

THE EFFECT OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PERFORMANCE IN GHANAIAIAN SMEs

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Abstract:

Background: The aim of this study is to investigate how employee engagement impacts the performance of small and medium-scale enterprises (SMEs) in Ghana. Specifically, it examines the relationship between employee engagement (cognitive, emotional and behavioural) and important performance dimensions such as productivity, profitability and employee retention.

Design/methodology/approach: The research design adopted was quantitative and involved the use of structured survey questionnaire to get responses from 384 SMEs' employees/managers in Accra, Ghana. Data analysis was done by descriptive statistics, correlation analysis and multiple regression technique using IBM SPSS version 26.

Findings: The findings show that employee engagement is a key positive factor of organizational performance. There are three dimensions of engagement: cognitive, emotional and behavioural, and they are all statistically significant predictors of firm performance. The results showed that emotional engagement was the strongest, which highlights the significance of psychological safety and organizational commitment in relation to performance outcomes in SMEs in Ghana.

Research limitations/implications: The study has a cross-sectional design where the relationship between the variables cannot be clearly established, the data were collected from selected SMEs in Accra limiting the generalizability of results. Longitudinal designs and samples spread across more regions and sectors in Ghana should be considered for future research.

Practical implications: SME owners and managers should implement structured engagement initiatives (such as recognition programs, participative management, and ongoing education) to build a highly engaged staff that will lead to better performance results. The strategies are especially significant in the context of resource limitations of SMEs in developing economies.

Originality/value: This study is an empirical study on employee engagement and SME performance from a Sub-Saharan African context as it brings nuanced insights to the literature on employee engagement and SME performance on how the dimensions of employee engagement related to performance outcomes in a different way in resource constrained organizational contexts.

Keywords: Employee engagement; Organizational performance; Ghanaian SMEs; Cognitive engagement; Emotional engagement; Behavioural engagement.

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Introduction

The growing recognition of human capital as a strategic asset has placed employee engagement at the centre of management discourse globally. As organizations contend with increasingly competitive environments, the capacity to retain, motivate, and optimize employee potential has emerged as a critical determinant of sustained performance (Bakker and Demerouti, 2008; Saks, 2006). Nowhere is this challenge more pronounced than in the context of small and medium-sized

enterprises (SMEs), which operate under significant resource constraints while simultaneously needing to deliver high performance to survive and grow (Agyapong et al., 2017).

Ghana's SME sector is a vital engine of economic activity. According to the Ghana Statistical Service (2020), SMEs constitute over 85 percent of all registered businesses in the country and account for approximately 70 percent of total employment. Despite their economic significance, many Ghanaian SMEs grapple with



persistently low productivity, high employee turnover, and suboptimal organizational performance challenges often rooted in inadequate human resource management practices (Amoako et al., 2022). Employee engagement, broadly defined as the degree to which employees invest their cognitive, emotional, and physical energies into their work roles (Kahn, 1990), has been widely identified as a lever for addressing these challenges.

The concept of employee engagement has attracted considerable scholarly attention in developed economies, with robust evidence linking higher engagement levels to improved profitability, customer satisfaction, productivity, and reduced absenteeism (Gallup, 2023; Harter et al., 2002; Macey and Schneider, 2008). However, empirical research on employee engagement within the context of African SMEs remains nascent. Most existing studies focus on large corporations in Western contexts, leaving a significant gap in understanding how engagement dynamics operate in resource-constrained, developing-economy settings (Anitha, 2014; Agyapong et al., 2017).

Ghana presents a particularly compelling context for such an investigation. The country's SME landscape is characterized by informal employment arrangements, limited access to training and development resources, and a cultural emphasis on collectivism and relational trust (Acheampong et al., 2021). These contextual factors may shape the nature and impact of employee engagement in ways that differ substantially from Western theoretical assumptions. Understanding how engagement manifests and what consequences it holds for performance within this context is therefore of significant theoretical and practical importance.

This study addresses the following research objectives: to examine the effect of cognitive engagement on organizational performance in Ghanaian SMEs; to investigate the influence of emotional engagement on organizational performance; to assess the impact of behavioural engagement on organizational performance; and to determine the joint predictive power of the three engagement dimensions on overall organizational performance. The study draws on the Job Demands-Resources (JD-R) model (Bakker and Demerouti, 2007), Social Exchange Theory (Blau, 1964), and Conservation of Resources Theory (Hobfoll, 1989) as theoretical foundations.

