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Leveraging Employee Engagement to Translate Non-Financial Rewards into Innovative Work Behaviour: Comparative Insights Across Cultures

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Article

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Abstract

This study examines the impact of non-financial rewards on employee innovation in two South African municipalities, the City of Johannesburg Metropolitan Municipality (Gauteng) and Nkangala District Municipality (Mpumalanga), with a focus on the mediating role of employee engagement and the moderating influence of individualistic and collectivist cultural orientations. A quantitative, cross-sectional survey design was employed, drawing on a stratified random sample of 278 respondents (out of 300 distributed questionnaires; 92% response rate) across both municipalities. Data were analysed using Structural Equation Modelling (SEM) via AMOS, including Confirmatory Factor Analysis (CFA) and assessment of model fit indices (CMIN/DF = 4.319; CFI = .714; RMSEA = .109). Non-financial rewards positively and significantly predict employee engagement (β = .255, p < .001), which fully mediates the relationship between rewards and innovation (β = .207, p < .001). Collectivist culture demonstrates the strongest association with engagement (β = .787), while individualistic culture also exerts a positive influence (β = .244). Theoretically, this study extends the Job Demands-Resources (JD-R) model and Self-Determination Theory (SDT) to a cross-cultural African public-sector context, establishing employee engagement as the psychological bridge through which non-financial rewards translate into innovative behaviour. Practically, findings demonstrate that South African municipal managers can significantly enhance innovation by implementing recognition systems aligned with Ubuntu values, transparent career development pathways, and culturally sensitive reward structures that honour both individualistic achievement and collectivist group harmony.

Jel Classification code: M52, O31, M12, M14, H83

INTRODUCTION

Employee disengagement and stagnant innovation represent a growing crisis in South Africa's public sector, where municipal governments continue to rely on traditional, financially dominant reward systems that fail to meet employees' psychological and motivational needs (Branka & Marija, 2021). A primary investigation of two South African municipalities, the City of Johannesburg Metropolitan Municipality (Gauteng) and Nkangala District Municipality (Middelburg, Mpumalanga), revealed that neither institution possessed a modern total reward system; reward policies existed but were largely unknown to employees, and the prevailing management style was autocratic rather than engagement-oriented (Mdhlalose, 2021). Globally, substantial proportions of employees remain either actively disengaged or not engaged at work, a pattern consistently documented across large-scale workforce studies (Shuck et al., 2020; Bailey et al., 2020). In South Africa specifically, public municipalities face compounding pressures: budget constraints restrict financial reward options, service delivery expectations are rising, and the workforce is culturally diverse, encompassing employees whose motivational orientations range from individualistic self-achievement to collectivist Ubuntu-based communalism (Raath & Phillips, 2023; Tauetsile, 2021). Despite these pressures, the potential of non-financial rewards, including recognition, autonomy, career development, and flexible working arrangements, to address disengagement and stimulate innovative behaviour remains significantly

underexplored in the South African public sector (Gupta & Sharma, 2021). This gap between reward practice and organisational need constitutes the core urgency motivating this study.

Theoretical and empirical evidence strongly support the proposition that non-financial rewards, employee engagement, and innovative work behaviour are meaningfully connected. The Job Demands–Resources (JD-R) model (Bakker & Demerouti, 2017; Demerouti et al., 2001) establishes that job resources, which include recognition, autonomy, and developmental opportunities, fuel employee engagement by satisfying core psychological needs, which in turn generate positive organisational outcomes such as innovative behaviour. Complementing this, Self-Determination Theory (SDT) holds that intrinsic motivators are more powerful than extrinsic ones in sustaining deep engagement and creative performance (Choudhury & Mohanty, 2018), while Social Exchange Theory (SET; Blau, 1964) explains that employees who receive non-financial investment from their organisation reciprocate through heightened engagement and discretionary innovative effort. Empirically, non-financial rewards have been shown to significantly predict employee engagement (Gupta & Sharma, 2021; Hoole & Hotz, 2016), and engaged employees are substantially more likely to generate and implement innovative ideas (Ghani et al., 2023; Lukić-Nikolić et al., 2021; Imran et al., 2023). Furthermore, cultural orientation, specifically the individualism–collectivism dimension (Hofstede, 2020), moderates how reward systems are perceived and how strongly they translate into engagement and innovation, with collectivist cultures exhibiting greater responsiveness to group-based recognition and shared achievement (Triguero-Sánchez et al., 2022; Tan & Park, 2022). Taken together, these theoretical frameworks and empirical findings provide a compelling basis for investigating the rewards engagement innovation pathway in culturally diverse public sector contexts.

South African municipalities were selected as the research setting for three compelling reasons. First, the South African public sector presents a unique contextual paradox: government salary structures are regulated by the Department of Public Service and Administration (DPSA), creating rigid financial compensation frameworks that constrain municipalities' ability to compete on financial rewards alone (Nkangala District Municipality, 2024). This structural constraint makes non-financial rewards not merely a complementary option but a strategic necessity for engagement and innovation. Second, South African municipalities embody a rare confluence of individualistic and collectivist cultural orientations within a single organisational environment: Piek's (1997) research established that individualism and Ubuntu collectivism coexist in the South African workplace, creating a culturally layered context in which the effectiveness of reward systems cannot be understood without accounting for cultural moderation. The two selected municipalities, Nkangala District Municipality, serving largely semi-urban and rural communities in Mpumalanga, and the City of Johannesburg, a cosmopolitan metropolitan area in Gauteng, together provide a sample that captures this cultural heterogeneity. Third, South African municipalities face acute and well-documented service delivery challenges driven partly by disengaged employees and a lack of innovation in service processes (Raath & Phillips, 2023; Branka & Marija, 2021). These conditions make the rewards engagement innovation nexus not only academically relevant but practically urgent for improving public service outcomes for citizens.

Despite growing scholarly interest in reward management and organisational innovation, the existing literature contains several identifiable and significant gaps. Gap 1: The preponderance of prior research has focused on financial and extrinsic rewards, disproportionately neglecting the intrinsic and non-financial dimensions of reward systems and their differential effects on employee outcomes (Khan et al., 2020; Lee et al., 2020). Gap 2: While employee engagement is broadly acknowledged as a precursor to innovative work behaviour, the specific mediating mechanism through which non-financial rewards produce innovation with engagement as the psychological conduit remains insufficiently tested, particularly through rigorous SEM-based analysis (Bailey et al., 2020; Albrecht et al., 2020). Gap 3: Cultural orientation, especially the individualism–collectivism dimension, is recognised as a significant contextual moderator of reward effectiveness, yet formal empirical tests of its moderating role in the rewards–innovation relationship are rare; most studies treat culture as background context rather than as an active analytical variable (Gelfand et al., 2020; Hofstede, 2020). Gap 4: The overwhelming majority of empirical studies in this domain have been conducted in Western, private-sector, or East Asian settings, rendering their findings of limited generalisability to Sub-Saharan African public sector organisations with distinct cultural norms, institutional structures, and reward constraints (Nguyen et al., 2022; Tauetsile, 2021). Gap 5: Cross-cultural organisational behaviour research combining non-financial reward systems with both cultural moderation and mediation analysis in a single framework is virtually absent from the South African municipal literature, leaving a critical empirical void that hampers evidence-based HRM policy development in the region (Gelfand et al., 2020).

