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# Nexus Between Employee Engagement and Performance Rate of Small Scale Businesses

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**Abstract:** *The current work attempts to look into how employee engagement enhances small business success in Lagos State. This study relied on data from primary sources, and 200 micro business owners completed and returned questionnaires. The data were analyzed using descriptive statistics, a correlation model, and a regression model. The results demonstrate that an accurate employee engagement in small scale firms has a substantial impact on corporate company performance and facilitates business decision-making. The study also found that perfect employee engagement improve sales returns of businesses The study indicates that as most SSBs rely on employee and accounting data to make decisions that have an impact on their performance and operations, the performance of SSBs is regulated by their accounting systems.*

**Keywords:** *Employee Engagement, Small Scale Business, Performance, Regression Model, Operations.*

## 1. INTRODUCTION

### 1.1 Background of the study

Business organizations are faced with a lot of challenges that crippled their performance. The challenges hinged on various decisions of owners, directors and boards that dictate the proceedings and operations of firms. Most managers embarks on decision that eventually backfired and resulted in business loss while some steps taken are not enough to enhance effective operation and positive performance of the organization. The challenges can be linked to non-involvement of workers in strategic decision of organization. Most of the business proceedings, operations, production are executed by employees. The employees in that carry out production process and business activities are acquainted with knowledge to



overcome problems during problems likewise the needed precursors to enhance greater output for organization productivity.

The catalyst for overall growth and business development lies on knowledgeable, skilled, hardworking employee. However, most of these workers are not involved in the activities of the firms. The most of the establishment have laid down culture and organization principle set up for effective running of the organization. The culture of some of organization or institutions incorporated the employees in decision making which eventually decides faith of business firm while in some cases employee are excluded and sidelined from decision of institution.

The success or failure of modern businesses depends on accounting. A company's financial situation must be recorded, analyzed, monitored, and evaluated. Tax records must also be kept, and information must be provided to various roles within the firm. Small- and medium-sized business owners and managers in industries are given the information they need through the accounting system to determine financial success (Maseko & Manyani, 2011). Indirectly and directly, some businesses employed the accounting system.

Small and medium-sized businesses are occasionally referred to as the backbone for the development of economies around the world because of their distinctive nature to a country. The effectiveness of small scale firms in providing indigenous people with efficient ways to stimulate entrepreneurship, improve employment possibilities, and support the development of indigenous technology has been demonstrated in research from throughout the world (Sule, 1986; World Bank, 1995; Nnanna, 2001). Small-Scale Industries (SSIs) are also seen as a relic to a bygone era and a reflection of technological sluggishness. However, their rapid decline came to represent industry development (Owualah, 2001; Anyanwu, 2001).

Despite the efforts outlined above, administrative management shortcomings and inexperience were the main causes of failure for most small enterprises. Some small businesses are unable to track their activities and make choices because they lack a competent accounting standard. It will be a monumental struggle for small businesses to survive and expand their scale in a circumstance where understanding of the accounting system is incomplete and lacking, as this will prevent them from providing effective and high-quality administrative management. The current study focuses on Nexus between Employee Engagement and Performance Rate of Small Scale Businesses

## **1.2 Statement of Problem**

Globalization has increased rivalry among businesses, which has caused managers to use a variety of strategies and management techniques to fulfill their goals, enhance their quality, maintain organizational performance, and survive through competitive advantage (Kim & Mauborgne, 2014). The aforementioned competition will highlight the significance of management strategy, accounting procedures, and accepted small business distinct characteristics for business sustainability. Over the years, however, complex work has still to be done on the accounting system and small businesses.



Despite several research on accounting systems and performance, the literature that was accessible concentrated on both banking and organization. For instance, Laudon & London (2007) examined the system of business information, Mia, Rahman, & Debnath (2007) conducted research on customer behavior in online banking, and Andoh (1998) focused on bank computation in his work. Studies by Amoako (2012) focused on the impact of ICT on banking.

Due to the lack of knowledge regarding the performance of small scale enterprises and the accounting system, it is urgently necessary to investigate both in order to better understand how management affects business firms. The current work then investigates the relationship between small business performance rates and the engaged employees in Lagos State.

### **1.3 Objectives of the Study**

The main goal of this work was to explore how the systems of accounting impacted on small scale enterprises performance.

Specific objectives were to:

- i. Evaluate the availability and use of engaged employee for small businesses;
- ii. Assess the impact of employee deployment on the performance of small businesses; and
- iii. Research any obstacles to the complete involvement of employee in small businesses.

### **1.4 Hypotheses**

Below hypotheses are meant study:

HO<sub>1</sub>: There is no employee engagement in small businesses.

HO<sub>2</sub>: Small businesses do not engaged employee.

HO<sub>3</sub>: There are no restrictions on employee engaged in small businesses.

## **2. REVIEW OF CONCEPT**

### **2.1. Small Scale Business**

Small businesses are defined in terms of their workforce, management structure, and capitalization cap (Lucky & Olusegun, 2012). Different nations define small business using factors like sector and size. For the definition of a small firm, nations like Britain, the United States of America, and other nations in Europe take into account turnover and the number of employees (Gbandi & Amisah, 2014).

### **2.2 Theoretical Review**

#### **2.2.1 Decision Theory**

This theory's key contribution is that decision-making is not an intuitive process, but rather an evaluation of available options that optimizes desired outcomes. Herber Simon developed this theory in 1952. It has to do with choosing wise selections for making decisions. Applying ratios and other mathematical techniques to analyze the relationships between variables will assist small businesses make decisions about their everyday operations.



### **3. METHODOLOGY**

#### **3.1 Research Design**

The opinions of small business owners were ascertained in this study using a descriptive technique of survey.

