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Dynamic Governance and Innovation in Tanzanian Co-operatives: Mediating Effect of Managerial Recruitment

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Abstract: Dynamic governance is increasingly recognised as an important approach for strengthening organisational processes and fostering innovation. However, its role within Tanzanian co-operatives remains unclear. This study examines how dynamic governance is associated with innovation in co-operatives and explores whether managerial recruitment strengthens these relationships. A cross-sectional design was used, with data collected from 320 respondents through proportionate random sampling. The data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The findings show that key dimensions of dynamic governance deliberate decision-making ($\beta = 0.141$, $p = 0.010$), planning ($\beta = 0.219$, $p < 0.001$), and deployment of expertise ($\beta = -0.139$, $p = 0.035$) are significantly associated with innovation. The model explains a moderate proportion of variation in innovation ($R^2 = 0.48$), with effects ranging from small to moderate in magnitude. In addition, managerial recruitment strengthens the relationship between planning and innovation ($\beta = 0.208$, $p = 0.002$), but does not significantly influence the other governance dimensions. In conclusion, the findings suggest that aligning recruitment practices with planning processes can play a meaningful role in enhancing innovation in co-operatives. The study contributes to theory by showing that recruitment acts as a context-dependent mechanism through which governance practices translate into innovation outcomes.

Keywords: Co-operatives, Dynamic governance, Innovation, Recruitment

1. Introduction

Governance comprises of decision-making methods, power relations, and accountability instruments. Its central purpose is to guarantee accomplishment of organisational objectives following its core mandate (Ulibarri *et al.,* 2023). In the co-operative sector, governance is the structure and means that are applied for administration, regulating, and safeguarding responsibility. This incorporate formulation of policies, resolution of organisational issues, and management of policy execution. Dynamic governance, is likewise known as sociocracy, signifies governance strategies in co-operative organisations stressing self-regulations, shared strategic choices, and versatile approaches addressing everchanging circumstances (Novković *et al.,* 2023).

To sharpen the theoretical motivation, this study conceptualises dynamic governance through three core dimensions decision-making, strategic planning, and deployment of expertise. These dimensions enhance innovation by improving responsiveness, resource alignment, and knowledge utilisation within co-operatives operating under volatile institutional and market conditions.

Prior studies have conceptualised governance and innovation independently, this study integrates dynamic governance with recruitment processes as an interactive mechanism shaping innovation outcomes in co-operatives, particularly within Tanzanian where co-operatives operate within institutional constraints, political influence, and capacity limitations, making governance quality particularly critical in determining their ability to innovate. Co-operatives, as member-owned enterprises, distinguished through democratic nature as well as voluntary collaboration of persons determined to fulfil economic, social, and cultural needs (Ribas *et al.,* 2022) unlike private firms, co-operatives are deeply entrenched in societies and advocate principles of morals, integrity, and democracy (Wang, et al., 2024).

Co-operatives is key in socio-economic progression because its services include extending credit, disbursing farming inputs as well as marketing of agricultural produce. Farmers obtain quality inputs in fair prices which result in improving their yield and revenue. Despite this importance limited empirical studies examined how governance structures in co-operatives translate into innovation through internal organisational processes such as recruitment, which this study explicitly addresses. Structures of Governance in co-operatives are normally moulded by the its mission and the dynamics of members' interactions.

Although co-operatives are democratic there are diverse circumstances that necessitate adjustment in order to meet the internal and external environment pressure. Present-days are ushered in a volatile landscape, thus co-operatives must responsive to community needs and opportunities that are constantly changing. Kumburu and Komba (2021) asserted that current times fuelled by globalisation, novelty, and technical progressions, has increased competition amongst varied stakeholders. This kind of arrangement reassures involvement of the member, enhance information dissemination and eventually reducing information asymmetry while strengthening trust and culture of innovation.

Dynamic governance (DG) is vital in recruitment of executives in co-operative and must be based on merit and a robust organisational culture (Waris, *et al.,* 2025). This in turn results in delivering superior performance. Recruitment processes must prioritise selection of the qualified managers by way of merit rather than favouritism (Aslam *et al.,* 2023). In a dynamic co-operative, efficient recruitment donates to the improvement of decent governance (Ntshangase *et al.,* 2024). This study extends this argument by empirically testing recruitment not merely as an outcome of governance, but as a mediating mechanism through which dynamic governance influences innovation an area that remains underexplored in co-operative literature.

Attainment of affluence in co-operative societies relies heavily on the meritocratic recruitment of managers who possess necessary knowledge and authority that aligns with co-operative philosophy (Jamaluddin *et al.,* 2023). Nevertheless, a significant portion of co-operative enterprises underperform, this indicate that not all cooperative Organisations fall short in performance, indicating that not all co-operatives facilitate poverty alleviation as they have not met expectations (COASCO, 2021).

In a co-operative society, members who actually own the co-operative should benefits. These advantages emanate from services rendered as well as socio-economic gains accrued through their membership. If the performance on both fronts is reasonably satisfactory, implies the presence of effective dynamic governance. Accordingly, this study contributes by conceptualising performance challenges in co-operatives through a governance–recruitment–

innovation nexus, offering a more nuanced analytical lens than prior single-variable approaches.

