

The Influence of Participatory Budgetting and Political Intervention on the Budget Performance of the Aceh Government

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ABSTRACT

This study aims to analyze the influence of participatory budgetting and political intervention on the budget performance of the Aceh Government. Regional budget performance remains a strategic issue, characterized by low budget realization rates, delays in program implementation, and high budget surpluses. This study used a quantitative approach with a survey method. Primary data were obtained by distributing questionnaires to employees within the Aceh Work Unit who were directly involved in the budget preparation and implementation process. Data analysis was conducted using multiple linear regression with the help of SPSS software. The results showed that participatory budgetting and political intervention simultaneously had a significant effect on budget performance. Partially, participatory budgetting had a positive and significant effect on budget performance, while political intervention had no significant effect.

INTRODUCTION

Regional government budget performance is one of the main indicators of successful public financial management. Budget performance reflects the regional government's ability to plan, implement, and account for the use of financial resources effectively, efficiently, and accountably (Bastian, 2019; Halim & Kusufi, 2021). However, various regional governments in Indonesia still face budget performance problems, such as low levels of budget absorption, delays in implementing programs and activities, and high levels of Budget Calculation Surplus.

In the context of the Aceh Government, budget performance issues remain a recurring issue. This situation indicates a gap between budget planning and implementation. One factor believed to influence budget performance is participatory budgeting, which involves officials in the budget preparation process for their work units. (Brownell, 1982; Milani, 1975). Participatory budgeting is expected to improve the quality of planning and commitment to budget implementation.

In addition to technocratic factors, the regional budgeting process is also inseparable from political dynamics. The relationship between the executive and legislative branches in budget deliberations creates opportunities for political intervention, whether in the form of pressure, changes in budget allocations, or the dominance of particular interests (Wehner, 2010). Political intervention is often assumed to have a negative impact on budget performance, and empirical findings show mixed and contextual results (Sofyani & Akbar, 2024). From the explanation above, this study aims to test the influence of participatory budgeting and political intervention on the budget performance of the Aceh Government, both partially and simultaneously.

LITERATURE REVIEW

Agency Theory in Public Sector Budgeting

Agency theory explains the relationship between principals and agents who have different interests and unequal levels of information. (Abdullah, 2004). In the context of regional government, the community and the Regional People's Representative Council act as principals, while the regional government and employees within the relevant agencies act as agents. This information imbalance has the potential to create agency problems in budget management. Participatory budgeting is seen as a mechanism to reduce information asymmetry by directly involving officials in the budget preparation process. (Brownell, 1982). On the other hand, political intervention is a form of principal control that can influence agent behavior in making budget decisions. (Wehner, 2010).

Participatory Budgeting and Budget Performance

Participatory budgeting is a process that involves government officials in setting targets and allocating budgets. A high level of participation is believed to improve officials' understanding of organizational goals, increase commitment, and encourage better budget performance (Milani, 1975; Brownell, 1982). From an agency theory perspective, participation functions as a mechanism for aligning interests between principal and agent.

H1: Participatory budgeting has a positive impact on local government budget performance.

Political Intervention and Budget Performance

Political intervention in budgeting includes the domination of political actors, pressure on the apparatus, and changes in budget allocation based on political interests. (Kopecký et al., 2021). Political intervention has the potential to reduce the effectiveness of budget management, but its influence is highly dependent on the strength of the institutions and control systems in place. (Agbejule & Jokipii, 2021).

H2: Political intervention influences the performance of local government budgets.

The Simultaneous Effect of Participatory Budgeting and Political Intervention

Participatory budgeting and political intervention together shape the dynamics of local government budget management. The interaction between participatory mechanisms and political pressure determines the quality of the budgeting process and performance outcomes. (Nitzl et al., 2023).

H3: Participatory budgeting and political intervention simultaneously influence the performance of local government budgets.

