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ELITE CAPTURE AND CONTROL IN PARTICIPATORY BUDGETING: EVIDENCE FROM A SRI LANKAN MUNICIPALITY

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Abstract

This study aims to examine how elite capture and elite control shape PB practices in a Sri Lankan local government, with a focus on how accounting mediates these practices. In particular, this explores how political and administrative elites utilise the PB process to dominate in the field during their respective leadership periods. To achieve the study's aims, a qualitative case study was conducted in a Sri Lankan municipality, one of the earliest adopters of PB in the country. Data were collected through 24 semi-structured interviews with elected and administrative officials, complemented by document evidence and informal discussions. Data were thematically analysed, drawing on the concepts of elite capture and control. The study reveals cyclical shifts in PB across leadership phases. Under political leadership, PB was dominated by political capture, with politicised committees, patron–client allocations, and contract manipulation, supported by accounting practices such as priorities, tender thresholds, and budget reallocations. Under administrative leadership, elite control intensified, as administrators employed templates, technical feasibility, and reallocation rules. In both phases, accounting practices, far from being neutral, functioned as instruments that enabled elites to dominate their power and authority. The study contributes to accounting literature by demonstrating how calculative practices are implicated in elite capture and control. It extends debates on participatory accounting by providing an Asian perspective on how reforms designed to empower citizens may instead reinforce elite power.

Keywords: Participatory budgeting; Elite capture and control; Accounting; Sri Lanka, Local government

1 Introduction

Accounting promotes a range of viewpoints (Brown, 2009) and could contribute to the democratic revolution and socio-economic emancipation (Brown, Dillard, & Hopper, 2015). As such, accounting research that focuses on specific political and social contexts is crucial for uncovering the unintended consequences of accounting reforms and innovations (Van

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Helden & Uddin, 2016). One such innovation is Participatory Budgeting (PB), which aims to empower politically and socially disadvantaged citizens to express their needs and preferences during the budgeting process at the local level (Sintomer, Herzberg, & Röcke, 2008).

PB has become one of the key themes in the public administration reform agenda since its inception in Brazil during the late 1980s (Aleksandrov & Timoshenko, 2018; Ganuza & Baiocchi, 2012; Waheduzzaman, 2019). With the development agendas of international organisations (i.e., World Bank and IMF), PB was promoted as it empowers the voice of civil society and to renew grassroots democracy, to enhance transparency and accountability (Castillo, 2015; Wampler, 2012), and to improve resource distribution (Célérier & Botey, 2015; Nyamori, Lawrence, & Perera, 2012). Nevertheless, several studies indicate that PB expectations do not always become realised. For example, the PB process is controlled by political elites and supported by the bureaucratic, redistributing resources to sustain their position and address their political needs at the expense of citizen empowerment (Grillos, 2017; Kuruppu et al., 2016; Kuruppu, Maksymchuk, & Adhikari, 2023; Uddin, Gumb, & Kasumba, 2011).

Much of the existing literature demonstrates that PB is highly susceptible to elite influence, particularly through practices of elite capture and control. The elite control is where strong actors influence decision-making and divert resources to the community benefit while retaining their legitimacy (Dasgupta & Beard, 2007; Fritzen, 2007; Kuruppu et al., 2023). Elite capture, in its turn, is the overproportional resource in elite benefit that tends to replace the priorities of citizens (Dasgupta & Beard, 2007; Grillos, 2017; Lund & Saito-Jensen, 2013). Often, these dynamics make PB a symbolic practice instead of a deliberative democratic approach (Grillos, 2017; Sheely, 2015). However, recent studies prove that elites can stall the PB democratic principles, particularly where the institutional structure, inclusivity, and citizen trust are minimal (Bernhard, Hänggli Fricker, Wellings, & Pournaras, 2025; Garcia-Cervantes, Ramirez, Pena, & Junco, 2024). Particularly, elite dynamics in PB have been studied in other international contexts such as Latin America, Africa, and Europe (Célérier & Botey, 2015; De Sousa Santos, 1998; Garcia-Cervantes et al., 2024; Sintomer et al., 2008; Uddin et al., 2011). Fewer studies address how elite capture and control are embedded in local government contexts (Grillos, 2017; Kuruppu et al., 2023; Saguin, 2018).

Within the field of accounting studies, the majority of prior work has focused on political and administrative dynamics, while less focus has been on elite capture and control studies. For example, Kuruppu et al. (2023) explore the accounting implications of elite capture and control in Ukraine. In addition, Gunarathna, Kuruppu, Silva, and Fernando (2025a) investigate the interplay of institutional logics in shaping PB. At the same time, Gunarathna, Kuruppu, Silva, and Fernando (2025b) use Bourdieu's concepts of habitus and capital to reveal how symbolic, economic, and social capital enable political elites to dominate resource allocation. Although these studies provide valuable insights into elite influence, they explicitly do not address how PB practices, such as proposal identification, selection, and implementation, become implicated in elite capture and control under political and administrative leadership periods.

Drawing on a qualitative case study approach and elite capture and control perspective, this study aims to address this gap by exploring how grassroots politicians and administrators dominate the PB process in a Southern Municipality in Sri Lanka. Accordingly, this study is guided by two research questions:

RQ1: How do political and administrative elites shape the PB process through practices of elite capture and control?

RQ2: How do accounting practices mediate the PB process?