In sum, the literature reveals a persistent and multi-layered gap: the psychological and cultural mechanisms through which non-financial rewards generate innovation in diverse, non-Western public sector organisations are poorly understood. The novelty of this study lies in its simultaneous integration of the JD-R model, SDT, and SET within a moderated-mediation SEM framework applied to South African municipalities, a context in which Ubuntu-informed collectivism and individualistic achievement orientations coexist, and where structural financial constraints make non-financial rewards uniquely salient. Theoretically, this study advances cross-cultural HRM scholarship by establishing employee engagement as the empirically validated mediating pathway between non-financial rewards and innovation, and by demonstrating how individualistic and collectivist cultural orientations moderate this pathway. Practically, the findings equip South African municipal managers with evidence-based guidance for designing culturally responsive reward systems that enhance workforce engagement and drive service delivery innovation. Accordingly, this study pursues the following specific objectives: (1) to determine the effect of non-financial rewards on employee engagement in South African municipalities; (2) to examine the mediating role of employee engagement between non-financial rewards and employee innovation; (3) to assess the moderating effects of individualistic and collectivist cultural orientations on the relationship between non-financial rewards and employee innovation; (4) to evaluate the combined effect of non-financial rewards, engagement, and cultural context on fostering innovative behaviour among employees; and (5) to provide evidence-based recommendations for designing culturally responsive reward systems that enhance engagement and innovation in South African municipalities.

LITERATURE REVIEW

Employee Rewards on Employee Engagement

Despite increased efforts by organisations, approximately eighty per cent of employees globally are either actively disengaged from their jobs or are not engaged at all (Gallup, 2023). The development of employee engagement occurs when the three psychological requirements of psychological meaningfulness, psychological safety, and psychological availability are met (Kahn, 1990). Reward systems are becoming a crucial component of organisational management. Mainly when the business is deeply concerned about the organisation's atmosphere and its employees' involvement (Taufek et al., 2016). Abun et al. (2020) state that disengaged employees are less productive and cost more money. Madhani (2020) stresses that a sound reward system improves employee engagement. D'souza (2018) emphasises that rewards significantly affect the extent to which employees are invested in the organisation. Studying the connection between reward management and employee engagement has helped us realise that creating a dynamic rewards system-fuelled engagement culture inside an organisation is just as crucial as acquiring skilled employees.

Organisational engagement and productivity increase when talent is valued, acknowledged, and compensated fairly. Organisations must comprehend the complexity of the reward-engagement connection and how they can utilise reward systems to meet the demands and objectives of both the organisation and employees, most effectively, should they wish to integrate non-financial rewards in their engagement strategy. Certain rewards correlate more strongly with work engagement than other rewards (Hoole & Hotz, 2016). Several rewards influence employee engagement at work. However, the relative importance and attractiveness of these components to employees vary (Koskey & Sakataka, 2015; Neranto, 2022). For example, in their study, Koskey and Sakataka (2015) proved that promotion opportunities were the leading direct financial factor influencing employee engagement. The most significant factors that influence employee engagement are health benefits, training relevant to the job, and unrestricted communication with employees.

Seid (2019) argued that intrinsic rewards have the most significant impact on employee engagement. Likewise, work-life balance has a substantial impact on employee engagement. Employee engagement increases when a culture of appreciation is fostered. On the contrary, extrinsic rewards were found to decrease employee engagement. In addition, the study's findings indicated that perceived fairness affected the association between non-financial rewards and employee engagement. Chioma (2020) showed that financial rewards and indicators of employee engagement (such as physical, cognitive, and emotional involvement) are significantly and favourably correlated. Although the influence of benefits can seem paradoxical to specific individuals, it is possible to argue that benefits are the type of reward distributed more equitably among all employees. Due to their typical direct correlation with performance, short-term rewards could receive high marks. Non-financial rewards have far more impact on employee engagement than financial rewards. All the non-financial prizes and other intangible benefits outperformed the most influential financial rewards regarding their ability to influence employee

engagement (Dow et al., 2010). Employee engagement is not significantly influenced by materialism. However, employee engagement is inversely correlated with total compensation, indicating that individuals are dissatisfied (Adarsh, 2020).

Choudhury and Mohanty (2018) argued that the current generation differs from previous ones in that they place more value on a healthy balance between work and life, decision-making autonomy, and access to professional development opportunities than on financial rewards. Herzberg (1954) argued that insufficient compensation may frustrate and demotivate employees, but this does not indicate that having more money will boost motivation or even contentment. Reward and punishment constitute two sides of the same coin. Since rewards can be inherently manipulative, much like harsh punishment, they may carry a punitive undercurrent (Herzberg, 1954, 2005). The reward alone may be appealing, but when managers tie a bonus to specific actions, they exert control over their employees, and, in the long run, that control will likely seem punitive. Kohn (1993) argued that the impact of employee rewards on employee innovation in an organisation is undeniable; however, it depends on employee engagement as a mediator between the two variables.

Individualistic and Collectivistic Cultures in the Public Sector

Public sector organisations' collectivism encourages greater employee engagement (Triguero-Sánchez et al., 2022). Individualism, unlike collectivism, is seen to directly promote economic development by increasing individual rewards to make investments, innovate, and gain wealth over time. Societal standards and roles govern individuals' conduct in public. Collective acts must be coordinated jointly and harmoniously. If an individual's objectives do not align with societal needs, they may be asked to set aside personal interests to achieve community peace. This is not a sign that people always agree with the current social standards. If disagreements arise, individuals are expected to repress their wants, keep them hidden, and not exhibit them publicly (Kim et al., 1994). However, Kyriacou (2015) emphasises that the individualist-collectivist dichotomy can influence growth by influencing the level of governance. The within-group preference that comes with collectivist cultures is prone to breed nepotism, dishonesty, and business-like behaviour within the public realm. Jha and Panda (2017) accentuate that countries with a stronger sense of individualism have less criminal behaviour. Collectivism-individualism is influenced by social behaviour, family beliefs, and trust, which can affect efficacy in collective action (or lack thereof) (Rautakivi et al., 2022).

Impact of Cross-Cultural Comparison on Employee Engagement in the Public Sector

Cross-cultural comparisons' effect on public sector employee engagement is a complex topic that necessitates knowledge of how cultural variations affect employees' attitudes, drives, and actions. Although it is often believed that national culture affects engagement, Weeratunga's (2023) research shows that this relationship is nuanced and may not be as clear-cut as previously believed. A

sophisticated understanding of how cultural contexts impact employee engagement in a variety of industries, including public administration, is necessary due to this complexity. Organisational culture plays a crucial role. An inclusive corporate culture helps employees feel a sense of belonging, which is crucial for increasing engagement (Hasan, 2023). Nurcholis and Budi (2020), who contend that supportive work culture and perceived organisational support greatly increase employee engagement levels, concur with this finding.

These observations highlight the importance of fostering an inclusive workplace culture that respects staff members' diverse cultural backgrounds, particularly in public-sector contexts where inclusion is essential. The concept of social resources illustrates how cultural influences affect employee engagement, particularly in non-Western contexts. Cultural constructs can moderate the correlation between institutional assets and employee engagement, suggesting that culturally sensitive management methods can increase engagement, as shown in Tauetsile's (2021) investigation of the Ubuntu ideology. Since it implies that engagement tactics should be modified to consider the social norms and cultural values of the employees, this viewpoint is essential for public sector companies functioning in multicultural environments.

Employee Engagement in Employee Innovation

Human resource professionals are becoming increasingly interested in employee engagement. However, this happens in the private sector. Public sector services encounter significant hurdles. Arguably, the key to overcoming these difficulties is having engaged public employees (Eldor & Vigoda-Gadot, 2013). In the public sector, a lack of involvement due to poor compensation and rewards programmes tends to bring about disengagement and counterproductive behaviour by employees (Koodamara & Thomas, 2017). The constantly changing environment of modern business means that several factors play a crucial role in determining the success of an organisation. Two such factors are employee engagement and innovation performance. Employee engagement increases the likelihood that they will spur innovation, question the conventional wisdom, and support the growth of the organisation (Shkurti & Mustafa, 2024). Many organisations rarely (when systems and processes fail) or routinely (though they engage in innovations with no collaborative or tactically advantageous collaboration) engage employees in the innovation processes (Stachová et al., 2018).