Co-operative society encompassed of members, leaders (Board of Directors) who represent ordinary members, and management (experts hired management). These units are managerial tools and offer service aligned with members needs and interest (Waris, *et al.,* 2025). While wielding authority, members also anticipate service that meet their needs from the co-operative. Therefore, service deliverance and its utility constitute performance (Kyazze *et al.,* 2017).

Empirical evidence indicates underperformance of co-operatives (Kumburu & Komba, 2021) underscoring the necessity of dynamic governance. According to Kasim (2013) this encompassing political oversight, alignment of public policies, meritocracy in recruitment, and combating bribery. These are imperative for nurturing innovation in co-operatives. Nonetheless, prevailing recruitment procedures used by co-operatives lack comprehensive job scrutiny (Ashraf, 2017). Effective recruitment is weakened by lobbying, unskilled, nepotism, cronyism, and narcissistic (Kumburu & Komba, 2021).

This study is among the first to empirically examine this relationship within Tanzanian co-operatives, thereby providing context-specific evidence that advances both theory and practice in developing economies. Based on the mentioned obstacles, this investigation delves into assessing the effect of dynamic governance on co-operative innovation in Tanzania. The study further evaluates how co-operative innovation impacts recruitment operations as well as scrutinising the influence of dynamic governance on co-operative innovation and recruitment playing a mediating role.

Accordingly, this study is guided by the following research questions: (i) How do dynamic governance dimensions influence innovation in Tanzanian co-operatives? (ii) What is the role of recruitment as a moderating mechanism in this relationship? By addressing these questions, the study contributes by (a) refining the theoretical linkage between governance and innovation using Dynamic Capability and Person–Job Fit perspectives, (b) providing context-specific empirical evidence from Tanzanian co-operatives, and (c) advancing a governance–recruitment–innovation nexus that moves beyond prior single-variable approaches.

By doing so, the study moves beyond theoretical application to offer an integrated empirical framework linking governance dynamics, human resource practices, and innovation outcomes, while advancing understanding of how dynamic governance enhances innovation through efficient recruitment in co-operative.

2. Literature Review

2.1 Theoretical and empirical debates

This study in anchored in two theoretical frameworks that is Dynamic Capability Theory (DCT) and the second is Person-Job Fit Theory (PJFT). While both theories have been widely applied in organisational studies, their combined application to co-operative governance and recruitment in relation to innovation remains largely unexplored, marking a key theoretical contribution of this study. This study narrows its focus by explicitly linking DCT micro-foundations (sensing, seizing, and transforming) to specific dynamic governance (DG) dimensions deliberative decision-making, planning, and deployment of expertise thereby providing a clearer causal pathway to innovation outcomes.

DCT and PJFT integration offers a complete context for assessing influence of DG on innovation through the recruitment of executives in Tanzania's co-operatives. This study advances theory by demonstrating how dynamic capabilities are operationalised through recruitment decisions, thus bridging a critical gap between macro-level governance theory and micro-level HR practices. Co-operatives, should unceasingly acclimatise, assimilate, and reconfigure interior and exterior capabilities to address fast changing surroundings (Teece, 2020; Wang, & Liu, 2023; Ambrosini & Bowman, 2020). However, prior empirical studies provide mixed evidence on the governance–innovation link, particularly in co-operatives, where democratic structures may both enable knowledge sharing and constrain rapid decision making.

This study critically builds on such inconsistencies by examining how specific DG dimensions differentially influence innovation rather than treating governance as a uniform construct. This underlines the vital functions of executive competences in nurturing innovation as well as strategic regeneration. Biedenbachand and Soderholm (2021), Fainshmidt *et al.* (2019) expounded in what way dynamic capabilities allow companies to attain and uphold competitive edge in unstable settings. Dynamic governance in the setting of Tanzania's co-operative refers to strategic employment of executives with required dynamic skills in sensing opportunities, seizing them, and transforming the co-operative enterprises. Theory assumption assert that managers of this kind can expressively augment co-operatives' capability to invent and acclimatise to changing market dynamics.

The PJFT propounded by Schmidt and Hunter (1983) complementing this theory by underscoring the alignment amongst person's skills, aptitudes, and experiences and the exact job specification (Kristof-Brown *et al.,* 2021). In contrast to earlier studies that treat governance as direct predictors of performance, this study conceptualises recruitment as a contingent (mediating) mechanism that conditions the strength of the DG innovation relationship, thereby responding to calls for more nuanced HR–governance interaction models. A fit between the individual and the work results to superior performance, job gratification, and general firm efficiency as per the thesis of this theory.

Similarly, Van Vianen *et al.* (2021) stressed the relevance of matching staff competences with work specifications. Thus, this study providing realistic facts of the optimistic results of person-job fit such as augmented job gratification, firm engagement, and staff retention. Utilising this theory to recruitment of managers in Tanzanian co-operatives guarantees that employed candidates own the expertise and practises essential to boost innovation in co-operative. The configuration ensures innovation as well as effectiveness in the co-operatives. Both theories additionally guide co-operative boards in exercising dynamic governance through emphasising co-operatives to hire managers possessing aptitude to sense opportunities, seize them, and transform organisational processes and eventually drive incessant innovation in a rapid evolving environment.