The Sri Lankan local government is an appealing study area since its long-standing presence of political patronage-clientelism practices and socio-political inequalities in the country (Jayasinghe & Wickramasinghe, 2011; Rampton, 2013). As such, this study selected one of the large municipal councils in the country, which has exposure to both political and administrative leadership periods. These contrasting periods offer a distinctive analytical prism that could be used to consider the mediating influence of the accounting practices in the period of wavering elite capture and control in the unsteady institutional setting of PB.

This study has two contributions. First, it extends the accounting literature on participatory governance by revealing how PB practices have become a space of elite domination instead of the means of citizen empowerment and by revealing how budgeting and calculative practices are involved in such participatory processes. Second, it adds an Asian perspective to the existing PB literature, which is a follow-up to the recent Sri Lankan research but goes

further by directly anticipating the contribution of accounting innovation to facilitating/containing elite influence.

The rest of the paper is outlined in the following way. Section 2 is the literature review of elite capture and control in PB. The methodology of the research is described in Section 3. Section 4 presents the research context. The empirical findings and analysis are given in Section 5. Section 6 will discuss the findings, and Section 7 provides the conclusion of the paper with a summary of the contributions and future research directions.

2 Literature Review

PB is actively marketed as a democratic innovation that allows citizens to influence the way the funds of the local government are spent (De Sousa Santos, 1998; Wampler, 2012). As a concept that hinges on the principles of deliberative democracy, PB aims to ensure greater transparency, equity, and social justice through empowerment of marginalised citizens and social groups (Célérier & Botey, 2015; Young, 2001). The PB practice is, however, as problematic as it frequently enacts itself in established socio-political hierarchies and does not fulfil these promises of emancipation, leading to questions as to whether it does.

2.1 Elite Capture and Control in Participatory Budgeting

PB is intended to broaden citizen participation in public financial decision-making and strengthen democratic accountability(Célérier & Botey, 2015; De Sousa Santos, 1998). Nevertheless, a growing body of research demonstrates that PB is not implemented within politically and socially sound environments. Instead, existing political and administrative power structures frequently determine who participates, whose voices are heard, and how public resources are ultimately allocated (Célérier & Botey, 2015; De Sousa Santos, 1998; Sintomer et al., 2008; Wampler, 2012). Rather than challenging existing inequalities, PB has reproduced elite dominance in several contexts when the participatory process is influenced by powerful actors (Grillos, 2017; Kuruppu et al., 2016; Uddin et al., 2011).

Existing studies basically discuss the elite influence in the PB process through two closely interconnected but conceptually distinct perspectives, namely elite capture and elite control (Dasgupta & Beard, 2007; Fritzen, 2007). Although both perspectives involve unequal power relations and constrain meaningful citizen participation, they differ in the way elites use their influence and in the outcomes they expect to achieve. Elite capture refers to situations where influential key actors, i.e., political or social actors, appropriate

participatory institutions and public resources primarily to motivate private, partisan, or group interests, often at the expense of broader community priorities (Dasgupta & Beard, 2007; Grillos, 2017; Lund & Saito-Jensen, 2013). In PB, elite capture generally occurs through the manipulation of project selection, patron–client relationships, politicisation of participatory forums, and the redirection of public resources towards politically advantageous projects (Ganuza & Baiocchi, 2012; García-López, 2019; Khan, 2008; Kuruppu et al., 2016). Such practices challenge democratic accountability by transforming participatory institutions into a practice that promotes existing political inequalities rather than discouraging them.

Elite control is conceptualized as a practice where political or administrative elites exercise authority over participatory processes by relying on procedural rules and regulations, technical expertise, and institutional authority while delivering selective benefits for community interest that maintain their legitimacy (Dasgupta & Beard, 2007; Fritzen, 2007; Kuruppu et al., 2023). Administrative actors, for example, may influence participatory outcomes through financial regulations, technical assessments, budgeting procedures, or implementation rules that determine which citizen proposals are ultimately translated into public projects. Consequently, elite control does not eliminate community benefits. It often constrains citizen influence by power domination through institutional and administrative processes.

Although elite capture and elite control are conceptually distinct, they should not be viewed as competing practices. They epitomize complementary forms of elite domination that may coexist within the same institution or emerge at different stages of the participatory process. Political actors may rely primarily on elite capture by mobilizing patronage networks and manipulating participatory mechanisms for electoral advantage (Célérier & Botey, 2015; Kuruppu et al., 2016), whereas administrators may exercise elite control by using procedural authority and technical expertise to shape implementation while maintaining institutional legitimacy (Zhang & Yang, 2009). Consequently, PB is a dynamic process in which different forms of elite influence may evolve with leadership, administrative authority, and institutional arrangements. These dynamics provide a more nuanced analytical framework for examining how PB simultaneously addresses democratic expectations and reproduces elite power.

The consequences of both elite capture and elite control extend beyond resource allocation. Existing studies demonstrate that these practices undermine transparency, accountability, and public trust while reproducing existing political and socio-economic inequalities (Grillos, 2017; Rajasekhar, Babu, & Manjula, 2018; Sheely, 2015; Young, 2001). Nevertheless, much of this evidence originates from Latin America, Africa, and Europe (Célérier & Botey, 2015; De Sousa Santos, 1998; Garcia-Cervantes et al., 2024; Sintomer et al., 2008; Uddin et al., 2011), with relatively limited attention paid to how elite capture and elite control interact within developing countries' local government contexts characterized by patronage politics, bureaucratic traditions, and evolving democratic institutions. Although recent accounting studies have begun to recognise elite influence in PB(Gunarathna et al., 2025a, 2025b; Kuruppu et al., 2023), little is known about how different phases of the PB process become practices where political capture and administrative control are enacted through accounting practices. Addressing this gap requires a clearer understanding of the distinct yet interconnected roles of elite capture and elite control in shaping the PB process.

