Investigating The Mediating Role Of Managerial Engagement In The South African University Service Retail Sector Toward Innovation And Organisational Performance

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ABSTRACT

The digital revolution has inspired endless possibilities in economic growth globally and as a result, retailers in particular are challenged to re-engineer their systems and processes in order to gain competitive advantage. Apart from an organisation's ability to acquire new technologies, there are various internal organisational factors that play a crucial role in facilitating innovation. Therefore, the primary aim of this study was to investigate the mediating role of managerial engagement in the relationship between innovation and organisational performance with a South African University as a service retailer. The study implored a quantitative research design which was conducted with all of the relevant stakeholders and consisted of a sample size of seventy-six respondents. In order to analyse the study's collected data, Statistical Package for Social Sciences (SPSS) was transferred to a second order, reflective-formative model through Partial Least Squares Structural Equation Modelling (PLS-SEM). After testing the hypothesis by applying the bootstrapping method, the results of the study revealed that managerial engagement partially mediates the relationship between innovation and organisational performance in the South African service retail sector. In addition to that, the study also provided meaningful insight into how innovation positively influences managerial engagement and organisational performance. Recommendations on how to effectively leverage managerial engagement as a key driver and facilitator of innovation are also noted.

Keywords: Innovation, Managerial engagement, Organisational performance, Service retail, South Africa, University

INTRODUCTION

The fourth industrial revolution has brought about numerous changes in terms of the pace at which organisations are required to learn and adapt to changes within their environment (World Economic Forum 2020). Technological advancements are seen to shape business processes particularly in the retail sector where there is increased automation of services as well as growth in customer engagement interfaces (Pantano & Timmermans 2017). Such innovations compel organisations to be agile, not only in their ability to monitor the external environment but also in their internal preparedness to integrate new technologies with human skill. Such integration may require adequate managerial engagement to help employees navigate the challenges of organisational change (Waddell, Creed, Cummings & Worley 2018).

Koellinger (2008) points out that there are mediating or moderating internal organisational factors that play a pivotal role in ensuring the success of innovations. Hence, as this study purports, managers are a key organisational resource in the successful implementation of innovation. As a result, this study aims to investigate the mediating role of managerial engagement in the relationship between innovation and organisational performance with a South African university as a service retailer

The service retail sector

Levy, Weitz and Beitelspacher (2012) highlight that organisations in retailing can be distinguished based on the proportion of goods or services that are offered to customers. Hence, Levy et al. (2012) classify institutions such as universities, banks, communication service providers and other financial institutions as service retails. Therefore, throughout the discussion, service retailers refer to such institutions which predominantly offer services only to their customers. In light of this, examples of categories of service retailers in South Africa can be listed as follows:

- Universities (e.g. University of South Africa, University of Pretoria, University of Cape Town)
- Banks (e.g. ABSA, Capitec, Standard Bank)
- Communication service providers (e.g. Vodacom, Telkom)
- Financial service providers (e.g. Mont Blanc, Old Mutual)

It can be noted that although universities have previously not been considered as service retailers, Levy et al. (2012) note that the increase in competition amongst institutions of higher learning has resulted in the introduction of market forces within education. This has resulted in the adoption of new business models in education. Therefore, in the context of innovation, universities have adopted similar innovations to other service retailers such as banks. This can be seen in the increased automation of services, online interactive platforms and multiple channels of service delivery as retailers become increasingly aware of the need to harness digital technologies to enhance customer experience (Grewal, Ailawadi, Gauri, Hall, Kopalle & Robertson 2011).

Retail engagement and competitive advantage

Competitive advantage can be described as an upper-hand possessed by an organisation which positions them to outperform their rivals. This can come in various forms such as location, government regulations, unique technologies or resources (Wen-Cheng, Chien-Hung & Ying-Chien 2011). Whilst technologies play a pivotal role in retail, retailers cannot merely rely on such acquired resources in order to maintain competitiveness because more often than not, the external conditions can easily be imitated by competitors (Koellinger 2008).

Therefore, an organisation's resources, in this case, the employees, become the premises through which organisations can generate internal capabilities which are not easily imitated by competitors thus generating competitive advantage. Hence, engaging internal stakeholders such as managers and employees could generate competitive advantage for an organisation (Kumar & Pansari 2016).

Research on drivers of engagement in various service retail outlets including a university and retail travel organisation show that there are two dominant drivers of engagement in service retail namely: (1) effective management and leadership and (2) work support (University College London, 2013). It is therefore apparent that managerial engagement plays a crucial role in ensuring employee engagement which may result in optimum work performance within the service retail space.