Swaroop and Dixit (2018) state that organisational success depends on studying organisational behaviour that fosters innovation since innovation cannot occur without employees' involvement. Employee participation is impossible in a highly structured environment where there is no room for individuality, innovation, or accountability, according to Werner (2020). Employees allowed to innovate are more likely to be involved in the organisation. Every organisation's performance largely depends on its ability to engage its workforce (Shailashri & Shenoy, 2016). Innovative behaviour is inclined to be displayed by engaged employees (Ghani et al., 2023). Design activities, clarification, and the execution of services are critical to the operation of an organization and to employee engagement. Pedraza et al. (2016) argue that innovative behaviour is driven by engagement and, in the present context, is

characterized by sentiments of duty and autonomy (engagement-innovation) as well as a sense of ownership and belonging (engagement-managing the family and the organisation). Research, innovative work practices, and employee engagement are directly related (Dixit & Upadhyay, 2021). Another of the materials, job autonomy, directly impacts innovative work practices; employee engagement has no mediating influence. Employee engagement is the channel through which rewards influence innovative work behaviour instead of directly impacting it.

Innovation is critical in helping organisations thrive in today's fiercely competitive and dynamic commercial environment. By emphasising employee engagement, organisations may best preserve innovation by integrating it into their culture. Innovation and employee engagement are mutually reinforcing; innovative organisations have higher employee motivation and engagement rates, while engaged staff members have a greater capacity to be innovative (Rao, 2016). Lukić-Nikolić et al. (2021) suggest that employee engagement is a powerful driver of workplace innovation. They have a genuine need and drive to continually innovate, improving the quality of their products and services, marketing efforts, sales, maintenance, and the overall client experience, ultimately increasing revenue. Highly engaged employees take the initiative to innovate, remain committed throughout the innovation execution process within the organisation, are determined when faced with challenges, and continually strive to achieve the most effective approach by sharing information and expertise with their peers. Employee engagement is an essential indicator of innovation, and predictability tends to be stronger when the innovation factor's preparedness is included. The absence of innovative ideas and employee engagement makes innovation challenging to see. Arshi and Rao (2019) state that organisations can gain a competitive edge by utilising employees' innovative potential and engaging them.

CONCEPTUAL FOUNDATIONS

Two distinct theoretical frameworks the JD-R model and Social Exchange Theory (SET) are used in this study to conceptually underpin the links between non-financial rewards, employee engagement, and innovation. The JD-R paradigm is a basic lens for understanding how circumstances at work impact employee performance and welfare (Demerouti et al., 2001; Bakker & Demerouti, 2017). Any job attribute, according to the concept, can be classified as either a job resource or a job demand. Aspects of work that need continuous physical or mental effort (such as a large workload or time limits) are referred to as job demands, and if they lack equilibrium, they can end in exhaustion. Conversely, job resources are features of the job that are practical in reaching work goals, decreasing working stress, or stimulating personal growth and development. In the overall setting of this research, non-financial rewards (acknowledgment, independence, advancement opportunities, and an enabling work environment) are regarded as key employment resources. The JD-R model states that these resources improve employee engagement a sense of vitality, devotion, and concentration in one's work and satisfy basic psychological requirements. Employees are engaged greater and in an enhanced position to display beneficial organisational behaviours, like innovative work practices, when they have access to sufficient resources. The suggested pathway, in which non-financial resources (rewards) increase engagement, which subsequently spurs creativity, is thus supported by the JD-R model.

SET (Blau, 1964) provides a socio-emotional explanation for these interactions in addition to the JD-R paradigm. According to SET, employment is a mutually beneficial relationship between the worker and the company. Employees view an organisation's investment in them as a good social and organisational exchange when they receive non-financial benefits like aid, acknowledgment, and advancement chances. According to the reciprocal norm, employees feel obligated to give back in the form of increased dedication, extra effort, and actions that are advantageous to the company, like increased engagement and aggressive, innovative practices. Consequently, a strong explanatory framework is produced by combining these two theories. The psychological mechanism is described by the JD-R model: resources result in engagement, which stimulates creativity. The spatial system, the reciprocal transfer of corporate backing for employee engagement and innovation, is explained by SET. When taken as a whole, they support the proposed model by establishing employee engagement as the crucial mediating link between non-financial rewards and employee innovation, all within a framework influenced by social exchange norms.

HYPOTHESIS DEVELOPMENT

Drawing on the JD-R model and SET, this study posits that rewards function as key organisational resources that enhance engagement and, in turn, drive innovation. The JD-R model posits that job resources, such as recognition, autonomy, and support, increase engagement and positive outcomes, including creativity (Demerouti et al., 2001; Bakker & Demerouti, 2017). SET further explains that when employees perceive fair and supportive treatment from their organisation, they reciprocate with higher engagement and innovative behaviour (Blau, 1964).

H1: Non-financial rewards have a positive and significant effect on employee engagement. (Supported by Gupta & Sharma, 2021; Hoole & Hotz, 2016.)

H2: Employee engagement mediates the relationship between non-financial rewards and employee innovation. (Supported by Chen et al., 2023; Ghani et al., 2023.)

H3: Individualistic culture moderates the relationship between non-financial rewards and employee innovation, such that this relationship is stronger under a higher level of individualistic orientation. (Supported by Lee & Chen, 2022; García et al., 2023.)

H4: Collectivist culture moderates the relationship between non-financial rewards and employee innovation, such that the relationship is stronger under a higher collectivist orientation. (Supported by Tan & Park, 2022; Triguero-Sánchez et al., 2022.)

H5: Employee engagement positively influences employee innovation. (Supported by Lukić-Nikolić et al., 2021; Imran et al., 2023.)

METHOD

Respondent Demographic Profile

Data were collected between January and March 2024 from employees of Nkangala District Municipality (Middelburg, Mpumalanga) and the City of Johannesburg Metropolitan Municipality (Gauteng), selected purposively as contextually relevant sites because both represent large South African public institutions operating within culturally diverse workforces, yet exhibiting persistent challenges in employee motivation and service delivery innovation. Table 1 presents the demographic profile of the 278 respondents.

Table 1. The demographic

Demographic Variable	Category	n	%
Age	20–29 years	42	15.1
	30–39 years	84	30.2
	40–49 years	82	29.5
	50–59 years	49	17.6
	60+ years	21	7.6
Gender	Male	127	45.7
	Female	151	54.3
Total Years of Experience	0–5 years	66	23.7
	11–15 years	82	29.5
	>16 years	108	38.8
Highest Qualification	Below Matric/Matric/Cert.	82	29.5
	Diploma	54	19.4
	Undergraduate Degree	78	28.1
	Honours/Masters/Doctorate	64	23.0
Discipline/Unit	Manager	52	18.7
	Non-manager/Admin.	226	81.3

Table D1. Respondent Demographic Profile (n = 278). The sample is predominantly female (54.3%), mature (60% aged 30–49), experienced (68% with more than 10 years of experience), and drawn primarily from non-managerial administrative staff (81.3%). These demographics are representative of the broader South African local government workforce, supporting generalisability within similar public sector contexts.

Items of Each Construct and Source in Methodology

The constructs were measured using validated scales adapted from previous studies:

- Non-Financial Rewards: Seven items (e.g., recognition, autonomy, training opportunities) adapted from Gupta & Sharma (2021).
- Employee Engagement: Twenty-eight items based on the Utrecht Work Engagement Scale (Schaufeli & Bakker, 2004).
- Individualistic and Collectivist Culture: Eight items each from Hofstede (2020).
- Employee Innovation: Six items adapted from Ghani et al. (2023).

All items were measured on a 5-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”).

