THE INFLUENCE OF BUDGETARY PARTICIPATION ON BUDGET PREPARERS' INNOVATIVE WORK BEHAVIOUR IN LIBYAN STATE OWNED COMPANIES

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ABSTRAK

PENGARUH PENYERTAAN DALAM PROSES PENYEDIAAN BELANJAWAN KE ATAS TINGKAH LAKU KERJA INOVATIF PENYEDIA BELANJAWAN DI SYARIKAT AWAM LIBYA

Lebih tumpuan perlu diberi apabila menyediakan belanjawan syarikat perindustrian awam di Libya, terutamanya berkaitan dengan aspek ilmu pengetahuan dan tingkah laku. Menurut Laporan Penguatkuasa Kawalan Pentadbiran Libya, proses penyediaan perbelanjawan banyak berkurangan dalam aspek tersebut dan ini menjejaskan peringkat penyediaan dan pelaksaanan. Kajian ini tertumpu kepada kelakuan inovatif penyedia-penyedia belanjawan, yang berdiri di belakang inidividu berprestasi tinggi. Pembangunan ke atas penyedia belanjawan adalah penting dalam menyelesaikan masalah berkaitan dengan proses penetapan belanjawan. Kajian ini akan menyelidik pengaruh penyertaan belanjawan dari segi kelakuan kerja inovatif penyedia belanjawan dalam syarikat perindustrian awam Libya, melalui perkongsian pengetahuan dengan mengambil kira aspek psikologi yang terbukti berkesan berasaskan hasil penulisan kerja berkaitan dengan perkongsian pengetahuan dan tingkah laku inovatif. Menggalakkan pekerja untuk berkongsi ilmu pengetahuan yang bernilai dengan jaya boleh memperbaiki dan menanggung hasil kerja berkaitan. Kajian ini bertanggapan bahawa penyertaan dalam penyediaan belanjawan sebagai interaksi bersiri antara pekerja bawahan dan atasan mereka, memberikan kuasa kepada penyedia belanjawan untuk berkongsi ilmu pengetahuan dan pendapat, menggalakkn tumbuhan ilmu pengetahuan baru, atau lebih baik kelakuan inovatif yang ditunjukkan dalam proses ketetapan belanjawan. Ilmu pengetahuan yang dikongsikan mengalir antara aras pengurusan secara efisyen untuk memberi maklumat yang diperlukan supaya penyedia belanjawan dapat keluarkan belanjawan yang tepat. Kajian ini dicontohi dari teori penciptaan pengetahuan organisasi dan teori model psikologi di mana teori menciptakan ilmu diguna untuk memberi alasan yang kuat dan menyelidik semua kesan daripada perkongsian ilmu dan penyediaan belanjawan dan seterusnya ciptaan ilmu pengetahuan baru dan proses mendapatkan idea baru. Sebaliknya, teori model psikologi diguna untuk mewajarkan unsur-unsur psikologi yang pempunyai kesan yang signifikan terhadap tingkah laku individu secara amnya, dan perkongsian pengetahuan dan tingkah laku kerja inovatif khususnya. Sepanjang pengetahuan penyelidik, tidak ada penyelidikan signifikan dibuat di Libya mengenai kelakuan kerja inovatif keatas penyedia belanjawan. Oleh itu kajian ini boleh dianggapkan sebagai satu daripada kajian terawal dalam kelasnya dan satu sumbangan kepada pengetahuan yang ada dalam bidang berkenaan. Kaedah kuantitatif telah digunakan untuk mencapai tujuan penyelidik. Satu soal selidik telah dibangunkan dan diedarkan kepada 480 kakitangan yang terlibat dalam penyediaan belanjawan di dalam syarikat perindustrian awam di Libya, di mana 210 soal selidik yang lengkap telah dianalisis. Teknik Pemodelan Persamaan Struktur dan Perisian SmartPLS digunakan untuk menganalisis data yang releven. Adalah didapati bahawa tingkah laku kerja inovatif penyedia belanjawan adalah dipengaruhi secara positif oleh penyertaan belanjawan dalam konteks sektor awam Libya. Wujudnya hubungan langsung antara penyedia belanjawan dan tingkah laku inovatif. Terdapat juga hubungan tidak langsung yang diwjudkan melalui

perkongsian pengetahuan di mana hasil menujukkan bahawa terdapat hubungan langsung dan tidak langsung melalui perkongsian pengetahuan antara penyedia belanjawan dan tingkah laku kerja yang inovatif. Model psikologi telah diambil kira sebagai moderator untuk menguatkan hubungan yang dikehendaki, dan ia telah membuktikan peranan positifnya. Kajian ini mencadangkan untuk mengeksploitasi penyertaan belanjawan kakitangan sebagai satu cara untuk meningkatkan dan membangunkan organisasi sumber manusia dengan melaksanakan secara keseluruan sektor ekonomi Libya yang lain.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

