Participatory Budgeting and Local Government in a Vertical Society: A Japanese Story

S Uddin, Y Mori and P Adhikari

Abstract

This paper examines a case of participatory local government budgeting in Japan. The paper demonstrates how cultural values interact with stages of the PB process (in our case co-planning or consultation phase of budgeting). We find three key stakeholders - assembly members, officials and citizens – have varying degree of participation in the budget process. Whilst direct citizen participation has been limited and challenging, we find local associations and assembly members work as lobbyists to influence the budget less publicly. This paper makes an important contribution in arguing that wider stakeholders' engagements need to be considered in terms of the particular cultural context. The paper also contributes to the broader debate on local government reforms and their translation into varied contexts by problematising such a linear adoption of knowledge.

Points for practitioners

We offer cautions to policy makers for the wholesale adoption of knowledge from one context to the other. In the Japanese context, we urge them to draw on the strengths of grouping behaviour. Hence, engagement with associations, communities and various interests groups must be emphasised instead of simply relying on direct yet remote communications to citizens. Political engagements by the departments – perhaps via political parties – can be adopted before budget proposals are made to the local authority assembly. This will allow more space for the politicians to make their case to citizens, and maintain harmony (*wa*) within and between the political groups.

Keywords

Culture, Japan, Participatory Budgeting, Local Government

Introduction

Over the last decade, participatory budgeting[1] (hereafter PB) has been one of the most widespread reforms undertaken by local governments, with 1,500 PB instances in various countries (Baiocchi and Ganuza, 2014). PB in local governments has been subject to scrutiny in many countries, mainly in Europe and the USA (Gusmano, 2013; Rossmann and Shanahan, 2011). A number of studies have been carried out to explain key stakeholders' engagements (or lack thereof) in the local budgeting process citing both economic and non-economic reasons, for instance budgetary constraints and perceptions of citizens (Barbera et al., 2016). Fewer studies have however examined how the budgetary participation process operates and interacts with the local cultural conditions, which may provide deeper explanations for why reforms such as PB often produce a variety of unanticipated consequences (Pollitt and Bouckaert, 2011; Christensen and Fan, 2016).

PB instances in local government outside Anglo-America and Europe have been limited (Kuruppu et al., 2016). Japanese local governments are of particular interest due to their relatively recent interest in engaging with wider stakeholders (Tanaka, 2010). Political participation has long been in place in Japan through the direct election of Mayors and assembly members. This has been further strengthened by the idea of engaging citizens in the selection of local priorities (Sintomer et al., 2012). While some forms of PB are claimed to be in place in a number of Japanese city councils, including Abiko, Siki, Nabari and Osaka-Sayamatori (JMRC, 2012; Matsuda, 2005; Fukushima, 2014), intensive case studies of PB process in Japan is scarce (Masujima, 2005).

PB, which advocates an Anglo-Saxon attitude toward governance, is likely to raise interesting issues given that prevailing social and cultural values in Japan are significantly different from those of Western countries (Norton, 2007; Kudo, 2003; Christensen, 2000; Jun and Muto, 1995; Eshima et al., 2001). Our Japanese case presents us with an excellent opportunity to study and theorise the dynamics of PB processes in a non-Western context. Thus, we intend to focus[2] on the interactions of stages of PB process and local cultural values.

Empirically, the paper investigates the nature and extent of participation in the budgeting process of a Japanese local government – Kitakyushu Council – frequently cited for championing citizens' participation in the budgeting process. We investigate participation in budgeting in a broader perspective: participation within the local council and its wider

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[1] We define "participatory budgting" in wider sense. This does not only incude citizen participation but also engagements of elected members and local council officials in budgeting (Oh and Lim, 2016; Uddin et al., 2011).

[2] Our intention is not to assess or generalise the 'success' or 'failure' of PB in Japan.

stakeholder engagements including citizen and elected representatives. Analytically, the paper examines how cultural conditions of Japan interact with the PB process.

The next section provides a brief review of local government budgeting and participation, followed by an introduction to a theoretical framework and the research method section. Empirical findings are then presented and set in the context of the cultural norms of Japanese society. The paper finishes with some concluding remarks.

