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The Power Struggles of Executives and Legislators in a Kingship Budget Setting: The Role of Informal and Formal Power

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ABSTRACT

Drawing on the power struggles of executives and legislators in a kingship budget setting, the study sheds light on the role of informal power in budget decisions and what makes one of the key actors more powerful than the other in the budgeting process. The study employs a qualitative case study collecting data through face-to-face interviews, observations, and documentary analysis. The paper advances the research stream of budget politics in public administration literature, highlighting the intense exercise of informal power to drive budget decisions. The paper provides evidence that informal power has heavily influenced the interactions between executives and legislators by the King and his fictive kin, exercised by formal and informal mechanisms (e.g., half-room meetings). Utilizing Weber's traditionalism, we demonstrate that the role of informal power over formal power is especially critical in a context where democratic institutions have no solid foundation.

Keywords: Executive, Legislator, Traditionalism, Informal Power, Budget

1. INTRODUCTION

This paper is concerned with the power struggles between executives and legislators in government budgeting practices. It is well established in the literature that the excessive power of any key actors, be they legislator or executive, may reflect in skewed budget decisions (Ma & Hou, 2009). Yet we know little about what makes one set of key actors more powerful than others and the role of informal power in budget decisions (Rubin, 2015). Given this, this paper responds to Rubin's (2015) call to advance the seminal work on budget politics by Wildavsky (1964, 1992). To advance the budget politics debate, the paper focuses on the exercise of

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informal power in budgeting decisions, an important but understudied element of the budget politics (Hou & Smith, 2010; Rubin, 2015).

The politics of budgeting literature suggests that the legislators tend to form a political coalition, delay budgetary approval, and enhance constitutional power to shape budgetary decisions (Cheibub, 2006; Mainwaring, 1993). In contrast, the executives often use veto power, selective use of data, compromise, and the technical incompetencies of legislators to control the budgeting process (Breunig & Koski, 2020; Liguori et al., 2012; Raudla, 2012). In addition to the formal mechanisms, informal power has also been deployed to avoid budget deadlock or delay (Rubin, 2015) or even prevent the intervention of political players (Cohen, 2013). However, the exercise of informal power in budgetary decisions has not received much attention in the politics of budgeting literature.

Previous studies have argued that informal power derives from individual traits, political coalitions, maneuvers, or institutional environments (Cohen, 2013, 2015; Rhodes & Salomonsen, 2021). We believe understanding the underlying context/sources of power will provide interesting insights into the use of informal power, how budget decisions are made, and why they have been made differently in different contexts. This is also important because the wave of budgetary reforms is being pushed down to all governmental settings. These reforms, often alien to the context, give little or no consideration to the power dynamics of the key actor and their broader sociopolitical and cultural settings (Uddin et al., 2019). Thus, the paper poses two questions: how do legislators' and executives' informal and formal power shape budget decisions? What conditions give rise to informal over formal powers in budgetary decisions? This study addresses the research questions by drawing on an empirical site (anonymized as Southern Local Government or SLG) in Indonesia.

We hypothesize that the role of informal power over formal power is especially critical in a context where democratic institutions have weak foundations. The Indonesian empirical site provides us with an excellent opportunity to study the power dynamics between the key actors in the budgeting process where democratic institutions are shaped by kinship and traditionalism, which may enable the intensive execution of informal power, contrary to settings found in Western democratic countries but widespread in the majority world¹ (Dyball et al., 2006).

Traditionalism, derived from Weberian writings, exhibits certain structural and sociocultural conditions rooted in family and kin. These specific contextual conditions, i.e., ‘traditionalism,’ empower individuals and families over public institutions and representatives (Uddin et al., 2018). Thus, the interactions of executives and legislators in the budgeting process may not necessarily be intended only to provide public service delivery or accommodate electoral interests but also to serve the interest of powerful individuals and their kin. Therefore, drawing on Weber’s (1964) notion of traditionalism, this paper demonstrates how context shapes the interactions/power games of executives and legislators and the setting of government budgeting practices. It also sheds light on the utilization of informal powers and the ‘hidden’ motives of the key players during the budgeting process, which have often been neglected by prior studies (Hou & Smith, 2010; Rubin, 2015).

This paper is organized as follows: a literature review on budget games, power struggles, and context is presented below, followed by an elaboration on traditionalism. The research methods are then discussed. The following two sections present the budget debate, the use of informal and formal power in the approval process, and the underlying conditions of the power of

¹ Majority World refers to countries where most of the population resides. On the other hand, the Minority World are the nations more commonly considered “developed” where a small percentage of the earth’s population lives.

executives and informal power. The final section concludes by articulating the contributions of the paper.