RESEARCH OPPORTUNITY AND SCOPE

Due to the introduction of various technological innovations within service retail (Pantano, Priporas, Sorace & Lazzolino 2017), managers are challenged to adopt new technologies whilst also assisting employees to navigate any changes hence the importance of managerial engagement (Waddell et al. 2018). Without adequate managerial engagement, employees may not support new technologies and may also feel threatened by new technologies which may result in job insecurity (Tidd, Bessant & Pavitt 2005). As a result, innovation may not produce the intended improvement in organisational performance hence the significance of investigating the mediating role of managerial engagement in the relationship between innovation and organisational performance.

The following primary research objective has been formulated for this study:

- To investigate the mediating effect of managerial engagement in the relationship between innovation and organisational performance.

In order to focus on the primary research objective, secondary research objectives were formulated as:

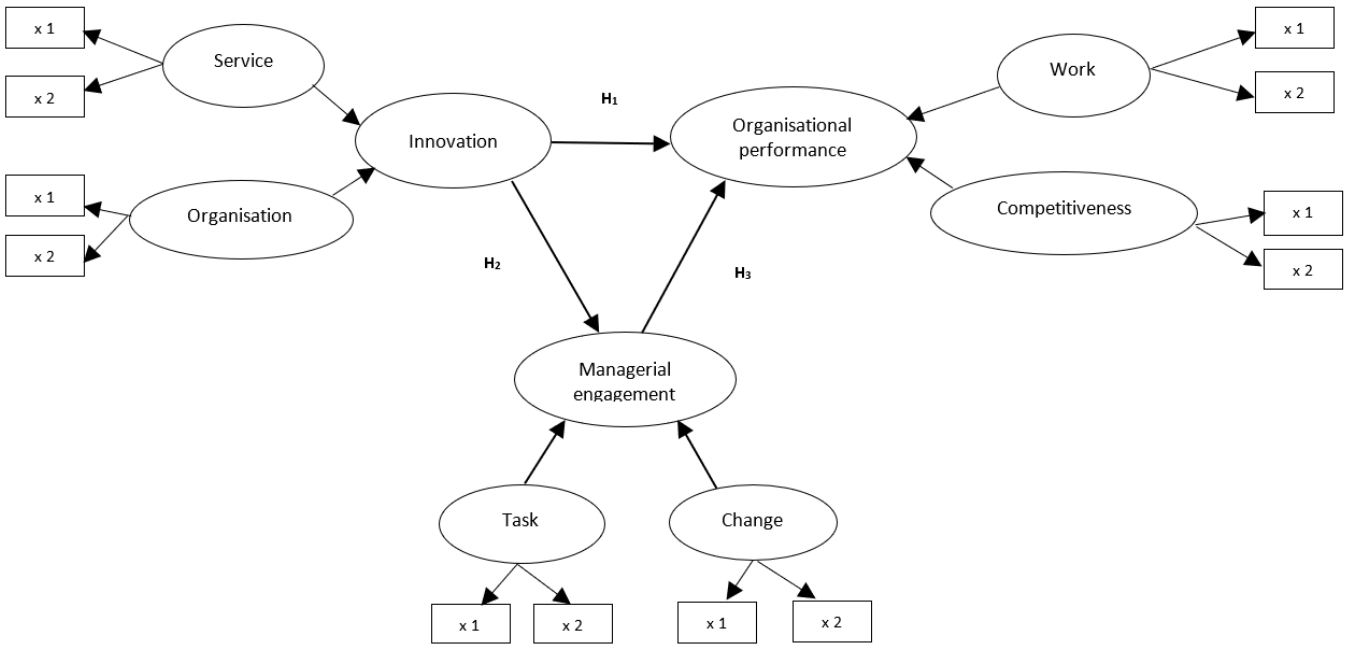
- To investigate the influence of innovation on organisational performance.
- To investigate the influence of innovation on managerial engagement.
- To investigate the influence of managerial engagement on organisational performance.
- To provide recommendations on the appropriate managerial engagement practices to enhance the success of innovations in improving organisational performance in the service retail sector.

In terms of geography, the research was conducted in South Africa, hence the results of the study have been contextualised in terms of the South African service retail sector.

RESEARCH MODEL AND HYPOTHESES

Previous studies indicate that the success of innovation in improving organisational performance is largely dependent on a combination of both internal (i.e. employees) and external factors (i.e. customers) (Koellinger 2008).

FIGURE 1
RESEARCH MODEL



Hence, as this study purports, managerial engagement is an internal organisational factor that explains the relationship between innovation and organisational performance in service retail. Based on this assertion, the following research model has been proposed.

As discussed by Jarvis, MacKenzie and Podsakoff (2003), in Structural Equation Modelling (SEM), measurement models are either depicted by reflective or formative indicators. Depending on the complexity of the model, both types of indicators can be utilised in the same model as depicted in Figure 1. Reflective indicators (denoted by x1 and x2 in Figure 1) are interchangeable since these measure the same aspect. On the contrary, formative indicators are not interchangeable due to defining specific characteristics of a construct (Becker, Klein & Wetzels 2012). Hence, innovation, managerial engagement and organisational performance have been operationalised as two-dimensional constructs that are each defined by two dimensions.

