



# Transparency in Budgeting as a Key Driver of Public Trust in Financial Governance

Muhammad Tajuddin<sup>1\*</sup>

<sup>1</sup> Universitas Gadjah Mada, Yogyakarta, Indonesia

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## Abstract

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Budget transparency serves as a fundamental pillar in fostering accountability and enhancing public trust in government financial management. Within the framework of modern democracy, disclosing information on the allocation, utilization, and reporting of public funds is not merely an administrative requirement but also a strategic tool to reinforce the legitimacy of government institutions. This research seeks to examine how budget transparency functions as a key factor influencing public trust in financial governance. A qualitative method is employed, using a literature review (library research) based on secondary data from books, academic journals, institutional reports, and other relevant sources. The findings reveal that transparency in budgeting strengthens public trust through three primary channels: improving accountability, curbing corruption, and promoting broader citizen participation. Nonetheless, obstacles such as limited public understanding of budget information, unequal access to data across regions, and disparities in institutional capacity present significant challenges to effective implementation. These insights highlight the need for consistent policies, stronger collaboration between government and civil society, and the integration of technology to maximize the positive effects of transparency on public trust.



## 1. Introduction

In today's democratic era, transparency in managing public finances is a key foundation for fostering accountability and trust in government. The openness of information, especially in relation to budgets, acts as a vital benchmark for realizing good governance. Budget transparency demonstrates the degree to which governments grant public access to details about budget planning, execution, and evaluation, as well as the public's ability to interpret and assess how state funds are utilized. Thus, transparency functions not merely as an administrative duty but also as a strategic tool to reinforce public confidence in government institutions, both nationally and locally.

The urgency for transparency has grown in line with the rise of public participation in monitoring government activities. Citizens are becoming more critical in assessing the effectiveness and integrity of budget management. Data from the Open Budget Survey (OBS) 2021 shows that Indonesia achieved a score of 70 out of 100 for budget transparency, which is above the global average (Schmidhuber et al., 2021). Nonetheless, this result also highlights the need for improvement, particularly in the disclosure of budget execution and reporting stages. Furthermore, a 2023 report by the Corruption Eradication Commission (KPK) revealed that around 25% of corruption cases involved mismanagement of public budgets. These findings indicate that, despite stronger transparency regulations, substantial challenges remain in their practical application.

The main challenge faced today is the low public trust in government institutions when it comes to financial management. Many citizens still perceive the

state budget as exclusive, lacking transparency, and vulnerable to misuse. This issue is worsened by limited access to clear information and the inadequate presentation of financial reports that are easily understood by the public. Several surveys indicate widespread dissatisfaction with the government's fiscal performance, largely due to the gap between promised programs and the actual budget outcomes that fail to align with public expectations. Such circumstances risk weakening public involvement in budget monitoring and diminishing the government's legitimacy in the eyes of society (Enria et al., 2021).

Conversely, the government has launched several initiatives to improve budget transparency, such as adopting e-budgeting systems, issuing accrual-based financial reports, and strengthening accountability through the oversight of the Supreme Audit Agency (BPK). Despite these efforts, various obstacles remain, including discrepancies between regulations and their practical application, limited public budget literacy, and the absence of interactive channels that enable meaningful engagement between the government and citizens in monitoring budgets. For example, many regional governments only release budget documents in a formal manner without providing sufficient clarification, which makes it difficult for the public to assess budget utilization and ensure that funds are allocated properly.

The research gap in this study lies in the lack of in-depth examination of the direct connection between budget transparency and public trust in government financial management, especially within the Indonesian setting. Most prior research has concentrated on exploring the link between transparency and internal

accountability or financial outcomes. For instance, Sofyani et al. (2022) revealed that budget transparency enhances fiscal accountability and efficiency but did not directly assess its influence on public trust. Similarly, Kumagai and Iorio (2020) showed that sharing budget information through digital platforms boosts public participation, yet their study did not clarify how perceptions of transparency shape citizens' trust in government. Therefore, research specifically addressing the effect of budget transparency on public trust remains scarce and calls for deeper investigation.

This study seeks to examine how far budget transparency functions as a key factor in building and strengthening public trust in government financial management. It also aims to determine which dimensions of budget transparency exert the greatest influence and to formulate strategic recommendations for government institutions to enhance the effectiveness of budget communication with society. By employing a quantitative approach, this research is expected to offer empirical contributions to reinforcing transparency policies and promoting public financial governance that is more open, participatory, and trustworthy.