2. BUDGET GAMES, POWER STRUGGLES, AND TRADITIONAL CONTEXT

Previous studies have examined how the maneuvers of the executive (Breunig & Koski, 2020; Cheibub, 2006) and the legislature (Lapsley et al., 2011; Saliterer et al., 2019) shape the budgeting practices. Prior literature discusses the political strategies of legislators to take control of budget formulations, management, and implementations. First, empowering legislative bodies such as select committees is a well-cited strategy in the literature. This enables them to monitor the executive agencies' budget management and implementation (Johnson & Talbot, 2007; Saliterer et al., 2019). Second, political actors form a coalition to resist executive budgeting power (Breunig & Koski, 2020; Cheibub, 2006). Third, delaying budgetary approval by the legislature is also noted to be a common political strategy in the literature (Mainwaring, 1993). Mainwaring (1993) argues that this leads a government to face the governability problem when the budget comes to the legislation process.

The executives are known to deploy several tactics to restrict the influence of legislators. First, prior literature suggests that technical understanding assists the executive in adopting strategies to conceal public preferences, particularly the budgetary aspect of the activities, which favors the executive in the budgetary discussion (Cohen, 2013). Second, the executive, especially the head of government, deploys the veto power (Breunig & Koski, 2020). This power increases significantly when the executive holds majority coalition support from the legislature. Third, the executives may also follow compromising strategies such as 'buying' political interests to allocate funds to accommodate the interests of the legislators (Anessi-Pessina et al., 2012; Mink & de Haan, 2006).

Nevertheless, what has been overlooked so far is a serious examination of the role of informal power in power struggles between legislator and executive in a budget decision in any context, whether democratic or otherwise. Some studies have demonstrated the importance of informal power in accelerating budgetary approval (Clarke & Lowande, 2016; Hou & Smith, 2010). For instance, offering some budget allocations to legislators' programs (Cohen, 2013, 2015) or "buying" the vested interest of the legislators (Mainwaring, 1993). Budget activism by legislators is also noted in the absence of formal mechanisms in weak democratic settings (Stapenhurst, 2004).

Although the role of informal power in the budget decision has been acknowledged in previous studies (Clarke & Lowande, 2016; Cohen, 2015; Rubin, 2015), the intensity of informal power or indeed the sources of informal power and their implications on budgeting requires further empirical and theoretical scrutiny. While some studies have investigated the constitutional power between the executive and legislature, the explanation of the shifting budget power between them is under-researched (Goodman, 2007; Rubin, 2015). This will also enable us to understand the unseen 'hidden agenda' behind the budget discussion/process (Wildavsky, 1992), particularly in a context where the power dynamics are skewed.

The focus on the power dynamics of the executive and legislature and the role of informal and formal power necessitates an examination of the context, the sources of authority, and the legitimacy of key players. Pollitt (2013) argues that studies articulate context as a significant variable without theorizing how and why it prevents or facilitates policy actions. Strong democratic contexts such as Western European countries and the USA tend to provide more power to legislative branches. In contrast, weak democratic contexts perhaps provide a lesser power grip to the legislature but more to the executive branches (Lienert, 2005). We posit that context matters in understanding the power drawn by legislators and executives to drive

through the budgeting decision. In turn, it may explain how and why power shifts between the executive and legislature, its conflicts and hidden agenda, and the strong use of informal power in the budget discussion.

However, the contextual positions of key actors in the majority world are not well analyzed in the public budgeting literature (O'Toole Jr & Meier, 2015). This is partly because most of the studies examining budgetary decisions are based on countries with well-developed democratic and accountability structures, whereas, in the majority world, these institutions are often overpowered by strong family/social groups and their kins (Dyball et al., 2006; Uddin et al., 2018). Consequently, governmental organizational practices may well be directed to accommodate the whim of strong, powerful political and social actors and groups. The dominant exercise of informal political power over the budgeting process, e.g., by strong family groups, may become apparent. It may also depict the shifting power between key players who possess informal power (Cohen, 2013, 2015). While these gaps seem to occur at all government levels, this research focuses on the local government. To advance these arguments, the article explores Weberian thought on traditionalism below.

3. ANALYTICAL FRAMEWORK: WEBER'S TRADITIONALISM AND A PLACE OF TWO KINGS

Weber's works (1923) on traditionalism originate from his early works on Indian societies. He argued that socio-economic and sociocultural factors and history shape economic development and broader accountability mechanisms in the community. He recognized that traditionalism (traditional forms of capitalism) existed worldwide and was evident in Europe until the eighteenth century. He defined a traditional society that promotes economic activities via property and productive capacities of individuals that are primarily targeted towards serving the needs of the master or family/clan. Essential elements in maintaining a traditional society

and economic activities are personal loyalty, obedience, obligations to the personal chief, and being subject to a superior.

