

Employee Retention Strategies and Employee Engagement in SMEs: A Human Motivation Perspective

Josephine Micheal-Oshineye¹

¹De Montfort University
Leicester, UK

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Abstract:

➤ *Purpose*

Employee engagement is increasingly recognised as a critical factor influencing organisational performance, particularly within small and medium-sized enterprises (SMEs) that rely heavily on the commitment and productivity of their workforce. However, many SMEs struggle to maintain an engaged workforce due to challenges related to employee retention and workforce stability. Drawing on human motivation theories, this study examines the influence of employee retention strategies on employee engagement in Nigerian SMEs.

➤ *Design/Methodology/Approach*

This study adopts a quantitative research design using survey data collected from employees working in SMEs located in Abuja, Nigeria. A structured questionnaire was administered to employees across multiple SMEs, resulting in 383 usable responses. The data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine the relationships between employee retention strategies and employee engagement.

➤ *Findings*

The results indicate that employee retention strategies significantly influence employee engagement in SMEs. Specifically, flexible working arrangements, employee welfare initiatives, training and development, and performance recognition were all found to have positive and significant effects on employee engagement. The findings highlight the importance of organisational practices that support employees' autonomy, competence and sense of appreciation in fostering engagement.

➤ *Practical Implications*

The findings suggest that SME managers should prioritise the implementation of retention strategies that enhance employees' work experiences and motivational needs. Organisations that invest in employee development, provide supportive welfare initiatives and recognise employee contributions are more likely to cultivate an engaged and committed workforce.

➤ *Originality*

This study contributes to the human resource management literature by providing empirical evidence on the relationship between employee retention strategies and employee engagement within SMEs in a developing economy. By integrating Herzberg's Two-Factor Theory and Self-Determination Theory, the study offers a human motivation perspective on how organisational practices influence employee engagement.

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I. INTRODUCTION

Employee engagement has emerged as an important construct in organisational research because of its strong association with employee performance, organisational commitment and overall organisational effectiveness. Engaged employees demonstrate high levels of enthusiasm, dedication and involvement in their work roles, which contributes significantly to organisational productivity and long-term sustainability (Kahn, 1990; Saks, 2006). Organisations with highly engaged employees often experience improved service quality, increased innovation and reduced employee turnover (Harter et al., 2002).

For small and medium-sized enterprises (SMEs), employee engagement is particularly critical because these organisations typically operate with limited human and financial resources. Unlike large corporations, SMEs rely heavily on the commitment and performance of a relatively small workforce to maintain operational efficiency and achieve organisational goals. Consequently, the level of engagement among employees can have a substantial impact on the overall success and competitiveness of SMEs (Boxall & Purcell, 2016).

Despite the recognised importance of employee engagement, many SMEs face significant challenges in maintaining an engaged workforce. One of the major issues confronting SMEs is employee retention. High levels of employee turnover can disrupt organisational processes, increase recruitment costs and lead to the loss of valuable knowledge and skills (Allen et al., 2010). As a result, organisations increasingly focus on implementing employee retention strategies designed to improve employees' work experiences and encourage them to remain with the organisation.

Employee retention strategies refer to organisational policies and practices aimed at motivating employees to remain with their organisations for extended periods. These strategies typically include practices such as flexible working arrangements, employee welfare initiatives, training and development opportunities, and performance recognition systems (Hausknecht et al., 2009). Such practices are designed to improve employees' job satisfaction and organisational commitment while fostering stronger psychological attachment to their work roles.

Previous studies suggest that organisational practices that support employees' well-being and professional development can significantly influence employee engagement (Bakker & Demerouti, 2017; Schaufeli & Bakker, 2004). When employees perceive that their organisations provide supportive work environments and opportunities for growth, they are more likely to develop positive attitudes toward their work and demonstrate greater engagement.

The relationship between retention strategies and employee engagement can also be explained through human motivation theories. Herzberg's Two-Factor Theory suggests

that factors such as recognition, achievement and opportunities for personal growth play an important role in motivating employees and enhancing job satisfaction (Herzberg et al., 1959). Similarly, Self-Determination Theory proposes that employees experience greater intrinsic motivation when their psychological needs for autonomy, competence and relatedness are satisfied (Deci & Ryan, 2000). Organisational practices that support these motivational needs may therefore contribute significantly to employee engagement.

