin 2016).

Our study has several limitations. The first limitation is connected with the generalization of the findings in relation to Russia as a whole. While we have attempted theoretical generalization by presenting a comparison of two cases, we

would encourage future studies to examine in more detail, including internal and cross-country comparisons, the PB potentials and challenges in forming PG in the High North and beyond. Secondly, our comparative approach with the use of institutional theory is entirely limited to capturing in detail the differences in the internal actors' roles and actions in PB potentials for PG. While such in-depth studies have already taken place in the Russian setting as single-case studies (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018), we encourage future research to bring novel theories that capture underlying internal processes of PB and external pressures in a comparative perspective involving more than one country.

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FOOTNOTES

¹ evgenii.aleksandrov@nord.no (corresponding author), Nord University, PO Box 1490, 8049 Bodø (Norway)

² es-kuznetsova@yandex.ru

³ We use the term participatory budgeting to describe one of the mechanisms of participatory governance in the context of the public sector.

⁴ The term ‘experiment’ is used to emphasize the pilot nature of the development of PB practices with an unclear understanding of whether the practice will be established on a permanent basis.

⁵ Federal Law No. 131 On the General Organizational Principles of Local Self-Government in the Russian Federation and Budget Code of the Russian Federation.

⁶ The Russian equivalent of Facebook.