Therefore, the research model is a second order formative model with a first order reflective model thus making it a reflective-formative model. This is one of the four types of higher order constructs described by Jarvis et al. (2003).

Previous studies have concluded that innovation has a positive influence on organisational performance (Anning-Dorson 2017; Chatzoglou & Chatzoudes 2018; Kemp, Folkeringa, de Jong & Wubben 2003; Koellinger 2008). Hence as shown in Figure 1, denoted by H1, the following hypothesis has been developed:

$H0_1$: Innovation has no effect on organisational performance.

H_1: Innovation has a positive influence on organisational performance.

Although there exists little research that provides a comprehensive overview of the relationship between innovation and managerial engagement, Beardmore (2013) determined that there exists a positive correlation between innovation and engagement. However, a causal relationship was not tested. One of the secondary objectives of the study is to investigate whether a causal relationship exists between innovation and engagement thus giving way to the second hypothesis which states:

$H0_2$: Innovation has no effect on managerial engagement.

H_2: Innovation has a positive influence on managerial engagement.

In terms of the influence of managerial engagement on organisational performance, previous research has shown that an improvement in managerial commitment results in an increase in employee commitment (Corporate Leadership Council Employee Survey 2004). Therefore, it can be determined that managers are key influencers in driving employee work performance. In light of this, the third hypothesis was formulated and it states:

$H0_3$: Managerial engagement has no effect on organisational performance.

H_3: Managerial engagement has a positive influence on organisational performance.

Lastly, as discussed by Piening and Salge (2015), the Dynamic Capabilities view states that ultimately, the ability of an organisation to gain competitive advantage is based on its dynamic capabilities to transform resources. Hence, resources need to be integrated with an organisation's internal capabilities. As purported by this study, managers play a key role as facilitators of innovation hence play a pivotal role in the transformation process. Taking cognisance of this, the study's fourth hypothesis was formulated as follows:

$H0_4$: Managerial engagement does not mediate the relationship between innovation and organisational performance.

H_4: Managerial engagement mediates the relationship between innovation and organisational performance.

LITERATURE REVIEW

Innovation

Innovation can be defined as the creative integration of human and technological capabilities to create value which is realised through new products or services (Souto 2015). As discussed by Gilson and Litchfield (2017), the various forms and dimensions of innovation are largely dependent on the available resources which an organisation has coupled with its capability to harness new technologies or transform existing resources for new purposes. Antonites (2020) describes innovation as a process which begins with a creative thought process where the individual is at the centre of conceptualising new ideas. Hence, creativity is the foundation for innovation.

There are different drivers and forms of innovation which are largely dependent on the industry or discipline (Rao, 2016). The key drivers of innovation in retail as cited by JCWG (2016) are technology, customer experience and society; whilst two forms of innovation are (1) service innovation and (2) organisational innovation.

Service innovation can be defined as an integration of human skill and technological capabilities designed to improve business processes in order to improve the quality of products or services (Witell, Snyder, Gustafsson, Fombelle & Kristensson 2015).

In relation to innovation in retail, that three categories should be considered namely front-line innovations, support related innovations and organisation related innovation (Hristor & Reynolds 2015; Renko & Druzijanic 2014).

Organisational innovation can be defined as the application of new methods or routines within an organisation with the intention of improving organisational performance (OECD 2017). Such new methods can be applied in different organisational aspects such as the administrative system or improving human resource aspects aimed at enhancing employee productivity (OECD 2017). As discussed by Hristor and Reynolds (2015), two of the three categories of innovation in retail that are related to organisational innovation are support related and organisational related innovations. These innovations include the optimisation of internal systems and processes facilitated by Information Communication Technologies (ICT's) (Hristor and Reynolds 2015). This is with the intention of improving system efficiency and effectiveness, thus reducing the time it takes for employees to perform tasks or provide services.

An aspect of organisational innovation that can be considered is that of workplace innovation which is defined as the implementation of new methods or systems aimed at improving employee work satisfaction and subsequently employee work performance (Oeij, Dhondt, Kraan & Vergeer 2012; StaffConnect 2018).

Managerial engagement

Previous studies have focused on employee engagement as the driving force of productivity in organisations (Best Companies 2018; Haynes 2018), this study however highlights the growing importance of managerial engagement in driving employee engagement. As highlighted by Georgiades (2015), managers serve as role models for behaviour. In terms of behavioural attributes that can be considered when discussing managerial engagement and managers serving as role models for behaviour; this study focuses on the leadership behavioural model described by Yukl, Gordon and Tabar (2002). This consists of three categories of leadership behaviour namely (1) change-oriented behaviour, (2) task-oriented behaviour and (3) relations-oriented behaviour.

