Multiple Rationalities of Participatory Budgeting in Indigenous Communities: Evidence from Indonesia

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Abstract

Purpose: This paper analyses participatory budgeting in two Indonesian indigenous communities, illustrating how the World Bank sponsored neo-liberal model of ‘technical rational’ PB is overshadowed by local values and wisdom, consisting of sophisticated, pre-existing rationalities for public participation.

Design/methodology/approach: Adopting a qualitative and interpretive case study approach, the study draws on data from semi-structured interviews with key stakeholders and periods of participant observation. The paper utilise Weber’s characterisations of rationality to analyse the PB process in indigenous communities.
Findings: The co-existence of both formal (technical) and substantive rationalities leads two Indonesian indigenous communities to execute participatory budgeting pragmatically. The formal budgetary mechanisms (Musrenbang), cascaded down from central and local governments, are melded with, and co-exist alongside, a tradition of public participation deriving from local cultural values and wisdom (Rembug warga). Reciprocal relationships and trust based on a pre-existing substantive rationality result in community members adapting budget practices while also preserving their local culture and resisting the encroachment of neo-liberal initiatives. The paper offers deeper analysis of the unintended consequences of attempting to implement technical rational accounting reforms and practices in indigenous settings.

Originality/value: The paper provides important insights into the way the interplay between formal and substantive rationality impacts on accounting and budgeting practices in indigenous communities. Our study also presents a unique case in emerging economy contexts in which neoliberal initiatives have been outmanoeuvred in the process of preserving indigenous values and wisdom.

Keywords: Participatory Budgeting, Weber, Rationalities, Indonesia, Indigenous community
1. Introduction

There have been persistent calls for more context specific, cultural and indigenous studies in the public sector to unpack the consequences and outcomes of New Public Management (NPM) reforms across countries (Broadbent and Guthrie, 2008; Guthrie et al., 1999). Cultural factors are increasingly considered to be a key determinant of the unintended consequences of NPM reforms taking place at local levels (Hood, 1995). Cultural perspectives on participatory budgeting (PB) processes and outcomes at local government levels are, however, relatively under-researched in the mainstream NPM literature (Uddin et al., 2019). PB is advocated as a reform at the local levels of many emerging and less developed economies, whereby it is hoped that indigenous communities can keep their values and culture vibrant (Grillos, 2017). The notion of participation is not new to indigenous communities however, as over centuries they have endured their unique ways of life and their right to territories and natural resources, executing moral accountability through community engagement and participation (Jayasinghe et al., 2020). Despite this, few studies have examined how PB as promulgated by Western agencies interacts with indigenous cultures and a pre-existing tradition of participation, nor the consequences and outcomes of such interactions in practice (see e.g. Van Helden and Uddin, 2016). This is a research gap which this paper addresses. In particular, drawing on Max Weber’s (1958, 1964, 1968; see also Kalberg, 1980; Brubaker, 2013) characterisation of rationality, the paper shows how two indigenous communities in the East Java province of Indonesia that have an everyday life shaped by local values (beliefs and moral codes) and wisdom (a combination of cultural knowledge and traditions) (Geertz, 1992; Gobyah, 2003) interact with local government under the rubric of PB.

The success of PB in Porto Alegre Council in Brazil (an early proponent) in the redistribution of economic resources and service provisions at the community levels has been a key impetus for its dissemination across countries (Falanga and Lüchmann, 2019; Grillos, 2017). The widespread adoption of PB is a relatively new trend in comparison with other NPM reforms. Many local governments in Western countries have embraced PB having considered it as a transition towards pluralistic democracy, the underlying values of which anchor on deliberation and citizen engagement in policy making (Osborne, 2006; Brun-Martos and Lapsley, 2017). In the context of emerging economies, PB has evolved as an important accounting component of international organisations’ nascent development logics, which advocate the enhancement of grassroots democracy, social accountability and the elimination of all forms of racial, ethnic
and gender-based discrimination, patronage politics and corruption (Alawattage et al., 2017; Van Helden and Uddin, 2016). How the development logics espoused by international organisations in emerging economies have altered over time, and what types of accounting and budgeting techniques are proposed to underpin the changing logics, are discussed in prior work (Hopper et al., 2009; Van Helden and Uddin, 2016; Alawattage et al., 2017; Jayasinghe and Uddin, 2019; Alawattage and Azure, 2019). For instance, Vallejo (2011) has reflected on the Brazilian situation during the 1990s in which the World Bank’s logic of developing ‘horizontal linkage’ within society resulted in an influx of funding to NGOs with a more participatory rhetoric. In their study of public financial management in Ghana, Alawattage and Azure (2019) delineate how the notion of ‘social accountability’ has become a significant part of the World Bank’s new policy discourse; the localisation of public finance and citizen participation serving as two fundamental means through which to ensure the discharging of this form of accountability. The empirical and historical trajectories however appear rather contradictory and paradoxical, with not only the co-existence of social and formal forms of accountability, but also a clear tendency in which social accountability is increasingly colonised by the formal one (Alawattage et al., 2017). Social forms of accountability structures and processes seem to survive only if they contribute to the accumulative necessities of global capital. In practice, the institutionalised top-down and rule-based structures have continued to dominate local governments, enabling these governments to fulfil the information needs of large international organisations. For instance, Dixon et al. (2006, 2007) offer examples from the Zambian microfinance industry where the capture of a social form of accountability by a formal one resulted in a lack of trust and confidence, and eroded the moral obligations of local actors.

However, accounting studies investigating how PB, as a mechanism for emancipation and social accountability, functions at local levels both in general and within indigenous communities in particular are scarce. In this regard, Indonesian local governments are of special interest since the adoption of PB has been made mandatory for them by national regulations. Establishing a formal mechanism to encourage public participation in local level decision-making has been a key concern in Indonesia in the last decade (Grillos, 2017). Public participation has been mandated in the form of a Musrenbang\(^1\) (a community discussion and

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\(^1\) Musrenbang is a deliberative multi-stakeholder forum which identifies and prioritises community development policies collectively through community discussions and development planning meetings (Sopanah, 2012; Nurmandi et al., 2015). The process of Musrenbang is defined and guided by a number of regulations, including the 2004 law no. 32 and 33 on Local Government and the Financial Balance between the Central and Local Governments; the 2007 Home Affairs Minister regulation No. 59 on the Changes of the Home Affairs and
development planning meeting which features prominently in our research), and this has been claimed paramount to promote autonomy, accountability and democratic emancipation at the local level. In 2004, a national regulation was enacted (Law no. 25 on the system of the national development planning), which urged all local entities in the country to identify mechanisms to articulate public participation in the budget process. The regulation was revised in 2006, thereafter mandating local entities to hold public participation meetings at all stages of the budget cycle. Local government entities in the country which wished to continue receiving funding from the central government were left with no alternative but to engage citizens in this PB process. Building on a previous analysis of PB in an indigenous community of Indonesia (Sopanah, 2013; Sopanah et al., 2013), in the current study we explore how PB has been cascaded down to two indigenous Hindu communities in the East Java province, Osing and Tenggeresse, and yet co-opted into pre-existing local values, wisdom and practices. The implementation of PB engendered a variety of consequences, clearly unanticipated from the point of view of the national regulations, by which these communities acted to preserve their cultural practices while calculatedly securing funding. Data for the paper are derived mainly from in-depth interviews with local government officials, community figures and village heads, legislatives and other stakeholders, including villagers actively taking part the budget meetings, supplemented by periods of participant observation undertaken by one co-author.

The remainder of the paper is structured as follows. In the next two sections we review, first, the relevant literature on PB and then the Weberian characterisation of rationality, consisting of formal (technical), practical, theoretical and substantive rationalities, which is fundamental to our analysis. After a brief description of the research methods, we provide information on the context of the study, with a particular focus on the structural conditions of Indonesian local government budgeting and the values and wisdom of indigenous communities. Our main analysis illustrates how the indigenous communities have responded to the three main features of PB: local government budget planning; programme implementation; and accountability. In conclusion we explain and summarise the local communities’ response to formal PB, engaging with Weber’s characterisation of rationality and considering the implications for policy-making in public sector accounting in emerging economies.