Although there is a growing body of research examining employee engagement and human resource management practices, much of the existing literature focuses on large organisations in developed economies. Relatively limited research has examined how employee retention strategies influence employee engagement within SMEs operating in developing economies. This represents an important gap in the literature because SMEs often face unique challenges related to resource constraints, workforce instability and limited access to formal human resource management systems.

Nigeria provides an important context for examining these relationships. SMEs play a significant role in Nigeria's economic development by contributing substantially to employment generation and economic growth. However, many Nigerian SMEs experience difficulties related to employee retention and workforce motivation, which can negatively affect organisational performance.

This study therefore seeks to examine the influence of employee retention strategies on employee engagement in Nigerian SMEs from a human motivation perspective. Specifically, the study investigates how four key organisational practices; flexible working arrangements, employee welfare initiatives, training and development, and performance recognition affect employee engagement.

By focusing on SMEs in a developing economy, this study contributes to the literature in several ways. First, it provides empirical evidence on the relationship between employee retention strategies and employee engagement in SMEs. Second, the study integrates human motivation theories to explain how organisational practices influence employee behaviour. Finally, the findings provide practical insights for SME managers seeking to implement human resource strategies that enhance employee engagement and organisational performance.

II. THEORETICAL FRAMEWORK

Understanding how organisational practices influence employee engagement requires a strong theoretical foundation that explains the motivational mechanisms underlying employee behaviour. This study draws on Herzberg's Two-Factor Theory and Self-Determination Theory (SDT) to explain how employee retention strategies influence employee engagement in small and medium-sized enterprises (SMEs). These theories provide complementary perspectives on the role of organisational practices in

shaping employees' motivation, satisfaction and involvement in their work roles.

➤ *Herzberg's Two-Factor Theory*

Herzberg's Two-Factor Theory, also referred to as the Motivation–Hygiene Theory, is one of the most widely used frameworks for understanding employee motivation and job satisfaction. The theory proposes that two categories of factors influence employees' attitudes toward their work: motivator factors and hygiene factors (Herzberg et al., 1959).

Motivator factors refer to intrinsic elements of the job that contribute to employees' psychological satisfaction and motivation. These factors include achievement, recognition, responsibility and opportunities for personal growth. When such factors are present in the workplace, employees are more likely to experience higher levels of motivation and engagement in their work roles.

In contrast, hygiene factors refer to extrinsic aspects of the work environment that influence employees' level of dissatisfaction. These factors include organisational policies, working conditions, supervision quality and interpersonal relationships. While the presence of hygiene factors may not necessarily increase motivation, their absence can lead to dissatisfaction and reduced commitment to the organisation.

Within the context of employee retention strategies, Herzberg's theory provides an important explanation for how organisational practices influence employee engagement. For example, training and development opportunities and performance recognition systems can be considered motivator factors because they provide employees with opportunities for personal growth and acknowledgement of their achievements. These practices can enhance employees' intrinsic motivation and increase their psychological involvement in their work.

Similarly, flexible working arrangements and employee welfare initiatives can be viewed as hygiene factors that improve employees' working conditions and overall well-being. These practices help reduce work-related stress and enhance employees' work–life balance, thereby creating supportive work environments that encourage employees to remain engaged in their work roles.

For SMEs, the application of Herzberg's theory is particularly relevant because these organisations often rely on non-financial strategies to motivate employees. Due to limited financial resources, SMEs may not always be able to offer highly competitive compensation packages. As a result, organisational practices such as recognition, professional development and supportive working conditions become important mechanisms for enhancing employee motivation and engagement.

➤ *Self-Determination Theory*

Self-Determination Theory (SDT) provides another important perspective for understanding employee motivation and engagement in organisational settings. The

theory suggests that individuals are more likely to experience intrinsic motivation when three fundamental psychological needs are satisfied: autonomy, competence and relatedness (Deci & Ryan, 2000).

Autonomy refers to individuals' need to experience a sense of control over their actions and decisions. Employees who feel that they have autonomy in their work are more likely to demonstrate initiative, creativity and engagement.