Weber (1964, p.341) explains: 'Obedience is not owed to enacted rules but to the person who occupies a position of authority ... who has been chosen for such a position.' More recent studies found that obedience by the subjects in organizations situated in traditional societies is devoted to the officeholder rather than to the office itself (Uddin et al., 2018). Personal loyalty is depicted when the 'subjects' protect the interest of the 'master' or family groups, often at the cost of the whole society. Thus, loyalty to the master is necessary to enhance a political career in a traditional setting likely to condition the legislature's role as the executive's balancing power in our case. On the one hand, legislators have electoral interests in demanding more budget allocations by challenging the executive (Bourdeaux, 2008; Raudla, 2012). On the other hand, it is difficult to challenge the master, i.e., the head of the executive, since loyalty to the master is necessary for a traditional setting to enhance a political career (Uddin et al., 2018)

In the SLG-context, the main interest of the master is to maintain the status quo of domination in the region. Interestingly, this interest is realized through 'keeping the book tidy,' i.e., maintaining sound bureaucratic practices, including budgeting practices. By doing so, the central government's intervention in the local political maps can be avoided. Political actors must obey the master's interests and instructions to realize this. While legislators are loyal to the Master (King), electoral politics drive them to pursue different budgeting ends. The apparent conflict between the loyalty to the king and the constituents may shape the power struggles between executives and legislators. This would suggest that budgeting practices such as in the SLG need to be understood from the perspective of traditional society, where economic activities are geared towards satisfying the master's preferences and interests. This

is also ingrained in general cultural conditions whereby the hierarchical relationships between elders and youth and between the elite and commoners are maintained.

The SLG, an autonomous province, is a place of two kingdoms within the state of Indonesia: the Southern Kingdom (anonymized), which rules the majority of the region (around 80% of the land); and the Western Kingdom (anonymized), which occupies a minor part of the region. Both kingdoms have a long political and cultural history in the area. The Southern Kingdom was formed in 1755 and ruled the region. The Western Kingdom was established in 1813. Both kingdoms have survived the Dutch period, the British period, and the 1942–45 Japanese invasion. They earned their status as dependent states under these colonial governments. Although each kingdom had the authority to govern its region, they were under the surveillance of the colonial government.

During the independence war, the Southern Kingdom was critical in providing enormous political and financial support to the Indonesian government. Shortly after Indonesia's independence in 1945, the region was recognized as a region equal to a province with special administrative status and headed by the kings of the Southern and Western Kingdoms as the governor and the vice-governor, respectively. Both kings were then enacted as the leaders of the provincial government, and the local legislature was established in 1945. The SLG followed local government regulations, including the general election of the legislature, except for an automatic selection of both kings as the SLG leaders - the governor and vice-governor.

The political power of the two kings also comes from material bases. Most of the land in the region belongs to the Southern Kingdom and some to the Western Kingdom, not to the state of Indonesia. Currently, any land not sold to private owners belongs to the Southern or Western Kingdom, as enshrined in the Law of the SLG. More importantly, both kingdoms have established relatively strong and stable support from people driven by local history and

traditions. Generally, the legislature acts as the balancing power to the executive (Lienert, 2005). In the context of the SLG, legislature balancing power may not be executed as intended since the governor/king is also the traditional leader of a royal family in the region.

4. RESEARCH METHODS

Following calls for studies to employ qualitative approaches to analyze the power battle between executives and legislators (Rubin, 2015), this study adopts a case-study approach to answer the research questions. The fieldwork consists of documentation, interviews, and observations from February to August 2018.

Document analysis was an essential source of evidence to understand the SLG and Indonesia's broader sociocultural and socio-economic conditions. We reviewed official documents, news reports, and historical, political, and economic literature related to the SLG and Indonesia. These are generally sourced from the SLG official website, national media websites, books, and articles. We were also given access to budgetary documents (2011–17) depicting the allocation of funds to programs and the rationalization of the distribution, minutes of budget meetings between the executive and legislature, and minutes of budget meetings of the legislature.

Interviews included key actors from two powerful budgeting institutions, i.e., the executive and the legislature. The interview questions were derived from the literature in the field and, following the objective of this investigation, covered how the executive exerts its power, what kind of strategies it employs to defend its proposed budget; how the legislator uses its power to respond to the proposed budget; and whether there are vested interests of the key players involved during the process. We conducted 37 interviews in two rounds involving 26 respondents, primarily from the executive and legislature of the SLG local government, and mainly occupied a strategic position in budget decision-making.

We interviewed senior executives, including the head of government departments, the regional secretary (the 'right hand' of the governor/king), and the leaders of the executive's budget team (hereafter executive team). We also interviewed two retired senior executives who had occupied strategic positions in the local government for the last 30 years. In addition, we interviewed five legislators from the budgeting committee, two of whom also serve as the leaders of the legislative body. We also interviewed three NGO members who review and monitor the local government budgeting practices, two local government experts, and two academics to obtain the historical perspective of the SLG and local government budgeting practices in Indonesia. We interviewed some of the respondents for a second time since we had further questions following the emergence of some issues from the material collected in the first round of interviews. The interviews lasted between 60 and 90 minutes and were tape-recorded. Transcriptions were produced and subsequently used for thematic analysis.

We obtained access from the local government to observe some of its budgeting and public hearing sessions. One of the authors attended four public hearing sessions across two weeks. He also attended five budgeting meetings between the executive and legislature. We focused on observing the interactions between the executive and legislature during the budget meeting: how they negotiated the items, who was involved in the negotiation, and how they achieved (or failed to achieve) a consensus. One of the authors had follow-up discussions with some executives and legislators to capture the possible discussions in the meeting. He then took notes once they were discussed or negotiated to look at the main arguments of the debate and the actors involved during the discussion.