The change-oriented behaviour is a crucial managerial behaviour aspect in times of continual change. This aspect is measured based on attributes which include a leader's ability to monitor the external environment and encourage innovative thinking.

The task-oriented category of behaviour considers a leader's effectiveness at accomplishing tasks largely determined by their ability to provide oversight of operations and provide clear communication regarding performance expectations (Yukl et al. 2002). Particularly in the midst of continual change, managers ought to consider the most effective way of encouraging performance with greater emphasis on co-creating value with employees as opposed to perceiving employees as mere subordinates (Baran & Sypniewska 2020).

The relations-oriented behavior refers to how well a leader relates to employees within the work environment and is measured by supporting, developing and empowering (Hickman, 2009, p. 74; Yukl et al., 2002, p. 21).

Organisational performance

Performance measurement is one of the complex topics in the field of management with regards to determining the most appropriate indicators to measure performance (Jenatabadi 2015). However, organisational performance can be measured using measures which are objective (i.e. verifiable measures) or subjective (i.e. perception) (Vij & Bedi 2016). A similar method was also applied in measuring organisational performance for this study which include measuring (1) employee work performance and (2) organisational competitiveness.

In light of these various measures of employee work performance, this study will focus on three indicators which are, work productivity, work engagement and innovative work behaviour (Van Vulpen 2016). Attridge (2009) considers employee work engagement as a measure of performance and in another study, de Jong and den Hartog (2010) consider an employee's innovative behaviour as an indicator of work performance. Thus, placing emphasis on the creative ability of employees.

Organisational competitiveness can be defined as an organisation's ability to successfully harness and integrate its resources and capabilities in order to accomplish its business strategy (Akben-Selcuk 2016; Vlachvei, Notta, Karantininis & Tsounis 2017). Payne (2018) suggests service performance as a measure of organisational competitiveness. Service performance entails aspects such as the quality of service and customer satisfaction (Payne 2018).

RESEARCH METHODOLOGY

This study utilised a quantitative research design in order to test the determined hypotheses. Hence, the conclusions derived from the study is founded on statistical calculations thus ensuring the results are objective (Leung, 2015).

The measurement scale for innovation was determined from indicators utilised in previous studies (Calantone, Cavusgil, Zhao 2002; Calik, Calisir & Cetinguc 2015; Gunday, Ulusoy, Kilic & Alpkan 2011). After assessing these measurement scales, the most suitable reflective indicators were selected as measures for service innovation and organisational innovation. In terms of managerial engagement, in addition to the leadership behavioural model developed by Yukl et al. (2002), measurement scales from previous studies on engagement were utilised in order to formulate a comprehensive measurement scale for the reflective indicators (Barrick, Thurgood, Smith & Courtright 2015; Calantone et al. 2002; Corporate Leadership Council 2005; Georgiades 2015; Mani, 2011).

The measurement scale for organisational performance was developed from a combination of previous studies (Darroch 2005; Pathik, Chowdhury & Habib 2012) and some indicators which were developed based on the theoretic framework of the study.

Target population and sampling method

The population for the study consisted of front-line employees working in the South African service retail sector. This is based on retailers that offer services thus including employees from universities, banks, communication service providers and other financial institutions. It was determined that the sample would be drawn from a university because universities are a compelling research environment for this study given that universities are amongst the leading organisations making use of various forms of technologies in a bid to improve the quality of services (Jahanian 2018).

Therefore, utilising the South African directory of universities from online search engines, a selection of a university in South Africa was made on the basis that it met the criteria of having a demonstrated innovative culture. Once a university was identified, purposive sampling was utilised to determine the sampling units. As described by Patten and Newhart (1997), purposive sampling is a method where a researcher utilises their knowledge and understanding in order to include respondents who would be able to provide insight into the phenomenon under study.

Sample population and data collection

Employees working in the business studies faculty were selected to form the sample population as it was perceived that employees with a background in business would be suitable to provide responses on the subjects under investigation.

An electronic survey questionnaire was developed utilising a 5-point Likert-type scale ranging from 'strongly disagree' to 'strongly agree'. Qualtrics software was utilised to develop the structure of the questionnaire which was distributed electronically (via email) to the members of staff from the various departments within the business studies faculty. The size of the business studies faculty consisted of a total of 127 employees which included lecturers, researchers, administrative and support staff thus providing a diverse sample. Questionnaires were distributed to all 127 employees and 76 questionnaires were returned thus providing a 58% response rate. This is adequate as these individuals were the only respondents out of the entire pool of 127 employees who could possibly provide insight into reaching the study's aim.