Competence refers to individuals' need to feel capable and effective in their work roles. Opportunities for learning, skill development and professional growth can enhance employees' sense of competence and encourage greater motivation and engagement.

Relatedness refers to individuals' need to feel connected to others within the workplace. Positive relationships with colleagues and supervisors contribute to employees' sense of belonging and strengthen their commitment to organisational goals.

Employee retention strategies can play a significant role in satisfying these psychological needs. For instance, flexible working arrangements can enhance employees' sense of autonomy by allowing them greater control over their work schedules. Similarly, training and development programmes can strengthen employees' sense of competence by improving their knowledge and skills.

Employee welfare initiatives and recognition practices may also contribute to employees' sense of relatedness by demonstrating organisational support and appreciation for employees' contributions. When employees perceive that their organisations value their well-being and recognise their efforts, they are more likely to feel connected to the organisation and actively engaged in their work roles.

Therefore, Self-Determination Theory provides a useful explanation for how organisational practices aimed at improving employee retention may simultaneously enhance employee engagement by fulfilling employees' fundamental psychological needs.

Employee retention strategies represent important organisational mechanisms through which employees' motivational needs can be satisfied. Organisational practices that enhance employees' autonomy, competence and sense of appreciation may therefore contribute significantly to employee engagement. Building on the theoretical perspectives discussed above, the following section reviews the literature on employee retention strategies and develops hypotheses regarding their influence on employee engagement in SMEs.

III. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Employee engagement has received considerable attention in organisational research due to its strong association with employee performance, job satisfaction and

organisational effectiveness. Engaged employees are characterised by high levels of energy, dedication and absorption in their work roles (Schaufeli et al., 2002). Organisations that successfully foster employee engagement often benefit from improved productivity, stronger organisational commitment and reduced employee turnover (Harter et al., 2002).

Human resource management practices play an important role in shaping employee engagement because they influence employees' perceptions of organisational support and their overall work experiences. Among these practices, employee retention strategies are particularly important because they aim to create supportive work environments that encourage employees to remain committed to their organisations (Allen et al., 2010).

Employee retention strategies include organisational policies and practices designed to improve employees' job satisfaction, motivation and well-being. Such strategies often involve initiatives such as flexible working arrangements, employee welfare programmes, training and development opportunities, and performance recognition systems (Hausknecht et al., 2009). These practices contribute to employee engagement by addressing employees' motivational needs and enhancing their psychological attachment to their work.

Drawing on Herzberg's Two-Factor Theory and Self-Determination Theory, this study examines the influence of four key retention strategies on employee engagement in SMEs.

➤ *Flexible Working Arrangements and Employee Engagement*

Flexible working arrangements refer to organisational practices that allow employees to modify their working schedules or work locations in order to better manage their professional and personal responsibilities. These arrangements may include flexible working hours, remote work options and compressed work schedules.

Flexible work practices have become increasingly important in contemporary organisations as employees seek greater work-life balance. Research suggests that employees who experience greater flexibility in their work arrangements often report higher levels of job satisfaction, organisational commitment and engagement (Allen et al., 2013).

From the perspective of Self-Determination Theory, flexible working arrangements can enhance employees' sense of autonomy by allowing them greater control over how they perform their work tasks (Deci & Ryan, 2000). Employees who feel that they have greater autonomy in their work are more likely to experience intrinsic motivation and demonstrate stronger engagement.

In SMEs, flexible work arrangements may also contribute to improved employee engagement by reducing work-related stress and enhancing employees' overall well-

being. When employees perceive that their organisations support their personal needs, they are more likely to respond with positive attitudes toward their work and demonstrate greater commitment to organisational goals.

Therefore, flexible working arrangements are expected to positively influence employee engagement.

H1: Flexible working arrangements positively influence employee engagement in SMEs.

➤ *Employee Welfare Initiatives and Employee Engagement*

Employee welfare initiatives refer to organisational programmes designed to improve employees' physical, psychological and financial well-being. These initiatives may include health benefits, employee assistance programmes, workplace safety measures and financial support schemes.

Employee welfare programmes are important components of human resource management because they demonstrate organisational concern for employees' well-being. When organisations provide supportive welfare policies, employees are more likely to perceive that their organisations value their contributions and care about their overall welfare (Armstrong & Taylor, 2020).