CHAPTER 1

INTRODUCTION

1.1 Overview

Budgets are the management accounting tool most widely used in organisations for planning the future (Jermias and Yigit, 2013; Lueg and Lu, 2012; Onaitis and Shastri, 2012; Uyar and Bilgin, 2011). Participative budgeting describes the "process in which individuals, whose performance will be evaluated, and possibly rewarded, by their achievement of budget targets, are involved in, and have an influence on, the setting of these objectives" (Derfuss, 2015). The literature of management accounting suggests that the relationship between budget participation and performance could be mediated by many other factors which play a vital role in the achievement of organisational goals (Avelé and Édimo, 2015; Breaux, 2004; Candidate and Medan, 2015; V. K. Chong and Chong, 2007; Darman and Baharuddin, 2015; Dunk, 1989; Karakoc and Ozer, 2016; Leach-Lopez, Stammerjohan, Lee, and Stammerjohan, 2015; Leach-López, Stammerjohan, and Lee, 2009; Macinati and Rizzo, 2014; Nouri and Parker, 1998; Rokhman, 2017; Venkatesh and Blaskovich, 2011, 2012; Zainuddin and Zainal, 2012). The current study attempts to investigate issues related to the innovative behaviour of budget preparers through budgetary participation, and factors that influence the innovative work behaviour of these budgetary participants. This chapter provides a contextual background of the research area. It begins by describing the background to an important area of concentration on the effect of budgetary participation on innovative work behaviour, specifically within public industrial companies in Libya. This is followed by the research problem, research questions and research objectives of this study. The chapter ends with an introduction to the research context, implications of the study, and organisation of the thesis.

1.2 Motivations of Study

Organisations are constantly seeking new ways to improve individuals' performance which affect organisational performance (Andrei, Gâlmeanu, and Radu, 2018; Topor and Puţan, 2011). The internal decision-making processes at both the strategic and operational levels are sought to improve the quality of management accounting information that is used for future planing through the budget process. The quality of budgeting information is affected by budget preparers and their behaviours (Michelle and Talib, 2017; Searfoss, 1976; Воронова and Voronova, 2017), so this study seeks through budget participation to booster innovative behaviour of budget setting process participants which will improve their work outcomes.

The ideas for this research stemmed from an initial interest in management accounting innovations. The idea of internal innovation, that is, the kind of innovation produced inside an organisation which is hard to imitate.

Initial facts related to the idea of the study:

1. The factors influencing internal innovation in relation to management accounting.

2. Innovative work behaviour stands behind any high performance of an individual and an organisation.

3. Domination of knowledge economics on the world of business, and in general accounting, misses these kind of concepts, such as knowledge, knowledge sharing, and innovation.

4. The Libyan public sector needs to develop individual behaviour, rather than financial resources.

5. A lot of problems related to the budget setting process, which affect the preparation and implementation stage (Libya Audit Bureau, 2016, 2017).

These early facts provided the foundation for the development of this research project.

1.3 Background of the Study

This section first provides some general information on the country of Libya, and Libyan public industrial companies as a background to the issue studied in this research, before identifying the research problem, and the questions that the study seeks to answer.

1.3.1 General information on Libya

Libya, the fourth largest country in Africa, with a Mediterranean shoreline of more than 1,800 kilometres, is located in North Africa. It is bounded by the Mediterranean Sea to the north, Niger, Chad and Sudan to the south, Egypt to the east, and Tunisia and Algeria to the west. Although the country covers more than 1.7 million square kilometres, over 90% of the land is either desert or semi-desert. Libya's population is about 6,422,800; according to the Libyan Mission to the United Nations (2013), and is increasing at an average of 4.2 percent annually. Oil is the main source of revenue and during the 1980s, it accounted for two-thirds of the national income and nearly 99% of export earnings. To reduce the country's complete dependence on oil, Libyan economic policy has focused, more recently, on the development of other strategic industries such as cement, iron, and steel (Elmagri, 2013).

1.3.2 Libyan Public Industrial Companies

The emergence of public-sector control over the economy was a direct result of the Libyan revolution, which nationalised some private projects and constructed new projects to control the production and distribution of goods and services. As a result, the role of the private sector was reduced. In the 1970s and early 1980s, a series of laws were enacted, and a set of economic decisions were taken that gave the public sector complete control over all economic activities except some simple marginal activities. Under this legislation, private industry was marginalised. Therefore, the major tasks in production and services were assigned to the public sector. Public sector investments comprised about 85 percent of the total national investments recorded during the 1980s. The public sector also employed about 87 percent of the workers in the economy in 1980 (Idbea, 2013). The state not only invested in infrastructure sectors but also entered directly into the agriculture sector, manufacturing, domestic trade (all stages) and foreign trade, restaurants and hotels, transport and storage, transportation and home ownership services, finance and insurance. The public sector covered the domestic supply of essential goods and services, and other activities, both large and small (Idbea, 2013). The public sector, therefore, became the main engine of the national economy, which witnessed the nationalisation of banks and foreign institutions, and contributed to the creation of national companies. In general, the public sector provided all the needs of the community. The public sector is sometimes alluded to as the state sector, the part of the state that deals with the production, allocation of goods and services for the government and its citizens, whether national or local (Idbea, 2013).

The industrial companies in Libya are controlled by the Ministry of Industry. There are companies that are directly owned by the Ministry and there are also some other companies belonging to other sectors, including the Ministry of the Economy and the Investment Fund. Libya's main competitive advantage is cement, Petro chemicals, refining, and power generation. The industrial sector is in need of major upgrade and reforms. Forty years of regime coupled with non-existent private property notions (all industries belonged to workers creating inefficiencies) has left a majority of industrial companies uncompetitive. The industrial companies in the Libyan public sector cover all fields such as Iron and Steel industrial (LISCO), Water and Beverages, food industry, Libya Trucks And Buses Co (TBCo), Petrochemical Companies, Oil and Gas Processing Companies, Cement industry, Tobacco industry, Tire and Batteries industry, and all other fields, are within the public sector (Marcopolis, 2013).