2.2 Accounting Practices as Intermediaries

Accounting is not a technical or objective instrument. It vigorously facilitates different viewpoints of stakeholders (Brown et al., 2015). In PB, proposal prioritising, tender thresholds, budget allocation, and reallocation structure are some of the calculative practices that may interact between the citizens and the elites in PB. As it is shown in several studies (Grillos, 2017; Kuruppu et al., 2016; Uddin et al., 2011), prioritising, in turn, can be inflated, promoting politically supported projects, and pushing the community-driven ones to the side. Equally, financial policies such as tender thresholds are frequently compromised: projects will be underestimated in terms of cost, such that they avoid competitive bidding and contracts are given to political cronies (Gunarathna et al., 2025a, 2025b). By these means, accounting numbers, regulations, and procedures will turn into the tools of elite capture and control, justified by the name of compliance and rationality (Kuruppu et al., 2016; Kuruppu et al., 2023).

Elite capture and control are also made possible by internal control practices, which entail decision-making that is technicalized in nature. As an example, templates and financial criteria could be used by administrative officers to gather and filter proposals, placing bureaucratic rationality ahead of citizen preferences (Aleksandrov & Timoshenko, 2018;

He, 2011; Zhang & Yang, 2009). In this view, the annual budget could be redefined in various ways, such as incorporating supplementary estimates, to provide flexibility in resource redirection while maintaining transparency and regulatory compliance. These reporting practices support symbolic legitimacy even more. Thus, accounting practices may serve as spaces of struggle, in which capture and control are performed in terms of calculative practices. This paper contributes to the accounting literature by proposing a solution to a key gap in the accounting literature and in the broader discussion on participatory governance in Sri Lankan PB by foregrounding such dynamic effects that innovative practices that might be used as transparency and accountability instruments are re-based as instruments of domination.

Table 1. Elite Capture vs Elite Control and the Role of Accounting Practices

Dimension	Elite Capture	Elite Control	Role of Accounting Practices	Examples of Accounting Practices
Definition	Elites appropriate resources for personal advantage, sidelining citizen priorities.	Elites steer decisions to maintain legitimacy while offering selective benefits.	Accounting mediates both capture and control through calculative practices	Proposal rankings, contract thresholds, proposal templates, and reallocations
Mechanisms	Patron–client network, politicisation of citizen committees, manipulation of project selection	Procedural filtering, technical criteria, visible "win–win" outcomes	Tools intended for transparency are re-purposed as domination	Inflated project scores, bypassing tender rules, and supplementary estimates
Consequences	Exclusion of citizen priorities; reinforcement of inequality	Collective benefits with constrained citizen deliberation	Apparent neutrality masks underlying power asymmetries	Citizen proposals sidelined; reallocation to elite projects
Examples in PB	Politicians divert funds to loyalists, awarding contracts to contractors who	Infrastructure project with broad social well-being	Calculative practices legitimise elite authority	Contract splitting, budget templates, and symbolic public reports.

	are aligned with them.

3 Research Method

This study employs a qualitative case study approach to explore how elite capture and control influence the implementation of PB proposals within a Sri Lankan Municipality. The selected municipality, referred to as South Municipality (SM), provides a compelling context for three reasons. First, it was one of the earliest adopters of PB in Sri Lanka, even before the central government mandated its implementation, offering insights into how PB was shaped in its formative stages. Second, SM operates in a socio-political environment characterised by patronage politics, clientelism, and entrenched inequalities, conditions under which PB is particularly vulnerable to elite manipulation. Third, access to sensitive data was facilitated by one co-author's long-standing relationships with municipal officials. While this enhanced trust and access, we remain reflexive about the potential influence of this relationship on data collection and interpretation.

This study used data triangulation to ensure the reliability and validity of the data and findings. Among the data collection techniques we employed were semi-structured interviews, documentary evidence, and informal discussions. To begin our inquiry, we looked into the background of PB in Sri Lanka by reviewing government records and internal documentation. The majority of these resources were published documents by government agencies and NGOs that explained the PB process and made recommendations for improving local governments' budgeting procedures. The Municipal Act, government circulars and regulations, budget documents, and NGO training handouts are all examples of documents linked to budgeting. Before interviewing key players in the PB process, this background reading helped us understand the PB implementation and its initial challenges. Notably, a total of 24 semi-structured interviews were conducted between 2022 and 2023, lasting between 30 and 90 minutes. They were electronically recorded and transcribed into the Sinhala language. To ensure accuracy, all interviews were conducted in the participants' native language. We employed a purposive sampling technique to select the information-rich respondents for semi-structured interviews (see the list of respondents in Table 2).

