

**Conceptualizing the presumed relationships between accountability processes
and value for money in the UK's private finance initiative (PFI)**

I. Demirag, M. Dubnick and I. Khadaroo

Istemi Demirag is Professor of Accounting, School of Management & Economics, Queen's University Belfast, Northern Ireland; Melvin J. Dubnick is Professor of Political Science at the University of New Hampshire, USA, and Senior Fellow at the Institute of Governance, Queen's University, Belfast, Northern Ireland; and M. Iqbal Khadaroo is a lecturer in the School of Management & Economics, Queen's University Belfast, Northern Ireland.

We are grateful for the constructive comments received on the earlier drafts of this paper from the participants of Conference on Governing the Corporation: Mapping the Loci of Power in Corporate Governance Design, Queen's University, Belfast, September 2004; School of Management and Economics accounting workshop, Queen's University, Belfast, December 2004; British Accounting Association Special Interest Group in Corporate Governance Annual Conference at the University of Nottingham, December 2004; BAA Annual Conference at Heriott Watt University in Edinburgh, March 2004; European Accounting Annual Conference, Gothenburg, Sweden, May 2005; Aston University Business School staff seminar, June 2005; and, Accountable Governance: An International Research Colloquium, Institute of Governance, Public Policy and Social Research, Queen's University Belfast, October 2005. We would also like to thank Richard Laughlin, Jane Broadbent, Noel Hyndman, and Stan Brignall for their constructive and insightful comments on the earlier versions of this paper.

**Conceptualizing the presumed relationships between accountability processes
and value for money in the UK's private finance initiative (PFI)**

Abstract

The New Public Management (NPM) literature presumes that accountability and performance are multi-faceted and related concepts (Glynn and Murphy, 1996; Robinson, 2002; Cavalluzzo and Ittner, 2004). What constitute appropriate concepts of accountability and performance and how the two relate are widely debated where disagreements abound. Development of a conceptual model is therefore needed to explore the nature of these presumed relationships (Lapsley, 2001; Hammersley 2000; Dubnick, 1998, 2005). While previous research have either focused on accountability or value for money concepts, in the context of the UK's Private Finance Initiative (PFI), we uniquely contribute to the understanding of these complex relationships by explicating the concepts of accountability cultures, forms and mechanisms that may impact on value for money (VFM), used as surrogate for performance. This study makes an important contribution toward the understanding of such complex relationships by developing a model of accountability for a typical PFI project which is capable of being empirically supported. We finally offer four fundamental assumptions in order to facilitate explication of such relationships and to set future research agendas.

Keywords: accountability, performance, new public management, value for money, private finance initiative.