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Fletcher, Luke, Ram, Monder and McCarthy, Imelda (2025) A review of the empirical literature on 'engagement' within the context of entrepreneurship and small business management. International Journal of Human Resource Management. ISSN 0958-5192

DOI: <https://doi.org/10.1080/09585192.2025.2478853>

Publisher: Taylor & Francis

Version: Published Version

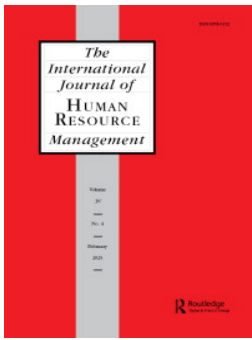
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The International Journal of Human Resource Management

ISSN: (Print) (Online) Journal homepage: www.tandfonline.com/journals/rijh20

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To cite this article: Luke Fletcher, Monder Ram & Imelda McCarthy (17 Mar 2025): A review of the empirical literature on ‘engagement’ within the context of entrepreneurship and small business management, The International Journal of Human Resource Management, DOI: [10.1080/09585192.2025.2478853](https://doi.org/10.1080/09585192.2025.2478853)

To link to this article: <https://doi.org/10.1080/09585192.2025.2478853>



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A review of the empirical literature on ‘engagement’ within the context of entrepreneurship and small business management

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ABSTRACT

Previous reviews on (work/job/employee) ‘engagement’ have neglected research within the context of entrepreneurship and small and medium-sized enterprises (SMEs). We present a systematic narrative review of the empirical literature on ‘engagement’ within this industrial and employment context. Our aims are to a) determine the scope of research conducted, b) identify key insights, and c) uncover key gaps and problems. We searched four databases for material published between 2010 and 2023. From systematic sifting of 1155 items, 40 articles met our quality and relevance criteria. These articles derive from various disciplines, yet mainly adopt a psychological focus. However, the literature lacks methodological pluralism and cultural contextualization, and an underplaying of institutional/market factors. We find two distinct streams: i) studies focusing on employee engagement with SMEs, and ii) studies focusing on entrepreneurial engagement. There are opportunities to connect these streams in a more interdisciplinary way as well as to develop each in more meaningful ways.

KEYWORDS

employee engagement; wellbeing; productivity; entrepreneurship; small business management; empirical literature review

Introduction

Engagement scholars have traditionally focused on how, why, and what happens when individuals invest emotionally, cognitively, and behaviorally in their work and/or organization, usually termed as ‘work’, ‘job’, ‘role’, or ‘employee’ engagement (Bailey et al., 2017; Shuck et al., 2021). As the literature has expanded over the last decade, a wider range of scholars and practitioners have become interested in applying it to their own discipline, including entrepreneurship and small business

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management (e.g., Gevaert et al., 2022; Toth et al., 2021). Whilst some efforts have been made to review specific disciplinary areas (for example within the public sector—Fletcher et al., 2020), there has been little effort to date to review the growing literature base pertaining to engagement within entrepreneurship and small business management—and what little there is has focussed on entrepreneurial wellbeing where engagement studies form a small subsample and are discussed relatively superficially (e.g., Mäkinieni et al., 2021).

‘Entrepreneurship’ and small ‘business management’, while often conflated, are distinct, each with unique characteristics, objectives, roles and challenges (Gibb, 1996). Entrepreneurship is primarily concerned with the process of creating new ventures and is characterised by innovation, risk-taking, and growth orientation (Shane & Venkataraman, 2000). In contrast, small business management is usually associated with the operation and sustainability of existing small firms, which may not necessarily pursue growth or innovation. We define small businesses using the European standard definition of an SME (European Commission, 2020) and categories associated with micro (1-9 registered employees), small (10-49 registered employees), and medium (50-249 employees) sized firms—we include this full range of SMEs in our review. In practice, an owner-manager of a privately run SME is likely to identify or be considered an entrepreneur even though the extent to which they are truly ‘entrepreneurial’ varies considerably (Chan & Lau, 1993; Moran, 1998). Therefore, a comprehensive review of literature spanning both entrepreneurship and small business management is needed. However, the limited understanding of both topics presents challenges from an HR perspective. Most critically, applying what is already known on engagement (which tends to focus on larger organizational contexts with formal HR departments) may be inappropriate for understanding the more nuanced, more informal managerial and relational dynamics within smaller businesses (Gilman et al., 2015; Harney & Alkhalaf, 2021) as well as for entrepreneurs who rely more on their own personal and social capital when scaling up (Shane & Venkataraman, 2000; Stephan et al., 2023). Applying generic engagement insights may lead to ineffective interventions that do little to facilitate engagement within these contexts (Jenkins & Delbridge, 2013; Kroon & Paauwe, 2022).