Participatory budgeting and cultural perspectives

In Western democracies, PB is envisaged as a tool through which to articulate a deliberative or participative form of democracy in which stakeholders have opportunities to engage in local authority decision-making processes[3] (Ariely, 2013). The extent of the 'success' or 'failure' of stakeholder engagements with local government budgeting is discussed in prior work. For instance, Baiocchi and Lerner (2007) discuss the success of PB in balancing resource allocation in some ethinically-diverse Canadian local communities. Similarly, PB in Ichikawa, Japan, has been credited with supporting non-profit projects on which citizens vote through the injection of one percent of residential tax revenues to those projects (Sintomer et al., 2012).

Most of the current studies on PB are however critical of wider stakeholder engagements reporting various unintended consequences: undermining the level of trust between politicians and citizens (Im et al., 2014); low and unrepresentative participation (Ebdon and Franklin, 2006); domination of technocrats (Gusmano, 2013); and of being merely a legitimacy tool, with no direct consequences for the final budget (Bräutigam, 2004). Studies have also cited economic and institutional impediments such as poor budgetary allocations for citizens and economic austerity discouraging the engagement of wider stakeholders in the PB process (Rossmann and Shanahan, 2011; Cepiku et al., 2016).

Whilst economic and institutional reasons are important, cultural variables are also critical in shaping wider stakeholder engagements, including citizens (or lack thereof) in the PB process (van Helden and Uddin, 2016). Culture has long been considered in the New Public Management (NPM) literature to be a key determinant of the process, consequences and outcomes of reforms (Christensen et al., 2007). Different cultural frameworks, for instance Hofstede (Pillay, 2008; Kim, 2017), Grid-group culture (Simmons, 2016) and Douglasian theory (Linsley et al., 2016), amongst others, have been drawn on to explain

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[3] PB originated in Porto Alegre in Brazil, later adapted and mobilised by development agencies and Western governments (Uddin *et al*., 2011)

national cultures and associate them with local government reforms such as NPM. For instance, studies on local government reforms in Japan have discussed the Japanese cultural context in relation to the adoption of Western-centric administration and local government reforms (Norton, 2007; Jun and Muto, 1995). It is argued that the culture of collectivism has been a positive force in making successful reforms in the public sector of Japan (Eshima et al., 2001; Christensen, 2000).

Nevertheless, cultural perspectives of the PB processes are relatively under-researched despite the calls for studying culture in public engagements (Flynn, 1998). Irvin and Stansbury (2004) have argued that low and unrepresentative participation in the budget process may be indicative of a local culture characterised by citizens' undisputed acceptance of decisions undertaken by politicians. In a similar vein, some Japanese studies have reported challenges in getting individuals involved in the PB process (Fukushima, 2014; Nakatani, 2013). Building on the above literature, this paper draws on Nakane's (1970) work[4] to offer some understanding of the challenges of PB processes in Japanese local government.

Vertical society – the Japanese way

Nakane's main focus was to understand Japanese society by examining the Japanese individual, group formation, and the relationships between group and individual and between groups. These relationships have serious implications on how participation occurs at the level of organisation and beyond. We have also employed recent studies on Japanese culture and society (Abe, 1995; Yamamoto, 1983; Kokami, 2009; Benedict, 1988; Curtis, 1999; Norton, 2007; Jun and Muto, 1995; van Wolferen, 1989) to complement Nakane's work.

Nakane (1970) employed the concepts of "frame" ("*ba*" in Japanese) and "attribute" to capture how individuals see themselves in a group and in society at large. Frame indicates a location or belongingness, while attribute indicates profession or position. Identifying with a particular frame – a company, family or group, in other words, a collective – is considered to be the primary means of introduction. Social grouping in Japan is often constructed on the basis of a frame of group members (work place, village, etc.) with differing attributes. In order to sustain the group, coherence is crucial (Benedict, 1988). In Nakane's view, this is done in two ways: by influencing members with a feeling of oneness or unity, and/or by creating an internal structure which ties individuals in the group to each other and thus

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[4] Other cultural frameworks could have provided different insights but we opted for Nakane's work mainly because it is entirely focused on understanding Japanese society in relation to other societies. This is also complemented by most recent cultural works on Japan.

strengthens the internal structure of the group. In practice, these two modes occur, are bound together and progress together. This is further elaborated upon below.