2. The widespread advocacy of participatory budgeting: Literature review

PB has become a popular NPM reform at local government levels; more than 1500 instances of PB have been mentioned across many countries (Célérier and Botey, 2015; Gomez et al., 2016; Baiocchi and Ganuza, 2014). Several potential benefits of citizen participation in the budget-setting process and policy-making are claimed in examples from Western democracies, including, amongst others: the strengthening of civic duties, skills and capacity; building social capital and justice; and ultimately addressing the ‘democratic deficit’ (Bryer, 2014; Michels and De Graaf, 2010; Brun-Martos and Lapsley, 2017; Hong and Cho, 2018). The notion of PB lies central to the evolving social and civic logics of the World Bank and other donor agencies, such as the Danish International Development Agency (DANIDA) and the United States Agency for International Development (USAID), and their relationships to emerging economies. PB is predicated as the best accounting reform for emerging economies through which to tackle issues such as corruption, clientism, and a lack of transparency - all elements which have stifled governance reforms at local and grassroots levels (Kuruppu et al., 2016; Grillos, 2017; Alksandrov and Timosenko, 2018). The World Bank alone has invested about $85 billion over the last decade on development assistance relating to public participation (Mansuri and Rao, 2012; Fung, 2015). Benefits and advantages of embracing PB are also outlined in the works of Wampler (2007) and Bohn (2009), in which PB is credited with raising awareness of local participants in Brazil to hold government officials accountable beyond the election.

Nevertheless, there are problems with PB, and several previous studies undertaken mainly in Europe and the US have demonstrated that the reality of PB falls far short of expectations. A key issue reiterated in many of these studies concerns the low and unrepresentative attendance of participants in the PB process. For instance, in a study of public participation in UK local governments, McKenna (2011) stated that despite the trial of several forms of public participation over decades, the impact of public participation on decision-making has been minimal. Ebdon and Franklin (2006) have raised concerns over the methods that many US cities and local governments have adopted to elicit participation in the budget process. They describe how public meetings and focus groups have suffered from low attendance and “groupthink”, while simulations, committees, and surveys turned out to be unrepresentative and costly in terms of time and effort. Scholars such as McNulty (2015) and Alegretti and
Falanga (2016) state that gender issues are largely marginalised in the PB debate, and this has an adverse impact on the attendance level of PB and its execution at grassroots levels.

Meaningful participation in budgeting and policy-making requires certain technical and analytical skills, which most politicians and citizens do not possess (Wampler, 2007; Vallejo, 2011). There are cases in which the skills gap amongst the participants has led to budget meetings being dominated by technical experts, who have the necessary training and competence to solve particular problems, and individuals and groups with higher-status jobs, education and incomes (Fung, 2006; Célérier and Botey, 2015). Bohn (2009) also highlights the potential for dominant elites to drive out other voices in the PB process. Individual citizens have therefore been playing a minimal role in the budget process and vertical government decision-making has remained intact in many European local governments, despite the supposed adoption of PB (Beckett and King, 2002; Aleksandrov et al., 2018; Michels and De Graaf, 2010). In reality, PB in some local government units has become merely a consultative process, whereas in other units it has provided a tool through which to create an impression of local authority innovation. For instance, Krenjova and Raudla (2018) reflected on the reality of Estonian local governments in which the dissemination of PB was influenced by a desire to adhere to an emerging trend. There are often no direct consequences for the final budget as most of the important budgetary decisions have already been undertaken and citizens’ participation in budgeting meetings serves simply to legitimate those decisions (Lapsley, 2008; McKenna, 2011).

In addition to the risk of becoming no more than a consultative process, low participation in PB may also be related to the consequences of budget cuts, which can in turn result in the process becoming a merely ceremonial event. For example, in their study of a public university budgeting committee, Rossmann and Shanahan (2011) identified a lack of discretionary funds as being one of the major causes for low participation in budget meetings. Moreover, central governments’ austerity budget cuts, particularly in Europe, have resulted in difficulties for local governments in coping with citizens’ demand for public services. With fewer resources there is little room for adjustments to budget allocations and this has made citizens’ participation in the budget process merely ceremonial. Ahrens and Ferry (2015), for instance, analysed the situation of Newcastle City Council, which was subjected to budget cuts of about 30% of its uncommitted funds over a three-year period. The budget cuts forced the council to undertake a political decision to involve grass roots groups and citizens in the budgeting process – a strategy
designed to mitigate the wrath of the citizenry and to direct the blame for budget cuts towards central government. Such an attempt at motivating the ceremonial engagement of citizens in the budget process and engendering a consensus on local spending cuts is also evident in other countries (Caperchione et al., 2014). There is little evidence that PB has contributed to strengthening trust in either politicians or political institutions at the local level. Not only has this lack of social capital (trust) undermined the significance of the PB process, it has also disengaged people from formal politics - low turnover in local elections serving as an example of this (McKenna, 2011; Lyons, 2007; Falanga and Lüchmann, 2019).

In the context of emerging economies, there are even stronger criticisms of the way that PB is seen to weaken the trust between the politicians and citizens. For instance, in their study of PB in a local government of Sri Lanka, Kuruppu et al. (2016) illustrated how the PB process was appropriated by politicians and exploited to extend political tenure and to secure positions in higher political echelons. Uddin et al. (2011) assert that PB has served in Uganda as a form of spectacle with no practical and tangible implications for local people. In a similar vein, Célérier and Botey (2015) have demonstrated how Councillors in Porto Alegro, where PB originated, in later years used it in a political game which enabled them, rather than the citizens, to experience an upward and emancipatory shift in their social trajectories. Vallejo (2011) shows how institutionalised oligarchic power structures in the state of Rondonia (Brazil) led to elites de-incentivising local engagement and participation. Recent work undertaken in the former Soviet territories further explains how PB had a limited role in promoting engagement and dialogues between politicians and citizens, turning out to be rather problematic (Aleksandrov et al., 2018; Aleksandrov and Timoshenko, 2018).

Overall, the evidence presented in extant work suggests that an extensive focus has been paid on bringing out the challenges to participative initiatives and technicalities rather than the consequences and outcomes of PB (McKenna, 2011; Barbera et al., 2016). Much work on PB in emerging economies has also been trapped in a vicious cycle of normative prescriptions, disconnected from the empirical evidence. The role that local traditions, especially indigenous culture, can play in materialising NPM reforms, in particular PB, as well as the outcomes of PB in indigenous settings has been largely neglected in these works (Stiglitz, 2002). For instance, many indigenous cultures promote informal and indirect participation, which may easily come to undermine the very idea of direct formal participation underlying PB (Uddin et al., 2019). Alawattage et al. (2014) provide the example of Sarvodya, the largest and oldest
NGO in Sri Lanka, which initiated an indigenous social movement in which rural developments were supported through participatory and grassroots initiatives such as village rituals, until they were exposed to development aid and neo-liberal political ideologies. There is also a body of work that suggests that NPM’s rhetoric of local empowerment through ‘participatory’ programs actually restricts “real local participation and empowerment” (Alawattage and Azure, 2019; Vallejo, 2011; Alawattage et al., 2017). Historically, kinship rules, social capital (trust), and community obligations are the means whereby indigenous people share, develop reciprocal relations and participate voluntarily within the community (Lowndes and Wilson, 2001; Gallhofer and Chew, 2000). Participation is therefore attached to core cultural values and identity construction (Greer and Patel, 2000). It is clearly important to gather empirical evidence on indigenous communities’ budgetary practices as it seems probable that the processes and outcomes of PB in specific cultural and indigenous settings could be very different from initial expectations, especially given the observations of PB in other contexts (Grillos, 2017; Gomez et al., 2016).

Prior accounting research on indigenous cultures however, tends rather to investigate the role that accounting has played in the oppression, silencing and discrimination of indigenous people (Bush and Maltby, 2004; Gallhofer et al., 2000; Gallhofer and Chew, 2000; Greer and Patel, 2000; Gibson, 2000). Accounting is thereby presented mostly as a colonial or post-colonial tool for disempowering colonised indigenous people and replacing their cultures with neo-liberal values (Lombardi, 2016; Jayasinghe and Thomas, 2009). The emphasis of this previous work has been, as Buhr (2011) has stated, “accounting ‘for’ indigenous peoples rather than accounting ‘by’ indigenous people” adhering to their cultural and participative values (p. 139). It is acknowledged that there is much to be gained by investigating accounting ‘by’ indigenous peoples in line with their cultural values (Jayasinghe and Thomas, 2009; Lombardi, 2016). Such investigation is also thought to be indispensable to delineate the negative, if not devastating, impact that neo-liberal NPM accounting technologies have continued to have on indigenous accounting cultures (Gallhofer and Chew, 2000; Buhr, 2011).