According to Social Exchange Theory, employees who perceive strong organisational support are more likely to reciprocate through positive attitudes and behaviours such as increased commitment and engagement (Cropanzano & Mitchell, 2005). Welfare initiatives therefore strengthen the psychological bond between employees and their organisations.

Within SMEs, employee welfare initiatives may play an important role in fostering employee engagement because employees often rely on organisational support to maintain work-life balance and job satisfaction. Organisations that invest in employee welfare may therefore benefit from more motivated and engaged employees.

H2: Employee welfare initiatives positively influence employee engagement in SMEs.

➤ *Training and Development and Employee Engagement*

Training and development refer to organisational activities designed to enhance employees' knowledge, skills and competencies. Training programmes focus on improving employees' current job-related skills, while development initiatives prepare employees for future career opportunities within the organisation.

Opportunities for professional development are widely recognised as important drivers of employee motivation and engagement. Employees who perceive that their organisations invest in their learning and career growth are more likely to feel valued and committed to organisational goals (Garavan et al., 2021).

From the perspective of Self-Determination Theory, training and development programmes enhance employees'

sense of competence by improving their capabilities and confidence in performing their work roles (Deci & Ryan, 2000). Employees who feel competent in their work are more likely to demonstrate intrinsic motivation and engagement.

Previous research has also shown that organisations that invest in employee development often experience higher levels of employee engagement and organisational commitment (Bakker & Demerouti, 2017).

Therefore, training and development are expected to positively influence employee engagement.

H3: Training and development positively influence employee engagement in SMEs.

➤ *Performance Recognition and Employee Engagement*

Performance recognition refers to organisational practices that acknowledge and reward employees for their contributions and achievements. Recognition may take various forms, including verbal praise, awards, promotions or financial incentives.

Recognition plays an important role in enhancing employee motivation because it signals that employees' efforts are valued by the organisation. According to Herzberg's Two-Factor Theory, recognition is one of the key motivator factors that significantly enhance employees' intrinsic motivation (Herzberg et al., 1959).

Employees who receive recognition for their achievements often develop stronger emotional connections to their work and demonstrate higher levels of engagement. Recognition practices also reinforce positive work behaviours by encouraging employees to maintain high levels of performance (Aguinis, 2019).

Within SMEs, recognition may be particularly important because employees often interact closely with organisational leaders and may expect direct acknowledgement of their contributions. Recognition practices therefore play an important role in fostering employee engagement.

H4: Performance recognition positively influences employee engagement in SMEs.

➤ *Conceptual Framework*

The conceptual framework proposes that employee retention strategies (flexible working arrangements, employee welfare initiatives, training and development, and performance recognition) positively influence employee engagement in SMEs.

The relationships proposed in this study are illustrated in the conceptual model presented in Figure 1, which shows how employee retention strategies influence employee engagement in SMEs.

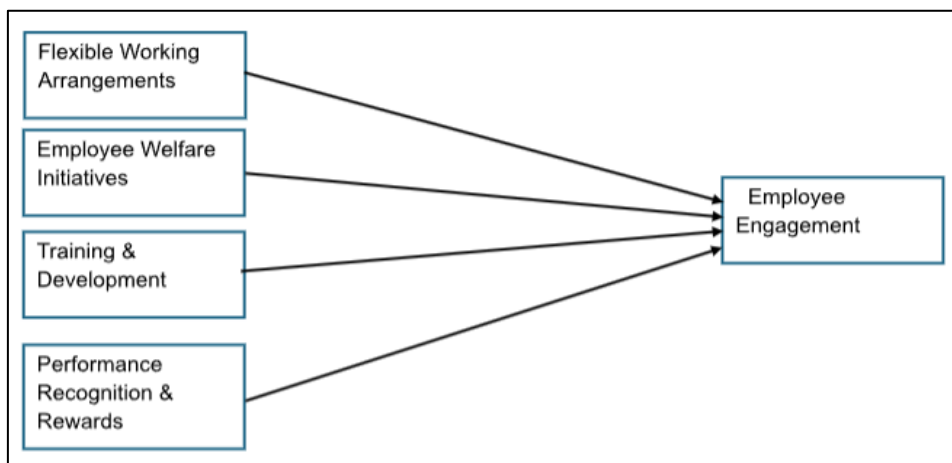


Fig 1: Conceptual Framework of the Study

IV. METHODOLOGY

➤ *Research Design*

This study adopts a quantitative research design to examine the relationship between employee retention strategies and employee engagement in small and medium-sized enterprises (SMEs). Quantitative research designs are widely used in organisational and human resource management studies because they allow researchers to examine relationships between variables using statistical techniques and empirical data (Creswell, 2014).