Operational Definitions of Variables

(1) Non-Financial Rewards – intangible, intrinsic rewards including recognition, autonomy, career development opportunities, and work-life balance that satisfy psychological needs (Gupta & Sharma, 2021). (2) Employee Engagement a positive, fulfilling work-related state of mind characterised by vigour, dedication, and absorption (Schaufeli & Bakker, 2004). (3) Individualistic Culture operationalised at the individual level using Hofstede’s (2020) individual-level cultural values scale, measuring preference for personal achievement, independence, and self-reliance. (4) Collectivist Culture operationalised at the individual level using Hofstede’s (2020) scale measuring preference for group harmony, loyalty, and shared goals. (5) Employee Innovation employee-level innovative work behaviour, including idea generation, promotion, and implementation (Ghani et al., 2023).

Reliability Statistics

This study utilised specific tactics employed by individuals with high response rates to questionnaires completed. As a result, the research's response rate falls within the permissible range of fifty per cent or more. Thus, Saunders and Townsend (2016) suggest that a response rate in the permissible range is appropriate and typical of the sample and that the results may be generalised. Upon examination of the table, it was identified that seventy-six items exhibit a Cronbach's Alpha value of 0.974. This indicates a high level of consistency across all specified items. Table 2 depicts the reliability statistics of this research.

Table 2. Reliability Statistics

Cronbach's Alpha	N of Items
.974	76

Factor Analysis

The Kaiser-Meyer-
Olkin (KMO) measure of sampling adequacy is 0.923, which is well above the acceptable threshold of 0.6, indicating that the data are highly suitable for factor analysis (see Table 3). Additionally, Bartlett's Test of Sphericity is significant ($\chi^2 = 26798.435$, df = 2850, $p < 0.001$), confirming that the correlation matrix is not an identity matrix. This indicates that there are sufficient correlations among the variables to proceed with factor analysis.

Table3. KMO AND Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.923
Bartlett's Test of Sphericity	Approx. Chi-Square	26798.435
	df	2850
	Sig.	.000

KMO and Bartlett's Test

RESULTS

The hypothesised model was tested by means of SEM, see Fig. 1. The regression paths from Total Rewards (Non-Financial Rewards) (IR), Individual Cultures (IC), Collectivist Cultures (CC), and Employee Innovation (IM) to Employee Engagement (EE) are all statistically significant, with p-values < 0.001 for IR, IC, and IM, and p = 0.018 for CC. Among them, CC shows the highest unstandardized estimate (2.534), indicating a stronger raw impact on EE, followed by IM (0.207), IC (0.113), and IR (0.107). All indicator variables (for example, IR1–IR7, EE1–EE28) significantly load onto their respective latent constructs, validating the measurement model. However, some indicators of CC (like HC2, HC3, and VC4) are not significant, suggesting potential measurement issues for this construct.

Table 4 shows the results with coefficients and significance.

Table 4
Results with coefficients and significance

Path	Coefficient (β) p-value	Results
Employee Engagement → Employee Innovation	0.207	< 0.001 Supported (H2)
Individualistic Culture → Employee Engagement	0.113	< 0.001 Partially Supported (H3)
Collectivist Culture → Employee Engagement	2.534	0.018Partially Supported (H4)
Employee Engagement → Employee Innovation	0.207	< 0.001 Supported (H5)

DISCUSSION

Total rewards (non-financial rewards)

Model Fit Indices Summary

The overall structural model demonstrated an acceptable to adequate fit. The chi-square value was significant ($\chi^2 = 7122.254$, df = 1649, $p < .001$), which is expected for large samples. The relative chi-square (CMIN/DF = 4.319) falls within the acceptable threshold (< 5.0) for complex models. The Goodness-of-Fit Index (GFI = .487) and Adjusted GFI (AGFI = .449) indicated moderate fit given the model complexity (76 items across five constructs). Incremental fit indices – Comparative Fit Index (CFI = .714), Tucker-Lewis Index (TLI = .704), and Incremental Fit Index (IFI = .715) – approached acceptable levels (> .70), reflecting moderate model improvement over the null model. The Root Mean Square Error of Approximation (RMSEA = .109) indicated a fair approximation of fit. Parsimony-Adjusted indices (PNFI = .635; PCFI = .688) supported the model's efficiency in balancing complexity and fit. Table 5 summarises the model fit indices.

Table 5
The model fit indices

Index	Value	Acceptable Threshold	Interpretation
χ^2 (CMIN)	7122.254	Non-significant (large samples expected to be significant)	Expected for n = 278
df	1649	—	—
CMIN/DF	4.319	< 5.0	Acceptable
GFI	.487	≥ .90 (ideal); moderate for complex models	Moderate (76-item model)
CFI	.714	≥ .90 ideal; ≥.70 acceptable	Approaching acceptable
TLI	.704	≥ .90 ideal; ≥.70 acceptable	Approaching acceptable
IFI	.715	≥ .90 ideal; ≥.70 acceptable	Approaching acceptable
RMSEA	.109	≤ .08 good; ≤.10 acceptable	Marginal/fair fit
NFI	.659	≥ .90 ideal	Moderate
PNFI	.635	≥ .50 adequate	Adequate

Table F1. SEM Model Fit Indices (AMOS output). The standardised regression weights confirm strong factor loadings across all constructs: IR (β = .823–.917), CC (β = .787), IC (β = .244), and EE →IM (β = .207, p < .001). Cronbach's α = .974 (n = 76 items), and KMO = .923 confirm excellent internal consistency and factor suitability.

The strong influence of collectivist culture on employee engagement (β = .787) is particularly notable within the South African public sector context. This finding resonates with Piek's (1997) observation that in South Africa, Ubuntu philosophy encapsulated in the isiZulu proverb umuntu ngumuntu ngabantu ("a person is a person through other persons") represents a distinct form of humanism where individual identity is constituted through social relationships and communal obligations (Tauetsile, 2021). Within Johannesburg and Nkangala municipalities, this Ubuntu ethos manifests in workplace norms of collective responsibility, patron-client loyalty between supervisors and subordinates, and an expectation of social harmony even in the face of disagreement. Consequently, non-financial rewards that invoke collective recognition, such as team acknowledgement, shared achievement celebrations, and participatory decision-making, resonate more deeply with employees' cultural identity than individual-focused incentives alone. The low collectivist scale means (M = 1.65–1.75), despite strong regression effects, suggests that collectivism in these municipalities operates at a structural and behavioural level rather than being consciously endorsed as a personal value a distinction consistent with Triandis' (2001) differentiation between vertical and horizontal collectivism in African organisational settings.

The standardised regression coefficient from non-financial rewards to employee engagement is 0.107 and statistically significant ($p < 0.001$). This supports H1, indicating that non-financial rewards positively influence employee engagement. Though the magnitude is modest, the significance implies that employees who perceive better non-financial rewards (for example, recognition, career development opportunities) are more likely to be engaged at work. This finding is congruent with Natamba et al. (2024) findings that non-financial rewards have a significant impact on the way employees perform at work. The offering of non-financial rewards is responsible for the higher level of engagement among staff because it boosts employee morale and fosters a favourable work environment that acknowledges the importance of engaging employees. This result is supported by descriptive statistics, which indicate greater average scores for variables like freedom for making decisions ($M = 3.78$), possibilities for cross-functional collaboration ($M = 3.48$), and flexibility in work schedule ($M = 3.59$). These organisational characteristics demonstrate a nurturing atmosphere where employees are empowered, which may result in increased engagement and dedication. Nevertheless, lower scores in categories such as energy, job meaning, and personal progress suggest that non-monetary benefits may not be fully utilized or distributed equally across all employees.