The remainder of this paper is structured as follows. The next section provides a review of the relevant literature and develops the study's hypotheses. This is followed by a description of the research methodology, presentation of findings, discussion of results, and concluding remarks with implications for theory, management, and future research.

Literature Review

Theoretical Underpinnings

There are a number of theories that form the bedrock for the connection between employee engagement and organizational performance. This study is based mainly on the Job Demands-Resources (JD-R) model by Bakker and Demerouti (2007). According to the JD-R model, employee well-being and performance is influenced by two general job factors: job demands and job resources. It is assumed that job resources such as autonomy, feedback, social support, and developmental opportunities would be able to stimulate engagement because they address the basic psychological needs and support goal attainment

of employees. For Ghanaian SMEs, partaking in the right job resources that offer engagement to sustain high job demands, given the low availability of resources could be of great importance.

A complementary explanation can be provided by Social Exchange Theory (SET) offered by Blau (1964). In reciprocal exchange, people are more likely to return their organizations' investments, whether in terms of valuing their input and concern for their welfare, or by contributing more in terms of commitment, discretionary effort, and engagement. This norm of reciprocity may account for the link between organizational practices (including recognition, fair compensation, and participatory leadership) and increased employee engagement and ultimately better performance results (Saks, 2006).

The conservation of resources theory (COR) proposed by Hobfoll (1989) adds to the theory's framework by focusing on the motivation to conserve, to acquire, and to retain resources, including psychological resources like self-efficacy, optimism, and resilience. By offering a space conducive to resource development, organizations enable their staff to be fully engaged in their job roles, which ultimately increases engagement. On the other hand, if a person is losing resources, or facing threat, they tend to disengage. In the SME setting, where resources are scarce, the mechanisms by which investments in employee development and supportive work climates can help to buffer against disengagement are highlighted by the theory of COR.

This study is guided by Kahn's (1990) seminal conceptualization of engagement as the concurrent investment of cognitive, emotional and physical self in organizational roles as its definitional anchor. Kahn found that employees' engagement was preceded by three psychological states: meaningfulness, psychological safety, and availability of personal resources. This tripartite model is closely related to the JD-R model and SET, and provides a solid theoretical basis for empirical research.

Employee Engagement: Dimensions and Definitions

Engagement is a multidimensional phenomenon and has been variously defined in the management literature. According to the definition of Schaufeli et al. (2002), engagement is a positive and fulfilling work-related state of mind that is expressed through vigor, dedication, and absorption. Vigor means having a lot of energy and mental strength while working; dedication means being very involved in work, feeling very important and enthusiastic; and absorption means being totally concentrated and absorbed in one's work. This understanding is prevalent in academic research and has been represented in an instrument, called the Utrecht Work Engagement Scale (UWES).

However, other researchers have distinguished between attitudinal engagement (related to levels of internal involvement and commitment) and behavioural engagement (related to observable work behaviours like organizational citizenship behaviour, discretionary effort and proactive work performance) (Macey and Schneider, 2008). In this study, employee engagement is defined as the involvement of employees on three dimensions: cognitive engagement (mental involvement and concentration on work), emotional engagement (affective involvement, pride, sense of belonging in the organization) and behavioural engagement (active, voluntary effort) employees make beyond the job duties in the organization.

Employee Engagement and Organizational Performance

The empirical evidence consistently shows a positive correlation between employee engagement and various organizational measures of success. In their meta-analysis of 7,939 business units, Harter et al. (2002) determined that engagement was significantly related to customer satisfaction, productivity, profits, employee retention, and negatively related to absenteeism and safety incidents. Other meta-analyses support these conclusions, and studies have yielded varying effect sizes depending on industry and context (Christian et al., 2011; Rich et al., 2010).

Empirical evidence in the context of SMEs in Africa is still scarce, but is slowly building up. Agyapong et al. (2017) identified employee engagement as a key determinant of SME success in Ghana, where relational leadership practice came out as a vital antecedent of employee engagement. Amoako et al. (2022) reported that SMEs with a higher focus on employee voice mechanisms and participative decision-making had greater engagement, and hence better operational performance. The results indicate that the relationship between engagement and performance is applicable in SMEs in the Ghanaian context but subject to the influence of contextual factors like informal organizational structures and cultural values.

