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THE EFFECT OF BUDGET PARTICIPATION ON THE INNOVATIVE WORK BEHAVIOUR OF PARTICIPANTS

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Abstract

This study investigates the impact of budget participation on the innovative work behaviour of the budget preparers in Libyan public industrial companies. A quantitative technique was employed using a questionnaire as the instrument. The questionnaire was distributed to 260 budgeting preparers, from which 151 complete questionnaires were analysed. Structural Equation Modelling using SmartPLS 3, was used to analyse the relevant data. It was found that innovative behaviour in the workplace of the budget setting participants was affected by their participation in the budget: a direct relationship was established between budgetary participation and innovative work behaviour. The study recommends exploiting the budgetary participation of staff as an internal source of innovation to enhance and develop an organization's human resources by implementing it throughout other sectors of the Libyan economy.

Keywords: Budget Participation; Innovative Work Behaviour; Budget Preparers; Libyan Industrial Companies

INTRODUCTION

Innovative work behaviour reflects the individual's ability to adapt effectively to the job by modifying themselves or the work environment through innovation; this means that innovative work behaviour enables employees to perform better (Dörner, 2012; Janssen, 2004). This is a period in which the ability to innovate and sustain continuous development in improving its own

products, services and work techniques is essential for any company. The innovative work behaviour of employees is a dominant theme in many areas of management nowadays (Wang, Fang, Qureshi, & Janssen, 2015). Innovative behaviour of individuals in the workplace can lead to the development of unique and beneficial ideas in addition to the execution of such ideas through creating new products, services or techniques (Zhu & Mu, 2016). When knowledge is transferred among individuals and groups within the organisation, existing ideas from an individual or group may appear novel to another, and vice versa, resulting in potentially innovative new work behaviour, or solutions (Rıfat & Bulutlar, 2010). Because low level managers have high levels of tacit knowledge (Özera & Yilmaz, 2011; Setiawan & Ghozali, 2016; Uyar & Bilgin, 2011), they are in an ideal position to find the required 'new combinations' of existing practices, which form the core of the innovations in organisations (Spiegelaere, 2014).

Many previous studies carried out on budgetary participation, (Chong & Johnson, 2007; Leach-López, Stammerjohan, & Lee, 2009; Leach-López, Stammerjohan, & McNair, 2007; Macinati & Rizzo, 2014), emphasised budgetary participation as a means of obtainingjob relevant information .Numerous researchers (Avelé & Édimo, 2015; Fakile, Ojeka, & Oyewo, 2016; Leach-López et al., 2009; Magner, Welker, & Campbell, 2008; Maiga & Jacobs, 2007; Mia, 2008; O'Connor, Luo, & Lee, 2001; Ogiedu & Odia, 2011; Reid, 2009; Rokhman, 2017; Sponem & Lambert, 2016; Venkatesh & Blaskovich, 2011; Zainuddin & Isa, 2011; Zainuddin & Zainal, 2012), found evidence that budgetary participation affected job satisfaction, job tension, job attitude, acceptance, trust and motivations of the participants involved in budget setting.A better understanding of budgetary preparation and wider participation in it can, for instance, improve the efficiency and effectiveness of professional development interventions by budget preparers, and create a climate for innovation and intrapreneurship to encourage employee-driven innovations, as well as enhancing the quality of resulting information underlying budget preparers' decisions (Chan & Liu, 2014; Liu & Chan, 2017; Zuraik, 2017).

This study, therefore, focuses on the role of budgetary participation in innovative behaviours at work. Specifically, the study will contribute to an emerging research focus on innovative work behaviour, which has thus far received very limited attention, especially in regard to effects of budget participation on innovative work behaviour, not only in the Libyan context but also more widely. According to Shin, Yuan, and Zhou (2016), the innovative behaviour of employees is important because it leads to the development and implementation of new ideas concerning products, services, and processes. It is important that factors which increase innovative behaviour be identified. This study, therefore, will focus on the effects of the

budget setting process through a budget participation principle on the innovative behaviour of the participants involved in the process.