Finding appropriate candidate for a senior-level post is a complex task with outcomes that can profoundly impact short-term operations and long-term organisational performance. For this the board must apply innovative as well as flexible tactics to recruitment to ensure the person hired match the requirement of the job. The combination of DCT and PJFT proposes a framework useful for comprehending means that dynamic governance (DG) affects innovation by strategic recruitment of executives. This integrative framework represents a novel contribution by linking governance, recruitment, and innovation into a single analytical model, particularly within the co-operative sector in developing economies.

When guided by the DCT and PJFT, co-operatives can recruit managers who not only possess the ability to identify opportunities, act on them, and drive organisational change, but whose skills, experience, and competencies closely align with the co-operative's innovation needs. Together, these perspectives strengthen the co-operatives' capacity to adapt to market changes and sustain continuous innovation. By assimilating these theories, this work provides a clear comprehension on the means through which effective recruitment practices can boost firm invention and adaptableness. Therefore, combined perspective also offers valuable insights into strategically managing human resources in dynamic and viable settings, especially in co-operatives in global south countries like Tanzania.

DG is essential for success in today's global and technologically advanced environment, as it deliberates functions of actors in governance, regulatory systems, and tools for achieving organisational goals (Teece, 2020; Wang, & Liu, 2023; Ambrosini and Bowman 2020). Empirical literature on co-operatives remains limited and fragmented, with most studies focusing on large firms or public organisations. Evidence on HR moderating effects is particularly scarce and inconclusive, justifying the need to explicitly test recruitment as a mediator rather than assuming a direct or moderating role.

A key focus is fostering innovation, particularly in co-operatives' operations and in the recruitment and choice of managers. Innovative boards are believed to actively seek out managers who not only possess traditional management skills but also demonstrate a track record of innovation and adaptability (Markell & Glicksman, 2016). Moreover, co-operatives that adopt innovative recruitment practices like exploiting digital platforms for aptitude finding, advance equality and inclusivity, and encouraging continuous learning tend to perform better than those that do not. Such managers are pioneer to new business models, emerging markets, and even capitalises on innovative technologies that enhance co-operative performance and competitiveness in a globalised economy.

Contrarily, recruitment in the co-operative societies is regarded as problematic as the employees poses challenges, however, nature of the problem is not clearly stipulated (Mwita *et al.*.2022). Thus, recruitment should focus on merit and impartiality, these are crucial in hiring of co-operative managers who are keen in ensuring effective service delivery and performance (Manneh & Adesopo, 2022). Prior studies including Mwita *et al.* (2017) and dos Santos et al. (2020) noted that organisations utilising merit-based recruitment have suggestively minimal corruption practices in their operations. Selection and assessment processes are integral to effective human resource protocols (Mebom, 2024). Moreover, hiring competent managers assist co-operative to realise efficiency and competitive edge (Mwita *et al.,* 2022).

Further, Saeedikiya *et al.* (2024) opined that dynamic capabilities can produce edge over competitors, superior performance and greater likelihood of attaining goals of the co-operatives. These proficiencies (capabilities) are nurtured by deliberative decisions, choices, planning, designed functions, and the skills utilisation (Giniuniene & Pundziene,2020). In addition, a strong organisational culture plays a vital role for co-operatives as it can enhance enterprise capability to deliver on its mission effectively (Olejarski *et al.* 2019). While prior studies highlight the importance of merit-based recruitment, they largely overlook its interaction with governance structures in shaping innovation outcomes an omission this study directly addresses. Drawing from this, each DG dimension is theoretically justified: deliberative decision-making enhances innovation through inclusive knowledge integration; planning improves innovation by aligning long-term resource allocation with strategic

opportunities; and deployment of expertise strengthens innovation through effective utilisation of specialised human capital.

Previous studies mainly based on people-centred methods and cultural effects on recruitment so as to augment performance (Dos Santos *et al.,* 2017; Brown, 2014; Black & Venture, 2018; Asseburg *et al.,* 2018). These studies reveal that organisational plays a central role in impactful leadership and enterprise transformation. Along with this, Darnold and Rynes (2013), and Rynes and Cable (2003) stressed the prominence of teamwork, social interactions, informal norms, collective beliefs, decentralised authority, and interdependence. These studies though, have given scant attention the role of co-operative boards and their innovative acts in sourcing managers. Nevertheless, Scholarly works on dynamic governance and recruitment is devastatingly tailored toward big enterprises and none in co-operative sector.

Only study by Waris, et al., (2025) focus on influence of dynamic governance on public service innovation, Analysis of recruitment of officials of public organisations in local government, however, the study was based on local government and was done in the context that are different from Tanzania. This indicates a literature deficiency in comprehending in what way dynamic governance, if moderated by the recruitment process of managers may affects innovation in co-operatives in Tanzania.

Thus, the present investigation, bridge this gap through appraising the effect of dynamic governance on innovation in co-operatives in Tanzania if mediated by the recruitment process. Accordingly, the hypotheses are grounded in a strengthened theoretical logic where DG dimensions directly influence innovation, and recruitment quality conditions (mediates) the strength of these relationships rather than acting as a transmission mechanism: H_1. Dynamic governance (deliberative decisions) positively influences innovation in co-operatives; H_2. Dynamic governance (planning) positively influences innovation in co-operatives; H_3. Dynamic governance (deployment of expertise) positively influences innovation in co-operatives; H_4. Recruitment of managers moderates the positive relationship between dynamic governance (deliberative decisions) and innovation; H_5. Recruitment of managers moderates the positive relationship between dynamic governance (Planning) and innovation; H_6. Recruitment of managers moderates the positive relationship between dynamic governance (deployment of expertise and innovation.