A bidirectional, deductive, and inductive approach was adopted. The coding scheme arises from a sequential and iterative combination of concepts and terms used in prior studies with the empirical data at hand (Silverman, 2010). For example, we developed coding schemes such

as ‘interaction among actors’ to identify the actions of executives and legislators and their strategies; ‘personal loyalty,’ ‘obedience,’ and ‘fictive kin’ to capture the sources of informal power; and ‘outcome’ to understand the outcome of agents’ social interactions. Each interview was analyzed, and an agreement on the codes was achieved, particularly to identify how each player exercises their power and strategies when interacting, how they negotiate the items on the budget and the political interest involved during the negotiation.

5. FORMAL LOCAL GOVERNMENT BUDGETING PROCESS: FORMAL POWER

The formal budgeting process in our case is perhaps not very different from in other settings. The annual plan is used to formulate two important documents, i.e. budget policy, and ceiling and priorities. The interactions or negotiations between key players occur when the executive submits the budget policy, and ceilings and priorities drafts to the legislature for deliberations and approval. This is important as the SLG’s budget has a significant amount of allocations to be deliberated by the legislature. The share of mandatory expenditure is around 48 percent, while the share of discretionary expenditure is 52 percent out of the total budgeted expenditure. Social aid and endowment fund - a discretionary fund - often becomes the object of tensions between the executive and legislature, accounting for about 11-15 percent of the total expenditure.

The executive team initiates the budget policy, and ceiling and priorities documents with the consent of the governor/king (in this case, the Southern King). The executive team submits the documents to the budget meeting led by legislators. After some preliminary discussions at the budget meeting, the budget policy, and ceiling and priorities are sent for more detailed discussions at the committee level led by the legislators. Each committee comprises 15 to 20 members representing legislators, executive committee members, and departmental officials. After detailed discussions within each committee, the executive committee prepares a revised

draft of the budget policy, and ceiling and priorities documents and sends it back to the budget meeting for further discussion and approval by mid-July each year. The documents need to be approved by 31st July.

Insert Figure One

Figure One sets out the formal roles of the executive and legislature in the budgeting process. Legislators have the authority to discuss, recommend, amend, and approve or reject the proposed budget. They are also required to monitor and evaluate the implementation of the budget. In the budget planning stage, the legislature can also propose some programs to the annual plans produced by the executive. However, the executive is not required to accept those proposals. Upon approval of the budget policy, and ceiling and priorities, the executive team immediately issues instruction letters to departments on behalf of the governor/king. Departments use this instruction letter to prepare a draft of prioritized programs and activities for the executive team.

The executive team examines the proposed programs and activities from all departments. It matches them with the availability of resources, the head of government's visions and missions, medium-term plans, annual plans, performance indicators, and fiscal targets. The executive team has the authority to make changes to the budget if necessary with the approval of the governor/king. The final budget draft, prepared by the executive based on legislative input, is then submitted to the budget meeting for formal approval. At this stage, discussions and changes could still occur but are less likely. After the formal approval, the budget draft is enacted as a regional regulation by the executive and legislature as the basis for executing the budget. Timing is of the essence for the legislators: if no budget drafts are agreed upon, the last year's budget is automatically set for the following year.

6. THE BUDGET DEBATE: EXECUTIVES VS LEGISLATORS

Legislators always begin the budgeting debate with poverty and inequality issues. Good economic growth in the SLG is expected to render more public welfare and reduce poverty and inequality. However, poverty and inequality remain relatively high in the SLG, being over and above the national average (Statistics Indonesia, 2020). These two chronic problems have always been contentious issues and a tool for legislators to make the executive team accountable. Poverty and inequality issues also fall within the discretionary part of the budget. Legislators claim to direct the proposed programs to increase public welfare to overcome regional poverty and inequality.

‘... So, we expect that the annual budget could run its function to create new jobs and increase the earnings of the people so that we could increase the public welfare, decrease the unemployment, decrease the inequality, and so on.’ (Mr 10, legislator)

They often question the executive's commitment to eradicating poverty and inequality in the SLG region. On some occasions, they strongly recommended modifying several proposed programs in the budget.

‘Related to poverty, I scrutinized any programs related to it. Since we have the highest inequality index in the state, the poverty level is above the national average, and the fund allocation for poverty is minimal, very, very, very small!’ (Mr 16, legislator)

While acknowledging the problems, the executive team attempts to undermine the national indicators and blame legislators. First, it sheds some doubts about the appropriateness of the national poverty index, citing it as inappropriate to apply in the SLG region. Second, it claimed that the local people have lower household consumption levels (used as one of the bases for measuring poverty) because of their different cultures and way of life. Third, it is also claimed that the local people embrace what is called ‘nerimo’ (unconditional taking for granted of conditions without blaming others) culture: their interest in this life is more in spiritual needs

than material ones, so they do not care about pursuing a material interest. One of our respondents from the executive team argued:

‘The poverty indicator used by Statistics Indonesia is inappropriate to apply in SLG. The evidence is that the human development index is ranked second after Jakarta. It depicts that SLG is developed. Then, the life expectancy index is the highest in Indonesia. The happiness index is also the highest in Indonesia. But does it mean that the people of SLG are happy to be poor? Really? Of course not. Hence, something is wrong, and most of those [poverty] indicators are not fit to implement in SLG?’ (Mr 25, senior official)

The executives draw on other indicators, such as a high human development index, the happiness index, and the life expectancy index. The SLG is over the national average in those indices. These indices, therefore, become a legitimate argument for the executive in defending its view that the poverty-level measurement method may be inappropriate. Every time the legislators questioned the ability of the executives to reduce poverty and gap levels, the executives responded by showing these indicators. Hence, this avoidance strategy has become a common debate between the executive and legislator, whereby the executive demands a new poverty measurement with specific criteria appropriate to the SLG context. Legislators thought this was simply a classic strategy of the executive to avoid its responsibilities to improve public welfare.

‘So, what is the measurement tool of the executive? Let’s say they have their research; what is the poverty level they produced from their research? The fact is that our poverty level is 13.02 percent. It means that we need to focus on the main problem so that the discussion should not focus on the methodology but on how to overcome it.’ (Mr 10, legislator)

Nevertheless, the SLG implemented social programs such as social aid and endowment fund, affordable housing, free health services in certain areas, capital access for small and medium enterprises, skills training for a group of people to establish a business, and housing renovation for poor people. These programs seemed to lower the poverty level over the years, but the decrease is insignificant. It was suspected that the poverty level in the SLG showed a decreasing trend due to the same direction at the national level instead of local government efforts.

The way the legislators sought to address inequality and poverty issues was to increase the budget for public welfare. In particular, they are keen to increase the budget for social aid and endowment fund. This is the critical item that legislators and executives negotiate every budgeting year. The social aid and endowment fund are allocated to each constituency, making the elected legislator controller of the fund spent on localized public welfare. One legislator reflected on their struggles to get more social aid and endowment funding.

‘They [legislators] want to fight for their constituents, whether this [the budget] is consistent with the medium-term plan. The difficulty is when the executive is unable to respond. However, for the legislators, it must be responded to whatever it takes.’
(Mr 11, legislator)

The legislators often insisted that it demands a greater allocation for this program during the budget meeting. Social aid and endowment fund, a discretionary line-item, can take the form of cash, goods, or services to the poor individual, family, or social group. Legislators argued that social aid, money or goods, could directly and quickly reach the poor. The main objective is to distribute the aid to their constituents. The bureaucratic process of this program, categorized as an endowment, is less rigid than any other program.

The executive team sees the legislators’ attempts to discuss poverty and inequality issues as nothing but a ploy to achieve their vested interests. Mistrust between the two sets of actors was

evident in our conversations with both parties. The executive team argued that it was obvious that the legislators were pursuing the interest of constituents in their electoral regions. The executive also claimed that legislators employ the poverty index argument to increase their allowances. Personal allowances for legislators are a very contentious issue. Our interviews revealed that personal allowances had been used by both parties to shut down the debate, as discussed below.

7. SHUTTING DOWN THE BUDGET DEBATE: THE ROLE OF INFORMAL POWER

The executive team deploys several strategies to shut down the budget debate. The first strategy is to threaten the legislator with the risk of budget deadlock. Without consensus, the local government would use the previous year's budget, enacted through the governor/king's orders. However, this is not an ideal outcome for the executive. According to the central government regulation, local government annual budgets must be enacted no later than 30 November. No consensus also means no budget change and no legislators' salaries for six months. While the legislature kept delaying the approval of the budget draft, the executive usually 'threatened' it by conveying the consequences of the budget deadlock, especially as they related to the rights of the legislators.

Delaying the approval of the budget is not uncommon in the dynamics of the budgeting process in the SLG. This has become another advantage for the executive. More delays result in less time for budget discussion. For the executive, the less time for budget discussion, the more likely the budget might be approved because, during the delay period, the legislators would be busy with their other activities. So their focus on the budget would drift until they realized that the budget needed to be approved soon.

‘So far, due to time constraints, the legislators do not have enough time to examine the budget draft compared to the executive, so critiques, inputs, etc., could not be included in the proposed programs. If the question is about deadlock, Alhamdulillah, we never experienced that. We never used governor regulation during my second period as a legislator [if a budget deadlock occurs]. We always achieve a consensus at the end.’ (Mr 10, legislator)

A strategy of compromise is also on the executive’s agenda. This is mainly to accommodate the legislator wishes, such as increasing the social aid and endowment fund and personal allowances. Often executives and legislators agree to change the volume or locus of activities of specific programs so that the legislator’s demand can be accommodated in the budget and, at the same time, be consistent with the long- and medium-term planning for the agreed programs.

‘We not only returned but also amended the proposed budget. For example, in 2015, the legislature canceled a budget allocation for establishing an auditorium amounting to 15 billion rupiahs for the 2016 budget. And in 2017, (as a compromise) we amended a budget again in General Bureau to erect a building costing 3.9 billion rupiahs.’ (Mr 10, legislator).