Table 2– Summary of the respondents

Position	No of Interviews

	No of respondents	**1st Round**	**2nd Round**	**Total Interviews**
Mayor	1		1	1
Opposition Leader	1		1	1
Ruling party Elected Councillor	2	2	1	3
Opposition party Elected Councillor	2	2	1	3
Municipal Commissioner	1	1	1	2
Deputy Municipal Commissioner	1	1	1	2
Secretory	1	1		1
Accountant	1	1		1
Administrative officer	1	1		1
Audit Superintendent	1		1	1
Investigation officer	1		1	1
Community Development Officer	1	1	2	3
Management Assistant	2	2		2
Revenue Inspector	1	1		1
Development Officer	1	1		1
Total	18	14	10	24

Data analysis followed a thematic analysis approach. First, all interview recordings were transcribed and read repeatedly to develop familiarity with the data. Second, open coding was undertaken to identify meaningful statements and incidents relating to elite capture, elite control, accounting practices, and citizen participation across the proposal identification, proposal selection, and project implementation stages under both political and administrative leadership. Third, related codes were iteratively compared and grouped into broader categories, leading to the development of higher-order themes, including symbolic participation, politicisation of community committees, administrative neutrality, and accounting practices as mechanisms of elite influence. These themes were subsequently interpreted in light of the literature on elite capture and elite control to develop a coherent explanation of how different forms of elite power evolved throughout the PB process. The empirical findings were then presented using participants' narratives, supported by documentary evidence, and interpreted through the conceptual lens of elite capture and elite control.

The validity and reliability of the findings were strengthened through methodological triangulation using multiple sources of evidence, including semi-structured interviews, official documents, municipal records, meeting minutes, and informal discussions.

Comparing evidence across different stakeholder groups, including political representatives, administrative officers, and community members, reduced reliance on individual perspectives and enhanced the consistency of the findings. Documentary evidence was used throughout the analysis to corroborate interview accounts and to validate emerging themes.

Given the researcher's familiarity with the case organisation, particular attention was paid to researcher reflexivity throughout the study. The researcher remained aware of the potential influence of prior knowledge and insider access during data collection and analysis, and therefore adopted a reflective approach when interpreting participants' accounts. Emerging interpretations were continuously compared across different respondent groups and documentary evidence to minimise subjective bias and avoid privileging any single perspective. Maintaining a record of coding decisions and analytical memos throughout the research process further enhanced the transparency and dependability of the analysis.

Ethical considerations were carefully observed throughout the research process. Participation was voluntary, informed consent was obtained from all participants before the interviews, anonymity and confidentiality were assured, and politically sensitive information was handled with particular care to protect participants and the organisation.

4 Research Context

Local authorities in the country consist of Municipal Councils, Urban Councils, and Pradeshiya Sabhas. These are charged with the roles of service provision, infrastructure development, and development of the regions. Under the PB implementation, to assist the local government, the local authorities are urged to establish Community-Based Committees (CBCs), which would help in the solicitation and prioritisation of the proposals by the citizens concerning development projects. These would increase the aspect of transparency and accountability in the manner in which resources were being allocated, and they would increase the level of citizen participation. However, just like in most of Asia, it is evident that instead of being a democratic approach, the use of PB has been influenced by structural politics of patronage, weak institutions, and citizen ineptitude, and usually against the PB implementation, as before the implementation (Refer: Jayasinghe & Wickramasinghe, 2011; Rampton, 2013).

SM provides a rather considerable case to investigate the dynamics of PB. One of the oldest municipal councils in Sri Lanka is the one that was instituted under the Municipalities Ordinance of 1947. The city covers 13 km^2, and it has about 77,000 people divided into 17 administrative wards. Its budget in 2022 is estimated at approximately 650 million, with 90% of the budget allocated to recurrent expenditure and the rest to capital projects. The revenue made by the central government grants was about 65 per cent, with the local revenue rate at 35%, made locally by property rates, service fees, and rental income from the shops and markets. The Sinhalese people form the majority (96%) of the population, where Muslims (3.5%), Tamils, and other ethnicities make up the minority. The municipality also enjoys the advantage of an economic location that has coastal areas and, as such, is strong in fisheries, agriculture, small businesses, and tourism. It is also known to have a rich cultural heritage, such as Buddhist temples, arts and crafts, and the most vibrant scene of festivals, which an individual cannot forget to be part of the community. These cultural and socio-economic characteristics provide a complicated setting for municipal government and participatory reforms.

The SM political environment is dynamic as well. The multi-party system is also competitive, with the council having 30 councillors who represent 17 wards. Nevertheless, in the 2018 local government elections, Sri Lanka Podujana Peramuna (SLPP) secured 15 seats (45%), the United National Party (UNP) and the United People's Freedom Alliance (UPFA) and People's Liberation Front (PLF) got 4 and 3 seats, respectively. This fragmented composition created competition and compromise over decisions of the council. Clientelism and patronage have always characterised local politicians. They usually market visible projects like roads, drains, and welfare schemes to amass electoral loyalty.

Critical institutional change happened between 2016 and 2018, when local government elections were delayed under changes to the Local Government Election Act. At this time, there was a suspension of political leadership, and the municipal commissioner took over. Administrators had drafted a four-year development plan based on ward officers getting proposals from the citizens and CBOs. They do not have to act as politicians; they brought together the proposals into generalised categories and put criteria like financial feasibility and the number of beneficiaries that were expected to be received, and used technological reasons to determine the project that would be put into effect. Though this minimised flagrant political favours, it left aside citizen deliberation, creating a more technocratic PB.

With the 2018 elections, political leadership came back with a ward-based system, which increased the discretion of the councillors and increased competition on the allocation of resources since each ward has one million with which to develop the projects within the ward.