A cross-sectional survey approach was employed to collect data from employees working in SMEs located in Abuja, Nigeria. Cross-sectional surveys are commonly used in organisational research to examine relationships among variables at a single point in time (Bryman, 2016). This approach allowed the study to capture employees' perceptions of retention strategies and their level of engagement within their organisations.

The study utilised a structured questionnaire to gather data from employees across multiple SMEs. The questionnaire included measurement items relating to employee retention strategies and employee engagement.

➤ *Population and Sample*

The population for this study consisted of employees working in small and medium-sized enterprises (SMEs) located in Abuja, Nigeria. SMEs play an important role in Nigeria's economic development by contributing significantly to employment creation, innovation and economic growth. However, these organisations often face challenges related to employee retention and workforce stability.

A survey sampling approach was used to obtain responses from employees across different SMEs operating in various sectors within Abuja. Employees who had sufficient experience within their organisations were targeted in order to ensure that respondents could provide informed opinions regarding workplace practices and organisational policies.

A total of 383 usable responses were obtained and used for the analysis. This sample size is considered adequate for structural equation modelling techniques such as Partial Least Squares Structural Equation Modelling (PLS-SEM), which requires relatively large samples to ensure reliable estimation of model parameters (Hair et al., 2019).

The respondents represented employees from different demographic backgrounds, including variations in gender, age, educational qualifications and work experience. This diversity helps improve the representativeness of the sample and enhances the generalisability of the findings.

➤ *Data Collection Procedure*

Data were collected using a structured questionnaire survey administered to employees working in SMEs located in Abuja. The questionnaire was designed to measure employees' perceptions of employee retention strategies implemented within their organisations as well as their level of engagement at work.

The questionnaire consisted of multiple sections measuring the key constructs included in the study, including flexible working arrangements, employee welfare initiatives, training and development, performance recognition and employee engagement.

Participants were informed about the purpose of the research and assured that their responses would remain confidential and used solely for academic purposes. Participation in the survey was voluntary, and respondents were encouraged to answer the questionnaire honestly based on their experiences within their organisations.

After the data collection process was completed, the responses were screened and cleaned to remove incomplete or inconsistent responses before conducting the statistical analysis.

➤ *Measurement of Variables*

The constructs examined in this study were measured using multi-item scales adapted from existing literature in the fields of human resource management and organisational

behaviour. The use of established measurement scales enhances the reliability and validity of research instruments (Hair et al., 2019).

All measurement items were assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). This measurement approach is widely used in organisational research because it allows respondents to indicate the extent of their agreement with statements relating to their perceptions and experiences within the workplace.

Employee retention strategies were conceptualised as a multidimensional construct consisting of four key organisational practices: flexible working arrangements, employee welfare initiatives, training and development, and performance recognition. Flexible working arrangements captured employees' perceptions regarding the availability of work flexibility and support for work-life balance. Employee welfare initiatives measured organisational efforts to support employees' well-being through workplace policies and benefits. Training and development assessed the extent to which organisations provided opportunities for employees to improve their skills and professional competencies. Performance recognition captured employees' perceptions regarding whether their contributions and achievements were acknowledged and appreciated by their organisations.

Employee engagement was measured using items that captured employees' levels of enthusiasm, dedication and psychological involvement in their work roles. These items assessed the extent to which employees felt motivated, committed and actively engaged in their work.

➤ *Data Analysis Technique*

The data collected for this study were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). PLS-SEM is widely used in organisational and management research for analysing complex relationships among latent constructs (Hair et al., 2019).