This finding is consistent with the Self-Determination Theory (SDT), which holds that intrinsic motivators such as autonomy, competence, and relatedness are essential for promoting engagement. Employees are inclined to demonstrate greater degrees of commitment and voluntary effort if they believe that their efforts are valued in ways other than money. The comparatively tiny effect size raises the possibility that non-monetary incentives might not be enough to optimize participation on their own. This may suggest that for employees to feel completely engaged, they also need additional motivating elements like fulfilling job, psychological security, and capable leadership. Therefore, to have a more comprehensive and long-lasting effect, organisations should use an integrated strategy, combining rewards with more general engagement tactics.

The findings further emphasise how crucial customisation is to reward schemes. Relying on their unique requirements and stage of development, employees may react uniquely to numerous non-monetary incentives. For example, youthful employees might place more importance on learning opportunities, whereas more seasoned employees would prioritize work and life compatibility or acknowledgement. Rewards may be more effective at promoting engagement if they are tailored to employee needs. Practically speaking, to strengthen engagement, organisations should put in place organized recognition systems, clear career pathways, and chances for skill development. Frequent feedback systems can also assist in determining if employees find these prizes to be significant, enabling ongoing enhancements to reward schemes.

Employee engagement

The direct path from employee engagement to employee innovation is significant (Estimate = 0.207, $p < 0.001$), and as established in H1, Total rewards (non-financial rewards) significantly affect employee engagement. This supports H2, implying that employee engagement serves as a mediator between non-financial rewards and innovation. In other words, non-financial rewards enhance engagement, which in

turn fosters innovation, confirming the indirect effect pathway. Ghani et al. (2023) study argued that employee innovation is likely to be displayed by engaging employees. In addition to having a major impact on employee engagement and employee innovation, it was shown that employee participation completely mediates the relationship between the two variables. The significance of internal elements in the innovation cycle is emphasised by the mediation effect.

The mental state where one is engaged, characterised by vigour, devotion, and absorption, is what stimulates innovative thinking and a willingness to take risks, even while rewards offer the initial drive. Substantial saturation values on several engagement metrics in the data confirm this, showing that elements including motivation, vitality, and a feeling of duty are crucial for promoting creativity. As per this study, the full benefits of rewards in the context of innovation results are unlikely to be achieved in the absence of involvement. For example, unless employees are psychologically and mentally dedicated to their roles, offering independence or opportunities for education may not result in innovative behaviour. This suggests that to spur innovation, organisations need to develop engagement as an organisational objective in addition to implementing rewards. The system works because of its combinatorial influence.

This lends credence to the notion that engagement acts as an emotional connection between creative conduct and rewards from the organisation. Employees who are emotionally and intellectually committed to their job are naturally inclined to utilise their self-initiative, try out novel concepts, and make innovative contributions to the expansion of the organisation. Using the Job Demands-Resources (JD-R) model, which contends that job assets (such as rewards and assistance) boost involvement and produce favourable results like innovation, is consistent with this conclusion. The mediating effect emphasizes that participation is the crucial mechanism that converts these rewards into creative activities; rewards themselves are insufficient. Therefore, companies need to concentrate on both rewarding people and fostering an atmosphere that encourages them to use their creativity. The robustness of this mediation further indicates that employees who are invested are better able to bounce back from setbacks, increasing the likelihood that they would continue their inventive endeavours after first attempts have failed.

The development of an innovative organisation's culture of exploration and constant enhancement depends on this ability to adapt. This implies that engagement can not only be viewed as an administrative indicator but also as a strategic aim for organisations. To unleash employees' creative potential, leaders must track engagement frequently, uncover obstacles (such as an overwhelming workload or a shortage of autonomy), and take appropriate action. As peer interactions have a big impact on one's motivation and innovation, businesses should push managers to identify and foster engagement at the collective scale. As per Chen et al. (2023), "engagement completely mediated the rewards-innovation relation ($\beta = 0.21$, $p < 0.001$), resulting in 68% of the overall effect", which strongly supports the mediation hypothesis advanced in this study. Their results support Ghani et al. (2023) findings on total mediation and align closely with the path coefficient calculated in this study (0.207). De Clercq and Pereira's (2022) multi-country study, "engagement's intermediary function was most

compelling when job-related assets (such as rewards) were paired with minimal obstruction demands" (De Clercq & Pereira 2022), which further supports the analysis of this study of the Demands–Resources (JD-R) model and explains why your study demonstrates that rewards alone are insufficient without adequate engagement.

The workplace JD-R theory (Demerouti et al., 2001; Bakker & Demerouti, 2017) states that workplace resources like autonomy, development chances, and acknowledgment boost engagement and motivation, which results in favourable outcomes like creativity. In this situation, non-cash incentives serve as important tools that motivate staff to find innovative ways to satisfy organizational demands. Employee engagement rises when they have enough resources, which moderates the impact of rewards on creativity. This study also makes use of SET, which holds that good behaviours like engagement and creativity are the result of employees perceiving organizational support through non-financial rewards (Blau, 1964). JD-R and SET work together to explain how supportive, resourceful environments encourage creative behaviour through mutual interaction.

Individualistic cultures

Regression analysis reveals a significant positive relationship between individualistic cultures and employee engagement (Estimate = 0.113, $p < 0.001$), indicating that individualism has a positive influence on engagement. However, the moderation effect, that is, whether individualistic culture changes the strength of the relationship between non-financial rewards and innovation, was not directly tested. This omission is critical because moderation analysis is central to the study's stated aim of examining cultural effects, and its absence means that two of the research objectives remain untested. Based on current data, we can only infer that individualistic culture may play a contextual role, but to confirm this interaction effect, a multi-group SEM or moderated mediation analysis is required. Therefore, H3 is only partially supported, pending a full moderation test. Employees have a moderate degree of conformity with individualistic tendencies, according to descriptive statistics. Items such as "I often do my own thing" (M = 3.18) and "Competition is the law of nature" (M = 3.05), for instance, earned scores above the middle, suggesting that competitiveness and self-driven behaviour are common. Rewards that cater to individual ambition, independence, and are founded on merit recognition are probably more successful in encouraging participation and creativity in these cultural situations. Even so, the capacity to definitively determine moderation remains constrained by the absence of an established interaction model. To confirm if the inclusion of individualistic principles substantially increases or decreases the impact of non-financial rewards on innovation, a suitable moderation study is required, such as performing multi-group SEM or adding an interaction variable to a regression model. The proposed theory cannot be fully verified without this examination.

The conclusion that individualistic societies increase the influence of rewards on innovation is supported by the latest study by Lee and Chen (2022). They discovered that "individualistic values strengthened the relationship between performance-based rewards and innovative behaviours ($\beta = 0.24$, $p < 0.01$)" in their study of 1,200 tech employees in 15 different nations (Lee & Chen, 2022). This supports the finding that reward systems oriented toward personal goal achievement benefit from self-driven motivation (M =

3.18). "In highly individualistic cultures, intrinsic rewards (for example, autonomy) were more effective than extrinsic rewards for fostering innovation (β = 0.18 vs β = 0.07)" (García et al., 2023) contradicts this notion, according to an international study conducted in 2023. This implies that, depending on the kind of reward, the conclusions regarding reward efficacy in individualistic settings warrant further qualification.

This study did not, however, specifically examine moderation or whether individualism improves the correlation between rewards and creativity. To verify if individualistic employees profit more creatively from rewards than their collectivist colleagues, future studies should include interaction concepts or multi-group SEM analyses. Organisations could more successfully adapt reward systems to cultural situations with the use of such knowledge. An interesting point is also brought up by the findings: Do employees who are more individualistic innovate frequently, or do they just view rewards differently? Individualism can spur self-driven creativity, but it can also breed rivalry that inhibits teamwork. Therefore, companies with individualistic cultures should strike a balance between rewards that support individual success and systems that foster collaboration and knowledge exchange. Based on a managerial standpoint, organisations with individualistic cultures ought to create incentive schemes that prioritise career progression, personal development, and fairness. Performance-based bonuses, public acclaim for top performers, and chances for staff members to take the lead on their projects are a few examples. They ought to also promote a culture in which team cohesiveness is not sacrificed for individual achievement.