This background renders SM a perfect example of investigating the relationships of elite capture and control over PB. It provides a unique chance to compare the appropriation of participatory processes in the framework of both political and administrative leadership in the same municipality. Concurrently, although these studies have explored PB via institutional logics of the Sri Lankan context (Gunarathna et al., 2025a) and how habitus and capital interact (Gunarathna et al., 2025b), none of them address the role played by accounting practices as the focus of such dynamics. By situating this study in SM, it allows the paper to add not only a long-desired Asian view on PB research but also to gain a penetrating insight into the intermediaries of instruments of accounting to the degree of participation of citizens and domination by the elite.

4.1 PB Implementation in Sri Lanka

In Sri Lanka, PB was developed as a reaction to some long-standing problems in the financial management of the local government, such as corruption, political favouritism, and citizen marginalisation, among others (Fowler, Wijesundara, & Gajanayake, 2013). This was stressed by the 1999 Commission of Inquiry into Local Government Reforms, which required a participatory approach in local government activities and led to Circular No. 3 of 2005 that required the inclusion of citizens in the budgetary process by way of ward committees. The Ministry of Local Government and Provincial Councils was sponsored by the outsourcing organisations like the Asia Foundation and USAID to educate officials and councillors to incorporate local citizen proposals into the local budget. Meanwhile, there were awareness workshops and handouts regarding budgeting, procurement, and council matters that were given to the participants. These interventions aimed at enhancing accountability and making participation formal as part and parcel of budget preparation.

A national local government policy was gazetted in 2009, and an action plan in 2011, and the Local Authorities Act No. 21 of 2012, which gave the legal basis of scaling PB nationwide. These reforms were traded off by civil society organisations, including the Centre for Policy Alternatives, which held awareness campaigns and reported procedures of

early PB practices. In 22 of the local authorities, they reported positive experiences, demonstrated by an increased inclusiveness and transparency in citizen involvement in the pre-budget discussion process, the development of the proposals, and deliberation in committees (Fowler et al., 2013; Wijesundara, 2013). These reforms reflect in totality a significant institutional attempt to change the local budgeting in Sri Lanka to an institution-dominated process that is open to democratic accountability and citizen participation.

5 Findings and Analysis

This section addresses the two research questions. RQ1 explores how political and administrative elites shape PB through practices of capture and control. RQ2 examines how accounting practices shape the PB process. We present findings in two phases: political leadership and administrative leadership.

5.1 Politicisation of the Participatory Budgeting Process

The findings presented in this section primarily illustrate political elite capture and control. Political actors undermined the PB process to advance partisan priorities, redirect public resources, and influence project selection in ways that reduced the citizens' power in the decision-making process.

PB in SM was initially introduced under strong political leadership, with the stated aim of giving citizens a voice in the allocation of resources. To operationalise active citizen participation, a Community-Based Committee (CBCs) was established in 17 wards, with direct involvement of ward politicians. These committees were expected to serve as deliberative platforms where citizens could identify and prioritise the needs and requirements in the respective wards. However, as observed in various other contexts (Grillos, 2017; Kuruppu et al., 2023), local politicians often remain unaccountable, while the elite continues to exert dominance over the local government PB process in SM. For example, CBCs quickly became politicised, as local activists with party affiliations assumed the leading roles of these committees, i.e., Chairman, Secretary, and Treasurer. As one of the former mayors explained, "*CBCs were established and led by politicians in each ward. Respective politicians often appoint office-bearers to implement their political agenda.* In this view, political elites have captured ground-level strategies in which they preserve their authority and pursue their agendas.

PB is expected to include citizens and social groups who are politically and socially marginalised, allowing them to decide their needs and priorities within their community (De Sousa Santos, 1998; Sintomer et al., 2008). However, the politicisation of CBCs in SM has led to limited citizen involvement, resulting in symbolic participation in the PB meetings. The municipal commissioner points out that *"citizens were invited to attend PB meetings at the ward level with selected social elites, including political activists, elected ruling and opposition party councillors, government officials, doctors, school teachers, and Buddhist monks"*. The community development officer acknowledged that "*Individuals who have respect at the community level are invited to the meetings. When they propose development proposals for the area, ordinary citizens keep their silence"*.

In this context, citizens' contributions rarely shaped the final list of prioritised proposals, as the social elites' proposals with the political consent were at the top of the priority list, while citizens' proposals were at the bottom of the list. The Secretary underscores that *"councillors consistently promote the need for infrastructure and construction-related projects such as community halls, roads, culverts, and drainage systems in the area, with support from selected participants (i.e., political activists and doctors)"*. One of the opposition party's elected members stated that *"a proposal for a community library in a ward was tabled several times but never approved, whereas road development projects in influential politicians' areas were quickly implemented*. However, political leadership promoted the project proposals that were highly visible and benefited society as a whole. On the other hand, they could be easily used for electoral campaigns. Importantly, the opposition leader underlines, "*During the PB meetings, the real needs of citizens often get overshadowed because participants focus on presenting projects related to building infrastructure, like roads and bridges. However, these priorities are essential in most areas".* In this view, even though citizens were encouraged to articulate their needs, and these were often recorded, political elites captured the elite decision-making process to identify the proposals for the budget in underdeveloped infrastructure areas.