Hypothesis Development

Drawing on the theoretical frameworks outlined above and the empirical evidence reviewed, the following hypotheses are proposed:

- *H1: Cognitive engagement has a significant positive effect on organizational performance in Ghanaian SMEs.*
- *H2: Emotional engagement has a significant positive effect on organizational performance in Ghanaian SMEs.*
- *H3: Behavioural engagement has a significant positive effect on organizational performance in Ghanaian SMEs.*
- *H4: The three dimensions of employee engagement jointly and significantly predict organizational performance in Ghanaian SMEs.*

Research Methodology

Research Design and Population

The study used an explanatory quantitative research design which is appropriate in the study of employee engagement phenomenon in relation to its influence on organizational performance in SMEs in Ghana. To test relationships that are developed through theory and to determine the direction and strength of association between variables, an explanatory design is appropriate (Creswell and Creswell, 2018). The target population were employees and owner-managers in the service, manufacturing and trade sectors in the Greater Accra Region of Ghana, specifically SMEs. The study area was the Greater Accra Region as it has a high concentration of SMEs and is also the commercial hub of Ghana (Ghana Statistical Service, 2020).

The Krejcie and Morgan (1970) sample size determination formula was used to determine the minimum sample size required for the study to be statistically reliable and representative for the target population of the appropriate size. The purposive sampling

method was used to include a sample of SMEs that had at least five employees and had been in operation for at least two years. The purpose of the sampling was to ensure a sufficient organizational context to consider engagement and performance meaningfully, and include SMEs with at least five employees and operational for at least two years. Simple random sampling was conducted in the selected SMEs for selecting individual respondents..

Research Design and Data Collection

Structured self-administered questionnaire, adapted from literature was used to obtain primary data. The questionnaire consisted of four parts: a demographic part collecting respondent and organization information; a cognitive engagement part; an emotional engagement part; a behavioural engagement part; and an organizational performance part. Items assessed for all constructs were on a five point Likert scale, with 1 indicating Strongly Disagree and 5 indicating Strongly Agree.

The degree of mental focus, concentration and active thinking that employees expend on their work roles was measured through a six item scale adapted from May et al., 2004 and Rich et al., 2010. Emotional engagement was measured with a seven item scale based on Saks (2006) and Schaufeli et al. (2002), indicating the feeling of pride, belonging, passion, and affective attachment of the employees to their work and organisation. The measure of behavioural engagement used was a six item scale from Macey and Schneider (2008) and Christian et al. (2011) and assessed three items: discretionary effort, proactive behaviour and organizational citizenship.

The organizational performance was assessed using a multi-item scale adapted from Delaney and Huselid (1996) and Agyapong et al. (2017) which includes perceptual measures of productivity, profitability, employees retention, and customer satisfaction that were measured as compared to competitors in the same industry within the last 12 months. A wide range of perceptual performance measures has been used in SME research, in situations where objective financial information is often not available or not reliable (Gomez-Mejia and Balkin, 1992).

To optimize the questionnaire items and to test the clarity of the instruments, a pilot study was conducted with 35 employees of three SMEs not included in the main study. Minor wording corrections were made based on feedback from the pilots. The data collection took place for six weeks, conducted through both face-to-face and WhatsApp and email questionnaires. Confidentiality was ensured and participation was voluntary and reminders were sent to increase response rate.s.

Measurement of Constructs

The 100% response rate was made up of all 384 questionnaires that were distributed, which were considered usable. Cronbach's alpha coefficient was used to evaluate the scales' reliability. The internal consistency of all constructs was satisfactory with alpha values above the recommended 0.70 by Nunnally and Bernstein (1994). Construct validity was confirmed using confirmatory factor analysis (CFA) and the factor loadings of all items were above 0.60. All constructs met the criterion of convergent validity (Fornell and Larcker 1981) with AVEs scores >0.50. To assess the discriminant validity, the square root of the AVE for each construct was compared with its correlations

between the constructs, and the square roots of the AVEs were found to be greater than the correlations..