THEORETICAL BACKGROUND AND RESEARCH HYPOTHESIS

Initially, participation in the budgeting process was seen as a way to empower subordinates to discuss their ideas and proposals for innovation with their superiors. Damanpour and Evan (2013) suggested that innovation is increased when there are open lines of communication inside organizations. Budgetary participation encourages subordinates to share their thoughts, perspectives and opinions, and it allows them to interact with their supervisors. Innovative behaviour was directly affected by team work, informational flow, supervision, morale-climate, involvement, and meetings (Taghipour & Dezfuli, 2015), and these activities also represent most elements of budgetary participation (Carlitz, 2013; Karakoc & Ozer, 2016; Kyj & Parker, 2008; Macinati & Rizzo, 2014). Subordinates will acquire a more powerful sense of participation and job satisfaction, and this enhances their positive thinking about and their trust in their supervisors which will, in turn, encourage them to be more innovator (Cheng, Chen, & Shih, 2014).

A budget participation philosophy creates a sense of internal institutional harmony between subordinates and superiors (Darman & Baharuddin, 2015; Leach-Lopez, Stammerjohan, Lee, & Stammerjohan, 2015; Magner et al., 2008; Ogiedu & Odia, 2011; Sponem & Lambert, 2016; Venkatesh & Blaskovich, 2011). In view ofthe way in which the relationship between subordinates and superiors has been shown to affect other organisational outcomes on different levels, it makes intuitive sense that budget participation would also have some kind of effect on the innovative behaviour of individuals and groups (Southall, 2013). Several researchers (Mia, 2008; Reid, 2009; Syahputra, 2014; Zainuddin & Isa, 2011; Zainuddin & Zainal, 2012)have emphasized that budget participation increases motivation. Amabile (2012) found there is a definite link between innovative behaviour and motivation and knowledge in an individual's working domain. A number of studies suggests that individuals are more innovative and foster ideas when their mood is positive andthey are experiencing intrinsic motivation, defined by Bysted (2013) as “any motivation that arises from the individual's positive reaction to a task itself rather than some source outside of it''. Ambile (2012) emphasises that people will be most innovative when they are intrinsically motivated. Participation in the budgeting process improves individuals' sense of self-determination, control and responsibility for the task at hand, in addition to their level of intrinsic motivation to perform a task. Consequently, this is anticipated to lead to greater levels of innovative work behaviour. On the other hand, whenever individuals consider that their actions and thoughts are constricted when

others pressure them to perform things in certain ways, they recognise that others, rather than they, themselves, are responsible for their actions. Thus, their intrinsic motivation is likely to diminish, which in turn, is likely to lead to less innovative work behaviour (Jong & Hartog, 2008). Hu and colleagues (2016), concluded that individual-level innovation is the foundation of organisational innovation. Numerous scholars have explored intrinsic motivation and organisational factors such as supervisor encouragement and organisational climate as bases of employee innovation (Hu & Zhao, 2016; Okyere-Kwakye & Nor, 2011).

Considering that budget participation is one of the forms of decentralisation or participation in decision-making, this participation involves the use of decision-making procedures that allow subordinates to have an influence in important decisions and some autonomy to design and guide their tasks. In this way, participation in decision-making has been viewed as an antecedent to innovative work behaviour (Jong & Hartog, 2008). A number of studies have produced empirical support for the significance of participation in decision making. Subordinate managers will acquire a stronger sense of participation and this increases their positive thinking regarding trust in their supervisors; in other words, budgetary participation strengthens the trust subordinates have in their supervisors(Cheng et al., 2014; Lau & Buckland, 2001; Law, 2016; Maiga & Jacobs, 2007; Ramallo, 2016; Sholihin, Pike, Mangena, & Li, 2011).Researchers have concluded, therefore, that trust is one of the key requirements of the managerial role for establishing a climate for innovative behaviour. Subordinates who felt trusted by their manager revealed their desire to share creative ideas, while individuals who felt their manager had little trust in them were more likely to keep to themselves ideas that could potentially make a significant difference to the organisation (Southall, 2013).