The elite's captured decision-making can be further observed during the selection of proposals for the draft budget. At this point, the decision-making process is dominated by the mayor and his group of councillors, as there is no citizen involvement, which PB is expected to involve the politically and socially marginalised citizens and social groups (De Sousa Santos, 1998; Sintomer et al., 2008). Citizens expressed frustration with the elite-led

decision-making process, noting that many of their proposals never materialised. In such a context, the approval of the drafted budget is a challenge. However, the political leadership employed field-level strategies to get the budget approved. The municipal commissioner acknowledged that "*The mayor has the discretion to choose which proposals get money and which do not. Since the mayor wants to maintain their power and dominance, politically backed proposals are implemented first. Elected Officials close to the mayor often receive funding for their projects, while other proposals remain unimplemented or delayed".* Notably, one of the former mayors shared his experience on how they ensured consensus around their politically prioritised projects. *"All political party members are invited to a party at a hotel before the budget is presented to the council for approval. The majority participated in the party. In fact, this gathering helped us to strengthen our relationship."* As evident in other contexts (Gunarathna et al., 2025b; Kuruppu et al., 2023; Uddin et al., 2011), this evidence illustrates how budget debates were managed through informal patronage arrangements rather than open deliberation.

Despite this elite capture of the PB practices, the mayor, with the support of elected councillors, channelled resources into citizen-proposed projects that provided community benefits as a whole. For example, road and drainage projects improved accessibility and reduced flooding risks for entire neighbourhoods. By selecting visible infrastructure projects, elected councillors not only secured electoral loyalty but also responded to pressing community needs. This evidence reflects an elite control-based decision-making approach, where political leadership shaped PB outcomes to sustain their legitimacy but did so in ways that offered wider benefits beyond their immediate supporters (Dasgupta & Beard, 2007; Grillos, 2017). One ruling party elected councillor openly admitted that "*political bargaining interferes with budget allocations, but in certain situations, the result benefits all residents in the ward, not just party loyalists"*. Such practices echo findings from Latin America, where elites often supported popular infrastructure projects to maintain credibility and popularity while dominating the decision-making process (Ganuza & Baiocchi, 2012; Sheely, 2015). In this case, PB became a vehicle for elites to deliver benefits that legitimised their dominance while keeping symbolic citizen participation largely, as other contexts explored (Garcia-Cervantes et al., 2024; Lund & Saito-Jensen, 2013). In this view, this evidence demonstrates how elites simultaneously dominate a participatory process and

produce legitimacy by delivering visible outcomes; this phenomenon is documented across multiple PB contexts (Bernhard et al., 2025; Gunarathna et al., 2025a, 2025b).

As García-López (2019) and Kuruppu et al. (2023) observe, elected councillors often represent as resource brokers, operating across PB phases. The PB implementation phase further reveals how elite capture and control practices coexist in the selected context, to maintain the political dominance while delivering selective benefits to a group of selected individuals in certain areas. For example, councillors frequently secured approval for certain construction projects by cooperating with the mayor. The ruling party's elected member illustrates that "*As I fully support the mayor in implementing his political agenda for his area, the mayor supports me with his elected member to implement in my area's projects".* On the other hand, the hidden political motivations behind implementing project proposals in SM remain concealed, masked by the appearance of adherence to regulatory requirements despite numerous manipulative practices exhibited. For example, the practice of awarding contracts valued at less than Rs. 2 million is to bypass government tender regulations. By manipulating project estimates to fall below this threshold, elected councillors retain discretionary power over contracts and channel resources toward favoured community-based organisations (CBOs), which are the responsible bodies to implement projects within each ward. This practice of elite capture, whereby political actors channel resources under the guise of compliance, discreetly promote their interests and reinforce patronage networks (Dasgupta & Beard, 2007; Kuruppu et al., 2023).

In particular, project implementation via the CBOs is a space where elite capture operates. For example, even though CBOs are expected to implement the projects independently, they were often co-opted or hijacked by political elites, who used them to implement the project through politically aligned contractors. As one ruling party elected councillor admitted, *"I have awarded the contract to an insider in the village. However, some elected councillors award their contracts to outsiders in the village because they receive commissions from contractors who support our election campaign."* An opposition party elected councillor acknowledged that *"the contractor obtains the CBO's consent to sign the documents. Thus, a commission is paid for the CBO depending on the contract's value.* These disclosures highlight how political elites channel resources, prioritising contractors who offer electoral support, rather than those capable of delivering high-quality projects. The consequences were visible in the implementation of road construction projects, where residents criticised

reduced road dimensions and poor-quality concrete mixtures. These practices reveal both the inefficient use of public resources and the persistence of corrupt, patronage-based arrangements that undermine participatory ideals (Grillos, 2017; Lorch, 2021).

Despite elite capture in the project implementation phase, evidence of elite control can be seen in the financial strategies employed to finance new projects mid-year, introduced by elected councillors. The community development officer emphasises that "*despite the financial challenges of implementing citizen-proposed projects, the political leadership seeks funds for new projects of their elected councillors using various strategies".* As revealed by the interviews, the political leadership presented supplementary estimates and " transfer of budget votes" that allowed the transfer of funds across budget categories, for example, reallocating welfare and utility funds to road development projects. While these practices of reallocating financial resources undermine intended PB expectations and ignore citizen proposals, they enable elected councillors to deliver highly visible infrastructure projects that bolster their political legitimacy. This finding aligns with the study of Grillos (2017), which explored how politicians implemented projects according to their political agenda, despite the participatory potential expected from PB implementation.