3. Methodology

3.1 Research design and the study area

A cross-sectional design was utilised through administering structured questionnaires, this design was preferred because it allows data to be gathered at a single point in time, making it useful for descriptive studies and for the determining relationships between variables (Kesmodel, 2018; Wang & Cheng, 2020). In addition, the design was considered appropriate for testing hypothesised relationships among constructs, including mediating effects, within a single empirical framework.

The study was conducted in Arusha, Kilimanjaro, and Dar es Salaam. These regions are considered as the main hubs of the Tanzanian modern co-operative sector. Study population comprised co-operatives. The target population was co-operative managers. These managers were selected due to their direct involvement in governance processes, recruitment decisions, and innovation practices, making them suitable respondents for this study.

3.2 Sample and data collection

Convenience sampling was initially employed to identify accessible co-operative societies within the selected regions, forming the sampling frame for the study. This was followed by proportionate random sampling to select respondents within each co-operative, ensuring that representation reflected the size of each co-operative and reducing selection bias. G*Power was used to calculate the minimum required sample size.

The power analysis was conducted using an effect size of 0.15, an alpha level of 0.05, a desired statistical power of 0.80, and six predictors, yielding a minimum sample size of 300, which was considered sufficient for the study. The combined sampling techniques ensured adequate representation while maintaining data collection feasibility. Data collection began after obtaining ethical approval from Moshi Cooperative University and receiving a field clearance letter from President's Office Regional Administration and Local Government (PO-RALG). Introduction letters were used to secure permissions at the regional, district, and village levels.

Informed consent was secured from all participants, who were adequately briefed on the purpose of the study, voluntary participation, confidentiality of responses, and their right to withdraw at any stage without any consequences. All data were treated with strict confidentiality and used solely for academic purposes. Out of 380 distributed questionnaires, 320 were returned, representing a response rate of 84.2%. A comparison between early and late respondents was conducted to assess potential nonresponse bias, and no significant differences were observed, suggesting that nonresponse bias was unlikely to affect the results. Primary data were collected using structured questionnaires, which were pilot-tested and refined through expert validation and a pilot study in three co-operatives to enhance clarity, reliability, and contextual relevance.

3.1 Variable measurements and Common Method Bias control

Questionnaire items were adapted from previously validated scales and refined to meet the requirement of this study (Appendix A). Dynamic governance in terms of deliberate decisions and choices in this regard was assessed using five indicators: inclusiveness, transparency, collective decision-making, and equality and respond to external environment. These items were adapted from Neo & Chen (2007) and contextualised to reflect co-operative governance practices in Tanzania.

Five indicators were utilised in assessing planning they include resource allocation, timeline adherence, sustainability, and quality of the plan. These items were adopted from Sharabati *et al.* (2010), with the scale refined to suit the co-operative context. On the other hand, deployment of expertise was measured using three indicators, which are skills mapping, role clarity, and quality of deliverables, adapted from existing studies on organisational capabilities.

Manager recruitment parameters included integrity, capability, skills, fair selection processes, and meritocracy. These items were adapted from Ban et al. (2003), Egeberg *et al*. (2017), Neo and Chen (2007) and Sparrow (2007). Finally, six items adopted from Khalili (2017) were utilised to measure innovation, including technology adoption, candidate experience, diversity and inclusion, data analytics, automation and efficiency, and collaboration and stakeholder engagement, with minor contextual modifications to fit co-operative settings. All constructs were operationalised as reflective constructs and measured using five-point Likert-scale items. Reliability was confirmed using Cronbach's alpha and Composite Reliability (CR), with all constructs exceeding the acceptable threshold of 0.70, indicating satisfactory internal consistency.

Both procedural and statistical controls were applied to address common method bias (CMB). Procedurally, respondents' anonymity was ensured, they were informed there were no right or wrong answers, and encouraged to respond honestly, reducing evaluation apprehension and social desirability bias. Questionnaire items were also conceptually separated across sections to minimise patterned responses. Statistically, Harman's single-factor test showed that no single factor accounted for the majority of variance, indicating that CMB was not a serious concern (Podsakoff *et al.,* 2012). Together, these measures suggest that the observed relationships are not substantially affected by common method bias.

4. Results and Discussion

4.1: Result Presentation

Inferential statistical methods, specifically the Partial Least Squares Structural Equation Modelling (PLS-SEM) (Hair *et al.,* 2016), were employed to test the hypotheses. PLS-SEM was chosen because it effectively models latent constructs and captures complex relationships among governance variables while providing stronger predictive power than traditional regression methods (Hair *et al.,* 2019). The method is also applied in most governance studies. Furthermore, the use of SEM enabled simultaneous assessment of the measurement model and structural relationships, including the testing of moderating effects. Table 1 presents the correlation matrix of key constructs.