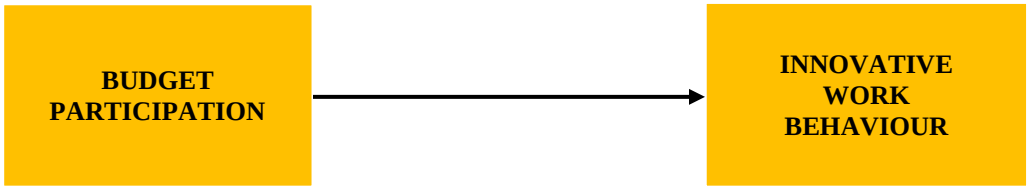
Shin et al. (2016) discovered that effective supervisors made use of a considerable a level of consultation and delegation to motivate employees and to provide a sense of ownership for activities and decisions. This was conducive to employees' idea generation and implementation trials. Organizations which possess integrative structures, promote diversity, establish structural links between individuals inside their boundaries, stress open interaction, more flexibility, collaboration and teamwork, will generally generate more innovation. Decentralization enables external and internal networking, which encourages individuals to come up with new ideas and knowledge. Accomplishing this positively impacts individuals' level of innovation and absorptive capacity (Rangus & Slavec, 2017). More recently, Shanker, Bhanugopan, Heaijden, and Farrell, (2017) investigated whether supervisors might exert an impact on the innovation process by providing freedom and autonomy to their employees. It was found that freedom and autonomy were positively related to different kinds of innovative behaviour, including the generation and testing of ideas and the implementation of ideas.

Finally, Amabile (2012) compared two groups of employees which showed a large variation in innovativeness, a construct directly related to innovative work behaviour. The supervisor of the highly innovative group strongly involved subordinates in decision making through weekly meetings, and worked together with the team to set priorities and goals. On the other hand, the supervisor of the less innovative group never asked employees for suggestions in decision-making. This absence of consultation weakened subordinates' motivation and caused a lack of alternative views on which to base decisions. Shanker et al., 2017), reinforced this finding with their conclusion that whenever individuals operate in an atmosphere where they perceive freedom exists, they are more likely to experience greater free-will and take more control of their own ideas and work processes, thus enhancing their innovativeness.

Research Hypothesis

There is a relationship between budget participation and innovative work behaviour

Figure 1. Proposed Research Model



RESEARCH METHOD

A quantitative approach was adopted as the research method for this study because data collection involved a large-scale survey rather than interviews. This method should yield a better understanding of the studied population by testing the relationships between variables involved in budget participation, and innovative work behaviour. A cross-sectional survey approach was used in this study, with a single questionnaire as the instrument used to collect data from budget participants working in a cross-sectional sample of Libyan public industrial companies.

Research Instruments

The questionnaire was used to collect data from individuals whose job responsibilities require them to participate in the budget process, to assess the influence of that budget participation on any innovative work behaviour within Libyan public industrial companies. The questionnaire was self-administered with closed-ended questions using a five-point Likert-scale to measure respondents' views on all components of the constructs.

The first section captured demographic information about the respondents. The next section containing six closed-ended type questions developed by Milani (1975) and adopted fromCheng et al., (2014), was chosen to measure budgetary participation, as this instrument has been examined and employed widely by many management accounting researchers (Brownell, 1982, 1985; Brownell & Dunk, 1991; Brownell & Mcinnes, 1986; Chenhall & Brownell, 1988; Leach-López et al., 2007; Nouri & Parker, 1998). The final section consisted of questions on each of three dimensions: idea generation, idea promotion, and idea realisation. Each dimension was measured by three questions regarding how often employees performed innovative work behaviours in the workplace. Measurement of innovative work behaviour is based on Scott and Bruce's(1994) scale for individual innovative behaviour in the workplace that was later refined by Janssen, (2000).

Target Population

The population of the study is budget preparers in Libyan public industrial companies; this includes employees at many different levels who definitely participated, to some extent, in the budget-setting process. Thus respondents in the present study consist of: managers or employees who presently hold low-, mid-, or upper-level positions of employment, and who have held these functions for a minimum of two years, because of their involvement in and influence on the budget setting of their organisation in the past. The questionnaire survey was distributed to employees working in Libyan public companies in a range of different industries.