In light of the above discussion, the empirical findings directly respond to RQ1 by showing how political elites dominated PB phases through capture, politicisation of CBCs, clientelist proposal selections for the draft budget, politicisation of CBOs, and manipulation of contracts, while also employing elements of elite control by delivering visible infrastructure projects. Further, this empirical evidence addresses RQ2 by illustrating how accounting procedures such as proposal prioritisation, contract thresholds, supplementary estimates, and transfer of budget votes became central to elite strategies of patronage and legitimacy.

5.2 Administrative Neutrality and Elite Control

Unlike the political leadership, administrators predominantly demonstrate elite control. They exercised influence through technical expertise, procedural authority, and financial regulations. Their administrative authority was maintained through an institutional process that legitimised administrative discretion while preserving institutional stability.

The postponement of local government elections following the amendment to the Local Government Election Act in 2016 shifted the leading authority to the administrators. During this administrative period, PB practices reflected a distinct form of elite control, in which

bureaucrats shaped decision-making using technical criteria such as financial feasibility, expected beneficiaries, and adherence to rules and regulations rather than political patronage. Officers were appointed to each ward to collect proposals directly from citizens and community organisations, which were then consolidated into the SM's four-year development plan (2017–2020). Unlike political leaders, administrators avoided mobilising citizens through public meetings, believing that citizens lacked the technical expertise to engage effectively in decision-making. The community development officer states that "*we have prepared a template to collect proposals from citizens and CBOs, including welfare societies, trade organisations, and other forms of CBOs. In addition, newspaper advertisements and a register maintained at the SM were used to collect more citizen proposals"*. Similarly, Pateman (2012) reveals that PB thrives on trust between local administrators and citizens, but in SM, administrators instead relied on procedural rules and expert judgement, resulting in a technocratic form of participation. This approach channelled proposals into four main categories, such as roads, health facilities, utilities, and welfare programmes, and reflected a commitment to broad social benefit rather than narrow political patronage.

Elite control was further evident in the way administrators prepared the draft budget. Although citizen proposals were included in the four-year development plan, administrators reserved discretion to select the proposals for the draft budget due to financial limitations with the SM. Therefore, the administrators often adhere to the rules and regulations in preparing the budget. As the municipal commissioner emphasised, "*We are administrators, not politicians. So, we have to adhere to the rules and regulations of the government. We prepare the budget accordingly"*. Budget preparation during administrative leadership is not a political game, unlike what politicians have done. This is merely a numerical allocation exercise within the draft budget. The Municipal Accountant acknowledged this by stating that *"Although we approved the budget, which included proposals from various sources, we were unable to implement all the proposals due to various reasons, and implemented some projects outside of the approved budget. Therefore, we do not put much effort into preparing the budget, but we follow the rules and regulations"*. As Sheely (2015) observes, such bureaucratic decision-making reflects the logic of elite control where administrators appeal to technical expertise and adherence to rules to justify reallocations, while constraining citizen voice, delivering benefits to the broader community.

The empirical evidence further reveals that the administrative discretionary power was frequently directed toward pressing community-wide issues, such as flood relief, while undermining the previously proposed community priorities. The Administrative Officer reveals that *we have to allocate funds for emergency issues, such as flood relief, as citizens request support during their difficulties. In doing so, previously proposed citizen priorities have to be postponed for the following budget."* On the other hand, the municipal commissioner emphasises that *the allocation of funds for emergency issues would not raise any questions from politicians when they are in office, due to provisions available in the Municipal Act.* In this view, the administrator's emphasis on community well-being is balanced with the authority to redefine priorities within the regulatory framework. These findings are evidence that administrative elites admit the citizen preferences while adhering to established rules and regulations, as in China and the USA (He, 2011; Zhang & Yang, 2009). However, an opposition party elected councillor emphasised that "*the administrators attempted to maintain the local government operations within their short period of leadership, but citizen preferences were severely undermined"*.

In light of the above discussion, the empirical findings contribute to RQ1 by showing how administrative elites reshaped PB through bureaucratic leadership, privileging technical criteria and regulatory compliance over citizen deliberation. Further, this empirical evidence addresses RQ2 by highlighting how accounting practices, including standardised templates, budget reallocations, and financial provisions in the municipal act, functioned as instruments of administrative authority.

Table 3. Comparative Evidence of Elite Capture and Control in PB

Leadership Period	Elite Capture	Elite Control	Role of Accounting Practices
Political Leadership	Politicisation of committees (CBCs/CBOs); clientelism; contract manipulation; sidelining of citizen proposals	Selective delivery of infrastructure (roads, drainage) to maintain legitimacy	Proposal prioritisation, projects split below the tender threshold, supplementary estimates, and transfer of budget votes for reallocations
Administrative Leadership	-	Technocratic filtering; reliance on templates; prioritisation of collective benefits	Templates used to filter proposals; budget reallocations justified through legal rules; symbolic reporting

6 Discussion

6.1 Elite capture and control in political and administrative leadership

This paper has explored the process of elite capture and control of PB implementation in a Sri Lankan municipality. The results suggested some cyclical features, whereby PB wavered in and out of political capture and bureaucratic control, based on the dominance of political or administrative elites in the process. The way capture was the mode of operation when PB was introduced under political leadership. Political activists co-opted community-based committees as a participatory space; citizen proposals were relegated to a secondary role, overshadowed by infrastructure projects that offered high electoral payoff. Councillors used PB to give out patronage, secure loyalty, and consolidate their power. This is consistent with the research in Indonesia, Kenya, and Ukraine that has shown that elites exploit PB to solidify clientelism instead of democratising decision-making (Grillos, 2017; Kuruppu et al., 2023; Sheely, 2015). Meanwhile, some of the aspects of elite control could also be observed. Councillors diverted the resources into high-visibility infrastructure developments, roads, culverts, and drainage, which solved long-standing community issues like flooding and accessibility. These were group projects that generated group benefits, despite being politically inspired. The political elites justified their power and ensured their continued credibility among citizens by combining private patronage with discriminating responsiveness (Grillos, 2017; Sheely, 2015). This validates global evidence that elites tend to remain in control by providing win-win results that represent responsiveness, while preserving control (Aleksandrov, Bourmistrov, & Grossi, 2018).