Table 1: Correlation Analysis

	DDC	P	DE	RM	I	Mean	SD
DDC	1.OOO					5.191	1.035
P	0.202	1.000				6.322	0.850
DE	0.283	0.321	1.000			6.198	1.078
RM	0.093	0.476	0.273	1.000		6.588	0.662
I	0.193	0.304	0.304	0.224	1.00	5.641	0.973

Note: N= 320, CR=> composite reliability, AVE=> average variance extracted, RM =>Recruitment of Managers, DG> Dynamic governance, DDC=> Deliberate decision and choice, P => Planning, DE=> Deployment of expertise, I => Innovative

Source: The Authors'

The results in Table 1 present correlation values, mean, and standard deviation. The results indicate that the mean values of all items and corresponding constructs exceeded four, this suggest that favourable responses were provided by respondents. Furthermore, standard deviation values show data variability. Standard deviation being close to the mean value, suggests that respondents had similar perceptions on the questions (see Table 1). Measuring correlation is mandatory because it shows the degree of relatedness between variables, and issues arise when values are high.

In this study, all values range from 0.476 to 0.093, which is appropriate for the analysis. Table 2 presents measurement model assessment. Multivariate approach for testing construct validity and theoretical linkages is done in assessing the measurement model and connections between independent and dependent variables (Hair *et al.*, 2019). Simultaneously PLS-SEM can estimate multiple associations while also focusing on the overall model and its explanatory power. Although numerous applications are associated with SEM, PLS-SEM has gained popularity.

Table 2: validity and reliability

Constructs	Loadings	Cronbach's Alpha	CR	AVE
Deliberative decisions and choices		0.875	0.908	0.665
DDC1	0.815			
DDC2	0.884			
DDC3	0.805			
DDC4	0.776			
DDC5	0.792			
Planning		0.887	0.917	0.688
P 1	0.802			
P 2	0.821			
P3	0.866			
P4	0.837			
P5	0.822			
Deployment of expertise		0.846	0.891	0.624
DE1	0.651			
DE2	0.865			
DE3	0.679			
DE4	0.856			
DE5	0.868			
Recruitment of managers		0.795	0.878	0.705
RM 1	0.836			
RM 2	0.849			
RM3	0.835			
RM4	0.849			
RM5	0.835			
Innovation		0.902	0.925	0.673
I1	0.791			
I2	0.842			
I3	0.857			
I4	0.873			
I5	0.781			
I6	0.772			

Note: N= 320, CR=> composite reliability, AVE=> average variance extracted, RM =>Recruitment of Managers, DG> Dynamic governance, DDC=> Deliberate decision and choice, P => Planning, DE=> Deployment of expertise, I=> Innovative

Source: The Authors'

PLS models in this study comprised of a two-step procedure. First, the measurement model analysis verified and assessed the reliability of individual items, this is crucial for determining internal consistency, reliability, content validity, convergent validity as well as discriminant validity. Secondly, the structural model was validated to determine which causal relationships were consistent. In this regard content validity, convergent validity, and discriminant validity, were incorporated in evaluating the measurement model. Existing scales were employed in measuring content validity whereas Cronbach's alpha was employed is measuring convergent validity. Finally, composite reliability was calculated via the average variance extracted (AVE) method. Values were compared using cutoff values of 0.70 and 0.50, respectively (Fornell and Larcker, 1981). Thus, Cronbach's alpha values ranged from 0.795 to 0.902, composite reliability values from 0.878 to 0.925, and AVE values from 0.624 to 0.705, validating the reliability of the measures. Factor loadings were higher than 0.60, ranging from 0.651 to 0.8734, confirming the reliability of the measures. Thus, the study's constructs passed the convergent validity test.

The reliability of the study constructs was assessed using Cronbach's alpha coefficients. Dynamic governance recorded a reliability coefficient of 0.875. Planning yielded a reliability coefficient of 0.887, while deployment of expertise demonstrated a reliability of 0.846. Manager recruitment attained a reliability coefficient of 0.795. Innovation recorded the highest reliability coefficient of 0.902. All constructs exceeded the acceptable threshold of 0.70, indicating satisfactory internal consistency and reliability of the measurement scales.

The analysis followed a two-step approach involving measurement model assessment and structural model evaluation. The measurement model assessment focused on establishing discriminant validity using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio (Henseler et al., 2016. The Fornell-Larcker results indicate that the square root of the Average Variance Extracted (AVE) for each construct exceeds its correlations with other constructs, confirming adequate discriminant validity.

Table 3: Measurement of discriminant validity

Fornell-Larcker criterion					
	RM	**DDC**	**P**	**DE**	**1**
RM	0.816				
DDC	0.202	0.830			
P	0.283	0.321	0.790		
DE	0.093	0.476	0.273	0.840	
1	0.450	0.193	0.304	0.224	0.820
Heterotrait-monotrait ratio					
RM					
DDC	0.211				
P	0.302	0.362			
DE	0.104	0.557	O.327		
1	0.491	0.207	0.334	0.254	

Note: RM =>Recruitment of Managers, DG> Dynamic governance, DDC=> Deliberate decision and choice, P => Planning, DE=> Deployment of expertise, I=> Innovative
Source: The Authors'

Similarly, the HTMT ratios are below the recommended threshold of 0.85, further supporting that the constructs are empirically distinct. These results demonstrate that the measurement model satisfies the required validity criteria, thereby justifying progression to structural model analysis. Table 3 presents measurement of discriminant validity.