Overall, although there are exceptions (Uddin et al., 2019), few studies examine how local and indigenous cultures mediate formal PB processes in Asian emerging economies. In particular, studies explaining how indigenous communities with ready-formed and sophisticated traditional budgeting practices respond to the World Bank imposed technical rational model of PB are scarce (Van Helden and Uddin, 2016). Drawing on the Weberian understanding of
rationalities, therefore, the aim of this paper is to analyse the responses of two indigenous communities in Indonesia to such an imposed technical rational model of PB. The particular importance of these communities is that participation had already, for many years, been associated with local values, wisdom and different types of rationality. The question of how the different rationalities interact leads to the theoretical approach, as explained in the next section.

3. Theoretical approach: Connecting Weber’s characterisation of rationality to participatory budgeting

We draw on the Weberian (Weber, 1958, 1964, 1968; Kalberg, 1980; Brubaker, 2013) understanding of rationality to unpack the PB process and its consequences in two indigenous communities in Indonesia. Our ambition is to explore systematically how PB, which as propagated by international organisations advocates a type of Anglo Saxon governance (that is, technical rational), is melded with the existing practices of two indigenous communities operating under their own rationalities formed by local values and wisdom, and to bring out the unintended consequences of the interaction between the neo-liberal reform of PB and a culture with traditional participatory mechanisms.

We believe that Weber’s characterisation of rationality advances an understanding of both the way traditional and indigenous cultures impact on the dissemination of accounting technologies such as PB and the way this results in adaptation and pragmatic actions in relation to local government budget planning, programme implementation and accountability. Weber’s ideas give us a theoretical avenue to incorporate traditional values and the local knowledge embedded in the traditional settings into the academic understanding of accounting in emerging economies. Such values and knowledge are implicated in the facilitation or obstruction of the full development of rational capitalism and accounting (Dyball et al., 2006). Few existing accounting studies in emerging economy contexts have drawn on Weber’s ideas to investigate issues relating to corporate governance practice. For instance, Uddin (2009) has drawn on Weber’s work to illustrate how company regulations in Bangladesh became decoupled as family businesses continued to rely on trusted managers using accounting calculations instead of prescribed state mechanisms. In a similar vein, applying the Weberian notion of ‘traditionalism’, Uddin et al. (2017) demonstrated how the central bank’s interventions to introduce Anglo-American corporate governance frameworks remained ineffective in the
traditional cultural and political context of Sri Lanka. Decoupling in corporate governance practices in Bangladesh due to the domination of traditional family values is illustrated in the work of Uddin and Choudhury (2008). More recently, Uddin et al. (2018) have illustrated how the banks in Bangladesh, being influenced by the elements of traditional societies including personal loyalty and the master-servant relationship, have continually employed politically charged corporate disclosure strategies.

Rarely are there attempts being made in the existing work, however, to demonstrate how a particular public sector accounting technology, PB serving as an example, functions in traditional settings; a lacuna which this study intends to address. Arguably, it is local values and wisdom which remain strikingly neglected in existing accounts of accounting and PB (Colignon and Covaleski, 1991). Following Weber, we assume that rationalities may take different forms in different cultural and social settings; an indigenous setting (such as the Indonesian social setting), dominated by traditions will exhibit a rationality in which the main focus is on preserving the interests of the indigenous community. As Kalberg (1980) notes in an important overview, Weber’s discussion of rationalities is somewhat diffuse across his works. Nevertheless, across Weber’s oeuvre four distinct meanings for rationality can be discerned, which Kalberg (1980) translates as practical, theoretical, substantive and formal (or, as understood in contemporary accounting literature, technical).

Practical rationality refers to an individual’s purely pragmatic and/or egoistic interests (Kalberg 1980, p. 1151-1152), whereas theoretical rationality involves a “conscious mastery of reality through the construction of increasingly precise abstract concepts rather than through action”. Moreover, practical rationality is based on an individual’s understanding of the context and characterised by the acceptance of given realities and constraints of society. The individual expects to ‘weigh’ and ‘calculate’ the most beneficial ways to deal with intricacies of everyday life by processing the available information through reasoning. In doing so, the individual ends up undertaking some ‘pragmatic actions’ in terms of his/her capacity for means-end rational actions and everyday life interests. In this sense, theoretical rationality may complement practical rationality as it provides abstract concepts through which to understand the social world. For instance, an individual in the process of decision-making can be theoretically engaged with a thought process and cognitive confrontation inside him or herself, drawing on life experiences and knowledge. This may enable the individual to logically deduct and/or induct the potential causes for the difficulties of daily life presented, forming the symbolic and
abstract meanings to his or her pragmatic actions. We find that these two rationalities, practical and theoretical, are very much evident in the behaviour of members of indigenous communities investigated in our study, as they display their ‘thought processes’ and ‘pragmatic responses’ in relation to the technical rational PB process.

That said, in our study we find the remaining two forms of rationalities as most influential: ‘formal (technical)’ rationality and ‘substantive’ rationality. The significance of making a distinction between these two forms of rationality to generate insights into the perpetuation of social practices in specific settings is also highlighted by various other scholars in different disciplines (see e.g. Boudon, 1997; Brouwer, 2002; McGehee, 2007; McGehee and Kim, 2004; Mody et al., 2016). Within the field of government audits, Radcliffe (1997) shows how the reciprocal relationship between formal and substantive rationality enables auditors and their practices to address political events (for example, the collapse of a government owned company), as if they were managerial problems. Uddin (2009) states that the tension between formal and substantive rationality provides a basis for examining accounting practices, mainly in emerging economies.

By formal (technical) rationality, Weber means the matters of fact to a scientific and technical space of life. It is considered to be value neutral; implying cost-benefit analysis and addressing routine problems by means-end rational patterns based on universally applicable rules (Mody et al., 2016; Brouwer, 2002; Kalberg, 1980). This form of rationality is founded on an expectation that the capacity of controlling the world through calculations can be developed. Like other spheres of science and technique, as Weber himself noted, capital accounting and related disciplines were central to embed this form of rationality in the Western context (Colignon and Covaleski, 1991). The rise of Western capitalism in the form of rational economic activities and material success is attributed to technical rationality. In a sense, formal (technical) rationality can be regarded as largely adopted by Western agencies, such that the values of Western capitalism are embedded within a supposedly value-neutral, technical set of questions. Public sector accounting technologies such as PB are envisaged as an important component of this formal (technical) rationality, traditionally conceptualised as ‘neutral, rational and a universalistic basic for making economic decisions’ (Dillard et al., 2004; Colignon and Covaleski, 1991). The criticisms of this formal (technical) rationality are that, contrary to the claim of value-neutrality, in actual fact there are embedded within the tools and techniques of this rationality the interests and values of particular social groups. Further limits
to the formal (technical) rationality are explained by Brubaker (2013), who provides some “systematic views” on Weber’s rationality and rationalisation. He argues that even though a morally worthy life of a person may be satisfactory, the values of such life are not ultimately produced by rational decisions, and technical rationalities are not able to justify the values and purposes which make an individual’s life and existence decisive and important. Brubaker (2013) additionally claims that rationalities are always irreconcilable because of the conflict in judging what is rational and what is not. This conflict happens because of the inability to measure the ultimate ends and beliefs of social life through any neutral procedures.

This leads to Weber’s notion of ‘substantive rationality’, an evaluative concept that emphasises the degree to which an economic system accomplishes the intended outcomes, addressing not only the substance of the values, ends and needs of specific social groups, but also the institutional environment within which this system exists. It is driven by a conceptual or ideological value and does not work solely as a means-end calculation of solutions to recurring problems (McGehee and Kim, 2014; Radcliffe, 1997; Aronovitch, 2012). Actions stemming from substantive rationality are therefore guided by strong, moral and non-consequentialist reasons, which require no further justification. Accounting technologies tend to be in contradiction with substantive rationality which, as Colingnon and Covaleski (1991, p. 146) put it, concerns the ‘substance of the values, ends, needs of social groups and the institutions that promote them’. Formal (technical) rationality, therefore, may conflict with the substantive values of different social groups such as indigenous communities. That said, economic actions are substantively rational, if they are consistent with the values, ends and needs (ideological stimuli) of specific social actors, groups or institutions with divergent interests. Drawing on Weber’s (1978) characterisation of rational and traditional societies, Dyball et al. (2006, p.53) further elaborate the differences between technical rationality and substantive rationality, arguing, in Weberian terms, that the institutions of community, market and state are conjoined in traditional societies. Several key elements appear to constitute substantive rationality in traditional societies, including local wisdom such as trust, personal loyalty, and obedience to personal rather than formal authority (Uddin and Choudhury, 2008; Uddin, 2009). While the institutional and structural conditions in the public sector tend to promote formal (technical) rationality, in an indigenous culture where cultural practices are based on local values and wisdom, accounting practices may well be founded upon a pre-existing substantive rationality.
We also follow Weber in noting the role of authority in different settings. Weber (1958, 1964, 1968) states that the person exercising authority in social settings such as indigenous communities is not considered a superior but a personal chief, his administrative staff does not consist of officials but of personal retainers and those who are subject to authority are not members of an association but are either his traditional comrades or his subjects. Personal loyalty, reciprocity and kinship therefore determine the relationship between the chief and the administrative staff, and obedience is owed to the person who occupies a position of authority rather than to enacted rules (Uddin et al., 2017, 2018). Such is also evident in prior work, delineating how indigenous values come into conflict with accounting’s obsession on ‘calculation’ and ‘quantification’ (Chua, 1996; Greer and Patel, 2000) and the resulting accountability relationship. Western values and calculative rhetoric encapsulated in PB are therefore likely to be resisted, while keeping the traditional cultures intact in practice.