In order for members to have a feeling of oneness or unity with the group, people with different attributes are led to feel that they are members of the same group consciousness of "us". Japanese emotional investment in groups is manifested in the way they speak about their groups. Oneness is frequently expressed – "our company", "us" – in everyday private and public conversations. As Nakane (1970: 4) puts it: "… latent group consciousness in Japanese society is expressed in the traditional and ubiquitous concept of *ie,* the household, a concept which penetrates every nook and cranny of Japanese society". The Japanese usage *uchi-no* referring to one's workplace indeed derives from the concept *ie*. The term *ie* also has implications beyond those to be found in the English words of household or family. "Oneness" is also strengthened by differentiating the group from other groups/frames ("us" versus "them"). Hence, there is often fierce rivalry and hostility towards other groups. The entire society is composed of numerous competing but independent groups. This rivalry and competition between groups and organisations is also reflected in the public sector literature (Christensen, 2000).

The internal structuring of the group is very important for group coherence and survival (Aoki, 1988). In general, groups share a common structure; an internal organisation by which the members are tied vertically into a delicately graded order (Nakane, 1970: 39). A vertical relationship emphasises differences between members, or develops a very delicate and intricate system of ranking within it (Jun and Muto, 1995). In vertical group formation, three categories of relationship are found to exist: *sempai* (seniors), *kohai* (juniors) and *doryo* (equal). These differentiations are clear, they are expressed both publicly and privately, and the order is maintained irrespective of an individual's status, qualifications, popularity or frame (Mizutani et al., 1995). As Nakane (1970: 28) puts it, "there is a deeply ingrained reluctance to change the established order. The relative rankings are thus centered on an ego and everyone is placed in a relative locus within the firmly established vertical system". The vertical organisation, fixing the ranking of participants from its beginning, is also reflected in prior work (Yashiro, 2013; Jun and Muto, 1995).

The Japanese word *seken* perhaps expresses more accurately the role of the individual in the group, and indeed in Japanese society (Abe, 1995). Being in *seken* means that all members of the group should act cohesively or *seken* will purge individual differences to impose *wa* ("oneness" or "unity"), without any debate or questions (Kitamura, 2013). Nevertheless, the iron clad of *seken* has been loosing its grips in modern society. Kokami

(2009) has termed this *kuki*, in other words, a loosely coupled *seken*. Whatever the form *seken* takes, it still contributes to maintaining *wa* (harmony) within the group. van Wolferen's (1989: 196) comment on Japanese political power reflects this: "Japanese who disagree with the way in which the system works and who translate their discontent into political actions are considered subversive and looked upon as potential bomb-throwers".

In summary, the primacy of group over individuals, and of frame over attributes, group rivalries, and a deeply embedded Japanese consciousness of vertical relationships and oneness or *wa* have serious implications for how an organisation works. It is therefore interesting to examine how notions such as "participation" are implicated in the everyday lives of Japanese organisations. We examine these cultural norms in relation to the participation of citizens, bureaucrats and politicians in budgeting in the Kitakyushu case.

Research methods

Data for this case study were collected in 2014 over a span of one year, including multiple visits to the city council and the collection of documents. Important data sources for the identification of societal and cultural conditions included a preliminary review of the historical literature on Kitakyushu council, as well as the broader politico-economic and historical literature, such as analytical commentaries on Japan's political and economic situation and on local government in general. The review was conducted with specific reference to identifying the contexts surrounding local government. As a next step, in order to develop a better understanding of the structural conditions faced by the key actors in Kitakyushu, we collected media reports, annual statements and official documents relating to Kitakyushu.

Semi-structured interviews were one of most important sources of data contributing to an understanding of local government budgeting practices. Two authors (one native speaker) were involved in facilitating the interviews. In total, we have spoken to 20 key stakeholders (in two stages), comprising 1 community leader (user of local government services), 1 ward official, 5 assembly members, 10 local government officials, and 1 professor (retired from the city government, with experience in the budgetary department). The second round of interviews at the local council was based on knowledge acquired from the first round. Two interviews were held, with the deputy mayor and a consultant working for local government reforms. Most interviews took place in the workplace, while some, especially those with politicians, were held in different locations, including one in a café.