Demographic Profile of Respondents

The sample comprised 384 respondents, of whom 218 (56.8%) were male and 166 (43.2%) were female. The majority of respondents (48.2%) fell within the 31–40 age bracket, followed by those aged 41–50 (29.4%), 18–30 (14.1%), and above 50 (8.3%). Regarding educational qualification, 38.5% had bachelor's degree, 27.3% had HND qualification, 21.9% has master's degree and 12.3% has secondary school qualification. Looking at the duration of employment in their current SME, 41.4% of respondents worked for two to five years, 33.1% for six to ten years, and 25.5% had been employed in their current SME for over ten years. The sample SMEs were seen to be spread in service (52.3 %), trade (28.6 %), and manufacturing (19.1 %) sectors.

Analytical Approach

IBM SPSS 26 was used for the analysis of the data. Descriptive statistics — including frequencies, means, and standard deviations were computed to summarize the demographic and construct-level data. Pearson's correlation was done to determine bivariate relationships of the study variables. Multiple regression was used to examine all hypothesized relationships among each of the three dimensions of engagement and the

organizational level of performance, and to determine the combined predictive capacity of the three engagement dimensions (Field, 2018). Multicollinearity was checked using variance inflation factors (VIF) which were below 10, indicating no confounding multicollinearity.

To test the suitability of the data for factor analysis, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used in this study, which gave 0.814, and Bartlett's test of sphericity was significant ($\chi^2 = 5,124.61$, $df = 276$, $p < .001$). The analytical method used in sequential procedure, which, first, included the tests of reliability and validity, then followed by the analysis of descriptive and correlation and the last step consisted of hypothesis testing using the regression method.

Reliability Analysis

The results of the reliability analysis are shown in Table 1. The cognitive engagement composite had a Cronbach's alpha of 0.791, thus demonstrating good internal consistency. Emotional engagement obtained an alpha of 0.813 and thus showed a high internal consistency. The alpha for behavioural engagement was 0.764, which is also an acceptable value. The alpha of 0.826 was obtained for Organizational performance. These results indicate overall that all measurement scales were acceptable for proceeding with the analytical process.

Table 1. Reliability Analysis Results

Construct	No. of Items	Cronbach's Alpha
	6	0.791
Emotional Engagement	7	0.813
Behavioural Engagement	6	0.764
Organizational Performance	8	0.826

Source(s): Source(s): field data 2026

Correlation Matrix

Means and correlations of the major variables in the present study are shown in table 2. The links between parameters of organizational performance and the cognitive, emotional and behavioural engagement scores were positive and significant: $r = 0.412$; $p < .01$; $r = 0.531$; $p < .01$; and $r = 0.467$; $p < .01$. The dimensions of engagement showed the highest levels of inter-

correlation with emotional and behavioural engagement showing a high level of correlation ($r = 0.488$), indicating that the workers who demonstrate affective investment of their work resources tend to demonstrate proactive and discretionary pattern of behaviours as well. There were no concerns for multicollinearity among the predictor variables for these relationships as they were all below the threshold of + or - 0.60.

Table 2. Correlation Matrix

Variable	1	2	3	4	5	6
1. Gender	1					
2. Age	.182	1				
3. Education	.114	.021	1			
4. Cognitive Engagement	.093	.241	.037	1		
5. Emotional Engagement	.047	.138	.018	.443	1	

Variable	1	2	3	4	5	6
6. Behavioural Engagement	.071	.196	.052	.409	.488	1
7. Organizational Performance	.183	.092	.141	.412	.531	.467

Source(s): field data 2026

Regression Analysis and Hypothesis Testing

Regression analysis was used to test the four hypotheses. Table 3 shows the findings from the regression of organizational performance with regard to cognitive engagement (H1). The results showed that there was a positive and a statistically significant relationship between cognitive engagement and organizational performance ($\beta = 0.412$, $t = 8.924$, $p < .001$). This implies that the

higher team workers are mental into the job and carefully invested in it, the higher the performing of the organization will be. There is an r-squared of 0.170, meaning 17.0% of the variability listed is accounted for by variables related to cognitive engagement. The F-statistic 79.643 ($p < .001$) indicates that the model is overall statistically significant. H1 is therefore recommended.