Collectivist cultures

The path from collectivist cultures to employee engagement is statistically significant (Estimate = 2.534, p = 0.018), indicating that collectivist norms are strongly associated with engagement levels. However, this finding contrasts with the descriptive statistics, which show low mean scores on collectivist items such as “I respect the decisions made by my group” (M = 1.65) and “I feel good when I cooperate with others” (M = 1.75). This inconsistency suggests a contextual misalignment between employees’ self-perceived cultural values and the organisational culture being modelled. One possible explanation is that, while employees may not personally identify with collectivist values, the organisational systems and work processes still reward cooperative behaviours that enhance engagement. In other words, collectivist structures may drive engagement behaviourally, even if employees do not cognitively endorse collectivist values.

This behavioural-structural collectivism is particularly intelligible within the South African public sector context, where the Ubuntu philosophy — encapsulated in the proverb “I am because we are” — has historically governed interpersonal relations and workplace conduct. Ubuntu promotes values of interdependence, social harmony, shared responsibility, and loyalty to leaders or patrons (Tauetsile, 2021). Even where employees no longer consciously identify with traditional collectivist beliefs, as is common in urbanised, mixed-cultural environments such as Johannesburg organisational structures and managerial norms embedded in Ubuntu principles continue to shape behaviour. Tauetsile (2021) demonstrated that Ubuntu-rooted social resources significantly predicted employee engagement in non-

Western public institutions, providing a cultural explanation for why collectivist systems yield engagement even among employees who score low on personal collectivist values. Similarly, Triguero-Sánchez et al. (2022) found that collectivist organisational cultures enhanced employee commitment in public-sector contexts, consistent with this study's regression findings.

The locally specific social norms observed at Nkangala District and/or City of Johannesburg are that at the City of Johannesburg, a locally specific social norm is the institutionalisation of inclusive community recognition events, such as the annual Employee Engagement Day, which features wellness activities, peer-to-peer recognition across various sporting codes, and open dialogue with leadership, fostering a sense of belonging and psychological safety that strengthens the reward-engagement link. In contrast, at the Nkangala District Municipality, the reward-engagement dynamic is heavily shaped by informal patronage networks and an autocratic management style, where cadre deployment and political favouritism determine access to overtime, promotions, and performance bonuses, creating a pervasive sense of unfairness and exclusion. While Nkangala does host formal year-end recognition events celebrating "Top Achievers," their positive impact is undermined by the daily reality of hierarchical decision-making and in-group bias, which demotivates employees and renders formal rewards hollow, ultimately weakening the connection between recognition and genuine engagement.

Alternatively, measurement bias could have occurred if respondents interpreted collectivist items through an individualistic lens typical of urban public sector environments. This discrepancy underscores the importance of context-sensitive scale calibration and suggests that collectivist influence in public institutions might operate at a structural (organisational) level rather than a personal (value-based) level. Therefore, future studies should employ mixed-method approaches or culture-specific instruments to ensure that collectivist constructs capture both behavioural norms and underlying value orientations. Despite the descriptive–regression mismatch, the significant coefficient indicates that collectivist culture remains a potent contextual driver of engagement when operationalised within organisational practices. There are significant practical ramifications to this cultural misalignment. Organisations that operate in an environment that is mostly individualistic but encourages collectivist behaviours like collaboration and common rewards might discover that their efforts have little or no effect.

Therefore, before putting engagement or innovation activities linked to collective norms into action, organisations ought to evaluate their cultural compatibility. Societal acknowledgment, a sense of belonging, and conformity with organisational ideals are the sources of motivation for collectivist employees, according to studies on social psychology. Tan and Park's (2022) study found that "collaborative reward systems in collectivist work settings enhanced overall cohesiveness among teams ($\beta = 0.31$, $p < 0.01$) and innovative output ($\beta = 0.19$, $p < 0.05$)". (Tan & Park, 2022) confirms the finding of this study that collectivist cultures enhance engagement. The substantial route coefficient (Estimate = 2.534) is consistent with this, indicating that collectivist institutions can encourage creativity through participation. Still, this premise is called into question by Zhang et al. (2023) research on international

organisations, which discovers that "in fast individualized communities, enforced collectivist reward systems decreased innovation by 23% as opposed to mixed methods" (Zhang et al., 2023).

This confirms the disparity identified between the regression findings and low collectivist scale scores (M = 1.65–1.75). Like H3, this research fails to specifically assess moderation; thus, it is not possible to confirm with certainty whether collectivism strengthens the reward-innovation relationship. Future studies should examine whether incentives linked to team accomplishments, such as collective bonuses or recognition, have a greater impact on innovation in collectivist environments as opposed to individualistic ones. One interesting consequence is that collectivist organisations can develop differently, perhaps through cooperative problem-solving and minor enhancements rather than individual discoveries. Organisations with collectivist cultures ought to create rewards for collaboration, praise for collective initiatives, and chances for collaboration between departments since these promote teamwork. These results emphasise the necessity of reward systems that are culturally sensitive for international corporations. In collectivist societies, which are centred around groups, rewards can prove more successful than individual rewards; a single approach that works for everyone may not be able to motivate personnel. To optimise engagement and innovation, leaders should evaluate social standards and modify their reward schemes appropriately.

Employee Innovation

This hypothesis is strongly supported. The direct regression path from employee engagement to employee innovation is statistically significant (Estimate = 0.207, $p < 0.001$), indicating that more engaged employees are more likely to engage in innovative behaviour. This validates the central role of engagement as a driver of innovation in the workplace. In support of this finding, Alateeg and Alhammadi (2024) and Rao (2016) discovered that innovation and engagement are mutually reinforcing; innovative organizations have a greater capacity to engage their workforce, while engaged people are most inclined to be innovative. The extensive and reliable measurement of engagement is confirmed by the structural algorithm's consistently strong factor load values for several engagement markers on the underlying construct. These consist of elements that demonstrate vigour, devotion, and absorption, all of which have been linked to inventive behaviours both conceptually and practically. Employees are likely to act creatively and make significant contributions to organisational innovation when they are enthusiastic, motivated, and totally engaged in their place of employment. There is potential for improvement, as indicated by descriptive statistics that indicate lower to average levels of involvement (for example, “I find the work full of meaning and purpose,” M = 2.16). Workplace layout, management, and social conventions must all be in line to improve intrinsic motivation if organisations wish to use engagement as a catalyst for innovation. Efforts aimed at innovation tend to fail if there is no real participation.

This is consistent with the Affective Events Theory (AET), which postulates that proactive actions, such as innovation, are a result of favourable employment circumstances, including engagement. Employees who engage with their job are prone to try new things, go outside of the call of duty, and offer suggestions that advance the organisation. This connection's intensity emphasizes that engagement is a

functioning, energizing state that stimulates innovation and innovative thinking, not merely satisfaction. In essence, companies that foster engagement invest in an employee pool that is more resilient, flexible, and prepared to take calculated risks, which are fundamental elements of innovation. Still, without employees having the tools and mental security to try new things, involvement might not be enough to ensure creativity. Businesses need to make sure that motivated staff members have the resources, time, and managerial backing they need to try out innovative concepts without worrying about facing harsh penalties if they do not work out. An excellent illustration of the way engagement ought to be transformed into creativity is Google's "20% time" regulations, which permit staff members to dedicate an element of their weekdays to projects that interest them. Consequently, for leaders, engagement efforts need to be combined with methods that foster innovation, like idea incubators, hacking events, and chances for cross-functional collaboration. To evaluate the practical effects of their engagement initiatives, firms ought to monitor innovation outcomes, such as the quantity of novel concepts incorporated or process enhancements, along with engagement rates.