PLS-SEM was selected for several reasons. First, the technique is well suited for analysing models that involve multiple constructs and measurement indicators. Second, PLS-SEM is particularly appropriate for exploratory research models aimed at predicting relationships among variables. Third, the technique does not require strict assumptions regarding data normality, making it suitable for analysing survey data.

The analysis followed the two-step procedure commonly used in PLS-SEM studies. First, the measurement model was assessed to evaluate the reliability and validity of the constructs. This involved examining indicator reliability, internal consistency reliability, convergent validity and discriminant validity.

Second, the structural model was evaluated to examine the relationships between employee retention strategies and

employee engagement. Bootstrapping procedures were used to test the significance of the hypothesised relationships.

V. RESULTS

➤ Demographic Profile of Respondents

A total of 383 valid responses were obtained from employees working in small and medium-sized enterprises (SMEs) located in Abuja, Nigeria. The demographic characteristics of the respondents were analysed to provide an overview of the sample used in the study.

The results indicate that the respondents represented diverse demographic backgrounds in terms of gender, age, educational qualifications and work experience. The inclusion of respondents from different demographic categories enhances the representativeness of the sample and provides a broader understanding of employees' perceptions of retention strategies within SMEs.

The gender distribution of the respondents included both male and female employees. In terms of age, the respondents represented several age groups ranging from younger employees in the early stages of their careers to more experienced employees who had spent longer periods within their organisations.

With regard to educational qualifications, the respondents possessed varying levels of academic attainment, including diploma qualifications, undergraduate degrees and postgraduate qualifications. Similarly, the respondents varied in terms of their work experience within their organisations, with some employees having relatively short tenure while others had longer organisational experience.

The demographic characteristics of the respondents are presented in Table 1.

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	214	55.9%
Gender	Female	169	44.1%
Age	18–25	62	16.2%
Age	26–35	168	43.9%
Age	36–45	104	27.2%
Age	46+	49	12.8%

➤ Measurement Model Assessment

Before examining the structural relationships among the constructs, the measurement model was assessed to evaluate the reliability and validity of the constructs used in the study. Following the guidelines recommended by Hair et al. (2019), the measurement model was evaluated using indicator reliability, internal consistency reliability, convergent validity and discriminant validity.

Indicator reliability was assessed by examining the factor loadings of the measurement items. All measurement items demonstrated loadings above the recommended

threshold of 0.70, indicating that the indicators adequately represent their respective constructs.

Internal consistency reliability was evaluated using Cronbach's alpha and composite reliability. The results show that the values for Cronbach's alpha and composite reliability for all constructs exceeded the recommended threshold of 0.70, indicating satisfactory reliability.

Convergent validity was assessed using the Average Variance Extracted (AVE). The AVE values for all constructs exceeded the recommended threshold of 0.50, indicating that the constructs explain more than half of the variance in their measurement indicators.

The results of the reliability and convergent validity assessment are presented in Table 2.

Table 2 Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Flexible Working Arrangements (FWA)	0.949	0.952	0.70
Employee Welfare Initiatives (EWI)	0.959	0.962	0.72
Training and Development (TD)	0.951	0.955	0.71
Performance Recognition (PR)	0.957	0.960	0.72
Employee Engagement (EE)	0.964	0.967	0.75

Discriminant validity was assessed using the Fornell–Larcker criterion. According to this criterion, the square root of the AVE for each construct should be greater than the correlations between that construct and other constructs in the model.

The results presented in Table 3 indicate that the square root of the AVE values for each construct exceeded the inter-construct correlations, confirming satisfactory discriminant validity.

Table 3 Discriminant Validity (Fornell–Larcker Criterion)

Constructs	FWA	EWI	TD	PR	EE
Flexible Working Arrangements (FWA)	0.84				
Employee Welfare Initiatives (EWI)	0.78	0.85			

Training and Development (TD)	0.70	0.86	0.84		
Performance Recognition (PR)	0.73	0.87	0.88	0.85	
Employee Engagement (EE)	0.76	0.87	0.84	0.86	0.87

	Employee Engagement				
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The results indicate that flexible working arrangements have a positive and significant effect on employee engagement, suggesting that employees who experience greater flexibility in their work schedules tend to report higher levels of involvement and enthusiasm in their work roles.