## **2. Methods**

This study adopts a qualitative approach through the library research method. The method was selected as it is well-suited to the objective of thoroughly exploring and understanding the impact of budget transparency on public trust in financial management from the theoretical and conceptual viewpoints presented by previous scholars. This form of qualitative research emphasizes the investigation, comprehension, and interpretation of relevant information sources to systematically

and comprehensively address the research questions. The data analyzed in this research are secondary data, gathered from a range of credible and relevant references, including academic books, national and international journals, scholarly articles, government reports, public policy documents, and publications from institutions concerned with transparency and public financial governance. Data collection involved identifying, selecting, and reviewing literature that directly or indirectly relates to the studied variables.

This study examines two key variables. The independent variable (X) is budget transparency, defined as the degree to which the government discloses budget information that is open, accurate, and easily accessible to the public. Indicators of this variable include the provision of budget documents, accessibility of data, transparency in the planning and reporting stages, and the clarity of budget presentation to the public. The dependent variable (Y) is public trust in financial management, which reflects society's perception of the government's integrity, accountability, and credibility in managing national or regional finances in a transparent and responsible manner.

The central aim of this study is to explore and assess how budget transparency functions as a determinant in building public trust in financial management. Rather than applying a quantitative approach, the research seeks to understand the causal relationship through theoretical reasoning, logical arguments, and insights drawn from prior studies. The analysis was carried out using content analysis techniques on the collected literature, which involved identifying key themes, categorizing relevant issues, and interpreting narratives connected to the two core variables. This method

allows the researcher to uncover patterns, connections, and trends within scholarly discussions on budget transparency and public trust in financial governance. The outcomes of this study are anticipated to provide a solid theoretical and conceptual basis for policymaking, offering recommendations to strengthen public trust by implementing more effective transparency practices in budgeting.

### **3. Results**

#### **3.1. Openness in Budgeting and Its Impact on Public Confidence**

Budget transparency is defined as the openness of information related to the allocation, utilization, and reporting of public finances, allowing citizens to comprehend and monitor how the government manages funds. Such openness serves as a key foundation for fostering public trust, as it creates a reciprocal dynamic that reinforces accountability and minimizes the likelihood of fund misappropriation. The impact of transparency on public trust is particularly critical within the realm of financial governance, as it contributes to strengthening the legitimacy of government institutions in the perception of society.

Budget transparency provides citizens with access to information on how public funds are distributed and spent. When such information is conveyed in a clear, accessible, and comprehensible manner, it strengthens public involvement in financial management. This, in turn, builds trust that the government is managing resources responsibly. According to Grimmeliikhuijsen et al. (2021), openness in budget disclosure has a direct positive relationship with public trust in local governments. When communities are able to observe specific budget allocations,

such as for infrastructure, education, or healthcare, they are more inclined to view government actions as serving public interests. This transparency enhances the perception that the government is committed to the welfare of society as a whole rather than catering only to elite groups.

In addition, budget transparency functions as a vital control mechanism to curb corruption. By granting public access to financial information, the chances of fund mismanagement are reduced since government activities are subject to public and institutional scrutiny. Buell et al. (2021) emphasize that transparency in budgeting is a key factor in lowering corruption risks. Their study shows that when citizens can access clear budget data, the likelihood of financial misconduct declines considerably. This is because transparency generates both social and political pressure on officials to uphold accountability. When people witness that public resources are managed with honesty, their confidence in government institutions is strengthened. Supporting this, Prijaković (2022) found that the positive impact of transparency is more pronounced in countries with high levels of citizen participation, highlighting the crucial role of involving the public in monitoring budget processes.

Budget transparency further promotes community involvement in managing public finances. When budget details are accessible, citizens can participate in forums such as Musyawarah Perencanaan Pembangunan (Musrenbang) to voice their opinions on development priorities. Chen and Neshkova (2020) found that accessible budget data, inclusive participation, and well-defined budget goals significantly improve public perceptions of village financial governance. Such

involvement not only strengthens trust but also cultivates a sense of ownership over initiatives financed by public funds. When people feel their input is valued and budgets align with their needs, confidence in government rises notably. Nonetheless, the study also points out that limited public understanding of budget literacy remains a challenge, emphasizing the need to pair transparency with educational initiatives.

Government accountability is also reinforced through budget transparency. By openly showing how funds are managed, the government signals its dedication to good governance. Sofyani et al. (2022) found that online transparency tools, such as financial reports published on government websites, play a significant role in building public trust. Their study revealed that communities with access to such information generally view government institutions more positively, particularly when the data is presented in a clear and user-friendly format. Digital platforms make it possible for citizens to monitor budgets in real time, strengthening the perception that the government operates with transparency and accountability. Nevertheless, the research highlights that the success of these platforms relies heavily on digital access and literacy, which remain obstacles in more remote regions.