The results in Table 4 indicate that the model demonstrates adequate fit and strong explanatory and predictive capability. The SRMR value (0.061) is below the recommended threshold, while d_ULS and d_G further confirm acceptable model fit. The model explains a moderate proportion of variance, with R^2 values of 0.48 for innovation and 0.36 for recruitment of managers. Effect size (f^2) results show that planning and deployment of expertise exert moderate effects, while deliberative decision-making has a smaller effect, and recruitment of managers plays a meaningful mediating role. Furthermore, Q^2 values above zero confirm strong predictive relevance of the model. VIF values indicate no multicollinearity concerns, and bootstrapping results confirm that all hypothesised relationships are statistically significant with confidence intervals that do not include zero

In this study, recruitment of managers was specified and tested as a mediating variable. This conceptualisation assumes that recruitment explains the mechanism through which dynamic governance influences innovation. Mediation analysis was conducted using bootstrapping procedures with 5,000 resamples to assess the significance of indirect effects. Since moderation

was not hypothesised in this study, the product indicator approach and cantering procedures were not applicable. Similarly, conditional effects at representative values were not estimated.

Table 4: Model Assessment

Assessment Criteria	Indicator	Value	Threshold	Interpretation
Model Fit	SRMR	0.061	< 0.08	Good fit
	d ULS	0.812	< HI95	Acceptable
	d G	0.436	< HI95	Acceptable
Explanatory Power (R^2)	I	0.48	≥ 0.25	Moderate
	RM	0.36	≥ 0.25	Moderate
Effect Size (f^2)	P → I	0.21	0.15–0.35	Medium
	DE → I	0.18	0.15–0.35	Medium
	DDC → I	0.09	0.02–0.15	Small
	RM (Mediator)	0.24	0.15–0.35	Medium
Predictive Relevance (Q^2)	I	0.29	> 0	Strong
	RM	0.22	> 0	Strong
Multicollinearity	VIF Range	1.32–2.41	< 5	No issue
Bootstrapping	Path significance	$p < 0.05$	Significant	Supported
	Confidence intervals	Do not include zero	–	Robust

Note: RM =>Recruitment of Managers, DG> Dynamic governance, DDC=> Deliberate decision and choice, P => Planning, DE=> Deployment of expertise, I=> Innovative
Source: The Authors'

4.2 Results Discussion

Subsequent confirming that the measurement model was reliable, the structural model was evaluated by employing bootstrapping with 5,000 sub-samples and 320 cases. This step was important for testing the reliability of the path estimates (Hair *et al.*, 2019). Table 5 provides the full estimates of the structural model, and the analysis reinforced three specific hypotheses: deliberate decision-making and choices, planning, and the deployment of expertise.

Results also revealed a direct positive relationship amongst deliberate decision-making and innovation ($b = 0.141$, $t = 2.595$, $p = 0.010$) which means that the practice of dynamic governance is promoted when cooperative boards deliberate upon and make choice, thereby supporting hypothesis 1. This suggests that co-operatives exhibiting higher levels of participatory and structured decision-making tend to report higher innovation outcomes. It is important to note that this relationship is associative rather than causal due to the cross-sectional design of the study. While governance structures may contribute to innovation, reverse causality cannot be ruled out, whereby more innovative co-operatives may also encourage more participatory decision-making.

Co-operative boardroom practices can encourage innovation by exercising dynamic governance using tactics that support inclusivity, flexible thinking, ongoing learning, collaboration and iterative procedures. Policies that ensure all members are making decisions can foster varied ideas and shared ownership that is key for innovation amongst managerial employees. Flexible organisational structures on the other hand permit responsibilities to acclimatise quickly to market changes and novel opportunities thus realising the desires of co-operative affiliates. Jerab and Mabrouk (2023) reinforces such practices by showing that innovative co-operatives are usually inclusive, flexible and well-networked. However, Jervis (2025) warns that the consensus- oriented acts of co-operatives may infrequently obstruct innovation by decelerating deliberation procedures.

This finding is consistent with Dynamic Capability Theory, which posits that organisations enhance innovation through sensing and seizing opportunities via strategic decision-making (Ambrosini & Bowman, 2020). Deliberative decision-making in co-operatives reflects the 'sensing' and 'seizing' capabilities, demonstrating how governance processes translate into innovation outcomes. From a theoretical perspective, this confirms that dynamic governance reflection of dynamic capabilities. Practically, it suggests that co-operative boards should institutionalise participatory and adaptive decision-making structures to enhance innovation.

A significant relationship was realised between Planning and innovation (b = 0.219, t = 3.800, p = 0.010). implying dynamic governance through effective planning substantially enhance innovation in the co-operative sector in Tanzania. Hypothesis 2 is supported. This indicates that effective planning processes are associated with higher levels of innovation in co-operatives. because by setting clear goals, using resources wisely, managing risks, and encouraging teamwork, co-operative managers can adjust their strategies as needed and create a work environment that promotes creativity and ongoing improvement.

Although statistically significant, the effect size should be interpreted in practical terms. The corresponding value (reported in the structural model assessment) indicates a small-to-moderate effect, suggesting that planning contributes meaningfully but not overwhelmingly to innovation outcomes. This result further reinforces Dynamic Capability Theory, particularly the 'reconfiguring' dimension, where organisations continuously align internal resources with environmental demands (Biedenbach & Soderholm, 2021). Effective planning enables co-operatives to reconfigure resources strategically, thereby fostering innovation.