The interviews were conducted mainly in Japanese, but translated immediately into English so that the non-Japanese author could follow them. Most interviews lasted around 60 minutes and were digitally recorded. Issues discussed during the interviews included: the nature of budgeting; the level of participation; the role of departments, politicians (assembly members), community members and the general public in influencing budget decisions; and the role of central government and civil servants. After completing each interview, the authors discussed the interview data and reflected on the findings to prepare themselves for the next interview. We presented our initial findings at two seminars attended by Japanese and UK local government researchers (60 participants). In addition to the interviews, one author attended an assembly meeting and watched assembly meetings on YouTube.

Having collected the data, the next stage was an analysis of the interviews in two forms: uncovering the cultural conditions, and determining the key actors' understanding of the practices. Our main aim was to make sense of the participation of citizens and assembly members in the budgeting process. In order to do this, we drew on Nakane's work on the vertical society and identified key themes to interpret the findings and agents' interpretations of budgeting practices. As we interpreted our findings, we constantly reworked our themes to capture deeper explanatory nuances of the data and to theorise the process of participation in budgeting.

Local government in Japan and Kitakyushu

Local government units in Japan provide a wide range of services to citizens, covering virtually everything except diplomacy, defense, currency and justice. Three fifths of the total tax revenues are spent at local government level employing three million people. Japan's local autonomy system has a two-tier system of local government: prefectures and municipalities. Prefectures are regional government units, and municipalities are basic local government units. The largest city within a municipality is often formally 'designated', and its power and functions are similar to those of prefectures in core areas such as social welfare, public health and urban planning. Kitakyushu, our case study, is a formally 'designated' city.

There are two governance structures at the heart of all local government units: legislative and executive. The legislative branch is composed of representatives from local communities elected through adult suffrage, and makes decisions on the budget and local ordinances. It comprises the mayor or governor, plus assembly members, all of whom are directly elected by local residents for four years. The executive branch implements the policies decided by the legislative branch. The mayor is the head of both legislative and

executive branches. The mayor/governor has the power of veto over the local assembly/city council, mirroring the powers of the US presidency.

[Insert Table One]

The local government reforms in Japan since 1990 have significantly shaped local councils, including Kitakyushu council. In the context of economic decline compounded by an ever-increasing elderly population, a restriction of local council's spending power, cost cuts and outsourcing have been common to all councils during the last two decades, including Kitakyushu (Tanaka, 2010). The economic decline has been reflected in the Table One. Revenue has been decreasing and almost 55 per cent of the total budget is under the local government's discretionary power.

Further scrutiny reveals that half of the unconditional revenues are in fact committed to fixed costs such as personnel, public assistance and the cost of public debt. In theory, the remainder is not fixed and may be influenced by stakeholders. The current Mayor, who was first elected in December 2006, made direct partcipation agenda one of his political pledges in his election campaign for more transparency and accountability in decision-making process. In this context, direct citizen participation was initiated in 2008 in Kitakyushu[5]. Given the Mayoral election pledge and the claims of wider stakeholders' participation in Kitakyushu promoted by the local government associations and media, we have sought to examine the elements of participation in the budgeting process. The budget cycle comprises of three key phases in Kitakyushu. The interaction of key stakeholders including citizens, officials and assembly memebrs in each of these phases are discussed below. At the same time, the paper draws on Nakane's cultural framework to provide some explanations of those interactions.

Budgetary proposals: vertical negotiation

The annual budget - a part of a three-tier planning system: strategic, master and implementation plans – begins with the Mayor setting the principles for the year. The Mayor has overall authority to prioritise or ignore specific policies or projects set in strategic plans. The budget desk representing the Mayor does not engage with any active consultation for setting out budget principles. This goes further as the interviews revealed. The budget desk often changes the allocations to the departments with little or no explanations. Departmental interviewees, accepting the power and authority of the budget desk, suggested that it is the

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[5] No evidence of pressures from central government or non governmental agencies to adopt the direct participtoin intiative.

budget desk's remit to make final decisions. In preparing the departmental annual budgets, especially regarding the inclusion of new capital items, high priority is given to reflect the Mayoral election promises.

The budget desk has overall responsibility for the budget. For instance, in response to our question of whether the Mayor asks them to pursue specific projects and proposals, the finance officer in the budget desk responded: *He does not need to tell us. We know what he wants and we must be prepared for this*. Here, direct influence is unnecessary; as Nakane (1970) puts it, "*junior must know what senior wants and work accordingly*". The embedded vertical relationship does not require undue direct intervention.