METHODOLOGY

This study used a quantitative approach with a survey method. The study population was employees within the Aceh Government who were directly involved in the budget preparation and implementation process. The sampling technique used purposive sampling with the criteria of involvement in budget management (Halim & Kusufi, 2021). Data were obtained through a questionnaire with a five-point Likert scale. Research variables included participatory budgeting, political intervention, and budget performance. Data analysis was conducted through validity and reliability tests, classical assumption tests, and multiple linear regression analysis.

RESEARCH RESULT

The results of descriptive statistics indicate that participatory budgeting is in the high category, political intervention is in the moderate category, and budget performance is in the fairly good category. The results of the classical assumption test indicate that the data meets the assumptions of normality, there is no multicollinearity, and there is no heteroscedasticity. The F-test results indicate that participatory budgeting and political intervention simultaneously have a significant effect on budget performance. The t-test results indicate that participatory budgeting has a positive and significant effect, while political intervention has no significant effect on budget performance.

DISCUSSION

The Impact of Participatory Budgeting on Budget Performance

Table 1. The Partial Test Results

Model	Unstandardized Coefficient		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	25.843	5.489		4.708	0.000
Participatory Budgeting (X1)	1.485	0.105	0.833	14.162	0.000
Political Intervention (X2)	-0.133	0.087	-0.090	-1.537	0.128
F = 100,311; Sig. = 0,000					

Source: Primary Data (processed), 2025

Based on the partial test results presented in the Table 1, the participatory budgeting variable (X1) shows a positive regression coefficient value of 1.485 with a calculated t value of 14.162 and a significance level of 0.000, which is smaller than the 5 percent significance level. The calculated t-value is also greater than the t-table value of 1.660. Thus, the null hypothesis is rejected and the alternative hypothesis is accepted, which means that participatory budgeting has a positive and significant effect on the budget performance of the Aceh Government. (Halim & Kusufi, 2021).

These findings indicate that the higher the level of employee involvement in the Aceh government's budgeting process, the better the resulting budget performance. Participatory budgeting serves not only as an administrative procedure but also as a strategic instrument in improving the effectiveness of regional financial management. These results align with previous research, which states that participation in budgeting encourages the creation of more realistic, easily implemented plans that align with the organization's implementation capacity. (Milani, 1975; Brownell, 1982).

Empirically, the strong influence of participatory budgeting indicates that a top-down budget planning process without the involvement of technical staff has the potential to result in a budget that is less operational and difficult to implement. The involvement of Regional Government Agency enables budget alignment with the actual needs of programs and activities, and narrows the gap between planning and budget realization. This finding underscores the importance of the role of technical staff in ensuring alignment between program objectives, resource availability, and implementation capacity in the field. (Bastian, 2019).

The relationship between participatory budgeting and budget performance is also reflected in performance indicators that emphasize the appropriateness of fund use to targets, budget optimization without waste, and the achievement of activity output targets. Participation by relevant agencies in budget preparation allows for the identification of potential implementation risks early on, allowing budget allocations to be more adaptive and not merely normative. (Halim & Kusufi, 2021).

In the context of the Aceh Government, this finding is relevant given the frequent discrepancies between budget planning and realization, reflected in the high Budget Surplus. Budget Surplus does not always reflect efficiency, but can be an indication of weak planning and low involvement of implementing officials in the budget preparation process. Therefore, participatory budgeting serves as a corrective mechanism to curb the tendency for overly optimistic budget preparation and failure to consider the implementation capacity of the Regional Government Work Units (SKPA). (Sofyani & Akbar, 2024).

Based on agency theory perspective, participatory budgeting plays a role in reducing information asymmetry between principal and agent. Related officials, as agents, possess more in-depth technical information regarding program needs, implementation challenges, and potential administrative obstacles. When this information is incorporated into the budgeting process, the quality of budget decisions can be improved and the risk of inefficiency can be reduced. (Abdullah, 2004; Brownell, 1982).