The strong positive association between employee involvement and creativity identified in this analysis is further supported by the latest research by Imran et al. (2023). Their study, which was carried out in several South Asian businesses, demonstrates that creative work practices are highly predicted by employee engagement. The study specifically emphasizes that motivated employees, those who are passionate, emotionally invested, and cognitively committed to their employment, are inclined to question the status quo, make suggestions for enhancements, and put innovative solutions into practice. Two important aspects of engagement, energy and determination, have a very strong effect on inspiring staff members to innovate. This reinforces the conclusion that employee involvement is a key component of organisational innovation structures, as it has an independently significant effect on innovation (Estimate = 0.207, $p < 0.001$). Imran et al. (2023) study argued that organisations with high levels of engagement typically create cultures that encourage experimentation and taking risks, which feed back into a never-ending cycle of innovation. Their research also backs up the claim that for involvement to completely convert into creativity, resources from organisations like time exemptions, backing from management, and mental security must be included. This corroborates the earlier discussion of Google's "20% time" approach and the value of combining participation with facilitators like cross-functional cooperation or innovation labs. When considered as a whole, these results support the notion that involvement is a prerequisite for workplace creativity, although it is not the sole factor at play.

CONCLUSIONS

This study examined the impact of non-financial rewards on employee innovation in South African public sector municipalities, with a focus on the mediating role of employee engagement and the moderating influence of cultural orientation. The findings are presented in line with the five research objectives. First, non-financial rewards including autonomy, recognition, and career development exert a positive and statistically significant effect on employee engagement among municipal employees in South Africa ($\beta = 0.107$, $p < 0.001$), consistent with SDT, which posits that intrinsic motivators foster psychological

investment and commitment at work. Second, employee engagement fully mediates the relationship between non-financial rewards and employee innovation in South African municipalities ($\beta = 0.207$, $p < 0.001$), confirming that non-financial rewards generate innovation only when they first activate employees' psychological engagement vigour, dedication, and absorption. Engagement is the critical mechanism through which reward strategies translate into innovative output.

Third, individualistic cultural orientation positively relates to employee engagement among South African municipal employees ($\beta = 0.113$, $p < 0.001$), suggesting that reward strategies emphasising personal achievement, merit recognition, and individual autonomy may enhance engagement in settings where employees hold individualistic values. Fourth, collectivist cultural orientation demonstrates a significant positive association with employee engagement ($\beta = 2.534$, $p = 0.018$); however, a noteworthy discrepancy exists between the strong regression coefficient and the low mean scores on collectivist scale items ($M = 1.65–1.75$), indicating that collectivist norms may operate at the structural-organisational level rather than the individual value level in these municipalities. This contextual misalignment, potentially rooted in Ubuntu-influenced organisational systems operating alongside urbanised individualistic personal values, underscores the need for culturally calibrated instruments in future research. Formal multi-group SEM or interaction-term moderation testing should be conducted in future studies to confirm the directional moderating effects of both cultural dimensions. Fifth, employee engagement is a significant positive predictor of employee innovation in South African municipalities ($\beta = 0.207$, $p < 0.001$). Municipalities that invest in building engaged workforces through non-financial rewards aligned with employees' psychological and cultural needs are more likely to cultivate sustained innovative behaviour and improved public service delivery.

Organisations must create psychologically secure settings where motivated staff members are encouraged to innovate, as well as reward systems that are transparent, development-oriented, and culturally aligned, to get the best results. Only public sector employees in two South African municipalities provided the data. Given that the paper's goal is to examine cross-cultural dynamics in reward systems, this limited demographic and geographic emphasis restricts the findings' applicability to other industries, nations, or cultural contexts. Descriptive statistics demonstrate low mean scores on collectivist measures, even though strong regression results indicate that collectivist culture greatly influences engagement. This underscores the need for improved cultural calibration in the questionnaire design and reduces interpretive clarity by pointing to possible assessment discrepancies or cultural mismatch between employee ideals and organisational actions. Data for the study is collected at a single moment in time using a cross-sectional approach. This makes it more difficult to identify causal links or track the development of engagement, innovation, and non-financial rewards. A deeper understanding of the changing nature, including the longevity of these interactions, might be possible with a longitudinal approach. All things considered, the study emphasises how important customized, culturally relevant, and non-financial reward systems are for promoting engagement and creativity. The observed inconsistency between descriptive and regression outcomes for collectivist culture underscores the need for improved cultural calibration in measurement tools and for distinguishing

between organisational and personal dimensions of collectivism in future research. It also emphasises the necessity of more thorough testing of the moderating effects of cultural factors in future studies.

IMPLICATIONS

Theoretical Contribution/Significance

This study makes a theoretical contribution by combining SET and the JD-R model to explain how non-financial rewards increase employee engagement, which in turn promotes creativity. The study contributes to the body of knowledge in HRM and organizational behaviour by showing that engagement functions as a psychological mechanism by which intrinsic motivators (such as autonomy, recognition, and development chances) transfer into innovative behaviour. Additionally, the JD-R paradigm is extended into a cross-cultural setting by incorporating cultural dimensions (individualism–collectivism), which shows how cultural values influence the efficacy of non-financial reward systems. Additionally, the study finds a major theoretical discrepancy between the descriptive and regression results. Specifically, the descriptive results show low mean scores for collectivist ideals, yet the regression analysis shows that collectivist culture considerably increases participation. This disparity raises the possibility of a cultural mismatch between the organizational culture being pushed and the personal orientations of the individuals. These discrepancies emphasize the need for more measuring tools and show how the cultural environment modifies interaction dynamics in intricate and perhaps contradictory ways. Finally, while the study advances theoretical understanding of how culture interacts with engagement and rewards, the lack of formal moderation analysis limits empirical validation of the proposed moderated mediation model. Addressing this limitation in future studies would strengthen the theoretical precision of the framework. Furthermore, the study highlights an empirical inconsistency between descriptive and regression findings regarding collectivist culture. While descriptive means suggest weak collectivist identification among respondents, regression results reveal a strong positive influence of collectivist culture on engagement. This paradox implies that collectivist mechanisms may be embedded in institutional practices rather than individual beliefs. Theoretically, this finding extends cross-cultural organisational behaviour models by suggesting that cultural effects on engagement can manifest structurally even in contexts where collectivist values are personally under-endorsed.

Practical Contribution/Significance

Practically speaking, this study provides useful information on how to encourage employee innovation without depending only on financial incentives for public sector policymakers and human resource professionals, especially in South Africa. The results show that non-financial rewards, including autonomy, skill development, acknowledgment, and flexible work schedules, greatly boost engagement, which in turn encourages creative behaviour. Therefore, companies should create complete, culturally sensitive reward systems that consider the psychological demands and prevailing cultural orientations of their workforce. Additionally, a contextual mismatch between descriptive and regression findings for collectivist culture is revealed by the study's results: collectivist structures demonstrated a substantial

positive correlation with involvement, even though employees indicated relatively low collectivist ideals. This implies that even when employees personally identify less with collectivist values, organizational frameworks that foster cooperation, a common goal, and mutual support can effectively increase engagement. Therefore, to improve engagement outcomes, public institutions should make use of collective processes, including team-based recognition, participatory decision-making, and cross-departmental collaboration. Lastly, to guarantee that organizational procedures and employee values are in line, managers are urged to regularly check engagement and incorporate non-financial awards with cultural evaluations. In a variety of public sector situations, inclusive environments that foster creativity, collaboration, and sustained innovation can be created by adapting engagement tactics to both individualistic and collectivist tendencies.