By exploring and evaluating the empirical literature on engagement within the context of entrepreneurship and small business management we can better understand both the breadth and depth of knowledge that has been generated. We also identify key gaps, including potential limits to its applicability and contextual boundaries that may affect its relevance (Johns, 2006). Additionally, engagement models/frameworks may need to be adapted or rearticulated to better explain wellbeing and productivity

within smaller firms or different types of entrepreneurs/small firms e.g., family run firms or solo entrepreneurs, given it has evolved from a psychological perspective that has not specifically explored such contextualized applications (Fletcher et al., 2020). There may also be flaws and issues with the methodological, empirical, and theoretical approaches undertaken within the literature which need to be identified and discussed (Madden et al., 2018). Thus, there is a need to take stock of the current empirical literature on engagement that has been conducted within the context of entrepreneurship and small business management which can shed light on how HRM theories and applications can be best adapted to this specific context. Therefore, our review sets out to address:

- RQ1:** What is the scope of empirical research conducted on engagement within the context of entrepreneurship and small business management over the last decade?
- RQ2:** What insights has this emerging literature generated regarding engagement antecedents and outcomes in entrepreneurial and small business settings?
- RQ3:** What are the key gaps and limitations in the current literature, and what opportunities exist for future research on engagement in entrepreneurial and small business contexts?

Methodology

The review method

We carried out a systematic narrative literature review method (Madden et al., 2018) which “seeks to tell the story of the evidence...[yet] does not seek homogeneity or resolution...[as] the evidence may contain multiple strands” (p.646). This ability to evaluate and balance multiple, potentially conflicting or disparate, strands is relevant in this case given there are likely differing, yet complementary features (and ambiguities) across the literature regarding the treatment and focus of the SME firm, and who constitutes employees, entrepreneurs, and business owners in these firms. The systematic narrative approach primarily follows a codified linear process underpinned by five distinct stages (Briner, 2011): i) planning the research strategy and developing the research questions (see the introduction section above for our strategy and research questions), ii) searching for and locating evidence that meet general relevance and fit criteria (see the search and selection process that follows this section for our approach here along with [Appendix A](#)), iii) sifting search results for studies that meet the agreed quality criteria (again see the search and selection process that follows this section for our approach, along with

Appendix B), iv) systematically extracting data from included studies and evaluating them (see an example of this in Appendix C), and v) synthesizing conclusions, critically reflecting upon the evidence, and making recommendations (see our Findings section for the outcome of this stage).

Whilst the narrative approach to a systematic review is meant to be as inclusive as possible, i.e., seeking out as wide a range of potential relevant evidence (including from non-academic sources) as possible, it is virtually impossible to do this effectively—both in terms of resources and time needed as well as in being able to integrate and consider differing (and potentially conflicting) forms of evidence within one analysis (Madden et al., 2018, 2019). This is particularly the case with a topic such as engagement which has attracted a vast amount of attention from a wide range of different stakeholders, including consultants and social policy makers (Shuck et al., 2021). There is also concern that academics and practitioners may have quite different interpretations of what engagement might mean and represent (Bailey, 2022). Thus, it was decided that the focus of the review should be on evaluating the extant academic literature so that a clearer, more precise, and deeper analysis could be gained. We now turn to the search and selection process.