An adherence to Weber enables us to demonstrate how the institutional and structural conditions imposed (for instance, implementing PB in our case) have been dealt with by these two Indonesian indigenous communities, fulfilling the act of reciprocity and perpetuating traditional values and wisdom. This has resulted in unintended consequences such as the pragmatic actions and adaptation of participatory budgeting processes in these communities, as described after the next section which presents the research methods of the study.

4. Research methods

Our fundamental approach for this research was an interpretive case study. Data were derived from semi-structured interviews and participant observation. Following approval from the University of Widyagama (Malang) ethics committee, thirty face-to-face semi-structured interviews were facilitated during 2017-2018 in Osing and Tenggeresse communities located in a rural district in East Java province, Indonesia. We have investigated the local values and wisdom (a combination of cultural knowledge and traditions) which prevail in these two communities and the manner these have been implicated both in the historically established informal budgets process (Rembug warga) and in the formal budgeting process (Mursenbang).

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2 In this paper we refer to the Osing and Tenggeresse tribes as “community” or “communities”, both with and without the prefix “indigenous”, depending on the context. As explained in section 5.2 below, the two tribes have many cultural values (local wisdoms) in common.
In doing so, we delineate how the rationalistic conception of PB has been subverted by pragmatic actions and adaptation. Conducting a social scientific inquiry in indigenous and traditional societies is a challenge (Uddin and Choudhury, 2008). The professional connection established by the local co-author during her earlier research in these two communities provided us with the necessary access. We undertook interviews with key informants, including: the village chiefs (Petinggi) and their staff members in both communities; the heads of regional planning, administrators and budget officers at local levels; key community and religious/ritual leaders; local legislatives/councillors and opposition political leaders; and NGO staff members and citizen groups participating in both formal and informal meetings called by the village chiefs (see Appendix 2 for our sample of interviewees). The interviews posed several open-ended questions, on for example: the day-to-day organisation and the governance structures of these two communities; the role of different stakeholders such as village chiefs and other community leaders, local politicians, and councillors in the formal and informal budget procedures; citizens’ participation in the budget meetings; and the influence of local values and wisdom in facilitating the budget meetings and in determining programmes/projects. Our interviews lasted between 30 minutes and two hours. All interviews were recorded and subsequently transcribed. This enabled us to share a common understanding of all the relevant issues relating to the formal PB process and also the cultural and social practices simultaneously existing in these two indigenous communities.

In addition to face-to-face interviews, we also conducted several informal interviews and participatory observations in both the Osing and Tenggeresse communities, with key participants as mentioned above. The local co-author attended four village meetings as an observer. Two informal meetings in these villages were held during December (usually this is taking place during November-December prior to Musrenbang), while two formal Musrenbang meetings were in January (these meetings taking place parallel to central government budgeting process – usually from January until April of the planning year). Following the Indonesian government regulations, the objectives of Musrenbang were to provide the communities a forum through which to build a shared commitment, agree on action plans underpinning rural and community development and address development-related problems. According to our observations, it was striking that the participation in such formal budget meetings was low; only a village chief, few councillors and loyal community members and NGOs representatives were present. The participation appeared to us more of a ceremony, intended to fulfil local government obligations and display support and loyalty to village chiefs (and prompted the
analytical avenues explored in this paper). In making it a ceremony, the chiefs could claim the success of *Musrenbang* in their respective communities and that the allocated budget would continue flowing to the community without significant scrutiny. In contrast to *Musrenbang*, a large number of community members including women and children participated in *Rembug warga*, the informal budgeting meeting and traditional ceremony, which has been part of the way of life in these two communities for centuries. It is through such informal meetings and traditions that the communities have kept their indigenous cultures, values and traditions alive, while complying with the regulations and guidance cascaded down from the central and local levels. Observing these meetings and having informal conversations with participants, we were able to generate additional insights into the deeply rooted values, participative culture and traditions in these communities, all of which have contributed to the deliberate co-option and adaptation of the budget process.

Analysis proceeded both during and after the data collection, as informed by Miles and Huberman’s (2002) model of data analysis. The procedures of data analysis involved data reduction, data presentation and interpretation. This model of data analysis enabled us to identify, analyse and interpret the phenomenon under scrutiny (i.e. PB) in a holistic manner. First, during the data reduction stage, we adopted a process of selecting, simplifying, and transforming the ‘raw’ data that were written-up in field notes. The initial codes were generated based on three fundamental features of the technical rational PB model: local government budget planning; programme implementation; and accountability. The initial coding phase was followed by periods of searching for four of the Weber’s distinct patterns of rationality (Kalberg, 1980): practical, theoretical, substantive and technical, embedded in each of above-mentioned PB features. In doing so, we repeatedly read and re-read the data with a view to identifying the precise and rigorous patterns of behaviour by local actors (Humphrey and Lee, 2004). Second, during the data presentation stage, our focus was on organising and assembling the information in order to draw conclusions. We categorised the data and endeavoured to establish a link with the three PB features and multiple rationalities highlighted above, while retaining a holistic awareness of the data as a whole in the form of working analytical narratives. These narratives were further developed as we clarified how the PB related actions in these two communities were driven by the multiple forms of rationalities. Third, we were able to interpret these narratives by analysing how these multiple rationalities have been blended, co-existed and shaped by the actors’ engagement with different features of the technical rational PB model. This enabled us to demonstrate how the local values and wisdom have been embedded and incorporated into the
three main features of PB: local government budget planning; programme implementation; and accountability.

5. Budget setting: two alternative participatory models

There are two alternative forms of participation in evidence in the PB process of these two indigenous communities. The first is the formal participatory model of local government budgeting, as promulgated by the World Bank – that is, how PB is presumed to be enacted. The second is the informal participatory model, and we show how the features of the communities' values and wisdom have a direct bearing on the way PB is actually enacted. In subsequent sections we provide illustrative data to show how these two are melded, as the cultural practices based on local values and wisdom, i.e. mutual respect, moral accountability and trust are ingeniously embedded and integrated into the PB process. All of this results in the deliberate adaptation of local government budget planning processes.

5.1. The formal participatory model of local government budgeting in Indonesia

Budget reinvention in Indonesia was triggered following the 1997/98 economic and political crisis (Grillos, 2017; Harun et al., 2012). Central to this reinvention was the ‘big bang’ decentralisation programme (e.g. Law No. 22/1999 and 25/1999) in which the focus was to devolve power from the centre to local governments (Nurmandi et al., 2015; McLeod and Harun, 2014; Harun et al., 2012, 2015). Local governments were allocated additional funding and made responsible for providing a range of public services, including education, public infrastructure, agriculture, and transport, among others (Blondal et al., 2009). Two laws enacted in 1999 (22/1999 and 25/1999) granted local governments further autonomy in policymaking and raising local revenues (Grillos, 2017). A change in the paradigm in budgeting in Indonesia to a participatory paradigm however came about as a result of a number of law reforms instigated between 2002 and 2006. A key aspect of these regulatory reforms was the introduction of a mechanism of public participation into the local budgeting process. Participation was regarded as a key to success in the implementation of local autonomy since PB is supposed to deal with accountability and the aspirations of local communities (Achmadi

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3 Law on Local Autonomy requires public participation in order to reinforce the budget supervision (Sopanah, 2004). In Law no. 25 (2004) on the System of the National Development Planning, the mechanism of participation in the budgeting has been regulated and clarified; 2002 Decision of the Minister of Domestic Affairs no. 29 was revised in the 2006 Regulation of the Minister of Domestic Affairs no. 13.
et al., 2002). In addition to these regulations, Grillos (2017) states that the World Bank also introduced a system of providing block grants at local levels under the so-called Kecamatan Development Programme. The local units had the discretion to decide on the use of such grants, once having consulted with the residents.