‘Not only the legislator but also we [executive] are afraid to change [the programs] ... However, we can change the volume. For example, the volume of the livestock training program is only 50 groups. Legislators claim it should be more than that based on the legislator’s input. Thus, we can increase the volume of the training to 70 groups. It does not change the program.’ (Mr 2, senior official)

However, executives are always keen to ensure laws and regulations are complied with so as not to attract the attention of the central government. All the programs and budgets should be

normatively decent. 'Keeping the book tidy' was the primary concern of the governor to avoid the central government's intervention. For example, the executive could compromise with the legislator as long as no regulations were violated and there was no accusation of corruption. The intervention of the central government over local affairs would, it was believed, threaten the status quo of the domination of both kingdoms.

In case of no compromise, the executive team applies the half-room meeting strategy - a strategy not rooted in formal budgeting mechanisms. This usually occurs nearer the budget approval deadline. There are no references to the half-room meeting in the budget document, but they are critical in reaching a consensus. This is further discussed below.

8. THE HALF-ROOM MEETING: THE ULTIMATE INFORMAL MECHANISM

A half-room meeting involves people with significant power to ensure that the budget can be approved immediately. The session involves the leaders of the executive team, i.e., the regional secretary as the head of the executive's budget team, and some key legislators, including the heads of the political party factions and a budgeting committee representative. On some occasions, the governor participates in the process.

'[Half-room meeting] is a meeting between key legislators and executives. It is related to the changes in the budget draft. In this meeting, there will be negotiations and compromises, mainly about the "demands" of the legislators over the budget allocation.' (Mr 16, legislator)

Most interviewees are reluctant to talk about the details of these meetings. Still, both executives and legislators seem to agree that the issues are more related to the interest of the legislators, for example, the allocation of funds to their electoral district or financial incentives for them. One retired official explains this:

'In the past, there were many [half-room meetings] because of endowment fund (demanded by legislators), that made me furious. As time went by, it decreased. After I retired, it [endowment fund demand] was raised again. At that time, I reported them to the prosecutor to give a deterrent effect.' (Mr 14, retired senior official)

These meetings are usually held near the enactment of the annual budget and after an intense disagreement between the executives and legislators. If the issue is significant, the governor may get involved in this meeting, although not often.

'Governor meets [the legislator] informally, but not because of a problem. It means the governor sometimes invites the legislators for something informally.' (Mr 3, senior official)

Some legislators criticize this approach since they demand more governor's involvement in the formal budget discussion. The governor's involvement accelerates the budget discussion and approval. However, the legislators never confront or challenge the governor. From the legislators' perspective, standing against the governor might be seen as standing against the local people, which is harmful to their political careers.

'Legislators making the governor accountable or asking difficult questions are allowed by the law. However, psychologically, it matters, really matters. Consequently, the legislators could not be critical since they were worried that the public would judge them "brave" (impolite) against the governor. They might think, "I might not be elected again in the next election" because of this.' (Mr 11, legislator)

'Because I am sorry to say that legislators here are respect (sega) to the governor, they are not brave [against the governor]. If we said this to them, they might feel offended. Legislators in other local governments are not like this. Hence, we [the

executives] try to bridge this [the relationship between governor and legislators].’
(Mr 3, senior official)

*‘In SLG, King Southern has an additional value so that the people would never be
brave enough to challenge him directly.’ (Mr 7, senior official)*

Consequently, although legislators tend to demand the presence of the King in the budget negotiation, including in half-room meetings, they appear more ‘comfortable’ attacking the governor’s subordinate: the executive. They expect the governor will listen to their demands and resolve the issues expediently.

During the meeting, each leader of a political faction conveys their concerns on the budget draft, representing the voice of each political party. The regional secretary usually successfully leads the executives in this meeting and reaches a consensus with the representation of political factions. The leaders of the political factions then convey to their members the result of the half-room meeting that must be complied with as the prevailing political party’s voice. This decision is then brought forward to the budget meeting of the legislature to pass the legislation process.

The executive claimed that allowing legislators to control the budgeting process may increase the possibility of corruption since they tended to focus on the social aid and endowment fund for various reasons. First, the local government's incomplete information on residents meant many individuals or families entitled to the aid could not access the social aid and endowment fund. Second, it was suspected that the fund was not necessarily distributed to the constituents but used for personal interest, such as funding legislators’ campaigns in the general election. Due to its minimal bureaucratic rigidity, the executives thought the social aid and endowment fund was a potential cause of corruption.

The Corruption Eradication Commission often warns local government officials of the potential corruption of the social aid and endowment fund. Many local government leaders, officials, and legislators in Indonesia have been found guilty of corruption related to the social aid and endowment fund, although, to date, not in the SLG.

The executive felt that half-room meetings were an efficient means to pass the legislative process as they could reduce lengthy discussions with each legislator, and they only needed to deal with fewer, albeit more influential, individuals from each political faction. No more debates occurred after this half-room meeting, and the budget could easily pass the legislation process.