Ethical clearance and considerations

During the research process, it is important that no one is subjected to undesirable circumstances as a result of the research activities (Cooper & Schindler, 2001, p. 112). Therefore, it was ensured that the respondents where only required to provide input as per the regulations in the ethical clearance. A cover letter carefully articulating the purpose of the study and the researcher's perspective was made available to the respondents for the questionnaires. This allowed them an opportunity to understand the study prior to responding. Once ethical clearance was obtained at the end of 2019 at the researcher's place of work, an institution was selected, where then a letter of request was sent to the respective individuals in authority who granted their permission and provided clearance for the research to be conducted at the selected university. A pre-notification letter was emailed to the selected Heads of Departments specifying the purpose of the research as well as granting them the opportunity to clarify any concerns which the respondents might have had. Furthermore, it was ensured that the HoD's granted their consent prior to distributing the questionnaires to their respective members of staff. Once the data was collected, it was carefully managed in order to make sure that confidentiality was upheld by ensuring anonymity of the university as well as anonymity of the respondents.

Data analysis

Once the data was collected it was transferred to the Statistical Package for Social Sciences (SPSS) software version 25 programme and subsequently transferred to SmartPLS version 3 which allows for robust calculations of higher order formative models (Ringle, Sarstedt & Straub 2012). The data was analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) because this form of SEM is firstly, able to provide inferences for formatively measured constructs as well as inferences for relatively small sample sizes (Richter, Cepeda, Roldán & Ringle, 2016). PLS-SEM is also suitable in the case where new latent variables are introduced in the analysis (Richter et al. 2016).

In order to compute the scores for the higher order constructs, the Repeated Indicators Approach (RIA) was applied. This approach allows researchers to use the same manifest variables of the lower order constructs thus repeating the application of these variables (van Rie, Henseler, Kemény & Sasovova 2017).

In terms of testing for mediation, there are different methods for testing for mediation such as the Baron and Kenny test, Sobel test and bootstrapping (Keith 2019). Bootstrapping considers the sample as though it were the population by generating random samples from the existing observed sample through a specified number of bootstraps (Gaskin 2019). The bootstrap method was utilised to test for mediationwhere direct and indirect paths were tested using 5000 bootstraps.

RESULTS

Data and variable screening

Due to the relatively small sample size, the questionnaires were manually scanned in order to identify any questionnaires which had a large percentage of missing data. There were some variables with missing values in the data, however these were not greater than 6% hence the missing values were imputed and replaced with the median values in SPSS.

Sample composition

In terms of gender, the majority of the research participants were female comprising 76% of the sample whilst males constituted 24%. The 18-34 years age category was the most represented comprising 50% of the sample population. This was closely followed by the 35-50 years at 40% and the 51-65 years category was the least represented at 7%. With regards to race, the white participants were the majority at 63% whilst the black participants followed at 30%. The remaining 7% comprised of coloured and Asian participants. In terms of the level of experience depicted by the number of years worked, 47.1% of participants had worked over one year but less than five years whilst 24.3% had worked for over 10 years. This provided a considerable sample in terms of experience. With regards to the job category, those participants in both research and lecturing constituted 75.7% of the sample population whilst 12.9% were administrative employees.

Factor analysis

Factor analysis was carried out utilising the SMART-PLS3 software. As highlighted by Gaskin (2018), it is recommended for the factor loadings to be above 0.5 and for each factor structure to average above 0.7. The initial loadings of the reflective indicators of the lower order constructs showed some indicators with relatively low loadings hence, these indicators were removed since reflective indicators are interchangeable (Jarvis et al. 2003). The final pattern matrix showing the factor structure for the lower order constructs is shown in Table 1.

Reliability and Validity

As recommended by Diamantopoulos (1994 cited by Lowry & Gaskin 2014), the level of Cronbach's Alpha ought to be determined by the purpose of the study, suggesting that the composite reliability measure ought to be above 0.7. Therefore, based on the composite reliability measures of the lower order constructs shown in Table 2 which are above 0.7, reliability has been established. With regards to convergent validity the Average Variance Extracted (AVE) shown in Table 2 indicate measures above the threshold of 0.5 as cited by Gaskin (2019). Therefore, coupled with the composite reliability, it can be confirmed that convergent validity has been established.

Common method bias and model fit

As suggested by Gaskin (2018), Common Method Bias (CMB) seldom affects formative factors, however since the model for this study has both formative and reflective factors, the CMB for the first order model was assessed utilising a full collinearity test by analysing the Variance Inflation Factors (VIF's) at the factor level (Kock 2015). Therefore, if the VIF's are less than 3.3, the model can be regarded as one free from CMB (Kock, 2015). The VIFs generated for the formative indicators were less than 3.3, hence it was concluded that the model was free from CMB.