The Indonesian government attempted to follow the Porto Alegre model, predating more equitable distribution of resources through the community participation in local government budgeting. This is also clearly evident in a more recently stipulated act for the election of local government heads (No. 23/2014), which requires ‘civil society participation’ in an expanding array of areas (Nurmandi et al., 2015, p. 28). The ‘original’ Porto Alegre model allows for resident participation throughout the budget setting year, with three phases:

i. communities determine their priorities;
ii. an interim ‘deliberative’ stage where technical issues, including legality, feasibility, and need are worked through (ideas generation); and
iii. the decision is made and voted upon, based upon a finalised community budget plan, with residents choosing from a ‘menu of options’ that may be delivered by public authorities.

The agreed plan is then widely disseminated, within widely read ‘budget tables’, supported by a set of accompanying governance documents. Within this PB model (Goldsmith, 1999; World Bank, 2001; Im et al., 2014) the Indonesian government allowed for five additional aspects to be incorporated, three within the original phases and two subsequently:

i. in the first phase a percentage of the Council’s budget or partners’ budgets (e.g. the Police or Health Service) can be ring-fenced for PB; community members identify spending priorities, and may also make initial proposals for new expenditure;
ii. in the second phase a working group of community members, drawn from participants in the first phase, become budget delegates and develop specific spending proposals, supported by technical input from relevant officers and elected members;

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4 Act No. 23/2014, Article 354, outlined requirements to “inform the public of local government affairs” and made mention of “civil society participation” in two main ways:
a) To enhance civil society actively participation in local governance
b) To institutionalise civil society participation in decision-making process in forms of: Local policy and regulation formulation; Planning, budgeting, implementation, monitoring and evaluation of local development; Asset management and natural resources development; Public services (see e.g. Republic of Indonesia, 2004a, 2004b, , 2004c, 2006, 2010a, 2010b).
iii. in the third phase community members vote on which proposals to fund based on the outcome of the deliberative stage; this could be at a public assembly, or online, or both.

The two additional subsequent phases are:

iv. elected members or public officials validate the decision, by including the recommendations in the following year’s budget plan for that authority; and finally,

v. budget delegates continue to review progress and be involved in the oversight of their projects, whilst a new cycle of engagement begins.

This programme needs to be repeated, ideally on an annual basis. Budget-setting and voting introduced by the central government of Indonesia have increasingly demanded the regional and local authorities to be responsive to needs on the ground, which can in turn inform the wider authorities’ budget-setting process. The community participation has been encouraged by three principal mechanisms: parliamentary recess; open-meetings of the Department of Planning and Regional Development (DPRD); and Musrenbang (that is, a community discussion and development planning meeting). The recess is a period of parliamentary sessions where parliamentary representatives can communicate with their constituents with the aim of seeking input, aspirations, and real issues faced by society. The open meeting of the DPRD is a meeting that can be attended by the community to provide input directly at the plenary session, work meeting, and hearings.

In practical terms, Musrenbang is the most important mechanism for public participation in budget setting and is the major focus of our paper (see Footnote 1 and Appendix 1). Musrenbang produces the form of technical rationality at the heart of Indonesian government’s participatory budgeting process. It is a formal development planning mechanism that is “bottom-up”; it is expected that there will be community involvement from the beginning in the development planning process (Sopanah, 2012; Sopanah et al., 2013). Musrenbang is performed at different stages starting from an urban village level to a city/regency level. For instance, the village Musrenbang is usually held during the month of January and sub-district Musrenbang during February, while the regional level Musrenbang is held in March. During our interviews, the head of the Regional Planning Agency (budget officer) emphasised the importance of Musrenbang, stating: “It is very important to establish Musrenbang in every village. It helps us to localise our national and regional development strategies through participatory budgeting in villages”. However, our interviews and observations revealed
contradictions between this view of the *Musrenbang* and how it was actually perceived and practiced in these two communities. The next subsection elaborates on the origins of these issues, and the way they are creatively resolved is analysed in Section 6.

5.2. *The informal indigenous participatory model: a cultural practice based on local values and wisdom*

The two selected indigenous communities of this study, the *Osing* and *Tenggeresse*, are found only in East Java. There are several key aspects of local values and wisdom which, as will become clear, are relevant to local government budgeting. By local wisdom we are referring to cultural knowledge which has become institutionalised in traditions in a particular geographical area (Gobyah, 2003). The cultural knowledge is typically a combination of religious, social and personal values which are widely considered to be good and right (Gerilya, 2003) and confer human dignity and prestige in the community (Geertz, 1992). These local cultural values are mainly based on the East Java community’s historical connection to Hinduism and Buddhism. Local wisdom has tangible and intangible aspects. Some local wisdom such as systems of value, manners and special stipulation are expressed in written form (traditional books and calendars), therefore tangible. Intangible local wisdom consists of advice verbally conveyed from one generation to the next; it may be in the form of songs and hymns exemplifying the values of traditional teachings.

Sopanah *et al.* (2017) explain that the values embedded in local wisdoms of these indigenous communities in East Java are based on their locally constructed concept of life. Life is said to consist of three predominant sets of relationships, namely: (i) between human beings and God; (ii) between human beings; and (iii) between human beings and their natural environment. The importance of the relationship between human beings and God is realised in the religious acts such as prayer or meditation in line with Hinduism and Buddhism and participating in various traditional ceremonies. The importance of the relationship between human beings is shown by the emphasis on helping one another. The relationship between human beings and their natural environment is realised by doing various traditional ceremonies dealing with cycles of nature and maintaining the natural environment. These three aspects of life are combined in a cultural emphasis on the following set of values: *setuhu* (to be subservient); *sayan* (mutual cooperation); *prasaja* (honest, transparent, without pretence); *prayoga* (always to behave wisely); *pranata* (always to obey the king, that is, the chief or the government); *prasetya* (to be loyal);
prayitna (to be wary); guyub rukun (to be harmonious); and sanjan-sinanjan (helping one another).

These, then, are the local wisdoms make up the everyday life of these indigenous communities (Sopanah et al., 2013, 2017). Of special importance are the first three in the list above, playing an important role in the articulation of the local government PB process: subservience (setuhu); mutual cooperation (sayan); and honesty (prasaja). The value of “subservience” or setuhu is realised by the indigenous communities’ positive participation in some of the government’s mechanisms in local government budget planning, for example following the time schedules and attendance in the meetings. The local value of mutual cooperation (sayan) is realised by actively participating in the programme implementation activities in their local areas. For example, when the local researcher made observations in the field, almost all infrastructure developments, whether funded by the local budget or people’s self-help, were undertaken by the community by way of mutual co-operation and participation. Volunteers included all members of the society, especially men and youths, with women providing support by preparing and offering foods and beverages. Thus, it was clear that the value “mutual co-operation” had been firmly enacted in these activities. The local value “honesty” (prasaja) is realised in the process of discharging accountability to the community through the use of clear and open budget planning and programme implementation activities by the village chief. We observed that these two communities arrange an informal social gathering (named as Rembug warga) to discuss their community development needs and budget requirements, normally in December each year, i.e. a month or two prior to the Musrenbang (formal budget meeting). The Rembug warga takes place according to the pre-existing local values, wisdom and traditions where debates are canvassed and discussed ahead of a formal meeting where formal decisions are entered.

6. Empirical analysis: Melding the rationalities in budget-setting

We start our analysis with the formal budget participation process as seen in the village Musrenbang, which shows a formalised attempt at PB, demonstrating the fulfilment of the technical requirements of budget planning (section 6.1) and of accountability (section 6.2). In these sections we also bring out the reasoning and explanations of behaviour by the participants themselves to identify the rationalities embedded therein (Kalberg, 1980). In section 6.3 we analyse the informal participation, as seen in the Rembug warga.
6.1. Formal budget planning at local government level

In accordance with the government regulations, the village heads in these two communities adopted a formal (technical) rational mechanism (village Musrenbang), based on the principles of Porto Alegre model, to organise public hearings during their budget process. As already mentioned, a formal budget meeting was organised at the beginning of January each year. According to our observations, this took the form of a ‘social outing’ and the attendees were offered food, drinks and entertainment. A few community members who were attending the meeting proposed projects and programmes, although in fact they had already selected and agreed their local projects and programmes amongst themselves through the Rembug warga gathering already held in the previous December. Both the communities were aware of the fact that their own projects and programmes recommended during the Rembug warga gathering would not get approval at higher levels of local government unless these also went through the formal participatory mechanism, the village Musrenbang, as set up by the government. A village chief commented:

“We need government funds to carry our people-friendly development activities in the village. The only way to guarantee that is fulfilling the requirement asked by them. We know that our attendance at the formal meetings and recording of our ideas as formal suggestions are the most important criteria for government funding”.