Theoretically, this demonstrates that planning is not merely administrative but a dynamic capability that drives innovation. From a practical standpoint, co-operatives should adopt flexible and forward-looking planning systems that balance structure with adaptability to sustain innovation. This, is further supported by Gutuleac *et al.,* (2025) exemplifies that effective planning and governance frameworks positively influence innovation by offering guidance and assistance. However, caution is advised considering that excessively rigid planning can suppress creativity, underscoring the importance of balancing structure with flexibility (Tidd & Bessant, 2020). This balanced approach strategy is vital for Tanzanian co-operatives, where dynamic governance may foster sustained growth and competitiveness in the co-operative sector.

The deployment of expertise and innovation validates significant correlation with (b = -0.139, t = 2.119, p = 0.035), albeit moderately. This implies that optimal utilisation of management competence in co-operatives is facilitated by the active role of the co-operative board in guaranteeing that recruited executives are utilised effectively. This can foster innovative practices and enhance overall performance. Kumbirai et *al,* (2025) show that combining managerial proficiency with structured training programmes and active board oversight greatly enhanced governance and results in co-operatives. This mechanism cultivates an incessant improvement and innovative culture. From the lens of Dynamic Capability Theory, this reflects the organisation's ability to integrate and deploy human capital as a strategic resource (Teece ,2016.) However, the negative coefficient suggests potential inefficiencies in aligning expertise with innovation needs. This is where Person-Job Fit Theory becomes critical, as it emphasises the importance of matching individual competencies with job roles (Kristof-Brown *et al.,* 2021).

The effect size (f^2) indicates a small but meaningful contribution, suggesting that while statistically significant, the practical effect is limited unless supported by proper role alignment. The finding implies that merely deploying expertise is insufficient; alignment between managerial skills and innovation requirements is essential. Practically, co-operatives should strengthen mechanisms for aligning expertise deployment with strategic innovation goals.

Results on managerial recruitment effects the associations between dynamic governance, precisely deliberate decision-making, planning, deployment of expertise, and innovation in cooperatives was determined using PLS-SEM. Following the procedural approach Henseler and Fassott (2009) product term was employed to assess moderation effects for its precise analytical capacity. The method involves establishing product terms among the latent predictor constructs and parameters of the latent moderating variable (Fassott *et al.,* 2016). It is shown in Table 4 that recruitment of managers did not moderate the correlation amid deliberate decision-making and innovation ($b = 0.065$, $t = 0.895$, $p = 0.371$) thus hypothesis 4 is rejected. Though, recruitment moderate the relationship amid planning and innovation ($b = 0.208$, $t = 3.067$, $p = 0.002$) this supports hypothesis 5. Contrariwise, the moderation effect between deployment of expertise and innovation ($b = -0.126$, $t = 1.372$, $p = 0.171$) Was non-significant, rejecting hypothesis 6.

These mixed results provide important theoretical insights in line with Person-Job Fit Theory, the significant moderation effect in planning suggests that recruitment enhances innovation when there is a strong alignment between managerial competencies and planning requirements (Gutuleac *et al.,* (2025)). This confirms that person-job fit acts as a strategic mechanism through which governance influences innovation. However, the absence of mediation in other relationships indicates that recruitment alone may not guarantee innovation unless it is tightly aligned with specific governance functions. This extends PJFT by demonstrating that its effectiveness is context-dependent within governance structures. These results propose recruitment of managers in co-operatives may not constantly mediate relationship between dynamic governance and innovation.

Theoretically, this highlights a critical boundary condition in integrating Dynamic Capability Theory and Person-Job Fit Theory, while dynamic governance provides the structural and strategic foundation for innovation. The effectiveness of recruitment depends on the degree of alignment between managerial competencies and innovation-oriented roles. Practically, this implies that co-operatives must go beyond formal recruitment processes and emphasise competency-based selection and role alignment to fully realise innovation outcomes.

This is also indicated in previous research where various contextual and organisational factors influence this relationship. Even though dynamic governance establishes a favourable environment and delivers strategic orientation for innovation, management recruitment efficacy hinges on bring into line recruitment acts with innovation-oriented skills and the strategic goals of the co-operative. In contrast, studies in the co-operative sector have shown that effective managerial recruitment can positively influence innovation, as strategic leadership and effective resource apportionment help drive creative practices (Hatak *et al.,* 2015). According to Hatak *et al*. (2015), dynamic governance provides the foundation for this innovation by providing support and clear guidance. The impact of managerial recruitment depends on context and organisation; if recruitment does not focus on innovation-aligned skills or strategies, its effectiveness may be limited.

Table 5: Hypothesis testing

Variables		B	SD	T. Statistics	P-Values	Decision
Direct effect						
H1	DDC -□I	0141	0.054	2.595	0.010	Accepted
H2	P -□I	0.219	0.058	3.800	0.000	Accepted
H3	DE------□I	-0.139	0.066	2.119	0.035	Accepted
Modiation effect						
H4	DDC□RM□I	0.065	0.073	0.895	0.371	Rejected
H5	P-----□RM□I	0.208	0.068	0.068	0.002	Accepted
H6	DE--□RM□I	-0.126	0,092	0.092	0.171	Rejected

Note: RM =>Recruitment of Managers, DG> Dynamic governance, DDC=> Deliberate decision and choice, P => Planning, DE=> Deployment of expertise, I => Innovative
Source: The Authors'

Recruitment of managers on the other hand, positively mediates dynamic governance and innovation in co-operatives in Tanzania. This is shown by strategic leadership and resource deployment that back innovative practices in co-operatives (Hatak *et al.,* 2015). These results validate prior studies suppositions. Finally, the findings indicate that managerial recruitment does not significantly influence the association between dynamic governance and innovation in Tanzania's cooperatives, signifying that factors including enterprise climate and managerial synchronisation with innovation objectives may offer superior effect (Hatak *et al.,* 2015).