Search and selection process

Four databases (business source complete, proquest, web of science, and scopus) were searched in September 2023 using the following combined search strings focusing on words included within abstract and title:

String one denoting topic/concept of engagement - “employee engagement” OR “staff engagement” OR “job engagement” OR “organi* engagement” OR “personal engagement” OR “role engagement” OR “team engagement” OR “psychological engagement” OR “work engagement” OR “work* engagement” OR “leader engagement” OR “unit engagement” OR “manager engagement” OR “owner engagement”

AND

String two denoting focus on business context - “busines*” OR “enterpris*” OR “firm” OR “firms” OR “compan*”

AND

String three denoting focus on small business owners, family businesses, and entrepreneurs - “SME” OR “SMEs” OR “smal*” OR “micr*” OR “mediu*” OR “famil*” OR “entrepreneu*”

The search only included items that were peer reviewed journal articles, published in the English language. Items from each database were combined into one database and duplicates removed. A total of 1155 items published between January 2010 and September 2023 were initially

abstract sifted, of which 120 met general relevance and fit criteria (see [Appendix A](#) for summary of these criteria). The full papers of these items were downloaded, and the research rationale, sampling, methodology, and analysis were scrutinized against our quality criteria (see [Appendix B](#) for summary of these criteria). A final selection of 40 studies were within remit and met minimum quality thresholds; representing a third of those initially included from the abstract sift. The main reasons for excluding the remaining two thirds from the abstract sift were i) poor quality measures or analysis (e.g., not using established measures, not following standard statistical testing protocols, or not reporting sufficient validity/reliability data), ii) sampling and research procedural issues (e.g., not showing sufficient attention to standard research ethics protocols, inadequate details about sampling strategy and recruitment of participants), iii) difficulty in ascertaining the size or characteristics of enterprises included (i.e., usually when the sample and analysis included some representation from larger organizations yet the breakdown of the sample across different sized organizations was provided to know for certain the majority of the sample was from smaller sized firms), and iv) lack of conceptualization of engagement or misaligned conceptualization, e.g. employee engagement in CSR activities or in training interventions, or firm level engagement in different types of innovation strategy.

The corresponding author led the abstract and full paper sifting process given their prior experience in systematic review processes and their expertise on the topic of engagement. The other two researchers each sifted between 10-15% of the items included in the abstract sift and a similar percentage of the full paper checks. Any that were rated as 'unsure' by one of the research team were double checked by another person on the team. As a quality assurance process, each of the three researchers checked a random 5-10% selection of all the excluded items from the abstract sift as well as the full paper sift. For the full paper sift, each of the excluded items were given a reason based on the quality criteria ([Appendix B](#)) for why they were excluded, which we could examine again if needed. A small number in each sifting process were discussed again within the team but none of the excluded items checked were deemed errors in judgement.

Findings

RQ1: what is the scope of empirical research conducted?

To address our first research question we first explored the broad characteristics of the included studies. [Table 1](#) summarizes a range of study characteristics for the 40 included studies. We turn now to discuss key insights from this summary.

Table 1. Descriptive overview of the 40 included studies.

Study Characteristic	Count	Percentage
Disciplinary Area		
Entrepreneurship	11	27.5%
Psychology	10	25%
General Business and Management	8	20%
Human Resource Management	5	12.5%
Health	3	7.5%
Other Business and Management	3	7.5%
Date of Publication		
2010–2011	0	0%
2012–2013	1	2.5%
2014–2015	4	10%
2016–2017	8	20%
2018–2019	9	22.5%
2020–2021	9	22.5%
2022–2023	9	22.5%
Geographical Locations		
USA	6	15%
Spain	5	12.5%
Pakistan	4	10%
International (Europe)	3	7.5%
Netherlands	3	7.5%
Turkey	3	7.5%
China	2	5%
Finland	2	5%
Jordan	2	5%
Poland	2	5%
Australia, Ecuador, Greece, Italy, Malaysia, South Korea, Switzerland, UK	Each 1	Each 2.5%
Research Design		
Cross-sectional self-report survey	20	50%
Multisource (but cross-sectional) survey	7	17.5%
Time-lagged or longitudinal survey	5	12.5%
Multilevel (but cross-sectional) survey	3	7.5%
National survey panel data	3	7.5%
Experience sampling/diary method	1	2.5%
Intervention evaluation	1	2.5%
Definitions and Measures		
Work Engagement using a form of UWES	32	80%
Job/Role Engagement using a form of Rich et al. (2010) or May et al. (2004)	5	12.5%
Other Engagement Framings/Measures	3	7.5%

First, research on engagement within the context of entrepreneurship and small business management derives from a range of disciplines. Entrepreneurship journals published the most studies ($n=11$), followed by psychology journals ($n=10$). The remaining 19 studies were published in a wider range of journals, including in general business and management, human resource management, health, and other business and management areas such as tourism. The dates of publication show an upward trend, with studies first emerging in 2012/13 ($n=1$) and rising in 2018/2019 ($n=9$). Since 2018/2019, interest in the topic appears to be relatively stable. And whilst studies tended to focus on mainland Europe and the USA, there was a good range of geographical contexts represented, particularly from Pakistan ($n=4$) and Turkey ($n=3$). The African context however was not represented in the included studies.