Furthermore, participatory budgeting also relates to the behavioral aspects of government officials. Involvement in budget preparation increases a sense of responsibility and commitment to program and activity implementation. This is shown at performance indicators that emphasize the importance of evaluating program implementation, utilizing evaluation results as a basis for improvement, and accountability for fund use in accordance with applicable regulations. Thus, participatory budgeting impacts not only the technical aspects of planning but also the overall quality of regional financial governance. (Nitzl et al., 2023).

The Influence of Political Intervention on Budget Performance

The results of partial hypothesis testing indicate that political intervention (X2) does not significantly influence the budget performance of the Aceh Government. This is indicated by a negative regression coefficient value of -0.133, a calculated t value of -1.537 which is smaller than the t table value, and a significance level of 0.128, which exceeds the limit of $\alpha = 0.05$. Thus, the hypothesis stating that there is an influence of political intervention on budget performance is not empirically supported.

The rejection of this hypothesis does not necessarily indicate that political factors play no role in the regional budgeting process. Rather, this finding indicates that political intervention does not directly influence budget performance, as measured by aspects of planning, implementation, efficiency of fund use, accountability, and program evaluation. In other words, political influence is contextual and does not automatically translate into improved or deteriorating budget performance (Wehner, 2010).

Based on respondents' perceptions, the presence of political actors in budgetary decision-making, pressure on program priorities, and changes in budget allocations are acknowledged. However, this recognition is not consistently accompanied by a perception of declining budget performance. This indicates a disconnect between the political process in budgetary decision-making and the budget performance achieved by the Regional Government Work Units (Sofyani & Akbar, 2024).

One of the main explanations for the insignificant influence of political intervention is the existence of relatively well-established bureaucratic mechanisms and budget control systems. Despite political pressure during the formulation or revision of budget allocations, the government remains bound by regulations, administrative procedures, and financial accountability systems that limit political discretion during the budget execution phase. As a result, the impact of political intervention is mitigated during the implementation and performance reporting phase (Agbejule & Jokipii, 2021).

In the context of the Aceh Government, the political dynamics in the preparation of the Regional Budget (APBA) and Regional Budget (APBK) are an inseparable part of the regional government system. Changes in budget allocations between programs do not always directly impact budget performance, as some programs can still be implemented and achieve their output targets even with adjustments to the scale or timing of implementation. Furthermore, the high SiLPA (Regional Budget Surplus) in Aceh is more often influenced by technical and administrative factors, such as delays in activity implementation, procurement issues, implementer capacity, and regulatory changes, rather than purely political intervention. (Bastian, 2019).

From an agency theory perspective, political intervention can be understood as a form of principal control over agents. However, the effectiveness of such control depends heavily on the strength of the institutional mechanisms that govern it. In this context, the government remains legally and administratively obligated to meet performance targets and be accountable for budget use, thus limiting the scope for political intervention to directly influence budget performance (Abdullah, 2004).

This finding aligns with previous research showing that political intervention does not always significantly impact local government budget performance. Several studies have found that political influence is more dominant at the planning and budget allocation stages, but weakens at the implementation and performance evaluation stages, when bureaucratic systems and internal controls become more stringent (Aziz, 2021; Mahendra, 2022; Siregar, 2023; Kurniawan, 2024).

Overall, the results of this study confirm that political intervention is not the primary determinant of the Aceh Government's budget performance. Budget performance is largely determined by technocratic and managerial factors, while political intervention serves as an institutional backdrop that influences the process but does not directly determine budget performance. This finding implies that efforts to improve budget performance in Aceh need to focus on strengthening the capacity for budget planning, implementation, and control at the government agency level without neglecting the institutional management of political dynamics.

The Simultaneous Effect of Participatory Budgeting and Political Intervention
Table 2. The Simultaneous Test Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regresi	3003.460	2	1501.730	100.311	0.000
	Residual	1392.280	93	14.971		
	Total	4395.740	95			

Source: Primary Data (processed), 2025

Based on the simultaneous test results presented in the table, the calculated F value was 100.311 with a significance level of 0.000, which is smaller than the 5 percent significance level. This value is also greater than the F table value of 3.09. These results indicate that participatory budgeting and political intervention together have a significant effect on the budget performance of the Aceh Government, so the null hypothesis is rejected and the alternative hypothesis is accepted (Halim & Kusufi, 2021).