Verticality is, in particular, reflected in the way negotiations are unfolded between the budget desk and departments. For instance, commenting on the cost-cutting policy, an executive director of the budget desk claimed that they do not anticipate much resistance to its cost-cutting announcements. The usual practice is to send a letter to each department detailing the percentage to be cut, together with the rules and principles of the budget, at the beginning of the budget cycle. The budget desk confirmed that there is some negotiation but little resistance from departments because they know this has to be done. One official from the budget desk said: *We negotiate this with the managers, directors and even the chief executive of each department and ask them to adhere to the budget policy. If a compromise is not reached, it goes up to the deputy mayor in charge of the budget desk*. Negotiation begins at managerial level and, if unresolved, goes up to director level, followed by head at the department level. Ultimately, the deputy mayor's decision is final. Although there may be some discomfort within departments, promoting oneness and maintaining "*wa*" is much more important (Nakane, 1970; Abe, 1995).

Citizen participation: individual and group

The budget desk compiles budget proposals from departments and opens them up for citizens' comments. We find that a summary of budget proposals from all departments is made available on the city's websites, at the city's central office and in ward offices. Citizens are able to submit their opinions by e-mail, postal mail or fax, or bring them directly to the city council or ward office, giving their name and address. Seeking citizen engagments using a variety of ways are usual as depicted in the literature (Oh and Kim, 2016). Nevertheless, the level of response received from citizens in Kitakyushu is very minimal. For instance, in the 2014 financial year, out of a population of more than a million in Kitakyushu city, only 71 people submitted 167 opinions. The number of opinions posted by citizens was even less in

previous financial years. The interview with the finance director of the budgetary division was quite revealing. His candid reply to our question on participation was: *This citizen participation is simply a distraction and meaningless. Budgets are made up of a master plan, an implementation plan, debates in assembly, and daily negotiations between related organisations. Honestly speaking, it is hard for lay people to understand. It is a professional task*. This interview strikes a chord with the way the council responds to the opinion expressed by private citizens. Most of the responses are brief and negative such as "*council does not agree*". Our study of citizen response, from 2009 to 2014, fails to identify any response that has led to any significant changes to the budget. The deputy mayor conceded: *I try not to rely too much on public opinions, as the policy makers can better reflect the situation than the citizens*. Officials also commented that they simply do not usually have time to engage with the citizens' opinions. Nevertheless, this process itself provides necessary legitimacy to the budget. This was evident in the following statement of a senior staff member of the budget desk: *These public comment procedures are intended to attract citizens' interest, not to change the budget, so we handle them with much care and answer them very carefully*. The budget desk has therefore pursued a policy of encouraging citizens to express their responses relating to budgetary issues, despite the fact that such voices are rarely heard. As argued by some researchers (Bräutigam, 2004; Adams 2004), the political participation in the budget process has become merely a legitimacy tool, hardly any direct conseuences for the final budget.

Whilst the budget desk largely ignores private citizen responses, departments engage with local groups and associations in various forums before drafting the budget proposals. These long-established but informal connections between local communities and local government units were operating well before the direct participation began to appear in Japan. A director of the general affairs division of the construction department/bureau mentioned: *We are close to the citizens in several ways and communicate with them through comment letters, directly responding to them in public lectures, and organising meetings with them*. This contact with citizens is not well-publicised but is conducted mainly through various associations/groups. The chairman of the federal association stated: *The city and associations have maintained an intimate relationship. We have frequent meetings with the city and the departments and sometimes we are asked about our needs and proposals*. Direct citizen disengagement is reported in prior studies (Gusmano, 2013; Cepiku et al., 2016), but social group/association engagement with the budget is surprising. These local associations seem to work as lobby groups and have been successful in influencing budgets on a small

scale. The chairman of the federation explained various ways the association can exert subtle or direct pressures on the council exploiting their established links with departments. Group-lobbying for members to the council is understandable from Nakane's articulations of significance of groups/frame in Japanese society.

