

# **Colonialism in Democracy: a Study of the State Budgeting Process in Sri Lanka**

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This study explores the role of the state budgeting system in exerting control over utilization of resources in the delivery of services by state sector organizations. This research is based on the observation that state budgets are currently used merely to control public sector expenditure within limits approved by the Parliament. This concurs with the theoretical explanation on the budget's role of resource allocation (Wildavsky 1975). However, this paper questions whether a state budget can operate neglecting its role of controlling the provision of public services using such resources.

Currently, state budgets are prepared on PPBS (Planning, Programme, Budgeting System) approach and this paper argues that it is a good approach in allocating and controlling resource utilization in providing public services but in Sri Lanka, due to colonial legacies, the state budget deviates from the aspect of controlling public services, rendering the state budgeting practice merely a ritual.

Data for this research are obtained mainly from the analysis of current and archival documents and semi-structured interviews. Data are analysed on the basis of Gramsci's (1971) hegemonic analysis. Findings of this research are useful to policy makers in finding direction for improving budgetary control over public services and in enhancing the knowledge of accounting.

## **Background**

Currently, in Sri Lanka state sector organizations are controlled by bureaucratic rules as well as political directions in that the role of the budget is limited to show the allocated amount of expenditure. Existing literature recognizes the budget's technical as well as social roles within organizational contexts. Technically, budgets operate as a tool in allocating and controlling the use of economic resources and exerting control over operations (Wildavski, 1974). In a social analysis, budgeting is recognized to be implicated in the construction of social reality rather than being a passive mirror of technical reality (Cooper *et al.*, 1981; Covalski and Dirsmith, 1986, 1988; Lindblom, 1959; and Wildavsky, 1964, 1975, 1979). Budgeting sometimes becomes a ritual or ceremony (Olsen, 1970). In the Sri Lankan context, state budget operates as a ritual (Abeysinghe, 2009, 2010).

## **Research Problem**

The PPBS in its form supports democratic political interests. However, the state budget in Sri Lanka operates merely as a ritual and is underpinned by legacies of its past colonial rule (Abeysinghe, 2010). This paper addresses the problem of whether the deviation from intentions of PPBS has aggravated the practice of state budgeting merely as a ritual.

## **Literature**

Budgets emerged in early 19<sup>th</sup> Century as a means of aligning interests of managers with that of employers (Hopper and Armstrong, 1991). State budget is an “attempt to allocate financial resources through political processes to serve differing human purposes” (Wildavsky, 1975). State budget links financial resources and human behaviour to accomplish the state’s policy objectives (Wildavsky, 1964). When state budget negotiations become political, formalities, state budgeting become ‘rituals of reasons’; in that ‘demands for, compilations and presentations of budget documents are carried out to give the impression that goal directed and rationalistic actions take place’ (Czarniawska-Joerges and Jacobsson, 1989). In developing countries budgets become mere routine responses, and are considered a rule bound mechanical process divorced from day-to-day management and operational control (Hoque and Hopper, 1994, Uddin and Hopper, 2001, Uddin and Tsamenyi, 2005).

### **Theory and Conceptual Framework**

Hegemonic analysis of Antonio Gramsci (1971) explains how a dominant political group uses the state in exerting its dominance over the rest of society through state sector institutions. Budgeting in such a system becomes a tool of communicating political interests to bureaucrats, who operate as deputies of rulers, and a means of controlling the operation of public services for intended political purposes. The conceptual framework of the research is constructed on this theoretical foundation.

### **Research Method**

Data needed for this research encompass colonial intentions of state budgeting and colonial state budgeting practice in Ceylon before independence, change of political interests post-independence, a political analysis of contents of PPBS, content of current state budget and opinions of current state budget setters and users. Sources for such data are archival sources, parliamentary publications, records and views of officials of the National Budget Department of the Treasury and officials of the Sri Lank Railway Department. Such data were obtained through content analysis of related documents and semi-structured interviews with relevant officials. Data were analyzed through referring to the conceptual framework described in the previous section.

### **Results**

Results of the research reveal that the state budget in Sri Lanka still serves colonial interests of controlling public service expenditure rather than controlling the provision of public services. This is contrary to postcolonial democratic political interests, which is interested in the latter. Therefore in Sri Lanka, the state budgeting system does not serve the state’s intentions.

### **Contribution**

Outcomes of the research may contribute to state policy making by communicating the need for a revision of state budgeting system in order to ensure a better control over public service operations. This paper contributes to the theory showing how hegemonic analysis can be used to better understand state accounting issues. This can lead to more research on exploring other state sector management control issues.

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