Assessment of the higher order formative constructs

In order to assess formative validity, a test for multicollinearity was performed. This is crucial for formative models because high levels of multicollinearity hinder the assessment of the contribution of each component in the model (Thornton & Naude 2014). Multicollinearity was tested by analysing the Variance Inflation Factor (VIF) for formative factors which should be below 3.3 (Petter, Straub & Rai 2007). As shown in Table 3, the VIFs of the formative indicators were below 3.3 hence there were no issues of multicollinearity thus establishing construct validity.

TABLE 1
PATTERN MATRIX

	comp	work	service	org	task	Change
ORGANISATIONAL PERFORMANCE competitiveness (c), work (w)						
Q10_10c	0.833					
Q10_14c	0.714					
Q10_18c	0.746					
Q10_19c	0.773					
Q10_20w		0.819				
Q10_3w		0.854				
Q10_7w		0.839				
INNOVATION service (s), organisation (o)						
Q8_10s			0.805			
Q8_11s			0.839			
Q8_13s			0.825			
Q8_3s			0.815			
Q8_7s			0.821			
Q8_8s			0.793			
Q8_12o				0.856		
Q8_16o				0.716		
Q8_6o				0.824		
MANAGERIAL ENGAGEMENT Task (t), change(c)						
Q9_11t					0.754	
Q9_12t					0.851	
Q9_13t					0.845	
Q9_14t					0.768	
Q9_18t					0.767	
Q9_24t					0.782	
Q9_3c						0.830
Q9_4c						0.752
Q9_5c						0.821
Q9_8c						0.822

TABLE 2
RELIABILITY AND CONVERGENT VALIDITY

	Cronbach's Alpha	rhea	Composite Reliability	Average Variance Extracted (AVE)
change	0.821	0.822	0.882	0.651
comp	0.766	0.769	0.851	0.590
org	0.716	0.719	0.842	0.641
Task	0.883	0.885	0.912	0.633
service	0.900	0.900	0.923	0.666
work	0.787	0.787	0.876	0.701

TABLE 3
VARIANCE INFLATION FACTORS FOR INNER MODEL

	INNO	ME	OP
INNO		1.552	1.779
ME			1.762
change		2.319	
task		1.935	
org	1.829		
service	1.829		
work			2.094
comp			2.006

*Innovation (INNO), Managerial engagement (ME), Organisational performance (OP)

TABLE 4
WEIGHTS AND SIGNIFICANCE

	Path Coefficients	P Values	Testing at the α 0.05 level of significance
change -> ME	0.456	0.000	Significant
task -> ME	0.627	0.000	Significant
comp -> OP	0.579	0.000	Significant
work -> OP	0.521	0.000	Significant
org -> INNO	0.336	0.000	Significant
Service-> INNO	0.743	0.000	Significant

The weights of the lower order constructs need to be assessed as these represent the higher order constructs and there significant relationships (Becker et al. 2012). Thus, the weights were generated from SmartPLS 3 showing the T Statistics and p-values of the relationship between the dimensions and their respective higher order constructs as shown in Table 4.

Since the Repeated Indicators approach (RIA) was utilised, the weights are represented by the standardised path coefficients. Chin (1998) suggests that the standardised path coefficients ought to be above 0.3 in order for the relationship to be meaningful. The path coefficients shown in Table 4 are all positive and are above 0.3 thus meaningful relationships have been established. Furthermore, the p values are all significant at the 0.05 level of significance thus consolidating the magnitude of the path coefficients.

Hypotheses testing

Having determined the level of significance (Alpha) at α 0.05 which is a 95% confidence level, all four null hypotheses in this study were tested. The results from the test are shown in Table 5 below.

TABLE 5
HYPOTHESIS TEST

	Path coefficients	T Statistics (|O/STDEV|)	P Values	Significant at the α 0.05 level
INNO -> OP	0.380	2.487	0.013	YES
INNO -> ME	0.566	7.625	0.000	YES
ME -> OP	0.291	2.572	0.010	YES

As shown in Table 5, the p values are less than 0.05. Therefore, there is insufficient evidence to support the null hypotheses thus accepting the alternative hypotheses. In order to test for mediation, the indirect effect was assessed as shown in Table 6 below.

TABLE 6
TOTAL INDIRECT EFFECTS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Significant at the α 0.05 level
INNO -> ME						
INNO -> OP	0.165	0.161	0.071	2.335	0.020	YES
ME -> OP						

From the table above, it can be noted that based on the p value < 0.05, the indirect effect from innovation to organisational performance is significant implying that there is mediation. However, mediation can either be full or partial mediation (Lowry & Gaskin 2014). Since the direct path still remained significant in the presence of the mediator, it can be concluded that there is partial mediation.

DISCUSSION OF RESULTS

Table 7 depicts the summarised results for the test of significances for the study's four hypotheses.