Table 3. Effect of Cognitive Engagement on Organizational Performance (H1)

Variable	β	Stand. Error	t-test	F	R Square	P-value
Cognitive Engagement	0.412	.046	8.924	79.643	.170	.000

Dependent variable: Organizational Performance

The findings for the effect of emotional engagement on organizational performance (H2) are shown in Table 4. The most significant single influence on organizational performance as revealed by the three engagement attributes was emotional engagement ($\beta = 0.531$; $t = 12.214$; $p < .001$). The R-squared result of 0.282 showed that emotional engagement had a high

significance of 28.2% on organizational performance, confirmed by an F-statistic of 149.178. Consequently, these results show good support for H2, and this indicates that the important of having high affective involvement towards work and organisation of employees to their performance in Ghanaian SMEs is paramount.

Table 4. Effect of Emotional Engagement on Organizational Performance (H2)

Variable	β	Stand. Error	t-test	F	R Square	P-value
Emotional Engagement	0.531	.044	12.214	149.178	.282	.000

Dependent variable: Organizational Performance

The regression results of behavioural engagement on organizational performance (H3) are presented in Table 5 below. The results of the regression between the variables of behavioural engagement with organizational performance (H4) can be seen below in Table 5. Organizational performance was significantly and positively related to behavioural engagement ($\beta = 0.467$, $t = 10.371$, $p < .001$). The R-squared is 0.218, showing that

21.8% of the variance in organizational performance is explained by the model, and the F-statistic value is 107.556, which is statistically significant indicating good model fit. H3 is now supported, evidencing of the importance of Socio-Emotional Citizenship Behaviour & Discretionary Employee Effectiveness on SME Performance Outcomes.

Table 5. Effect of Behavioural Engagement on Organizational Performance (H3)

Variable	β	Stand. Error	t-test	F	R Square	P-value
Behavioural Engagement	0.467	.045	10.371	107.556	.218	.000

Dependent variable: Organizational Performance

The results of multiple regression in which all three dimensions of engagement were used as predictors for organizational performance (H4) are in Table 6. The overall model was statistically significant ($F = 78.944$, $p < .001$), and the value of R-squared was 0.385, which means that the three dimensions of engagement explain 38.5% of the variance in organizational performance. The adjusted R-squared value of 0.380 shows that the model is reliable, even when adjusted for the number of the predictors. Emotional engagement and behavioural engagement

had the most significant individual effects ($\beta = 0.381$ and $\beta = 0.274$, respectively, with $p < .001$) followed by cognitive engagement ($\beta = 0.213$, $p < .001$). All three predictors were still statistically significant when entering multiple regression, and supported H4 with results that indicate that the construct of the three facets of engagement is not a simple additive model for affecting organizational performance, they are complementary and additive in their effect.

Table 6. Joint Effect of Engagement Dimensions on Organizational Performance (H4)

Variables	β	Stand. Error	t-test	F	R Square	Adj. R ²	P-value
Cognitive Engagement	0.213	.049	4.367				.000
Emotional Engagement	0.381	.046	8.193				.000
Behavioural Engagement	0.274	.047	5.872	78.944	.385	.380	.000

Dependent variable: Organizational Performance

Discussion of Findings

The section compares and contrasts the study's results with the theoretical frameworks and empirical works that is available, to show areas of commonalities and differences arising from the study to draw out contextual contribution by the study to the understanding of Employee engagement and SME performance in Ghana.

The positive relationship between cognitive engagement and organizational performance (H1) supports the JD-R model's claim that the motivational states activated by the psychological process of becoming immersed in work roles, and as a result of mental investments, contribute to stronger individual and collective outputs (Bakker and Demerouti, 2007). An employee who is cognitively engaged will be able to think outside the box, process information related to work at a deeper level, and make more judicious decisions, all of which can directly influence the quality, efficiency, and competitiveness of SMEs. This finding is consistent with that of Rich et al. (2010) who observed that cognitive engagement was significantly correlated with task performance and organizational citizenship behaviour; and with that of May et al. (2004) who showed that psychological meaningfulness, one of the cognitive engagement antecedents, was a strong predictor of organisational involvement of employees.