These findings indicate that budget performance cannot be explained by a single factor alone, but rather is the result of the interaction of various factors operating simultaneously in the regional financial management process. Although partial test results indicate that political intervention does not have a significant effect individually, its presence still plays a role in shaping budget dynamics when interacting with participatory budgeting. This is in line with the view that the public sector budgeting process is influenced by a combination of technocratic and political mechanisms that cannot be completely separated in practice (Wehner, 2010; Sofyani & Akbar, 2024).

Theoretically, these results are consistent with agency theory, which views regional budget management as a relationship between principal and agent with interests that are not always aligned (Abdullah, 2004). In the context of the Aceh Government, the community and political actors act as principals, while the SKPA apparatus acts as agents responsible for budget planning and implementation. Budget performance is the outcome of the extent to which these relationships are managed through a budgeting system that is able to reduce information asymmetry and conflicts of interest. The significance of the F-test strengthens the argument that participatory budgeting and political intervention simultaneously shape the institutional environment that influences budget performance. (Brownell, 1982; Nitzl et al., 2023).

The correlation between the results of simultaneous testing and the budget planning dimensions indicates that the involvement of SKPA (Regional Government Agency) in the budget preparation process encourages more realistic planning based on program needs. Participation by government officials allows for the delivery of factual information regarding activity implementation capacity, thereby minimizing the gap between planning and budget realization (Milani, 1975; Brownell, 1982). However, in budget preparation practice, plans that have been prepared technocratically often experience changes due to political dynamics, particularly in the form of adjustments to budget allocations based on specific interests. The interaction between these two conditions explains why the simultaneous influence of both variables is statistically significant. (Wehner, 2010).

In the budget implementation dimension, participatory budgeting contributes to improved alignment between plans and implementation and the efficiency of fund use. Participatory processes tend to result in budget decisions that are easier to implement because officials have a better understanding of budget objectives and constraints. (Halim & Kusufi, 2021). From the perspective of agency theory, the participation of government officials as agents fosters a sense of ownership over the budget, thereby ensuring that the implementation of activities aligns more closely with the plan. However, political pressures that limit the authority of government officials have the potential to cause deviations between the budget plan and its actual implementation, which ultimately impacts overall budget performance (Agbejule & Jokipii, 2021).

This phenomenon is also reflected in the Budget Surplus (SiLPA), which remains a significant issue in Aceh's regional financial management. Participatory budgeting plays a role in reducing the occurrence of unreasonable SiLPA through more accurate, needs-based planning (Bastian, 2019). However, when political intervention occurs in setting priorities and changing budget allocations, participatory planning can potentially lose its relevance. As a result, some programs and activities cannot be optimally implemented by the end of the fiscal year, resulting in a budget surplus (SiLPA). Therefore, the significant F-test results indicate that the SiLPA problem is not only caused by technical planning weaknesses, but also by the political dynamics that accompany the budgeting process (Sofyani & Akbar, 2024).

In the accountability and transparency dimension, budget performance is related to openness in fund management, ease of access to information, and compliance with accountability provisions. Participatory budgeting encourages increased accountability because the budget preparation process involves various parties and creates space for internal oversight (Brownell, 1982). Within the agency theory framework, transparency and accountability serve as control mechanisms for the principal to monitor the agent's performance (Abdullah, 2004). However, the dominance of political actors in budget decision-making has the potential to limit the technocratic role of SKPA, so that accountability built through participatory mechanisms does not always run optimally (Kopecký et al., 2021).

The final dimension relates to the achievement of regional development priorities. Budget performance is assessed by the extent to which SKPA programs and activities align with the direction of regional development policies and priorities. In Aceh's government budgeting practices, development priorities are the result of a compromise between technocratic considerations and political interests. When participatory budgeting is effective, development priorities can be translated into more implementable programs and activities. However, overly dominant political intervention has the potential to shift priorities from technical needs to specific interests, resulting in suboptimal budget performance. (Wehner, 2010; Nitzl et al., 2023).