TABLE 7
SIGNIFICANCE TEST FOR HYPOTHESES

Hypothesis	Outcome
$H(null)_1$: Innovation has no effect on organisational performance. $H(alt)_1$: Innovation has a positive influence on organisational performance.	Insufficient evidence to support null hypothesis. Alternative hypothesis accepted.
$H(null)_2$: Innovation has no effect on managerial engagement. $H(alt)_2$: Innovation has a positive influence on managerial engagement.	Insufficient evidence to support null hypothesis. Alternative hypothesis accepted.
$H(null)_3$: Managerial engagement has no effect on organisational performance. $H(alt)_3$: Managerial engagement has a positive influence on organisational performance.	Insufficient evidence to support null hypothesis. Alternative hypothesis accepted.
$H(null)_4$: Managerial engagement does not mediate the relationship between innovation and organisational performance. $H(alt)_4$: Managerial engagement mediates the relationship between innovation and organisational performance.	Insufficient evidence to support null hypothesis. Alternative hypothesis accepted.

Influence of innovation on organisational performance

The aim of the first secondary objective was to investigate the influence of innovation on organisational performance. The results generated in Table 5 show that p<0.05 hence there was insufficient evidence to support the null hypothesis. As a result, the alternate hypothesis was accepted thus concluding that innovation has a positive influence on organisational performance in the South African service retail sector. The results of the study support the findings from previous studies which also concluded that there exists a positive relationship between innovation and organisational performance (Anning-Dorson 2017; Chatzoglou & Chatzoudes 2018; Kemp et al., 2003; Koellinger 2008). In the context of this study, the results imply that service and organisational innovation have a positive influence on employee work performance and the overall competitiveness of a service retailer.

Therefore, through organisational innovation, the efficiency of administrative processes can be improved and employees are able to place greater focus on the core aspects of their tasks and less focus on mundane tasks which can be automated through organisational innovation. Through creating conducive work spaces, employee behaviour and attitudes can be improved thus creating an environment which fosters productivity (Gunday et al. 2011; Oeij et al. 2012). As employee experience improves, it positions an organisation to operate competitively as the quality of services is also likely to improve resulting in improved customer satisfaction (StaffConnect 2018).

Whilst service innovation can enhance customer experience, research shows that without adequate managerial engagement, new technologies can overwhelm employees (Teo & Wong 1998). Hence, the manner in which new technologies are implemented is pivotal to adoption.

Influence of innovation on managerial engagement

The second secondary objective of the study was to investigate the influence of innovation on managerial engagement. The results generated in Table 5 show that p<0.05 hence there was insufficient evidence to support the null hypothesis. As a result, the alternate hypothesis was accepted thus concluding that innovation has a positive influence on managerial engagement in the South African service retail sector. This implies that innovation in the

workspace and in services has a positive influence on a manager's task effectiveness and ability to embrace and inspire change. Thus, managements' ability to listen to the market, and monitor change both internally and externally contributes to how well organisations are able to learn and adapt (Rao 2016). In terms of Information Communication Technologies, such innovations can be harnessed to improve the level of communication between managers and employees (Staff Connect 2018).

For example, new platforms of communication through social media or mobile phone applications can greatly enhance the level of communication by creating platforms of engagement such as online project management and performance assessment (StaffConnect 2018). In addition to that, new technologies are likely to result in new methods of work as innovation in one area may require changes in another area in order to ensure integration of new technologies (Hickman, 2009). As a result, managers are challenged to become more engaged in providing a supportive role to employees in order to assist them in navigating the changes (Waddell et al. 2018).

Previous research showed that there is a positive correlation between innovation and engagement however, a causal relationship was not determined (Beardmore 2013). The results of this study have provided empirical evidence to confirm a causal relationship between innovation and managerial engagement.

Influence of managerial engagement on organisational performance

The aim of the third secondary objective was to investigate the influence of managerial engagement on organisational performance. The results generated in Table 5 show that $p<0.05$ hence, there was insufficient evidence to support the null hypothesis. As a result, the alternate hypothesis was accepted thus concluding that managerial engagement has a positive influence on organisational performance in the South African service retail sector. This implies that a manager's (1) task effectiveness, (2) ability to develop self (3) ability to develop other's, (4) ability to empower and (4) ability to support employees has a positive influence on employee work performance in terms of their (1) task efficiency, (2) effectiveness and (3) innovative work behaviour. As a result of employee work satisfaction, organisational competitiveness can be improved.

As discussed by Georgiades (2015), managers are role models for behaviour, hence a manager's personal engagement, as it relates to their actions, demeanour and integrity influences the attitudes of the employees since attitudes are learned predispositions. Therefore, a manager's ability to develop themselves through learning can be considered a key factor of driving performance. This is supported by existing literature which suggests that the ability of leaders to monitor the external environment in order to manage change effectively contributes to how swiftly the organisation is able to learn and remain agile (Rao 2016).