The results of this study reveal that the effect of emotional involvement on organizational performance (H2) is the most striking and significant. Consistent with Kahn's initial proposition, that emotional involvement should be the focus of performance, this is the case for this study. If staff members have high levels of employee pride, belonging and passion they are more likely to give discretionary time and to agree to behave in ways that are beneficial to the organisation. This result confirms the meta-analytical research by Harter et al. (2002) which revealed that one of the most salient indicators of an individual's emotional

involvement with the company was a sense of being cared for and having a best friend at work, which was demonstrated to be one of the best predictors of business unit performance. In the Ghanaian SME context in which interpersonal relationships and communal solidarity are important, there is a possibility of enhanced salience of emotional engagement. The finding is consistent with Agyapong et al (2017), who found that the presence of the relational leadership practices in the Ghanaian SMEs led to positive emotional relationships among members and their organizations which enhance the performances.

The notion of behavioural engagement (H3) stands in line with Macey and Schneider (2008) idea that engagement is manifested with the greatest impact in observable behaviours, specifically as the discretionary, extra-role actions and behaviours that employees undertake beyond their contractual working terms. Generally, more behaviourally engaged employees at SMEs in Ghana were associated with behaviours that impact their SMEs' performance, especially helping others, being proactive instead of reactive, solving problems proactively, and maintaining quality standards, despite limited resources. This is consistent with the results of Christian et al. (2011) that found that task performance and contextual performance were the two main mediating variables that linked engagement to organizational outcomes.

The three dimensions of engagement show high combined scores, and together, account for 38.5% of the variance in organizational performance which is reflected in the joint hypothesis (H4) and supports the multi-dimensional and complementary nature of engagement as a construct. Each dimension is unique in its own way of contribution, but the aggregate contribution is much more significant than the individual contributions, indicating that a 360 degree involvement (mind, heart and behaviour) is the ultimate state of the quest for performance optimization. This result follows that of Saks (2006), who argued for a multidimensional view of engagement, and that

of the resource based view (RBV) of the firm (Barney, 1991) which states that a group of human resource practices which build and utilize a complex capability can create a sustainable competitive advantage.

Together, the results add to the belief that resource limitations typical of small firms do not prevent fostering employee engagement. Instead, they argue that in limited organizational settings, strategic efforts for cognitive stimulation, emotional bonding and behavioural enlightenment show high performance benefits. The data also highlight the special significance of emotionally connecting in the Ghanaian cultural perspective, as communal values, social harmony, and trust for relations have a robust influence on organizational behaviour. If an SME's manager utilizes these cultural dispositions by creating inclusive, caring and respectful workplace, the manager is very likely to create higher level of engagement and superior performance.

Theoretical Implications

This study advances the employee engagement and organizational performance, across various employee engagement and organizational performance theories, particularly in the context of SMEs in Sub-Saharan Africa. In addition, the study confirms Kahn's three-part conceptualization of engagement by offering empirical support for its three components – the cognitive component, the emotional component and the behavioural component – by proving that each of them contributes in a distinct manner and collectively to the organizational performance in the setting of developing economy SMEs. This conclusion underlines the importance of multidimensional engagement concept rather than a one-dimensional one and the need to adapt engagement theory to the African context, with focus on how the dimension of engagement is manifested in specific cultures and organisations.

Secondly, the study extends the JD-R model as it shows its applicability in the resource-limited setting of Ghanaian SMEs, where the lack of job resources increases the difficulty of developing engagement and its impact. The results indicate that relatively modest investments in job resources (including recognition, participative management, and skill development) can create job motivations that are sufficient to stimulate significant increases in firm outcomes. This contribution not only extends the model's predictive power, but also enhances the theoretical spillover of the model to unstudied organizational settings.

Thirdly, the study is informative of Social Exchange Theory because it has established that the relationship between reciprocity and engagement–performance constructs is valid in informal and semi-formal organizational context typical in Ghanaian Small and Medium Sized Enterprises (SMEs). Even without formal HR policies, employees feel good when they're given fair treatment and feel supported, and they give back by working more productively and being more engaged. The result is consistent with the cross-cultural generalizability of research on SET and also specifies the moderating role of informal relational norms (such as communal trust and culture norms) in the exchange process.

Fourth, the research puts the focus back on the context of the SME unit, thereby adding to the literature beginning to examine the implicit large organisation bias implicit in much engagement research. The results indicate that engagement tools

and their outcomes are not solely the domain of large, well-resourced companies but equally active, if not more pressing to adopt, for SMEs which generate most employment and economic activity in Ghana, and in similarly developing economies.