Political participation: maintaining oneness or "wa"

The assembly and its members are important vehicles to ensure wider political participation. There are 61 assembly members who work full-time for the assembly, selected from six wards for a term of four years. The local assembly process comprises three steps in Kitakyushu. First, at a general meeting, the mayor explains his propositions in terms of budget bills, closing bills and other ordinances, and assembly members discuss the mayor's propositions in the six permanent committees. Second, three special committees consisting of pairs of the permanent committees deliberate on the budget and closing bills. Third, based on the deliberations, the assembly decides whether or not to approve the bills in the general meeting. We sought to establish to what extent the assembly influences budgetary documents and provides checks and balances to mayoral power.

Legally, the assembly and the Mayor/city council office should stand on an equal footing and the assembly is recognised as a guardian, but interviews suggested otherwise. Members do not raise awkward questions to the committee or at assembly meetings, as commented by the chair of the assembly. The chair defended: *It is not our weakness, but the Japanese way of problem solving. In our tradition, we do not want to fight, nor do we like confrontation*. All budget and financial closing bills are passed almost unchanged every year.

There are also pressures on assembly members not to delay the budget approval process. Some assembly members argued that proposing an amendment to the budget would not only protract the discussions but would also lead to uncertainty in its execution. One assembly member remarked: *The convention is that only the positive side of the budget should be mentioned during approval meetings and speeches*. This is clearly visible from the YouTube videos of many assembly meetings.

Political parties often attempt to shape the budget less publicly. The assembly is seen as a formality rather than a debating house. Assembly members discuss the budget within their parties and groups. During such discussions, concerns are often raised about the inadequacy of the policies and the budget. However, such voices are seldom heard during the assembly's budget meetings. On behalf of the political party that they represent, they negotiate with the Mayor's party rather than the Mayor, and indirectly persuade the latter to

consider their budget proposals in exchange for political or election support. There is no guarantee that such institutional proposals will receive the Mayor's approval. The political groups accept the Mayor's decisions but keep on pushing their party's proposals for the next year. This acceptance of Mayoral power can perhaps be explained by Nakane's reflections on how state power is organised in the context of hostile political groupings: *Once the state's administrative authority is accepted, it can be transmitted without obstruction down the vertical line of a group's internal organisation. In this way the administrative web is woven more thoroughly into Japanese society than perhaps any other in the world* (Nakane 1970: 102).

Knowing that it is difficult to influence the budget through the assembly, assembly members often work in lobby groups and visit the city council office prior to the budget proposals from the departments. Members commented that there are also regulatory restrictions in place to inhibit true engagement. For instance, the budget bill has to be voted with a blanket "yes" or "no", with no opportunity for partial agreement or disagreement with budget items. There is also no opportunity for members to scrutinise individual items, as most members follow the party line and find it uncomfortable to go against the party to disagree publicly with bills.

Despite mentioning some regulatory loopholes, assembly members argued that they find it difficult to raise any substantial issues in public or in assembly because "*this is not the Japanese way*". This is not only because the mayor has full political support from the leaders of other political parties, but also because assembly members find it difficult to gainsay the political arrangements, especially against their own political group. This may be true to some extent in every cultural context, but the extent to which resentment or differences are shown here is particularly low. Fear of being a disruptive individual within the Japanese *seken* (society), or fear of being purged from the *seken*, contributes to their inability to raise concerns publicly (Kitamura, 2013; Abe, 1995).

We argue that the internal organisational structure of the political parties, the primacy of groups over individuals, and the maintenance of oneness inhibit assembly members from debating in the assembly. One of the assembly member interviewees – who was only a representative from her party to the assembly – was free to raise issues but found no support. Although other assembly members privately supported her, publicly they remained silent. She understood the predicament that these assembly members face when it comes to raising issues not supported by the party.

The nature of political participation (or lack thereof) is understandable if we see it in terms of Nakane's (1970) understanding of Japanese society. The Mayor is seen as the leader, and public disagreement in the assembly is not seen as good practice. In contrast, it is much easier to maintain oneness and vertical relationships by influencing the mayor's budget through council offices. Most assembly members are keen to maintain the political group's position, and strong group consciousness plays a pivotal role. There is no need for the whipping system of Western democracy. Members of a political group almost inevitably go along with the political position unless they resign from political parties. The impossibility of raising issues close to their hearts leads them to lobbying council offices before the budget proposal to the assembly.