In addition to that, research shows that an improvement in managerial commitment also has a direct influence on employee commitment and their loyalty (Corporate Leadership Council 2005). As a result, as discussed by Alfes, Shantz, Truss and Soane (2013), employee loyalty is likely to result in reduced employee turnover and subsequently less expenditure on recruitment. Thus, organisations are able to retain high performing employees and maintain the quality of services provided.

Mediation

The primary objective of the study which addresses the main research question, was to investigate the mediating effect of managerial engagement in the relationship between innovation and organisational performance. There was insufficient evidence to support the null hypothesis hence the alternate hypothesis was accepted and thus concluded that managerial engagement partially mediates the relationship between innovation and organisational performance. Utilising the behavioural categories identified by Yukl et al. (2012), it can thus be concluded that a manager's ability to (1) embrace innovation, (2) continuously learn and (3) implement changes; coupled with their ability to (1) provide support to employees, (2) create strong interpersonal relationships and (3) inspire a culture of creativity; partially mediates the influence that innovation has on organisational performance.

The results of the study reveal the growing importance of managerial engagement as managers assume various roles which determine the effectiveness of innovation. Since managers are role models for behaviour (Georgiades 2015), they can be considered as influencers whose attitude towards innovation is imitated by employees. Through their level of change orientation as described by Yukl et al. (2002), managers can also be considered as facilitators or drivers of transformation through their ability to identify opportunities and initiate new strategies in response to changes in the external environment.

Apart from a manager's ability to monitor the environment, they also provide a support structure through which innovation is sustained Tidd et al. (2005). The support structure can be in the form of training and development of employees as well as ensuring they are accessible for consultation. Such attributes of managers provide insight into the growing importance of managerial engagement as a means through which innovations in organisations can be implemented and sustained.

RECOMMENDATIONS

Since the results have shown that managerial engagement partially mediates the relationship between innovation and organisational performance, service retailers ought to take into consideration the critical role that managerial engagement plays in facilitating innovation and driving organisational performance. Therefore, the following recommendations can be considered in order to ensure that service retailers have effective management.

- Organisations need to recruit managers with adequate knowledge and skills to promote and sustain innovation for optimum organisational performance.
- Senior leaders in organisations ought to provide a clear strategy for the growth and development of managers. For example, in their annual report, Capitec bank highlights their investment in developing managers by ensuring that first line managers have a formal education in courses such as management courses (Capitec bank 2019).
- Since positive employee experience may result in less undesirable circumstances such as strikes (Capitec bank 2019), managers need to develop good human relations skills in order to improve their relationships with employees.
- Organisations ought to provide adequate resources required for managers to work effectively through investing in technologies which may improve the level of work efficiency. In turn, this may relieve managers from mundane tasks in order to focus their attention on more meaningful work. The retail industry is gravitating towards the digitally driven online business model (Pantano & Timmermans 2014). Therefore, the key to change is through gradual integration of digital technologies into operations.
- It is imperative for organisations to engage managers in the innovative process. As a result, managers develop a sense of ownership and may adopt the innovations with greater ease. Thus, positioning themselves to encourage employees to also adopt new technologies.
- Managers ought to be self-driven in order to accomplish their tasks underpinned by their openness to new ideas and co-creating value with employees.

LIMITATIONS AND AREAS OF FUTURE RESEARCH

Although utilising PLS-SEM was advantageous in providing inferences from a small sample size, as discussed by Gelman and Carlin (2014), the size of the sample still has a bearing on statistical power. Therefore, a larger sample size would have been more suitable. Apart from the size of the sample, a single university was utilised to represent the population. However, including respondents from each of the service retailers within the sampling frame would have been ideal in order to provide a heterogeneous sample.

The relationship between innovation and organisational performance can be mediated or moderated by various internal and external factors such as organisational structure and government policies. Hence future studies could investigate the influence of such factors in mediating or moderating the relationship between innovation and organisational performance.

CONCLUDING REMARKS

Having successfully addressed the research questions, it can be noted that innovation, managerial engagement and organisational performance cannot be considered independently or in a simple linear fashion. Rather these three constructs ought to be considered as interconnected aspects within an organisation which all contribute towards the overall competitiveness of an organisation, as depicted in Figure 2 below.

As a result, the successful implementation of new technologies requires an integration of technology and managers who are at the forefront of driving and facilitating the process of adoption and implementation. As innovative behaviour is encouraged within an organisation, it may result in new creations and subsequently improve the quality of services offered. As organisations perform competitively, they are likely to be well positioned to invest in innovation, hence organisational performance may also have a bearing on a firm's innovation capability. As new technologies bring about changes within organisations, managerial engagement can be considered a key organisational capability that can be utilised to bring reassurance and stability among the employees in times of change.

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