Managerial and Practical Implications

The discussion has important policy, business development service provider and management implications for SME managers and policy maker in Ghana. First, the overwhelming influence of emotional engagement on business outcomes reinforces the focus on creating workplaces that are psychologically safe, inclusive and caring, and where this is the case, it will be beneficial for SME managers. Some action steps that can be taken involve regular employee feedback sessions, public recognition of the contributions made, open communications, and education about how an employee's efforts impact the wider organizational goals. These may not be large and costly projects, but rather small but uniform and sincere projects carried out by managers.

Second, the strong relationship between cognitive engagement proves its significance; therefore, designing intellectually demanding work environments will be important. SME managers need to consider opportunities to enrich jobs to include variety, autonomy and challenge; where they can encourage new employees to tackle real business problems; and wealth transfer through mentoring, on the job training and low cost training programmes. Cognitively engaged employees make them more creative and flexible attributes that are a great asset for SMEs in a rapidly evolving and constrained market.

Thirdly, by building organizational cultures that value being proactive, working collaboratively and taking initiative, SME owners can benefit from the power of behavioural engagement. Emphasizing EEOBs through the setting up of employee suggestion schemes; task rotation program; and employee problem solving team can encourage and motivate the employees to engage in additional role activities that promote group performance enhancements. Systems of performance assessment should encourage the recognition of contextual performance and rewards, in addition to task performance, as a means of reinforcing the behavioural engagement norms.

The results call for the incorporation of employee engagement into SME capacity-building initiatives for policies and business development service providers. A number of strategies are currently being implemented by the Government to support SMEs, but these efforts are more concentrated on accessing capital or markets or technology than in other areas. Based on the evidence from this research, there is a need to prioritize human capital development, especially the development of engaged workforce, with the same urgency as a priority for SME performance and resilience.

Limitations and Future Research

This study has a number of limitations which should be taken into account in future research. First of all, a cross sectional design does not allow for conclusions to be drawn about cause and effect. The regression analyses focus on demonstrating predictive relationships between the dimensions of engagement and OBE, but this is not enough to infer causal directionality, and longitudinal designs could help to clarify engagement-performance interaction

over time. Panel data or experimental designs should be used in future studies to support causal statements.

Second, the investigation was conducted amongst SMEs located in the Greater Accra Region, which might restrict the relevance of results to SMEs in other regions of the country or to other cultural and economic settings in South Africa and other sub-Saharan countries. Future research is recommended to further investigate in the context of rural and peri-urban SMEs where organizational structures, employee characteristics and resource support could be significantly different from the urban SME sample examined in this paper.

Third, the use of perceptual measures of organizational performance – which are prevalent and legitimate in the SME literature – raises the potential of common method bias and reporting errors because of subjectivity. Future research needs to improve triangulation of perceptual performance measures with objective financial and operational measures (if available). In addition, multi-source data collection measures (such as employee and manager's ratings on measures of engagement and performance) would create a more robust construct validity for engagement and performance measures.

Fourth, this study only examined the direct relationships between dimensions of engagement and performance. Going forward, the intervening and moderating processes linking engagement to performance - such as those mediated by leadership style, organizational culture, and sector of the business - could be studied. Further studies into the antecedents of engagement in the SME environment (such as HR practices, physical work environment and employee demographics) could further promote understanding of the engagement-performance chain.

Conclusion

This study has provided empirical evidence that employee engagement — conceptualized across cognitive, emotional, and behavioural dimensions — has a significant and positive effect on organizational performance in Ghanaian SMEs. All four hypotheses were supported, with emotional engagement emerging as the most powerful individual predictor of performance, and the three dimensions together explaining 38.5% of the variance in organizational performance. These findings affirm the applicability of established engagement theories including the JD-R model, Social Exchange Theory, and Conservation of Resources Theory in the developing-economy SME context, while also highlighting the contextual salience of cultural values and relational dynamics in shaping engagement outcomes.

The study underscores that employee engagement is not a luxury reserved for large, resource-rich organizations but a practical and accessible performance driver for Ghanaian SMEs. By investing in emotionally resonant work environments, cognitively stimulating job designs, and cultures that reward proactive behavioural contribution, SME managers can unlock significant performance improvements without proportionate resource expenditure. These findings make an important contribution to the growing body of research on human capital management in Sub-Saharan African SMEs and provide a foundation for future longitudinal and multi-sector investigations that further illuminate the engagement-performance relationship in this critical organizational context.

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