Sample and Sampling Procedure

This research utilised purposive sampling, which is a non-probability sampling technique. Purposive sampling is the appropriate method because of primary data sources are limited to particular individuals. The data collected were analysed using structural equation modelling (SEM). Sample size can influence several facets of SEM, including parameter estimates, model fit, and statistical power. However, PLS-SEM can be utilised with much smaller sample sizes, even when models are highly complex (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). G*Power software was used to calculate the minimum sample size. A priori power analysis is a powerful technique for regulating statistical power before a study is executed(American Statistical Association, 2017; Faul, Erdfelder, Buchner, & Lang, 2009). Settings were (alpha= 0.05 and beta=0.95); F test (multiple linear regression: fixed model. R2 deviation from zero). G Power Test was carried out, and it indicated that a sample size of 89 is acceptable for medium (0.15) effect size with the probability of alpha error at 0.05.

A total of 260 questionnaires were distributed and 167 questionnaires were received, which provided a total of 151 usable questionnaires (58%). Employees were selected from Libyan public companies representing a variety of industries; the only criterion being that the employee be involved in the budgeting process. The sample for the study was drew from employees in the industrial public sector in Libya.

Data Analysis Approach

Data analysis was carried out on the data obtained from the survey of the sample of 151 employees. The theoretical research model test applied Structural Equation Modelling SEM for data analysis, using smart PLS 3 software.

ANALYSIS AND RESULTS

Profile of respondents

Table 1. Profile of Respondents

Characteristics	Categories	Frequency	Percentage (100%)
Job position	Chief financial officer	20	13.2
	Accountant	86	57
	Accounts clerk	45	29.8
Gender	Male	126	83.4
	Female	25	16.6
Age	26 - 35	34	22.5
	36 - 45	75	49.7
	46 - 60	41	27.2
	Above 60	1	0.7
Education	High school	30	19.9
	Diploma	38	25.2
	Degree	75	49.7
	Masters	6	4
	Doctorate	2	1.3
Working experience	1 - 5	21	13.9
	6 - 10	39	25.8
	11 - 15	30	19.9
	Above 15	61	40.4

Table 1 summarises the profile of respondents. It shows that the majority (83%) of respondents were male and (17%) were female. The percentage of participants in each of four age groups is as follows: 26 - 35 years (22.5%), 36 - 45 years (49.7%), 46 - 60 years (27.2%) and 60 years and over (0.7 %). In terms of educational level, the majority of the participants were qualified to give accurate answers to the questionnaire, with less than one -fifth(19.9%) possessing only high school education. Nearly half (49.7%) have a bachelor degree, (25.2%) a diploma, (4%) a master's degree, and (1.3%) possessing doctorate level qualifications. Regarding practical experience, the majority of the respondents had expertise which qualified them to give an accurate opinion. More than (60%) of the respondents had more than ten years' experience, while the rest had less than ten years' working experience. When it comes to Job position, 13.2% of participants were chief financial officers, 57% were accountants and 29.8% were accounts clerks, which indicates their relevance to the study aims.

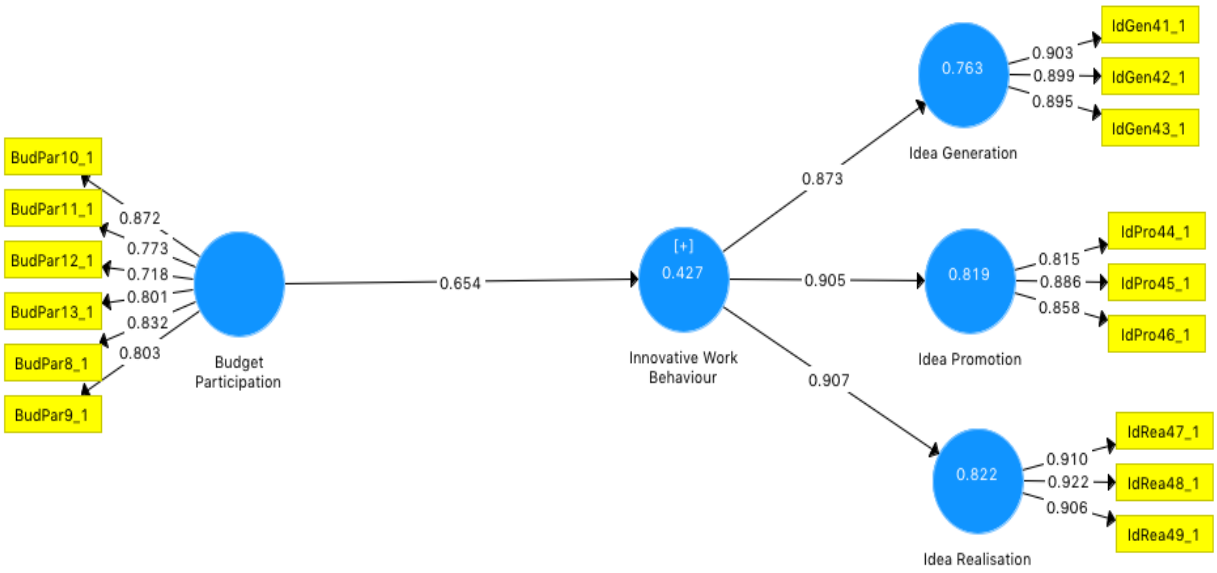
Study Model Evaluation Using (SmartPLS-SEM)