The power of informal meetings is centered around the cultural and political power of the governor. The governor formally delegated his authority to the executive. ‘Keeping the book tidy’ was the primary concern of the governor to avoid central government intervention. For example, the executive could compromise with the legislator as long as no regulations were violated and there was no accusation of corruption.

‘He only gives us a “clear” line: do not ever agree with the legislators if it [legislator’s demand or input] violates the law. If it is normatively fine, then go ahead.’ (Mr 14, retired senior official)

Even though the legislators complained about the governor’s approach to the budgeting process and demanded more involvement in day-to-day discussions, they found themselves powerless to negotiate or discuss directly with the governor. The politics of etiquette and local culture prevented them from doing so. The executives called this the ‘X’ factor.

‘So, the conclusion is, I think the executive position in SLG is stronger than that in other local governments. I do not know what the “Xfactor” is, but for sure, it is related

to the complex relationship between the privileged status of SLG with the status of the King as the governor.’ (Mr 5, senior official)

Even if the legislators were to convey their vested interest directly to the governor, they would do so politely because they are subjects speaking to their king. Opposing the governor may negatively affect their image as perceived by the local people.

9. THE POWER OF EXECUTIVE, LEGISLATOR, AND KING

The unbalanced power relationship between executives and legislators is rooted in the kingship of the local government unit under study. The relationships between the governor and legislators and between the King and executives are critical in understanding the particular nature of the power imbalance.

First, the governor and legislator relationship are between the King and the subject. Being subjects of the King, the legislators find it extremely difficult to challenge the King but target his fictive kin: the executive. Direct and open criticism of the occupant of the highest socio-cultural position in the social structure is avoided. It draws attention to the conflict between kingship and electoral politics. As the people's representatives, legislators are expected to fight for their constituent's interests, including demanding more budget allocations, which enhances their re-election opportunity (Liguori et al., 2012; Bourdeaux, 2008). The legislature is inherently designed to balance the executive power, so exercising power to challenge the executive is necessary (Posner & Park, 2007). Challenging a master in a traditional setting may harm one's political career. To cope with the conflicting interests, legislators challenge the executive team: the fictive kin of the King, to pursue their different budgetary ends. This opens up the space for using half-room meetings – a central mechanism to reach a consensus.

Second, the executives act as fictive kin of the King according to Weberian terms. Personal loyalty and obedience of local government officials to Southern King as the governor can be

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seen in the budgeting process, where the bureaucrats are expected to appropriately translate and obey his instructions into detailed programs and activities within the budget. The bureaucrats led by the executive team 'protect' their governor by 'battling' against the legislators in the budget discussion. This obedience of 'subjects' (e.g., bureaucrats) to their master is expected in a traditional setting (Weber, 1964). Weber argues that traditionalism drives a subject to be loyal to the 'chief' or 'master,' to be seen as trustworthy. It also depicts an example of a master-servant relationship, as predicted by Weber, in a traditional society. Weber (1964, p.341) argues that 'obedience is not owed to enacted rules, but to the person who occupies a position of authority by tradition who has been chosen for such a position.'

Previous studies argue that family and chief, fictive kin, and relatives are the main structure of a traditional society (Uddin et al., 2018). Although some studies suggest the declining domination of the executive (Abney & Lauth, 1998; Meyer & Naka, 1998), the finding asserts the power of the executive in the budgeting process, where the governor, along with the executive team, controls the budget appropriation process (Breunig & Koski, 2020; Goodman, 2007), and the domination is even stronger in a traditional setting. Hence, a hybrid political system such as the SLG has produced a weak legislative body (Ekman, 2009). One bold instruction of the governor/king, which political actors obey, is no room for law violation and corruption, reflecting good governance. Good governance is expected to prevent the central government from interfering with the local government affairs, which may threaten the domination of the two kingdoms in the region. In other words, it is essential for the executive, especially the governor/king, to 'keep the book tidy,' for example, by controlling the budgeting practices to avoid the attention of the central government.

Thus, it gave rise to the use of informal power to maintain the status quo in the region, i.e., royal families still 'in charge' of the local government. Simultaneously, these interactions

between the executive and the legislators also depict an in-depth picture of processual dynamics between the key players in the public sector budgeting practices (Rubin, 2015; Sicilia & Steccolini, 2017). The key features of traditionalism, such as personal loyalty, master-servant relationship, and fictive-kin roles, have permeated the budgeting process, enabling the executive to use informal mechanisms such as half-room meetings for budgetary agreements.

The executives/bureaucrats unconditionally obey their governor, as do the legislators. Uddin et al. (2018) argue that showing loyalty to families, rather than applying professional judgments, skills, and expertise, contributes to the career enhancement of subjects in organizations in traditional societies. Furthermore, balancing executive power led by a governor from a dominant royal family is challenging for the legislators. Challenging the King equals challenging the centuries-old institution, which is not likely to occur. Legislators are also expected to show their loyalty and obedience to the 'master,' which also conditions the legislature to not act as the balancing power of the executive. However, the legislators push the executives to achieve their budgetary ends, i.e., more allocations to the social aid and endowment fund. On the other hand, the executives wish to have a consensus budget to fend off central government interventions. Hence, this complex power relationship between the executive and legislature leads the executive to exercise informal mechanisms to force budgetary approval.