Concluding remarks

To sum up, three key stakeholders - assembly members, officials and citizens – have varying degree of participation in the budget process. First, like many other cases in Japan, (JMRC, 2012; Sintomer et al., 2012; Nakatani, 2013) and Western countries (Ebdon and Franklin, 2006;), direct citizen participation has been limited and challenging. Nevertheless, we find local groups and associations do have some influence or some form of engagement with budgeting. Second, we also find that engagement between departments and the budget desk is vertically constituted. The budget desk, representing the Mayor, remains the powerful element of the budgetary process. Third, the assembly works as an official rubber stamp rather than presenting a counter-power to the Mayor. Assembly members work as lobbyists to influence the budget less publicly.

We have sought to understand how participation agendas interact with the Japanese way of doing things. Although the influence of cultural norms such as "being in seken" is waning in the Japanese society, the primacy of group over inividual is still manifested in the everyday lives of people (Norton, 2007; Christensen, 2000). We therefore argue that Nakane's claims about vertical relationships in groups/organisations, maintaining or performing *"wa"* or oneness in the group, and the primacy of groups over individuals are useful in shedding light on the nature of participation. For instance, negotiations following hierarchy are an interesting example of superior (*sempai*) versus junior (*kohai)*. Subordinates of the mayor and his offices working for the Mayor and trying to take on projects anticipating his wishes also reveal a classic case of vertical relationships – a form of internal organisational structure within the groups. The importance of maintaining social order through *"wa"* or oneness is reflected in the monologues of assembly meetings. Traditional

engagement between departments and citizens is much more effective and still continues, even though public comments through websites are encouraged. Traditional department engagement with local leaders and associations allows for vertical relationships and group characteristics. We do not wish to claim all Japanese local government budgeting emanates exactly the same feature of verticality but the general patterns of interactions between and among key stakeholders in relation to budgeting process would perhaps be shaped by some form of verticality[6].

This paper contributes to the public administration literature in several ways. First, the paper provides deeper explanations of how local cultural conditions interact with the PB process in general and in Japan in particular. In so doing, the paper contributes to the cultural studies on local government reforms and their implementations (Flynn, 1998; Kim 2017; Simmons, 2016; Linsley et al., 2016; Irvin and Stansbury, 2004). This paper, in particular, drawing on Nakane's work, has demonstrated how the prevailing local cultrural conditions give rise to a unique form of participation in the local government budgeting process. Without denying the impact of economic crises, regulatory loopholes and institutional contexts (Barbera et al., 2016), the paper argues that local cultural norms in Japan do not match the conditions required for wider citizen or political participation in the assembly. Instead, departmental engagement with local associations and community leaders, and assembly members lobbying away from the wider public eye are consistent with local cultural conditions.

Second, the paper offers a critique of unquestioning assumptions about the transfer of knowledge such as PB from one context to another and contributes to the wider debate on PB. We concur with the arguments that reforms may have unexpected consequences; cultural variations being an important variable (Christensen and Fan, 2016; Masujima, 2005). Researchers have already highlighted such risks (Andrews and de Vries, 2007), warning that, countries often do not have the necessary structural (material and cultural) conditions for intended participation. It might be argued that, in Japan, material conditions necessitating reforms should be similar to Asian nations. However, cultural conditions influencing reforms (be they are NPM or PB) are unique, not just to each country, but also to individual organisations within a single country (Pollitt and Bouckaert, 2011). Appreciation of these unique cultural conditions is key to a better understanding and theorising of unintended

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[6]Peculiarities of individual cases will have some implications. For instance, Kitakyushu's long history of military connections may have played a role in strengthening the verticality and hierarchies in the PB process (Tamura, 2016).

consequences of local government reforms across countries. Thus, this paper suggests caution should be exercised in the wholesale adoption of such programmes.

Finally, we would call for further studies to detail the role of budgetray participation efforts in other Japanese local governments, as well as in different cultural contexts. Such a study of budget participation in other Japanese local governments may provide further insights into the verticality and its perpetuation at the time when the country is experiencing a flux in its socio-econiomic conditions (Norton, 2007; Christensen, 2000). Cross-country research on budgetary participation should perhaps also be encouraged to shed light on the narrowness of local government refroms around the world, demonstrate cultural variations and raise cautions of unquestioning adoption of globlised reform ideas.

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