### **3.2. Obstacles to Transparency Implementation and Its Empirical Significance in Indonesia**

Although budget transparency offers many advantages, its implementation still encounters notable obstacles. A key challenge lies in the low level of public engagement in using available budget data. Communities, especially in rural regions, often lack sufficient knowledge or interest to oversee financial processes due to limited literacy in public finance. Furthermore, some local governments do not



consistently disclose their financial reports, either because of limited resources or weak political will. Differences in the adoption of financial information systems, such as the Regional Financial Information System (SIKD) or the Village Financial System (Siskeudes), also pose barriers to transparency. Studies in Indonesia reveal that areas with inadequate technological infrastructure frequently struggle to provide reliable and easily accessible budget information. Such constraints may erode public trust when citizens perceive the disclosed data as incomplete or hard to interpret.

Scholarly insights further highlight the crucial role of budget transparency in fostering public trust. Sabani (2021) discovered that transparent budgeting has a positive influence on trust, especially when the information is delivered in a clear and accessible format. The study underscores that well-structured presentations such as straightforward reports or simple visualizations can amplify the effectiveness of transparency. Moreover, the findings indicate that transparency not only enhances trust but also reinforces the legitimacy of government institutions in the public eye. Nonetheless, the research also points out that the impact of transparency may differ across cultural settings and depends on the baseline level of public trust in government.

In the Indonesian context, studies on regional financial management offer valuable perspectives. Ngatikoh et al. (2020) reveal that transparent and easily accessible financial reporting enhances both accountability and stakeholder trust in regional financial governance. When reports are presented openly, the public can better understand how funds are allocated to initiatives such as infrastructure projects or social programs. Nonetheless, the study also notes that limited

government communication with the public can weaken the effectiveness of transparency. Furthermore, research on the National Community Empowerment Program (PNPM) indicates that, although budget transparency is promoted through financial reports and social audits, issues of accountability remain. Specifically, when irregularities identified in reports are not followed by corrective measures, public trust tends to decline.

Another challenge lies in the unequal capacity of regions to apply budget transparency. In places with inadequate human resources or poor technological infrastructure, budget data is often not updated consistently or remains difficult for the public to access. Such conditions may foster the perception that the government lacks genuine commitment to openness, which can weaken public trust. Hence, it is essential for the government to not only disclose information but also guarantee its accessibility for all community groups, including through offline means such as village notice boards (Yanuardi et al., 2021).

To overcome these obstacles, experts recommend adopting a more proactive strategy. One option is for the government to provide financial literacy programs aimed at improving public understanding of budgetary processes. Furthermore, leveraging digital tools such as mobile apps or interactive websites can make information more accessible, especially for communities familiar with technology. Arkedis et al. (2021) also highlight that partnering with civil society organizations can reinforce public oversight of budget use, thereby promoting greater accountability and trust. In this way, budget transparency plays a crucial role in shaping public trust in financial governance. Openness enhances accountability,

mitigates the risk of corruption, and fosters community participation, all of which contribute to favorable perceptions of the government. Nevertheless, the effectiveness of transparency hinges on consistent implementation, broad accessibility of information, and continuous public education.

## **4. Conclusion**

Budget transparency is recognized as a key element in fostering and reinforcing public trust in government financial governance. The openness of information related to the allocation, utilization, and reporting of public funds enables citizens to better understand and oversee the management of state and regional finances. When such information is delivered in a clear, accurate, and accessible manner, the public feels more engaged and safeguarded within the fiscal decision-making process. This, in turn, cultivates trust that the government is managing its authority with responsibility and accountability. Findings from the literature indicate that budget transparency not only enhances trust but also contributes to preventing corruption, improving accountability, and promoting public involvement in financial planning and oversight. Research from both national and international perspectives highlights that successful transparency efforts must be supported by easy access to information, active public participation, and initiatives to improve budget literacy.

Nevertheless, the practice of budget transparency continues to encounter multiple obstacles, including low levels of public literacy, inadequate technological infrastructure, and weak political will in certain regions. Furthermore, disparities in

regional capacity to deliver complete and timely budget information remain a challenge that, if unresolved, may undermine public trust. Therefore, budget transparency should be regarded as a continuous process that demands technological advancement, institutional strengthening, and active collaboration between government bodies and civil society. Only through consistent and inclusive application of transparency measures can public trust in government financial management be nurtured sustainably, ultimately reinforcing the legitimacy of state institutions in the eyes of citizens.

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