Similarly, employee welfare initiatives were found to significantly influence employee engagement, indicating that employees who perceive strong organisational support for their well-being are more likely to demonstrate stronger psychological attachment to their work.

The results also show that training and development have a positive and significant influence on employee engagement. Employees who perceive that their organisations provide opportunities for professional growth and skill development are more likely to demonstrate higher levels of engagement.

Finally, performance recognition was found to significantly influence employee engagement, suggesting that employees who receive acknowledgement and appreciation for their contributions tend to experience greater motivation and involvement in their work.

Overall, the findings provide empirical support for the proposed hypotheses and highlight the importance of employee retention strategies in enhancing employee engagement within SMEs.

➤ *Structural Model Assessment*

After establishing the reliability and validity of the measurement model, the structural model was evaluated to test the hypothesised relationships between employee retention strategies and employee engagement.

The structural model was assessed by examining path coefficients, the coefficient of determination (R^2), effect size (f^2) and predictive relevance (Q^2). The significance of the path coefficients was determined using a bootstrapping procedure with 5,000 resamples.

The coefficient of determination (R^2) indicates the proportion of variance in the dependent variable explained by the independent variables in the model. The results show that the employee retention strategies included in this study explain a substantial proportion of the variance in employee engagement within SMEs.

The results of the hypothesis testing for the structural relationships are presented in Table 4.

Table 4 Structural Model Results (Hypothesis Testing)

Hypothesis	Relationship	β	t-value	p-value	Decision
H1	Flexible Working Arrangements → Employee Engagement	0.145	4.60	<0.001	Supported
H2	Employee Welfare Initiatives → Employee Engagement	0.333	6.52	<0.001	Supported
H3	Training and Development → Employee Engagement	0.189	3.42	0.001	Supported
H4	Performance Recognition →	0.325	5.72	<0.001	Supported

VI. DISCUSSION

The purpose of this study was to examine the influence of employee retention strategies on employee engagement in small and medium-sized enterprises (SMEs) in Nigeria from a human motivation perspective. Drawing on Herzberg’s Two-Factor Theory and Self-Determination Theory, the study investigated how flexible working arrangements, employee welfare initiatives, training and development, and performance recognition contribute to employees’ psychological engagement in their work roles.

The results indicate that employee retention strategies significantly influence employee engagement within SMEs. Specifically, flexible working arrangements were found to positively influence employee engagement. This finding suggests that employees who experience greater flexibility in managing their work schedules are more likely to feel motivated and psychologically involved in their work. These results support previous research indicating that flexible work practices enhance employees’ work–life balance and contribute to greater job satisfaction and engagement (Allen et al., 2013).

The findings also reveal that employee welfare initiatives have a significant positive influence on employee engagement. Employees who perceive that their

organisations demonstrate concern for their well-being are more likely to develop stronger emotional connections to their work and organisational goals. This finding aligns with Social Exchange Theory, which suggests that employees reciprocate organisational support through positive attitudes and behaviours such as increased engagement and commitment (Cropanzano & Mitchell, 2005).

Training and development opportunities were also found to significantly influence employee engagement. Employees who perceive that their organisations invest in their professional development are more likely to feel motivated and committed to their work. This finding is consistent with Self-Determination Theory, which suggests that opportunities for learning and skill development enhance employees' sense of competence and intrinsic motivation (Deci & Ryan, 2000). When employees feel capable and supported in their professional growth, they are more likely to demonstrate higher levels of engagement.

Similarly, performance recognition was found to significantly influence employee engagement. Employees who receive recognition for their achievements tend to feel valued and appreciated within their organisations. According to Herzberg's Two-Factor Theory, recognition is a key motivator that enhances employees' intrinsic motivation and job satisfaction (Herzberg et al., 1959). The findings of this study therefore support the argument that recognition practices can play a critical role in fostering employee engagement.

Overall, the results highlight the importance of organisational practices that address employees' motivational needs. Retention strategies that support employees' autonomy, competence and sense of appreciation appear to play a crucial role in fostering employee engagement within SMEs.

VII. THEORETICAL CONTRIBUTIONS

This study makes several important contributions to the literature on employee engagement and human resource management in SMEs.