10. CONCLUSION

This paper addresses two issues: the role of informal power – an understudied element of budget politics - in shaping budget decisions and the underlying conditions of the rise of informal over formal powers in budgetary decisions. The existing literature on budget politics discusses various strategies legislators and executives deploy. We wish to discuss these

strategies, including the role of informal power in shaping budget decisions in relation to our case study evidence below.

First, one of the common political strategies in the existing literature is the selective use of data and technical competence. We see evidence of legislators and executives debating the technical competence of performance indicators. Legislators question the commitment of the executive to poverty and inequality issues, expressing their concern over the region's high poverty and inequality indicators. The executives defend themselves, citing high happiness index to illustrate their achievements. Second, common budgetary strategies mentioned in the literature are modified in our context. In our case, the executives, not the legislators, employ delaying tactics to restrict the time for the legislators to review the budget draft. Also, the compromise strategy is pursued and initiated by both the executive and legislature, such as revising the items as advised by the legislators. The executive accommodates some legislators' requests for social and endowment funds. Third, we wish to identify prevalent political strategies cited in the literature that are not used in our case, such as constitutional power, political coalition, and empowerment of legislative bodies. Finally, more importantly, this study demonstrates budgeting strategies that are new to the literature. The role of informal power deployed by executives in budgeting decisions is identified in our case. Executives initially threaten to use last year's budget but ultimately deploy a half-room meeting strategy – an informal power tactic to enforce an agreement with the legislators. While some studies have acknowledged the informal mechanisms such as budget activism or 'buying' the vested interests of legislators (Cohen, 2013, 2015), the intensity of informal power, such as half-room meetings in our case, is indeed the critical mechanism to arrive at budgeting decisions.

Concerning the underlying conditions of intense informal power, we have argued that informal over formal power is rooted in traditionalism. We find the legislature was unable to criticize

the King as the head of government but was able to challenge the executive team on various social issues such as poverty and inequality; legislators were inclined to focus on their pragmatic political interest, i.e., electoral politics. Nevertheless, drawing on the traditional power of the King, the occupant of the top social and cultural position in the region, over the general population, the executive manages to drive through its budget decisions over the legislature. Theoretically, we have argued that the extensive use of informal powers provides new insights if examined in the context of traditionalism. We have discussed political and historical conditions in the SLG to understand the development of the SLG region and the dominance of royal families in political and economic affairs. This study has also depicted the key features of traditionalism, such as personal loyalty and obedience, the master-servant relationship, and obedience to personal rather than formal bureaucracy, providing an understanding of why and how informal mechanisms such as half-room meetings work in a budgeting setting, perhaps common to the majority world.

This article makes several contributions. First, the paper advances the research stream of budget politics in public administration literature, highlighting the intense exercise of informal power to drive budget decisions. In particular, deeper examinations of the underlying context/sources of power gave us an interesting insight into the use of informal power, how budget decisions are made, and why they have been made. We find that the excessive power of the executive is rooted in the political and cultural influence of the governor/king and reflected in skewed budget decisions (Ma & Hou, 2009). The paper provides evidence that informal power has heavily influenced the interactions between executives and legislators by the King and his fictive kin, exercised by formal and informal mechanisms (e.g., half-room meetings). The budgetary control is maintained in the realm of the executive.

Second, previous studies have neglected traditional settings commonly found in the majority world. We demonstrated that informal power over formal power is especially critical when democratic institutions have no solid foundation. Employing the Weberian notion of traditionalism, the paper sheds light on the complex relationships between cultural conditions, politics, and kingship and their influence on government budgeting practices. These specific contextual conditions, i.e., 'traditionalism,' empower individuals over public institutions and representatives (Uddin et al., 2018). This runs contrary to Western rational models and has led to insufficient consideration of how traditional settings shape budget interactions and outcomes. Thus, drawing on Weber's (1964) notion of traditionalism, this paper demonstrates how context matters in shaping budget politics and sheds light on why budget power shifts from the legislature to the executive and the consequences of this more dominant utilization of informal powers over the formal ones, and the 'hidden' motives of the key players during budgeting process/conflict, which have been inadequately addressed by prior studies (Rubin, 2015).

Finally, more generally, the role of informal power in budget politics needs further scrutiny, especially in the context of reforms. The paper makes the specific point that context matters. We have demonstrated that the power relationship is rooted in traditions, culture, and history. Thus, standardized reforms in formal budgeting mechanisms are unlikely to produce anticipated outcomes in all contexts. International agencies should perhaps be more circumspect before offering ready-made prescriptions on budgetary reforms to the majority world or, indeed, any setting (Uddin et al., 2019). We would argue that customized reforms sensitive to formal and informal power relationships in broader socio-economic and socio-cultural conditions would likely produce better outcomes.

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Figure 1. Formal Local Government Budgeting Process