Second, all the included studies were quantitative in nature, with half adopting an individual level cross-sectional self-report survey design ($n=20$). Whilst there were a few multisource ($n=7$) and multilevel ($n=3$) studies, these were still cross-sectional self-report surveys. Thus, there are limits to what the empirical literature can say regarding causal relationships and the magnitude of practical significance. However, there were more complex and stronger research designs adopted, such as time-lagged/longitudinal surveys ($n=5$). Only one study focused on evaluating an intervention (Heikkilä et al., 2019); indicating the literature is still relatively nascent in its research development. The majority (32 out of 40 studies) utilized Bakker et al. (2008) work engagement conceptualization and a form of the Utrecht Work Engagement Scale (UWES; Schaufeli & Bakker, 2003). A small number of studies ($n=5$) utilized Kahn's (1990) role engagement framing and a measure of job or role engagement (May et al., 2004; Rich et al., 2010). One study used Saks's (2006) multi-foci conceptualization and measure of engagement (Kang et al., 2021), another applied Barrick et al. (2015) collective organizational engagement framing/measure (Shahzad et al., 2022), and one more differentiated between individual and team engagement (Ababneh, 2023). Thus, whilst the vast majority focus on engagement as an intrapersonal phenomenon, emphasizing perceptions of one's work activities or job role, a small number have a broader and multilevel perspective that view engagement as a phenomenon that transcends the intrapersonal sphere.

As studies were examined, we found that there were three distinct streams of engagement research: i) studies focusing on employees within SMEs—this was the major research stream (21 of the 40 studies); ii) studies focusing on the entrepreneur or business owner themselves—this was a growing second major research stream ($n=15$); and iii) studies focusing on family run firms - a small emerging minor stream ($n=4$).

For studies focusing on employees—studies sampled between 129 and 711 individuals (average of 321 per study) working in an SME. About half (11 out of 21 studies) gave a broad SME definition, in line with standard EU reporting guidelines—i.e. firms with less than 250 employees, but did not specify beyond this; the remaining studies focussed on either small firms (< 50 employees; $n=7$) or medium sized firms (50-250 employees; $n=3$). About half ($n=10$) focused on a specific industry, with five studies focusing on production and manufacturing, two on (professional) services, two on high technology firms, and one on hospitality firms. Many tried to use specific SME registers or databases, or utilised consultancy service organisations who had access to a network of SMEs; and about half ($n=10$) focused their sampling strategy on a specific city or urban region. Very few provided specific information about the positions of the entrepreneurs themselves but some did provide some strong

indication that the definition of SME also included the entrepreneur as being actively involved as the owner-manager.

For studies focusing on entrepreneurs—studies sampled between 22 and 5,463 entrepreneurs (average of 665 per study). Whilst not all 15 studies provided specific details, the majority did provide enough information to suggest that entrepreneurs were defined as those who were self-employed individuals who owned and managed (but not necessarily always founded) a (typically for-profit) SME firm. Just over half of the studies ($n=8$) focused on entrepreneurs who had more than one formally registered employee—mostly these related to micro (1-9 employees) and small (9-49 employees) firms. One study focused specifically on solo entrepreneurs, i.e. entrepreneurs who did not have any formally registered employees, whilst two studies compared entrepreneurs with and without employees. The remaining four studies had a mix of self-employed entrepreneurs with and without employees yet did not differentiate between them. The vast majority included entrepreneurs from a range of industries across a large region or country, yet one study focused on the computer/software industry, and another focused on knowledge intensive industries.

For studies focusing on family run firms—studies sampled between 40 and 350 (average of 219 per study) employees. Two studies clearly focused on SMEs, whilst the other two were less clear—yet they did provide information about annual revenue (as their proxy for size) and this was controlled for in the analyses.