Despite the low attendance, there was a consensus amongst the key stakeholders with regard to the importance of organising the village Musrenbang. We were told that not only the annual budget allocations, but also the block grants (which are agreed after having a successful negotiation between local governments and development partners to pursue certain development and empowerment activities in rural communities), are determined and distributed on the basis of Musrenbang. For instance, at the beginning of the new century, the World Bank had started ‘Kecamantan Development Programme (KDP)’ in Indonesia, under which the block grants were offered to several local units to pursue developments projects/activities in certain marginalised communities through civic participation (Grillos, 2017). Communities entitled to such grants were required to summon meetings to have a consultation and agree on the projects and activities following the majority vote. Within these two communities, we observed that Musrenbang was considered to be paramount, as it ensured resource allocation to those activities and programmes, contributing to sustaining their cultural values and wisdom and a thriving community. Because of this outcome for the community,
individuals having different viewpoints and opposition leaders were also convinced of the need of having the village *Musrenbang*, the following statement of a local leader serving as an example:

“We fully support the economic activities initiated by local government despite our political differences. We need the people’s participation and support for the innovative local development, as well as to keep our culture alive”.

The statement above highlights the thoughtful process followed by members of these indigenous communities, including the village chiefs and opposition leaders, reflecting their previous experiences and knowledge about the social reality through abstract concepts on how to assess government funding. While the logics and justifications they have drawn to attend the village *Musrenbang* correspond to the basic characteristics of theoretical rationality (Kalberg, 1980), their action to voluntarily attend the formal meeting illustrates to a large extent the features of practical rationality. The members of these communities have apparently undertaken calculated judgments and pragmatic reasoning, by considering the best available options to access the funding for their development projects in the village.

Having been acknowledged in the first instance as merely a formality, the organisation of *Musrenbang* also appeared to become important in these two communities for substantive rational reasons, such as promoting religious activities. For example, from their experience some members of the communities were aware that occasions such as *Musrenbang* can have an important role in enhancing social harmony and cohesion and provided the religious leaders with the opportunity to plan and disseminate important events and ensure participation. A religious leader during our interviews commented:

“The Village *Musrenbang* in my opinion is a friendship activity among members of [the community], so although we have already made an agreement about the proposal [next year], we still do village *Musrenbang* as stipulated by the government… Frequent gatherings such as this are important in close-knit communities like ours where the religion is a way of life. We have now more religious and cultural events and development activities through participation in our community”.

The community members attending *Musrenbang* on a frequent basis have different motives to justify their participation. For instance, the religious leaders use *Musrenbang* to achieve their “substantive rational” interests, i.e. organise religious events. For NGOs, attendance at
Musrenbang has been important and beneficial to obtain resources and ensure survival. The decision to choose Musrenbang as the best available option to promote religious and cultural events (religious leaders) and ensure resources (NGOs), also illustrates the pragmatic thinking and practical rational decision making of community members. Previous studies of PB (Bohn, 2009; Kuruppu et al., 2016; Célérié and Botey, 2015; Aleksandrov et al., 2018) have documented obstacles such as elite capture, political domination and the exercise of power; while these were envisaged to affect implementing PB across emerging economies they were actually almost non-existent in both communities in our study. Instead, there is evidence of counter-action by community members, in which participation in Musrenbang served as a rational calculated response to secure government funding on programmes and activities already selected during Rembug warga. Furthermore, as we come to discuss in the next subsection, Musrenbang was seen as an opportunity for pragmatically melding pre-existing accountability values (substantive rationality) with formal accountability requirements.

6.2. Formal accountability through Musrenbang

The process of facilitating Musrenbang is different across local government units. Increasingly, concerns have been raised that a deviation between the results of the public prioritisation process and the actual disbursement of the budget has further widened across local government units. The central government, with the support of the World Bank, has therefore mobilised the service of a large number of NGOs to digitise the records of Musrenbang, as part of promoting transparency in the budget process (Grillos, 2017). Challenges involved in ensuring formal accountability through Musrenbang within indigenous settings were however not a surprise to NGO officers. An NGO officer during our interviews remarked:

“For instance, in many local units, citizens first propose the projects/activities, elected representatives then prioritise/rank them, and the local committees select the projects/activities explicating their perceived importance. In the indigenous committees this is not how the participation took place. I do not think the formal Musrenbang makes any useful contribution to community/village development. The true participation of the people happened in the informal meeting [i.e. Rembug warga]. However, I cannot report such things and undermine the community spirit, values and tradition”.

That the formal Musrenbang makes no “useful contribution” begs the question as to why there is any attendance at all. The answer lies in that community members attending it appear to be
driven by more substantive rational reasons: rendering their loyalty to the village chief and promoting the welfare of their community. The following statement of a community member shows the ambivalence and pragmatism in attending the Musrenbang:

“The attendance in these meetings is a waste of our time. But we need government money. We cannot cover all the cost of village development activities just by volunteering ourselves. Most of the time we pre-decide which development tasks we need in our village, but still attend this formal meeting to support our Chief. He needs evidence to get government money. So I take these formal meetings very seriously”.

Thus the members of these two communities are well aware of the importance of formal accountability. In terms of local values these are related to subservience (setuhu) and guided by obedience (pranata) and mutual cooperation (sayan) – the “substantive rationality” of these communities in undertaking Musrenbang. The village chiefs fulfil the government requirements by constructing a sort of ‘budget ceremony’ under the auspices of Musrenbang. But importantly, the community members’ moral accountability practices, such as subservience to their village chief, can also be understood as an outworking of the “substantive rational” values of behaving wisely (prayoga) and being wary (prayitna), since it is wariness towards the higher echelons of government which precipitates this community support for the village chief. A village chief explained how the formal accountability of Musrenbang is accomplished in the form of a ‘budget ceremony’:

“The village Musrenbang is held in this community at the beginning of January. We organise the meeting in the Village hall, so everyone who is interested can join. We communicate the time and venue of the meeting to our members using volunteers and community leaders. I invite all key stakeholders from the local governments, NGOs and some community members also attend to convince the government representatives that all underlying procedures of Musrenbang have been followed and that the programmes/activities selected are based on our members’ priority.”

Another village chief reiterated the importance of ostensible accountability through Musrenbang:

“We have been able to convince district and sub-district officers that the process of Musrenbang designed at the central and local levels has been absolutely working in our community.”.
Many local government officials, as well as NGO representatives, were aware of the traditional values, wisdom and participative culture driving these two communities and their influence in the budget setting process. That Musrenbang has resulted in the repetition of community participation in budgeting was therefore not a surprise to them. For instance, a local government official (chief of a sub-district) remarked:

“Honesty and obedience (rather than formal authority and accountability) are core factors of these communities. They trust us (government officials) and know that we are always subservient to them. But we also need to formally demonstrate our local government’s subservience to the government. That is the main purpose of Musrenbang.”

Another local government officer added:

“I know attending the village Musrenbang in January is not of much value; Rembug warga was the most important event for them. What is important is the implementation of genuine programmes in the village either through Musrenbang or Rembug warga. It does not matter who is doing it or responsible for it and when it is done.”

To sum up this section, then, Musrenbang in these two communities has become a pragmatic response to the government regulations. The local government officers, village chiefs and community members, have all demonstrated a form of “practical rational” thinking whereby it is agreed that Musrenbang is the best available option to present their “formal accountability” to the government. This enables the communities to ensure their share of the annual budget and a block grant being offered by international organisations and development partners as part of development grants. The successful implementation of Musrenbang in such indigenous communities was paramount for the government to show that it was a champion of emancipation, equality and deliberation at grassroots levels - these being the stated normative benefits of introducing PB in emerging economies as outlined by international organisations and development partners (Alawattage et al., 2017; Van Helden and Uddin, 2016). At the same time, from the point of view of the communities themselves, Musrenbang was merely a formality. As shown in section 6.3., traditional ceremonies and informal budget and accountability events continued in these communities.