Analysis by SmartPLS-SEM occurs through two processes: assessment of the outer, or Measurement, Model, and assessment of the inner, or Structural, Model (Garson, 2016; Hair, Huf, Ringle, & Sarstedt, 2014; Hair, Sarstedt, et al., 2014). Assessment of the outer model includes assessment of reliability and validity. Evaluation of the latent variables analyses the relationships between latent variables and their items, in order to assess their capability to measure the study variables. The second phase of analysis is the assessment of the inner model, which deals with the relationships between the latent variables themselves, rather than their items, in order to assess their ability to measure the phenomenon itself (Chin, 2010; Hair, Huf, et al., 2014).

Assessment of the Measurement Model

This study is comprised of two reflective constructs: (1) Budget Participation, which refers to the involvement and influence of budget preparers in the setting of organisational budgets, and(2) Innovative Work Behaviour, that refers to innovative behaviour of individuals in the workplace. The main outcome of assessment of the measurement model are the two indicators, reliability and validity (Sarstedt, Ringle, & Hair, 2018). Reliability assessment is provided by two indicators, which are indicator reliability (item loading), and internal consistency reliability (composite reliability **CR**). Validity evaluation is obtained through two indicators, which are convergent validity assessed by the index of the average variance extracted (**AVE**), and discriminant validity (Sarstedt et al., 2018).

Figure 2. The Measurement Model



The results of the of reliability evaluation are provided in Table 2, which illustrates that all item loadings were higher than 0.70 and all the composite reliability **CR** indexes were higher than 0.70. According to Hair, Huf, et al.'s(2014) criteria, item loadings and composite reliability **CR** should be 0.70 or more. Thus, all reliability indicators were found to be acceptable.

Table 2. Measurement Model

First-Order Construct	Second-Order Construct	Item	Loadings	CR	AVE
Budget Participation		BudPar10_1	0.872	0.915	0.642
		BudPar11_1	0.773		
		BudPar12_1	0.718		
		BudPar13_1	0.801		
		BudPar8_1	0.832		
		BudPar9_1	0.803		
Idea Generation		IdGen41_1	0.903	0.927	0.808
		IdGen42_1	0.899		
		IdGen43_1	0.895		
Idea Promotion		IdPro44_1	0.815	0.89	0.729
		IdPro45_1	0.886		
		IdPro46_1	0.858		
Idea Realisation		IdRea47_1	0.91	0.938	0.833
		IdRea48_1	0.922		
		IdRea49_1	0.906		

Table 2...

	Idea Generation	0.873	0.924	0.801
	Idea Promotion	0.905		
Innovative Work Behaviour	Idea Realisation	0.907		

The discriminant validity of the measurements indicates the degree to which items differentiate between constructs, or measure of how the measurement of each construct is unique from other constructs, to ensure that the measurement is valid only for this variable(Chin, 2010).

Table 3. Discriminant Validity

	Budget Participation	Innovative Work Behaviour
Budget Participation	**0.801**	
Innovative Work Behaviour	0.654	**0.795**

* Bold diagonal elements should be greater than off-diagonal elements in order to confirm discriminant validity.