When evaluating the alignment and relative quantity/quality of evidence between these streams, it was deemed appropriate to maintain the distinction between the studies focusing on employees within SMEs and the studies focusing on the entrepreneur or business owner. This is because employees and entrepreneurs tend to have different roles, motivations, and relationships to the organisation, which shape how engagement manifests and what factors influence it. While employees' engagement is likely to be influenced by organisational factors like job design and leadership, entrepreneurs' engagement is more closely tied to personal factors like passion for their venture and autonomy (Chen et al., 2025). Maintaining this distinction allows for a more nuanced understanding of engagement dynamics in SMEs (Harney & Alkhalaf, 2021). However, the studies focusing on family run firms were small and represented a slightly outlying and less distinct/bounded area of the literature. Accordingly, we organize our review findings around the first two research streams. Whilst we decided not to explicitly review the four studies focusing on family-run firms as a distinct grouping, we have considered the findings from these studies where they became relevant when interrogating the literature in the other two streams.

RQ2: what insights has this emerging literature generated?

Studies focusing on employees

Although the studies within this stream were fairly disparate and low quality in terms of research design, there were a few that collected multisource data or considered the hierarchical structure of the data, i.e., employees nested within firms. There were a wide range of geographical research sites covered with many non-European countries represented, such as Jordan, Pakistan, South Korea, and Malaysia.

In investigating antecedents, many studies tended to focus on applying the established job demands-resources model (Bakker & Demerouti, 2007) and underlying motivational/wellbeing related theories (Ryan & Deci, 2000) to employees in SMEs. For example, well designed jobs and providing opportunities for training and development (as job resources) are likely to facilitate engagement (Coetzer et al., 2020; Maden-Eyiusta, 2016), and those who are intrinsically motivated, proactive, and more flexibly minded (as personal resources) are most likely to be engaged (Maden-Eyiusta, 2021; Mubarak et al., 2021; Putra et al., 2017). Alongside these resources, engagement can be particularly facilitated when SMEs seek to strengthen person-organization fit perceptions alongside providing a supportive and caring organizational environment (Vila-Vázquez et al., 2023). Such a supportive environment for engagement is maintained when line managers enact supportive and transformational leadership behaviors that facilitate social exchange relationships (Mubarak et al., 2021; Vila-Vázquez et al., 2020).

In terms of outcomes of engagement, a wide range of studies examined the link between engagement and extra-role behaviors at the individual employee level; all of which found positive links—particularly between engagement and innovative/voice/helping behavior (Cumberland et al., 2018; Kang et al., 2021; Maden-Eyiusta, 2021; Vila-Vázquez et al., 2023). These studies also found that job-related engagement mediated the relationships between work contextual antecedents and such behaviors, where they tended to draw on motivation and social exchange principles to explain these processes. One study found that engagement in turn was positively related to employee perceptions of operational effectiveness (Zahoor et al., 2024). This all points to developing an overarching work system for employees that is conducive for both engagement and innovation (Al-Ajlouni, 2020).

Whilst most studies focused on engagement at the individual employee level, a few examine engagement as a shared or collective experience. This emergent sub stream has generated insights into the multilevel nature of engagement within the dynamics of small firms. For example, the entrepreneurial signals within SMEs related to

innovativeness, proactiveness, and risk-taking strategically orientate the organization towards motivational HRM practices that then help employees to collectively engage and invest their energies into the organization in ways that facilitate the firm's innovative performance (Shahzad et al., 2022). Moreover, having a diverse range of people within a team who have differing personality traits can be beneficial for translating individual engagement into team engagement within smaller firms (Ababneh, 2023), and the shared perceptions of a small business leader's behavior (particularly in relation to being authentic, ethical, and relatable) can influence individual employee levels of engagement and performance, as well as firm level competencies and creativity (Katou et al., 2021; Laguna et al., 2019). And within the specific context of family-run small firms, shared climate perceptions regarding open communication, family authority, and altruistic behavior, are important for the engagement of employees within those firms (Ceja et al., 2012; Miller, 2014). Collectively, these findings point to the need to examine how individual, team, and firm level processes of engagement come together to influence important business outcomes.