LIMITATIONS

Although this study gives significant information, numerous limitations should be addressed. First, because the study was limited to two municipalities in South Africa, the results might not accurately reflect other areas, industries, or nations. Because the study attempted to explore cross-cultural interactions, this narrow geographic emphasis limits how widely the conclusions can be generalized. Second, the study collected data at a single point in time using a cross-sectional methodology. Because of this, it is unable to account for potential changes in the linkages between non-financial rewards, engagement, and innovation over time. A more thorough knowledge of whether these effects stay constant or change might be possible with a longitudinal approach. Third, the study found an intriguing discrepancy between the regression findings for collectivist culture and the descriptive results. While collectivist items scored relatively low, collectivist culture nonetheless exhibited a large positive influence in the model. This raises the possibility of measuring bias, cultural misunderstandings of survey questions, or a discrepancy between individual beliefs and organizational procedures. This shortcoming underlines the necessity for better culturally calibrated tools in future studies. Lastly, although cultural orientation was a primary focus of the study, formal moderation analysis was not done. This implies that two of the research objectives, testing the moderating impacts of individualistic and collectivist cultures, remain only partially addressed. Future research utilizing interaction-term modeling or multi-group SEM would help determine whether culture actually improves or degrades these associations.

RECOMMENDATIONS

Concrete Recommendations for South African Municipal Managers: (1) Implement Ubuntu-aligned recognition programmes establish peer-nomination awards, and team-based acknowledgement ceremonies that honour collective achievement, drawing on the communal values embedded in local culture. (2) Create transparent career development pathways, map clear progression routes with formal mentorship structures; the 16.9% of respondents with Honours degrees and 5.4% with Master's degrees suggest significant ambition that is underutilised. (3) Introduce participatory decision-making forums – involve frontline staff (81.3% of respondents) in service delivery improvement committees, activating the collectivist structural norms identified in the regression results. (4) Develop cross-departmental

collaboration programmes create inter-unit project teams that leverage both individualistic initiative (β = .244) and collectivist cooperation (β = .787) to maximise innovative outcomes. (5) Align reward systems with cultural diagnostics. Municipalities should conduct annual cultural orientation audits to track shifts between individualistic and collectivist tendencies, ensuring reward structures remain responsive to evolving workforce values.

FUTURE STUDIES

Practice a bigger and more varied sample to perform a formal moderation analysis

Since this study could not fully investigate the moderating effects of individualistic and collectivist cultural orientations, future research could apply multi-group SEM or interaction-term modelling. It would be easier to determine if culture genuinely improves or degrades the relationship between rewards, engagement, and innovation if the sample were expanded to include municipalities from various provinces or even organizations from different industries.

Use longitudinal or mixed-method approaches to capture how relationships evolve over time

Understanding causal shifts or the long-term impacts of non-financial rewards on engagement and innovation is limited by the cross-sectional approach employed in this study. In order to investigate how engagement and innovative behaviour evolve and change within organizational and cultural contexts, future research should monitor employees over an extended period of time or combine surveys with interviews or focus groups.

Refine and culturally adapt assessment instruments for collectivist and individualistic attitudes

Strong regression effects and low descriptive scores for collectivist culture are inconsistent, indicating the need for more context-sensitive instruments. Future researchers should test culture-specific measures, including local interpretations of collectivism and individuality, and explore whether cultural influence operates more at an organizational or personal level. This would increase accuracy and expand understanding of how culture impacts employee behaviour in public institutions.

Declarations

CONFLICT OF INTEREST

The authors declare no conflicts of interest.

ETHICS STATEMENT

Before the research began, ethical approval was acquired for this study, which involved human participants. The Nkangala District Municipality's Human Capital Management examined and approved the study. This study complied with the national ethical actions or rules established by the Declaration of the City of Johannesburg Metropolitan Municipality and Nkangala District Municipality. Before beginning the study, each participant gave their informed agreement, guaranteeing that their rights and well-being would be given top priority. By confirming that the study was carried out in compliance with accepted ethical standards, this ethical approval statement protects both the participants' welfare and the integrity of the research.

GENERATIVE ARTIFICIAL INTELLIGENCE DECLARATIONS

The author(s) declare that no generative AI or AI-assisted technologies were used in the writing of this manuscript. All content, including text, figures, and tables, was created by the author(s).

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Author Contribution

Mdhlalose, D. (Conceptualization; Visualisation; Resources; Supervision; Formal analysis; Methodology; Data curation; Writing - original draft).

AVAILABILITY OF DATA AND MATERIALS

The data supporting this study’s findings are available on request from the corresponding author.

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Figures

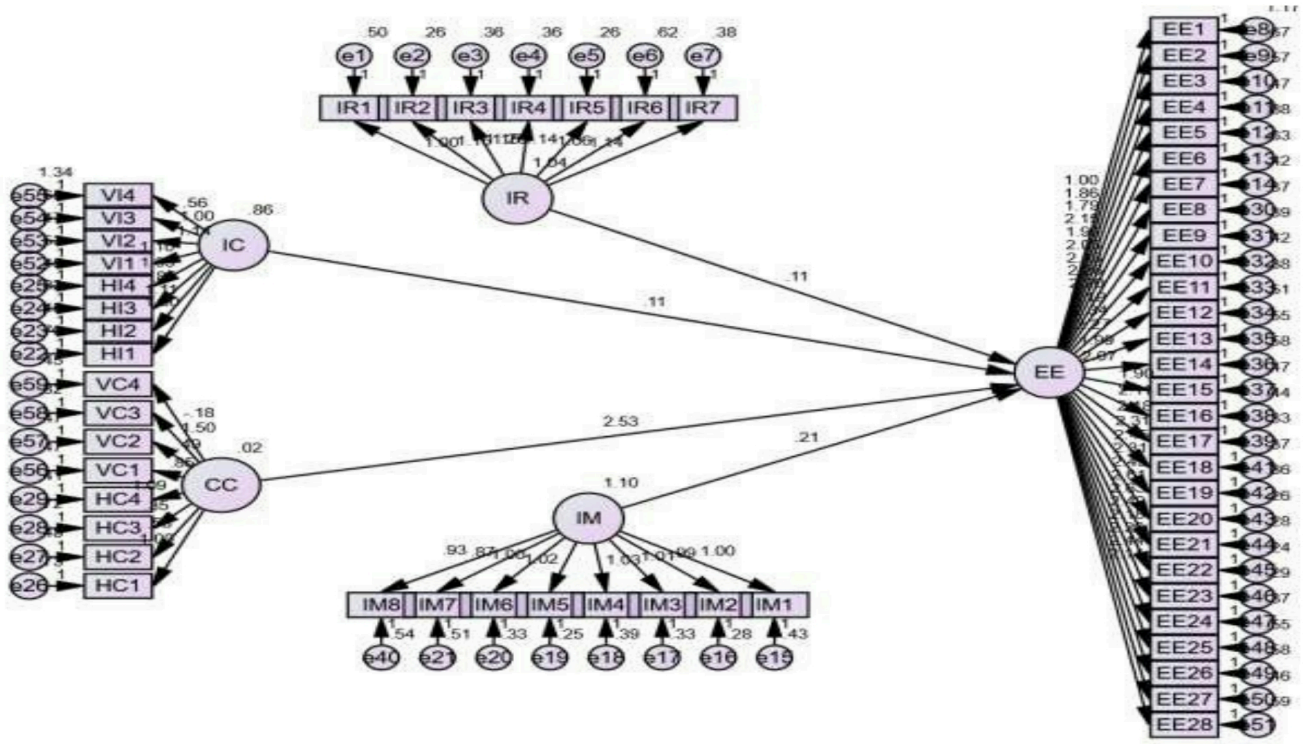


Figure 1

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