First, the study contributes to the literature on employee retention strategies by demonstrating their significant influence on employee engagement within SMEs. While previous research has often focused on employee retention as an outcome variable, this study highlights the role of retention strategies as important organisational practices that shape employees' motivational experiences at work.

Second, the study contributes to the theoretical understanding of employee engagement by integrating Herzberg's Two-Factor Theory and Self-Determination Theory. By combining these theoretical perspectives, the study provides a more comprehensive explanation of how organisational practices influence employee motivation and engagement.

Herzberg's theory emphasises the importance of recognition and opportunities for growth as key motivators, while Self-Determination Theory highlights the role of autonomy and competence in fostering intrinsic motivation. The findings of this study support the relevance of these theoretical perspectives in explaining employee engagement within SMEs.

Third, the study contributes to the limited body of research on human resource management practices in SMEs within developing economies. Much of the existing literature on employee engagement has focused on large organisations in developed countries. By examining SMEs in Nigeria, this study provides valuable insights into how organisational practices influence employee behaviour in emerging market contexts.

VIII. MANAGERIAL IMPLICATIONS

The findings of this study provide several practical implications for SME owners, managers and human resource practitioners seeking to enhance employee engagement.

First, SME managers should prioritise the implementation of retention strategies that address employees' motivational needs. Flexible working arrangements can help employees achieve better work-life balance, which may reduce stress and improve engagement. SMEs that provide flexibility in work schedules may therefore benefit from higher levels of employee motivation and commitment.

Second, organisations should invest in employee welfare initiatives that support employees' well-being. Welfare programmes that address employees' physical and psychological needs can strengthen employees' perceptions of organisational support and enhance their engagement with their work.

Third, training and development programmes should be prioritised within SMEs. Providing opportunities for skill development and career advancement can enhance employees' sense of competence and professional growth. SMEs that invest in employee development may benefit from more skilled and motivated employees who are committed to organisational success.

Finally, recognition practices should be incorporated into organisational management practices. Recognising employees' contributions can significantly enhance employees' sense of appreciation and motivation. Even simple recognition practices, such as verbal praise or acknowledgement of achievements, can have meaningful impacts on employee engagement.

IX. LIMITATIONS AND FUTURE RESEARCH

Although this study provides valuable insights into the relationship between employee retention strategies and

employee engagement in SMEs, several limitations should be acknowledged.

First, the study adopted a cross-sectional research design, which captures data at a single point in time. While this approach is useful for examining relationships among variables, it does not allow for the examination of changes in employee attitudes and behaviours over time. Future research could employ longitudinal research designs to examine how retention strategies influence employee engagement over extended periods.

Second, the study relied on self-reported survey data collected from employees. Self-report measures may be subject to response bias or social desirability effects. Future studies could incorporate additional data sources such as supervisor evaluations or organisational performance records to provide a more comprehensive assessment of employee engagement.

Third, the study focused specifically on SMEs located in Abuja, Nigeria. Although this context provides valuable insights into human resource practices in emerging economies, the findings may not necessarily be generalisable to SMEs operating in other geographical contexts. Future research could examine similar relationships in other regions or countries to compare how retention strategies influence employee engagement in different organisational environments.

Future research could also explore additional variables that may influence employee engagement, such as leadership style, organisational culture or psychological empowerment.

X. CONCLUSION

Employee engagement is increasingly recognised as a critical factor influencing organisational performance and workforce stability, particularly within small and medium-sized enterprises. This study examined the influence of employee retention strategies on employee engagement in Nigerian SMEs from a human motivation perspective.

The findings demonstrate that flexible working arrangements, employee welfare initiatives, training and development, and performance recognition significantly influence employee engagement. These organisational practices appear to enhance employees' motivation and psychological involvement in their work roles.

The study also highlights the importance of addressing employees' motivational needs through supportive organisational practices. Retention strategies that promote autonomy, competence and recognition can play a critical role in fostering employee engagement within SMEs.

By providing empirical evidence from SMEs in a developing economy, this study contributes to the literature on employee engagement and human resource management. The findings also offer practical insights for SME managers

seeking to develop effective organisational practices that enhance employee motivation, engagement and organisational performance.

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