Studies focusing on entrepreneurs

Although the evidence base is similar for entrepreneurs, it is slightly stronger than that for employees given that there were a range of complex studies, including longitudinal or time-lagged studies, studies with large panel datasets, an intervention study, and a multilevel study. However, it is limited mainly to Europe and North America, and is relatively bounded within a specific work psychological perspective that focuses on entrepreneur's psychological wellbeing. This perspective applies the job demands-resources model (Bakker & Demerouti, 2007), conservation of resources theory (Hobfoll, 2002), and related motivational/affective wellbeing theoretical arguments (Ryan & Deci, 2000), to examine potential relationships and gain spirals of job/personal resources, engagement, and performance. Existing knowledge was verified that job resources, such as autonomy, skill discretion, feedback, and learning opportunities, are positively related to engagement (Dijkhuizen et al., 2016) and demands can be somewhat differentially associated with engagement if they are challenges, i.e., positive association, or hindrances, i.e., negative association (Beutell et al., 2019). There is also some support for the idea that an entrepreneur's personal resources, such as self-efficacy, are reciprocally related to their engagement (Laguna et al., 2017) and that engagement may act as a cognitive and affective resource mechanism that protects as well as facilitates business performance (Gorgievski et al., 2014; Reina et al., 2017). Furthermore, there is some evidence that personal resources, such as resilience, can also protect the entrepreneur

from harmful effects of job demands, particularly those who are new to entrepreneurship (Yu et al., 2022).

One interesting avenue has started to explore the motivational and personal qualities that differentiate entrepreneurs from other working populations. For example, Toth et al. (2021) examine entrepreneurial passion for inventing as a particular personal resource that motivates individuals to seek out more challenging and demanding work roles, such as entrepreneurship, which can then result in higher levels of engagement (than in other forms of work). And more recently, Obschonka et al. (2023) argue that entrepreneurship provides personal agency which drives psychological utility *via* high work engagement such that entrepreneurs invest in their engagement at work to develop a positive job demands-resources profile, that in turn fosters a healthy and psychologically rewarding life. They compare 348 entrepreneurs and 1002 employees in the UK and find that entrepreneurs have higher work engagement and lower levels of burnout than employees and that this is partly due to entrepreneurs' higher levels of job autonomy and lower levels of off-work recovery. They reason that entrepreneurs utilize autonomy as an important job resource to fuel their engagement and protect them from burnout, yet they do not utilize off-work recovery in the same way—rather not switching off from work is seen as an adaptive feature of entrepreneurship and in maintaining a strong, yet not toxic level of engagement.

Related to this is the perceived social value and validation of one's entrepreneurial work which can facilitate the experience of meaningfulness and, in turn, engagement, particularly for those with a strong concern for the common good (Brieger et al., 2021). In contrast, the perceived social undermining of one's entrepreneurial work can lead to reduced engagement as it may hinder the regulation of emotions and energies needed for engagement (Yu et al., 2022). However, Palumbo (2022) also cautions that there may be a potential 'dark side' to promoting an entrepreneurial orientation that embraces not only the enterprise but also the human and societal 'common good' of their work. This is because such an orientation may instill a 'heroic' and unrealistic image of the entrepreneur and their role which cause role overload and greater work-to-life and life-to-work conflicts.

RQ3: What might be missing or indicate problems within the current literature base?

Studies focusing on employees

Overall, the evidence for employees within SMEs is broad in coverage yet rather limited theoretically such that it provides little insight beyond what is generally known about employees in larger organizations. Moreover, it

was surprising that cultural and country-level factors were not considered given the international diversity of the studies. Despite this, there is an emerging strand that could be a fruitful avenue that can provide novel theoretical and empirical knowledge. This strand is starting to explore firm-level and leadership-level characteristics that could help shape engagement experiences, and performance/innovative outcomes within SMEs. Pertinently to the wider small firm literature, Henley's (2022) review draws attention to the importance of leadership quality in explaining productivity differences between firms. This suggests the quality of leadership could also be an important influence on employee engagement, highlighting the need for research into how different leadership styles and leader effectiveness influence worker commitment and motivation.