6.3. Informal PB process: the preservation of cultural practices through Rembug warga
Participative culture was a part of everyday life in these two communities, and through this the members not only facilitated development activities but also kept their values, wisdom and traditional customs intact from the expansion of neoliberal ideas/reforms sweeping across emerging economies over the last two decades. This confirms Brubaker’s idea (2013) that technical rationality has its limits, and a morally worthy and satisfactory life cannot be achieved only through technically rational means. Active engagement of members in the informal budget process and policymaking was nothing new, and in fact was the continuation of the “substantive rational” process adhering to institutionalised local values and wisdom. A specific event to agree on budget activities and allocation took place in both communities a month or two prior to the village Musrenbang. Once having decided upon the programmes and activities, an official call for the village Musrenbang was usually made at the end of the event to fulfil the formality of participation as required by the regulations. A village chief from one community during our interviews remarked:

“We are a closely-knit community. We always talk and share everything together. So we know the need of our community, including the development activities and priorities. We discuss these needs and priorities during Rembug warga, but I need to get an official approval of these needs and priorities identified in Rembug warga by organising Musrenbang.”

Rembug warga had provided the village chiefs with an important cultural mechanism through which to ensure their honesty (prasaja) to community members and discharge community accountability as established over previous centuries. They could elaborate to members the activities performed in the community in the previous year and the importance of the plans and activities selected for the next twelve months to promote community welfare. This form of “moral accountability” based on prasaja (honesty), as rendered by the village chief at the end of year, is quite unusual, and seldom practised by leaders of other villages in Indonesia (Sopanah et al., 2013). In commenting on the importance of prasaja a village chief from the other community stated:

“As the chief of [the community] who has been elected by the people and customs figures, each year I should make an accountability for my activities directly to the people. It is a form of honesty a leader has to perform to the people he leads. The members need to be convinced that various activities we executed in the community were important and they worked well and transparently. I also provide the participants
Rembug Desa [accountability report]. Only by ensuring prasaja could I assure that members obey to the leader and village customs.”

The “substantive rational” values of reciprocal relationships and mutuality between the village chief and community members were clearly observable during the facilitation of Rembug warga. The members being driven by institutionalised values such as prasaja (honesty), prayoga (wise behaviour), prasetya (obedient to the King/Village chief) and prayinta (be wary) were self-obliged to attend Rembug warga and support the initiatives and decisions made by their chief. The community members placed their faith and trust in the village chief when decisions on budget allocation and other economic-related issue had to be made. For example, the following statement of a community member shows how the village chief is entrusted with the final decision:

“During Rembug warga members propose various programmes for the next year. This mechanism is actually a real public participation in our community. Discussions and at times debates on certain issues amongst the members are common. However, when it comes to the budget and other economic decisions, the decision and say of the village chief is more important to us. We are not influenced by anyone else other than the chief and the chief’s decision is final to us. We fully trust him.”

Social cohesion, moral accountability and loyalty all as “substantive rational” cultural elements have also endured in these two communities over many years, reinforced by the commitment to an unabated continuation of Rembug warga. Participants offered a number of examples of how Rembug warga is performed and its significance in keeping the village tradition, culture and development activities alive. Resource constraints and dwindling public services are a commonplace of the twenty-first century, and Indonesia is no exception. Local government units and communities do not expect to secure even half of the budget which they asked for in order to pursue development activities. Sopanah et al. (2013) state that only around 10-25% of the budget proposals submitted to the local government are likely to get approval. For instance, a renowned community figure during our interviews mentioned that his community having agreed on previous Rembug warga proposed a budget for three development projects – refurbishment of alleys, expanding and asphalting the main road and establishing a local bank. However, the budget was approved only for the second project and the amount sanctioned was just adequate to buy the required materials. He continued by stating:
“Our members are highly aware of the responsibility for the local development, and work hand in hand to finish the agreed development projects. The members participated voluntarily in the road development and old persons and women who could not volunteer contributed by offering food and water to those working in the project. This was not just for one day but continued for months and months until we are done with the road.”

Implicit in the facilitation of development activities in these communities has therefore been the voluntarily participation and engagement of community members. A community figure from the other community added:

*For example, the funding we got for the road project last year was meant to extend it by 2 km, but self-help by the community members enabled us to construct 2.5 km. Self-help is benefitting the development activities we carry on, but certainly we cannot pursue large scale development mobilising villagers and the meagre amounts that we received from the local government.*

Being aware of funding constraints, members of these communities have often applied “practical rational” thinking, thereby prioritising those projects and activities during Rembug warga where there are opportunities available for community members to make voluntarily contributions, in the form of participation. The term prayoga (always to behave wisely) was particularly used to refer to the village chief as he maintained a balance whereby the development activities pursued had a direct bearing on perpetuating traditional cultures and values and at the same time promoting community welfare. A community member stated how mutual cooperation has cemented as a way life in the community:

*We cooperate and participate not only in Rembug warga and when undertaking development projects. We celebrate collectively when individuals/families organise ceremonies such as circumcision (sunatan) and marriage (pernikahan). We are all together from our birth to the funeral.*

We noted that the members of one community had also established a special forum, Family Welfare Building (*Pembinaan Kesejahteraan Keluarga* - PKK), the objective of which was to promote “substantive rational” values of togetherness and mutual cooperation, targeting a particular group of the community. For instance, regular visits to school were made to educate students on the importance of adhering to and “preserving” their local values and wisdom.
Similarly, various religious activities were organised for the elderly and learning sessions to pregnant women and mothers. Commenting on the services/support offered to different groups, a member of PKK stated:

*I am also a teacher in junior high school. Each month I organise a meeting for young mothers in village hall. I get support from other PKK members. Sometimes a midwife or a medical practitioner (dukun) is invited to educate them on different health-related issues. Sometimes we teach skill development activities in which we teach them a great variety of things ranging from cooking to handicrafts. We even encourage them to become entrepreneurs.*

Overall, these findings show how these two communities have mobilised their informal participatory mechanism, *Rembug warga*, and preserved their traditional values and local wisdom from the influence of formal (technical rational) *Musrenbang*. Chiefs and community leaders as well as community members were fully aware of how the “technical” and “substantive rational” formalities of *Musrenbang* and *Rembug warga* are complementing one another.

In fact, a form of “theoretical rationality” is also evident in the process, as the members, having applied their experience and discursive knowledge, have delineated their capability of developing abstract realities in relation to the alternative participatory paradigms. For example, we were also told that in many instances, development activities and budget agreed on during *Rembug warga* had been denied at the local government level, the denial of funding citing limited citizen engagement and the failure of these activities to correspond citizens’ actual needs. As a local government officer at the community remarked:

*“Rembug warga is our way of living, but this not a part of regulations. Never had we selected any activities without participation and consensus, but our culture and values are not respected by local government. For instance, we prioritised well drilling, but the local government believed we did not adequately consult with local inhabitants residing nearby the drilling site. [By] including such prioritised projects in Musrenbang, we can now convince the local government that the required to participation has been met.”*
Such awareness of community responsibility and subtle utilisation of *Musrenbang* have enabled these two communities to resist many of the neoliberal initiatives imposed on them and “preserve” their traditional values, culture and wisdom. It is striking that indigenous communities such as *Osing* and *Tenggeresse* have been often undervalued and marginalised from cultural and development points of view. Culturally, their “substantive rational” traditional values and wisdom, which have been a way of living over centuries, have been ignored, and they are forced to adopt the so-called best accounting and budgetary practices (i.e. technical rational) in the name of promoting emancipation and local deliberation (Uddin *et al.*, 2011; Alawattage *et al.*, 2014; Kuruppu *et al.*, 2016). From the development point of view, large scale development activities are often discouraged in such communities on account of “preserving” indigenous culture and values. However, long-standing indigenous “substantively rational” cultural values such as subservience (setuhu), mutual cooperation (sayan) and honesty (prasaja), have enabled these two communities both to fulfil the formal PB requirements and to preserve their culture and values through *Rembug warga*.

### 7. Concluding remarks

Drawing on Max Weber’s characterisations of rationality (Weber, 1958, 1964, 1968; Kalberg, 1980; Brubaker, 2013), we have in this paper demonstrated the consequences when a technical rational model of PB, recommended by the World Bank and development partners and mandated by the Indonesian government, interacted with the prevailing indigenous values and wisdom (a combination of cultural knowledge and traditions) (Geertz, 1992; Gobyah, 2003) in *Osing* and *Tenggeresse* communities in the East Java province. Our contributions in this paper are empirical, theoretical and with clear implications for policy-making in public sector accounting in emerging economies.