The results of the validity assessment as illustrated in Tables 2 and 3 which is represented by the average variance extracted (**AVE**) for convergent validity, show that its values were higher than 0.50, thus meeting the criteria set by Hair, Huf, et al., (2014) that these values should be higher than 0.50.Meanwhile, the discriminant validity values were in accordance with the criteria, as clarified in Table 3. Thus, the results of the assessment of reliability and validity of the measurement model indicate that all indexes were acceptable.

Assessment of the Structural Model

The final phase of analysis, after ensuring that all measurement model indicators are acceptable, is to evaluate the structural (or inner) model that indicates the role and capability of all constructs together and separately to predict the phenomenon (Hair, Huf, et al., 2014). Indicators that should be examined and reported initially are: path coefficient significance, and $\mathbf{R^2}$ values. The indicator values were obtained through a bootstrapping with re-samples of 5000. Therefore, the most important results are the values of $\mathbf{R^2}$ and corresponding **t-values**. $\mathbf{R^2}$ is known as the coefficient of determination, which indicates the total variation percentage of endogenous described by the regression model (Hair, Huf, et al., 2014). In addition to those general indicators, Hair et al. (2014) suggested that analysis should include effect sizes ($\mathbf{F^2}$) and predictive relevance ($\mathbf{Q^2}$).

Table 4. Results of Hypothesis Testing

Relationship	Beta	S Devia	*t*-value	Decision	F^2	R^2	Q^2
Budget Par->Innovat W Beha	0.654	0.049	13.207	Supported	0.746	0.427	0.249

Table 4 summarizes the results of the structural model analysis for hypothesis testing. Budget Participation (β = 0.654, p < 0.01), was positively related to Innovative Work Behaviour, and explained 42.7% of the variance in Innovative Work Behaviour.

Values of **R^2**range from 0 to 1, with greater levels indicating more predictive accuracy: thus, **R^2**is considered small when its value is 0.25, moderate when it is 0.50, and large when its value is 0.75 and above (Hair, Ringle, & Sarstedt, 2011). It should be mentioned, however, that in some research areas, **R^2** values as low as 0.10 are considered acceptable (Raithel, Sarstedt, Scharf, & Schwaiger, 2012), while **R^2** values of 0.20 are considered high in some knowledge branches; for example, ''consumer behaviour, in success driver studies (e.g., in studies that aim at explaining customer satisfaction or loyalty)'' (Hair, Hult, Ringle, & Sarstedt, 2017). In the current study, the **R^2** value was0.427, so the result of **R^2** value was considered acceptable because this study falls within the category of behavioural research, and the **R^2**levels ranged between medium and high.

The value of corresponding **t-values** were used to evaluate the significance of the path coefficient. Briefly, **t-value** indicates whether or not the hypothesis was supported. The hypothesis test was performed employing a bootstrapping of a 5000 subsample with a 5% significance level. To accept the hypothesis, the **t-value** should be 1.96 or higher (Garson, 2016; Hair, Huf, et al., 2014). The results in Table 4 show that the **t-value** was higher than 1.96, which confirms that the study hypothesis was supported.

The values of **F^2** effect size and predictive relevance,**Q^2**, provide further understandings about the quality of the PLS path model estimations (Hair et al., 2017). The effect size **F^2** evaluates an exogenous construct's contribution to an endogenous latent variable's **R^2** value. **F^2** values of 0.02, 0.15, and 0.35 indicate an exogenous construct's small, moderate, or large effect, respectively, on an endogenous construct (Cohen, 1992). Table 4 also shows the **F^2** effect size. A relatively large**F^2** effect size was obtained for the relationship Budget Participation➔Innovative Work Behaviour (**0.746**). The **F^2** effect size enables researcher to examine the significance of constructs in describing selected endogenous constructs. More accurately, the researcher evaluates how much a predictor construct (exogenous) contributes to the **F^2** value of a target construct (endogenous) in the structural model (Hair et al., 2017).