#### **3.2 Population of the Study**

The population of this study is the small scale enterprises.

#### **3.3 Sample Size and Sampling Technique**

For the purpose of this study, respondents were chosen using a purposive sample method in addition to a straightforward random sampling strategy. For this study, the two hundred small business firms were taken into consideration.

#### **3.4 Method of Data Collection**

Questionnaire was an instrument used for data collection. Two hundred questionnaires were distributed and retrieved from owners of selected small scale enterprises.

#### **3.5 Research Instrument**

The instrument of the research adopted in this study is questionnaire. The business owners are the main respondents.

#### **3.6. Research Instrument Validity**

The specialists in the field were given the questionnaire to evaluate the questions' content and determine how well the instrument collected the necessary data. Expert advice was used to determine the necessary modification.

#### **3.7 Reliability of Research Instrument**

This was done so that the instruments could address issues from the work. Cronbach's alpha value was used to measure reliability. For all of the claims, the internal consistency measure was fulfilled with a minimum of 0.7 alphas.

#### **3.8 Instrument Administration**

Data collection was successful through method of a drop and pick. This process involves given out the questionnaires and collection back at a specify date.

#### **3.9 Data Analysis Techniques**

In this work, data analysis methods from statistics were used. In order to evaluate the hypotheses, simple percentages and regression analysis were used.

### **4. RESULT AND DISCUSSION**

#### **4.1 Demographic Characteristics of Respondents**

Table 1 reveals that 124 percent of respondents (62 percent) are self-employed and that 76% of respondents (38%) work in partnerships. In light of this, respondents choose liability-based



corporations over partnerships. This is frequently connected to a challenge encountered while taking care of other partners. Table 1 shows that 120 (60 percent) of the responders are males, while 80 (40 percent) are females. This indicates that the vast majority of replies are men.

In addition, according to the study, 50 percent of respondents are between the ages of 20 and 30, 90 percent are between the ages of 31 and 40, and 60 percent are between the ages of 41 and 50. The bulk of responses are over the age of 31, indicating that they are adults.

According to the findings, 91 percent (45.5%) of the respondents practice Christianity, 93 percent (46.5%) practice Islam and none of the respondents name any other faith. This illustrates the intimate relationship between the two religions.

Furthermore, 133 (65.5%) married of all respondents, while 67 (33.5%) are single. This demonstrates that the bulk of responders with multiple demands move into small businesses rather than an individuals.

**Table 1: Demographic characteristics of the sampled Small Scale Businesses**

Characteristics	Frequency	Percentage (%)
<b>Ownership structure</b>		
<b>Sole proprietorships</b>	124	62
<b>Partnerships</b>	76	38
<b>Sex</b>		
Male	120	60
Female	80	40
Total	200	100
<b>Age</b>		
20-30	50	25
31-40	90	45
41 and above	60	30
Total	200	100
<b>Religion</b>		
Christianity	91	45.5
Islam	93	46.5
Others specify	6	3
Total	200	100
<b>Marital status</b>		
Married	133	66.5
Single	67	33.5
Total	200	100

**Source:** Researcher’s Survey, 2022.

## 4.2 Hypothesis Testing

### Hypothesis One

Table 2: Small businesses cannot engaged employee to run their operations effectively and efficiently. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.067 <sup>a</sup>	.650	-.038	.69037	
Explanatory variable	$\beta$	Std.Error	t-Value	p-Value	
Constant	2.639	5.848	1.785		
Accounting system	0.794	3.069	9.164	0.025	

Source: Author’s computation, 2022

Since ( $\beta=0.794$ ,  $t=9.164$ ,  $p=0.025$ ), small-enterprise has a positive and substantial value. As a result, hypothesis of null was rejected in favor of the alternative hypothesis. That is, there is a link between effective employee engagement and performance of small enterprises.

### Hypothesis Two

Table 3: Employee are not used by small enterprise Model Summary

Model	R	R <sup>2</sup> Square	Adjusted R <sup>2</sup> Square	Std. Error of the Estimate	
1	0.352	0.310	0.016	0.2416	
Explanatory variable	$\beta$	Std.Error	t-Value	p-Value	
Constant	0.8643	1.3841	0.512		
Implementation of acc. system	-0.214	0.836	1.645	0.036	

Source: Author’s computation, 2022

The second hypothesis was tested using Table 16 ( $\beta=0.214$ ,  $t=1.645$ ,  $p=0.036$ ). Calculated returns a negative value, and  $p$  is less than 0.05. As a result, the null hypothesis—that small businesses do not engaged employee is accepted.

Table 4: There are no restrictions on how small enterprises can alter their engaged employee Model Summary

Model	R	R <sup>2</sup> Square	Adjusted R <sup>2</sup> Square	Std. Error of the Estimate	
1	0.413	0.398	0.348	0.314	
Explanatory variable	$\beta$	Std.Error	t-Value	p-Value	
Constant	3.841	0.784	1.380		
Adaption of acc. system of SSBs	1.348	0.546	2.341	0.086	

Source: Author’s computation, 2022.

Table 17 ( $\beta=1.348$ ,  $t=2.341$ ,  $p=0.086$ ) explained the barriers to small firms adopting the use of employee. This demonstrates that small enterprises' ability to adjust their employee is limited.



## 5. CONCLUSION

Given that the majority of SSBs rely on engaged employee when making decisions that have an impact on their performance and operations, we can infer from the research's overall findings that the engaged employee coordinates SSB performance. The management of SSBs should object to using ethical accounting procedures in their business. Since complex accounting systems may be beyond the means of SSB operators, resource pooling may be used as a cost-cutting measure among SSBs operating in the same location.

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