Firstly, empirically, our study is distinctive in comparison to other PB studies conducted in local governments of emerging economies, and also in developed countries. With few exceptions (Wampler, 2007; Bohn, 2009), PB has drawn more criticisms at the implementation phase, and the normative benefits upon which it is rationalised, primarily emancipation and deliberation at grassroots levels, has been contested (McKenna, 2011; Krenjova and Raudla, 2017; Ahrens and Ferry, 2015). In the context of emerging economies, rarely is there any evidence available showing a meaningful and fair participation in the PB process. Instead, the whole PB process has been foiled by political domination, elite capture and gender-segregation,
thereby further eroding the already weakened political trust and social capital at the local and grass-roots levels (Kuruppu et al., 2016; Aleksandrov and Timoshenko, 2018; Célérier and Botev, 2015; Aleksandrov et al., 2018).

In contrast, our findings show that the limitations of PB evident in other settings rarely have any impact on Osing and Tenggeresse communities. It is perhaps not surprising that informal and indirect public participation has been a centrepiece of indigenous culture, enabling traditional societies in Indonesia and beyond (Jayasinghe and Thomas, 2009; Alawattage et al., 2014; Jayasinghe et al., 2020) to facilitate their everyday routine. In this regard, formal participation as required by PB in such communities could have been trivial. However, members of these two communities, guided by local values and wisdom, have discursively and creatively handled the technical rational PB processes, Musrenbang, to achieve their local goals. The adherence to Musrenbang has enabled these two communities to pursue the programmes and activities identified in their traditional Rembug warga, while at the same time discursively fulfil their obligations to the government. Unlike in many other contexts (Alawattage and Azure, 2019; Vallejo, 2011; Alawattage et al., 2014, 2017), the imposed technical rational model of PB co-existed with the prevailing traditional budget practices in these communities, keeping the trust-based community model of participation and emancipation intact. Our findings are therefore at odds with prior work, given that the technical rational model of PB has provided these two communities with a means through which to respond to and resist neo liberalism, pursuing pragmatic actions and adaptation and preserving their pre-existing indigenous values and wisdom where the community trust is embedded. Our findings therefore illustrate a rare case of accounting ‘by’ the indigenous people, whereas extant work on indigenous accounting has been dominated by common narratives of accounting ‘for’ indigenous peoples in which the technical rational models of accounting have effaced indigenous values and wisdom (Buhr, 2011; Gallhofer et al., 2000).

Secondly, theoretically, applying Weber’s understanding of rationality (Weber, 1958, 1964, 1968), supplemented by the work of Kalberg (1980) and Brubaker (2013), we have generated deeper insights into the emergence of pragmatic action and adaptation in the process of rationalising the formal technical model of PB in these communities. Although the application of Weber’s rationality is not new in accounting studies (see e.g. Radcliffe (1997)), rarely have accounting researchers exploited the wealth of Weber’s thoughts in understanding accounting practices in indigenous communities. Extending Weber’s work in accounting (Uddin and
Choudhury, 2008; Uddin, 2009), we have delineated how deeply rooted elements of tradition-alism, incorporating substantive rational values and wisdom such as subservience (setuhu), mutual cooperation (sayan), honesty (prasaja) and obedience (pranata), have defined relationships and guided the everyday life in these two communities. Members of the communities have maintained a balance between the formal requirements as laid down in the village Musren-bang and the priorities they have set in Rembug warga, identifying the best course of actions to ensure resources and perpetuate their values and wisdom. Theoretical rationality was evident in the way the community members have recognised the importance of Musrenbang and how budget planning and external funding processes function at the local and national levels. On the other hand, the discursive engagement of some community members in the village Musren-bang, having weighed and calculated the benefits of attendance, resembles a typical characteristic of practical rationality. That such rationalities (theoretical and practical) exist in indigenous communities was however beyond the purview of policy makers and international organisations. Extant work alleges that international organisations hold narrow perspectives, envisaging non-Western as cultures primitive and the members of indigenous communities as inferior and ineffective, in comparison to their western counterparts (Gallhofer et al., 2000; Lombardi, 2016).

Furthermore, the co-existence of the formal (technical) and substantive rationalities has led to these two communities executing pragmatic action by adapting their budgeting processes and practices. This has been achieved by melding the formal budgetary mechanisms, the village Musrenbang, cascaded down to them from the central and local governments with their local values and wisdom prevailed from generation to generation, at the heart of which was the tradition of public participation. The reciprocal relationships and trust between the village chief and community members anchored on substantive rational values (e. g. prasaja, prayoga, prasetya and prayinta) and knowledge (praypga) have provided these two communities with a means through which to adapt the budgeting processes and resist the encroachment of neoliberal initiatives ubiquitous across the local governments of emerging economies (Kuruppu et al., 2016; Célérier and Botey, 2015). How the neoliberal initiatives such as formal participatory mechanisms and budgeting have eroded trust at the political and community levels in emerging economies and further restricted local participation and engagement is discussed in prior work (Alawattage and Azure, 2019; Vallejo, 2011; Alawattage et al., 2017). Weber’s understanding
of rationality has enabled us to make the distinction between the formal and substantive rationality and illustrate how the interplay and tensions between these rationalities have had implications in the articulation of accounting practices within indigenous settings.

Third and finally, we believe that our study makes important contributions to the policymaking of public sector accounting in emerging economies. In particular, we have offered additional dimensions and deeper insights into the cases of unintended consequences when implementing the formal technical PB model, which has increasingly become an integral component of NPM-propagated reforms and development discourses of international organisations (Van Helden and Uddin, 2016; Alawattage and Azure, 2019). For instance, in the case of two indigenous communities we investigated, the informal participatory mechanism (Rembug warga) being practiced from generation to generation has largely been ignored by international organisations and policy-makers, and the formal model has been presented to them as a new approach to emancipation and social accountability. We assume that similar mechanisms of informal public participation already existed in many other indigenous communities in Indonesia and beyond, as part of articulating their everyday lives. The calculated responses made by the community members of Osing and Tengeresse, and their attempt at adapting the budgeting practices applying local values and wisdom, bring to light the way the World Bank and development partners tend to underestimate local cultures and practices while disseminating their reform measures in emerging economies. The formal technical model of PB propagated by these organisations may be inappropriate in the indigenous settings not because these settings are too primitive for such rational reforms but because they already possessed a sophisticated ‘substantive rationality’ in the forms of local values and wisdom, by which public participation is already practiced. This underestimation by international agencies is not surprising however, given that accounting has often provided a tool for dominant groups to disempower and oppress indigenous cultures and communities, rather than learning from them (Lombardi, 2016; Gallhofer and Chew, 2000).

In fact, unintended consequences of the formal technical model of PB are evident not only in these two communities we investigated, but across emerging economies and beyond. Even within Indonesia, many local government units have been forced to abandon Musrenbang as a futile budgetary exercise, as they were consistently denied budget allocation in the projects and activities prioritised through public engagement. In a wider context, mentions are made that the benefits of PB are largely co-opted by non-poor actors, and that it disseminates market-
centred norms, as advocated by international organisations, at the expense of the poor’s priorities (O’Meally, 2014; Grillos, 2017). Overall, this study serves as an example of how multiple rationalities are implicated in the process of rationalising externally propagated public sector accounting reforms in emerging economies (both in general and in indigenous communities in particular), and how the interplay between the rationalities results in unintended consequences. Yet given that indigenous societies function differently based on their specific traditional values and wisdom and geographical separation (Gallhofer and Chew, 2000), and that each emerging economy is socio-politically and culturally different (Van Helden and Uddin, 2016), further studies are warranted in other societies to extend our understanding of public sector accounting reforms and their unintended consequences.

References


Republic of Indonesia. (2010b), “Joint Circular of National Development Planning Agency (Bappenas) and Interior Minister No.1354/M.PPN/03/2004050/744/SJ on Guidelines for Development Planning Consultation Forum (Musrenbang) and Participatory Planning Areas”, The Interior Ministry, Jakarta.


Annex 1

Figure 1 - Musrenbang Plan Mechanism (Adopted from Nurmandi et al., 2015, p. 40)

Annex 2

Table 1 - Sample of Interviewees

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village chiefs (Petinggi)</td>
<td>2</td>
</tr>
<tr>
<td>Local government officers (administrative staff) at village communities</td>
<td>2</td>
</tr>
<tr>
<td>Community and religious leaders</td>
<td>4</td>
</tr>
<tr>
<td>Heads of regional planning, administrators and budget officers at local governments</td>
<td>5</td>
</tr>
<tr>
<td>Local politicians (including opposition political leaders), legislatives and councillors</td>
<td>4</td>
</tr>
<tr>
<td>NGOs representatives and volunteers</td>
<td>5</td>
</tr>
<tr>
<td>Members of citizen groups attending the budget meetings</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>