Predictive relevance $\mathbf{Q^2}$: "is a measure of a model's predictive power. It examines whether a model accurately predicts data not used in the estimation of model parameters. This characteristic makes $\mathbf{Q^2}$ a measure of out-of-sample predictive power (i.e., predictive relevance)" (Hair et al., 2017). The predictive relevance of the model by utilizing the blindfolding technique was also assessed. When the $\mathbf{Q^2}$ value is higher than zero the model has predictive relevance for a certain endogenous construct (Hair, Huf, et al., 2014). Hair et al. (2014) also stated that as a relative measure of predictive relevance, values of 0.02, 0.15, and 0.35 indicate that an exogenous construct has a small, moderate, or large predictive relevance for a certain endogenous construct. Typically, $\mathbf{Q^2}$ values higher than zero for a certain endogenous construct indicate that the path model's predictive accuracy is acceptable for that particular construct (Sarstedt et al., 2018). As seen on Table 4, the $\mathbf{Q^2}$ value is 0.249, indicating that the model possesses moderate predictive relevance.

ARGUMENT AND FINAL CONSIDERATIONS

This study sought to determine whether budget participation influences innovative work behaviour in a developing country like Libya. It can be considered to be among the earliest studies suggesting and investigating a theoretical model to comprehend how budget participation influences individuals' innovative behaviour in the workplace. The findings will be valuable for the decision-makers in Libyan industrial companies, specifically, as well as all companies in developing countries, generally. This recognises the vital role of innovative work behaviour on the level of performance of individual employees, and subsequently on innovation performance at the organisational level, and performance of the organisation in general. The study is of importance to the Government, accounting institutions, companies and accountants, in its emphasis on the to improve the innovative sense of budget preparers. This will reflect on the budget setting itself; for example, less propensity to create slack, and avoiding the process of merely updating former budgets when preparing a new budget for the next year. In this way, the budget setting process will more creative, more innovative, and more accurate. The results of this are consistent with a view that budgetary participation is most helpful in increasing many job-related outcomes, and enhances the innovative work behaviour of those employees involved in budget preparation.

The results from an initial evaluation presented in Table 4,indicate that the theoretical model provides a clear explanation of the structural relationship between the study variables. The findings of the analysis are consistent with the research hypothesis, which claims that budgetary participation has a direct relationship with innovative work behaviour. As mentioned earlier in this study, using evidence from previous studies in the literature of budget participation

and its consequences, the results found that the research model was accepted, and the current study provides some empirical evidence for how budgetary participation influences innovative work behaviour for the budget preparers. Based on these results, budget participation explicitly encourages the generation of new ideas, the promotion of new ideas, and their realisation. However, behaviours directed towards the implementation of innovative ideas have received far less attention to date, specifically in the budget setting process in developing countries. Meanwhile, managers, stakeholders and governments are interested in promoting creativity and innovation at the organisational level because it has been shown to definitely influence organisational performance. Innovative behaviour begins at the individual level, and is antecedent of organisational innovation. Thus, a focus on innovative behaviour of the individual employee is a keystone for establishing a base to produce internal innovation, which is difficult to imitate, compared to innovation that is obtained from outside the organization. In this regard, participation in the budget preparation process provides a readily available source of innovation within the organization.

The present study differs from many previous studies of budget preparation in that it focuses on the innovative work behaviour of budget preparers, while previous studies focused on job satisfaction, job tension, job attitude, acceptance, trust and motivations of the budget setting participants (Avelé & Édimo, 2015; Fakile et al., 2016; Leach-López et al., 2009; Magner et al., 2008; Maiga & Jacobs, 2007; Mia, 2008; O'Connor et al., 2001; Ogiedu & Odia, 2011; Reid, 2009; Rokhman, 2017; Sponem & Lambert, 2016; Venkatesh & Blaskovich, 2011; Zainuddin & Isa, 2011; Zainuddin & Zainal, 2012).

LIMITATIONS AND FUTURE RESEARCH

It is widely recognised that there are limitations connected with the survey questionnaire technique. Even though carefully considered precautions were taken to reduce the limitations, possible response biases may still exist. Another possible limitation concerns the sample used in the present study. The sample was drawn from Libyan public industrial companies located in the area surrounding the capital city of Libya and not throughout the country. This is because most public-sector activity has ceased in other regions because of political problems and conflicts. For that reason, it is unclear if the results are generalisable to other public industrial companies which are located elsewhere and, of course, to public non-industrial companies and private sector companies.

Future research could attempt to explore mediator variables that mediate the relationship between budget participation and innovative work behaviour. This could contribute

to a better understanding and interpretation of the processes involved, and thereby enhance the possibility of implementing improvements and controls in matters affecting these variables.

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