Beyond the political dynamics, the findings articulate that accounting practices played a significant role in the exercise of elite influence and in its legitimation. Accounting practices were not just administrative routines; they acted as a medium through which political priorities were made into formally approved budgeting decisions. Community demands that were identified through the process of proposal prioritisation were recognized as political budget proposals, project cost estimates determined what was considered financially feasible, and the thresholds for procurement and budget allocations gave procedural justification for politically preferred allocations of resources. Embedding these decisions in seemingly objective financial processes made the political discretion invisible and the preferences of the elite legitimate budget outcomes. Thus, accounting practices actively mediated the political elite's capture by creating technical and procedural legitimacy for the

decisions made, which were more in line with the interests of the political elite than the priorities of the citizens.

Administrative leadership, in contrast, minimally reduced explicit political elite capture and strengthened administrative elite control. In particular, they have adopted templates, technical selection criteria for proposals, and compliance legal frameworks that prioritise projects with social benefits that extend beyond flood relief and utilities, and de-emphasise citizens' participation. From this perspective, this technocratic PB model is one in which the authority of administrators is justified through their appeal to neutrality and expertise. Just as in China (He, 2011) and the United States (Zhang & Yang, 2009), administrators followed rules and regulations, but not about inclusion. The administrative elite generated results that were more equal than political capture, and curtailed the transformative potential of PB. The evidence from these elite cases is suggestive of the fact that the capture and control of the elite are not static and mutually exclusive, but dynamic and context-dependent.

During the administrative period, the importance of the accounting role became more apparent. Financial templates, technical evaluation criteria, legal compliance requirements, and additional budget procedures were all presented as objective administrative tools, but these also decided which citizen proposals moved forward in the budgeting process and where public money was spent. In this sense, accounting was a calculative practice that was used to sustain the authority of administrative elites and give the impression of neutrality, transparency, and procedural adherence. Unlike the political elite capture, which was achieved mainly by the way accounting practices legitimised partisan priorities, administrative elite control was gained by the institutionalisation of the bureaucratic authority based on technical expertise and financial regulation. These findings indicate that accounting was not simply a means for PB to occur but played an active role in the exercise, legitimisation, and reproduction of elite power in various PB phases. This adds to the current literature on accounting in a way that shows that accounting practices are not simply administrative tools to facilitate public financial management, but are mechanisms of governance that are used to enact and perpetuate power.

7 Conclusion

This paper has explored the role of elite capture and elite control on the PB practices in a Sri Lankan local municipality and the involvement of accounting practices in the PB

process. Depending on the political and administrative leadership, the study demonstrates how PB, instead of being used as a driver of empowerment, was used as an instrument by which elites concentrated their power. Under political leadership, PB was typified by elite capture, politicisation of community-based committees and contracting processes, marginalisation of citizen proposals, and financial discretion to gain patronage and electoral loyalty. Concurrently, some aspects of elite control were also evident, with councillors undertaking selective projects on infrastructure that benefited communities while legitimising their dominance. During the administration period, bureaucratic dominance was in place. Administrators pooled proposals, used technical criteria, and redistributed funds within legal frameworks. The results were more fair, though technocratic and without direct citizen consultation.

Theoretically, this research builds on the current efforts in the accounting field to demonstrate how the accounting practices, which include project identification, budgetary reallocations, and tender thresholds, function as key instruments of elite domination. Instead, these practices, which facilitated not only capture but also control, strengthened the power of political and bureaucratic elites. Further, these accounting practices were not neutral means of participatory deliberation. Unlike previous studies that have primarily examined elite influence within political or institutional contexts, this study demonstrates how elite capture and elite control coexist and evolve across successive political and administrative leadership periods within the same local government, thereby extending current understanding of the dynamic nature of elite domination in PB.

Although these implications are drawn from the Sri Lankan context, they are also relevant to developing countries where PB operates within institutional contexts characterised by patronage politics, administrative discretion, and limited accountability. The findings suggest that participatory governance reforms should be accompanied by stronger accounting and budgeting arrangements that enhance transparency, strengthen independent oversight, and ensure that financial procedures facilitate rather than constrain meaningful citizen participation. By strengthening these governance mechanisms, local governments can reduce opportunities for both elite capture and elite control while improving the credibility and effectiveness of PB reforms in developing-country contexts.

Looking forward, future research could compare PB experiences across urban and rural Sri Lankan local government to examine how socio-economic dynamics shape elite decision-

making. Cross-country studies within South Asia could further illuminate how different institutional and political cultures influence PB outcomes. Additionally, accounting research could explore how other accountability practices, such as performance audits, digital budgeting tools, and citizen scorecards, interact with PB, either reinforcing elite dominance or opening space for genuine empowerment. Such studies would deepen understanding of the interplay between accounting, participation, and power, while offering practical insights into how PB might be redesigned to resist capture and strengthen democratic accountability.

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