Overall, the simultaneous test results indicate that the Aceh Government's budget performance is the result of a complex interaction between participatory budgeting and political intervention. This finding confirms that improving budget performance is not sufficient simply by strengthening the participation of regional government agencies (SKPA) in the budget preparation process, but also requires institutional management of political dynamics to prevent distortions in budget planning and implementation (Halim & Kusufi, 2021; Sofyani & Akbar, 2024).

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that participatory budgeting plays a significant role in improving local government budget performance, while political intervention has no significant partial effect. These findings indicate the need to strengthen participatory budgeting mechanisms and institutionally manage political dynamics.

ADVANCED RESEARCH

This study has several methodological limitations that need to be considered as a basis for developing further research. First, the cross-sectional, perception-based survey design limits the ability to draw causal conclusions, as the relationship between budget participation, political intervention, and budget performance is observed at a specific "snapshot" within the budget cycle, rather than across the planning-approval-implementation-and-evaluation stages. This is relevant given that the data were collected through a Likert-scale questionnaire and analyzed using multiple linear regression, making the findings more appropriately interpreted as statistical associations rather than temporally testable causality. Second, the use of the same data source (same respondents and the same instrument) to measure the independent and dependent variables increases the risk of common method bias and social desirability bias, particularly on sensitive issues such as "political intervention" and "budget performance." Third, the purposive sampling technique of Aceh Government employees involved in budget preparation makes the research results highly contextual, so generalization to other provinces/districts or different institutional configurations requires caution. Furthermore, the relatively parsimonious model specification with two main predictors potentially overlooks other determinants (e.g., planning quality, procurement readiness, internal control effectiveness, human resource capacity, and the maturity of the budgeting information system) that theoretically and practically could act as mediators or confounders. The finding that participation in budget preparation has a significant effect, while political intervention is partially insignificant, may also be influenced by how the construct of "political intervention" is defined and measured. It is likely that the effect of political intervention is stronger at the agenda-setting and allocation stages, but more "damped" at the implementation and reporting stages, making aggregate measurements across stages less sensitive to capturing these variations.

Based on these limitations, further research is recommended to strengthen internal and external validity through development of the design, data, and analytical model. Future research could employ longitudinal or panel designs that follow work units/organizations throughout the budget cycle (e.g., quarterly or by process stage), so that changes in participation and the dynamics of political intervention can be mapped to variations in budget performance over time, while allowing for stronger causality testing. Furthermore, to minimize common method bias, budget performance measurements should be triangulated with objective and administrative indicators such as budget absorption rate, timeliness of output realization, planned-to-actualization deviation, audit findings, and program performance indicators, so that results are not solely based on respondent perceptions. In terms of modeling, further research could include mediating variables such as planning quality, clarity of budget targets, organizational commitment, internal control effectiveness, and procurement readiness, as well as moderating variables such as transparency, leadership characteristics, or governance quality, to clarify the underlying relationship mechanisms beyond a simple direct relationship.

Furthermore, given that the simultaneous test results were significant while one predictor was partially insignificant, further research should examine the possibility of interaction effects: for example, whether political intervention moderates the effect of participation on performance, such that participation is only effective in improving performance when political pressure is low or when there are strong control and accountability mechanisms. A mixed methods approach is also recommended, incorporating in-depth interviews or case studies with key actors (SKPA/TAPD/legislative) to explain “how” political intervention occurs, at which stages it is most decisive, and what governance instruments neutralize it, so that quantitative results obtain richer and more contextual mechanistic explanations. Finally, comparative studies between regions (districts/cities or provinces) and/or multi-level designs can broaden generalizability, while distinguishing influences at the individual, organizational unit, and institutional levels, so that the scientific contribution and policy relevance of research on budget participation, political intervention, and budget performance become stronger and more reliable.

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