5. Conclusions and Recommendations

Dynamic governance practices, including deliberate decision-making, strategic planning, and the deployment of expertise by co-operative boards, are clearly enhancing innovation in Tanzania's co-operative sector. These acts encourage inclusivity, adaptability, and unceasing learning, creating an atmosphere that supports ingenuity and development. Effective planning allows co-operatives to determine goals, allot resources effectively, and adjust strategies founded on feedback, subsidising to both sustainable development and competitive advantage. However, managerial recruitment does not consistently mediate the association among dynamic governance and innovation.

Although recruitment is not a significant predictor of deliberate decision-making or expertise deployment and innovation, it does play a meaningful role in mediating the relationship between planning and innovation. This suggests that alignment between recruitment practices with innovation strategies is critical in nurturing innovation, though its effectiveness depends on contextual and organisational influences such as ethos and alignment with innovation objects. Building on these findings, the study advances the integration of Dynamic Capability Theory and Person-Job Fit Theory by demonstrating that dynamic governance practices represent a micro-foundational expression of dynamic capabilities within co-operatives, particularly through sensing (deliberate decision-making), seizing (strategic planning), and reconfiguring (expertise deployment).

At the same time, the study extends Person-Job Fit Theory by showing that alignment between managerial competencies and innovation-oriented planning is not uniformly influential across governance dimensions but becomes critical under specific strategic conditions. This nuanced interaction contributes to theory by illustrating that recruitment (as a proxy for person-job fit) functions not merely as a direct enabler of innovation but as a contingent mechanism that strengthens the effectiveness of particular dynamic capabilities especially planning in driving

innovation outcomes. Consequently, the study offers a more context-sensitive and integrative framework that links governance practices, human resource alignment, and innovation within co-operative settings in emerging economies.

The relationships identified reflect meaningful associations rather than definitive causal effects. It is thus recommended that first, co-operatives should prioritise aligning recruitment practices with strategic planning functions, as this is the area where a significant strengthening effect on innovation was observed. Second, co-operatives should adopt flexible and adaptive planning systems that encourage innovation while avoiding excessive rigidity. Third, recruitment processes should place greater emphasis on aligning managerial competencies with innovation-oriented roles, rather than focusing solely on general qualifications. Also, continuous managerial training should focus on strengthening strategic planning capabilities and innovation management skills.

The cross-sectional design limits causal inference, and lack of explicit control variables (e.g., co-operative size, sector, region, and managerial characteristics) may affect the observed relations. Moreover, the dependence on self-reported data presents possible common method bias, even though tests proved it is not a major concern. Future research should employ longitudinal or experimental designs to establish causality, incorporate multi-source data to reduce bias, and include relevant control variables to improve model robustness. Further studies should also explore alternative model specifications and examine contextual moderators such as organisational culture and leadership dynamics.

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Appendix A:

All constructs were operationalised as reflective constructs and measured using a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree).

Code	Item	1	2	3	4	5	Source
DDC	**Deliberate decision and choice**						
DDC1	Decision-making processes in this co-operative are inclusive of members' views.						Neo & Chen,2007
DDC2	The co-operative ensures transparency in its governance processes.						
DDC3	Decisions are made collectively rather than by a few individuals.						
DDC4	All members are treated equally in governance processes.						
DDC5	The co-operative leadership adapts its decisions in response to changing internal and external conditions.						
p	**Planning**						Sharabati *et al.* (2010
P1	The co-operative allocates resources effectively during planning.						
P2	Activities are planned with clear and realistic timelines.						
P3	Planning processes consider long-term sustainability.						
P4	The overall quality of plans developed by the co-operative is high.						
P5	Planning processes in the co-operative actively involve key stakeholders and members.						
DE	**Deployment of expertise**						(Sharabati *et al.,*
DE1	The co-operative effectively identifies and maps the skills of its members and staff.						
DE2	Roles and responsibilities are clearly defined within the co-operative.						

DE3	Tasks are executed by individuals with the appropriate expertise.						
DE4	Tasks are executed by individuals with the appropriate expertise.						
DE5	The co-operative regularly reviews and aligns staff skills with organisational needs.						
RM	**Recruitment of managers**						Collins (2008); Egeberg *et al.* (2017); Sparrow (2007)
RM1	The co-operative emphasises integrity when recruiting managers.						
RM2	Managerial recruitment prioritises candidates with the required capabilities.						
RM3	Skills and competencies are key criteria in selecting managers.						
RM4	Recruitment processes are conducted fairly and transparently.						
RM5	Meritocracy guides the selection of managerial staff.						
I	**Innovation**						Khalili (2017)
I1	The co-operative adopts new technologies to improve its operations.						
I2	The co-operative improves employee or candidate experience through innovative practices.						
I3	The co-operative promotes diversity and inclusion.						
I4	Data analytics are utilised to support decision-making.						
I5	Automation is used to improve efficiency in co-operative processes.						
I6	The co-operative collaborates with stakeholders to foster innovation.						