There is the potential to be more contextually nuanced such that studies can integrate more macro-level institutional and entrepreneurship theorising to better understand the unique engagement experiences of those working in SMEs. It could be aided by more active dialogue with the 'integrative' (Kroon & Paauwe, 2022) tradition in employment relations research. This approach (see Edwards & Ram, 2019; Ram & Edwards, 2003) emphasizes the interaction of individual, relational, and structural factors. It stresses the complexity of work relations, particularly in small firms, where informality plays a key role. By drawing attention to contradictory pressures, conflict, and uncertainty, this tradition deepens understanding of how these elements shape employee motivation and commitment. For example, Ram et al. (2020) study of compliance with the National Living Wage (NLW) shows that employee engagement is shaped both by macro-level factors and the immediate social/work context (in the form of meso-level influences and values within the firm). Managerial agency and the nature of employment relationships play a vital role in how firms respond to regulatory changes like the NLW. For example, some owners complied with the NLW to retain skilled workers while others resisted because of market pressures and limited labour, demonstrating how managerial choices and employment relations affect compliance.

Studies on entrepreneurs

Questions remain as to whether expected net gains for entrepreneurial engagement related to acquiring more job and personal resources, i.e., the gain spiral effect, over time exists (Laguna & Razmus, 2019), whether interventions seeking to help entrepreneurs manage their stress can also facilitate engagement (Heikkilä et al., 2019), and whether engagement can lead to a wide range of objective performance outcomes in the long term (Dijkhuizen et al., 2016). Additionally, the role of broader labour market conditions in shaping entrepreneurial engagement remains underexplored. However, emerging evidence suggests that poorer labour market conditions

are likely to be associated with lower work engagement levels of the entrepreneur themselves, perhaps partly due to restricted ability to access and mobilize job resources (Gevaert et al., 2022). In a related meta-analysis on entrepreneurial wellbeing, Stephan et al. (2023) find that entrepreneurs' positive and negative wellbeing are both influenced by the institutional and legal context surrounding entrepreneurship. Therefore, more research is needed to understand the broader macro-level contextual factors that affect the way in which entrepreneurs' engagement can be facilitated or hindered by the more immediate social and work role context.

Another aspect to consider is the interconnection with, or embeddedness of, the entrepreneur's family. It is important to remember that family involvement is often present in small firms, whether explicitly acknowledged or not. Families and businesses are often inextricably intertwined, with family dynamics shaping various aspects of entrepreneurship including opportunity recognition, venture creation decisions, and resource mobilisation - even when examining firms not explicitly categorised as family businesses (Aldrich & Cliff, 2003). Whilst only four studies examined family owned/run firms (which we decided not to include as a separate stream), the way in which the entrepreneur involves (or employs) family members within the business may be important and relevant. For example, involving or employing family members is likely to affect the relationships, stress etc for the entrepreneur and blur the boundaries even more between work and non-work domains. It also has implications for the family members in the business who may have different experiences of engagement than non-family members (Ramos et al., 2014). The potential for productive synergies with small firm employment relations research—which is sensitive to the importance of family dynamics (Edwards et al., 2006)—is encouraging. For example, studies such as by Ram et al. (2022) could enrich engagement research by illuminating the role of familial networks/ties and communal bonds in shaping work dynamics for the entrepreneur. Firms in these studies prioritize family welfare and socio-material wealth rather than profit-maximization. These priorities shape their working practices. Understanding these distinctive sources of motivational and particularistic notions 'fairness' generates more nuanced perspectives on entrepreneurs' engagement.

Discussion

Our review reveals two distinct but related strands of research on engagement in small firms: employee engagement and entrepreneur engagement. We present a visual conceptual map (see [Figure 1](#)) that clarifies key antecedents, contextual features, and outcomes of engagement for

both literature streams, highlighting commonalities with broader engagement research. Our analysis of the last ten years of research on engagement in entrepreneurship and small business management highlights several important insights and unanswered questions for future research from an HRM perspective.

First, we show that scholarship in this area generally views engagement as a positive psychological state at work, involving vigor, dedication, and absorption (Bakker et al., 2008). However, there are unique features of engagement for employees in SMEs in that it can also emerge as a shared collective ‘firm-level’ experience (Shahzad et al., 2022), and for entrepreneurs, engagement is not perhaps a universally positive motivational state, but rather can instil an unrealistic, heroic-oriented drive to be a ‘successful’ entrepreneur (Palumbo, 2022). However, studies often overlook how entrepreneur-employee interactions shape engagement as a shared phenomenon in small firms (Ceja et al., 2012; Katou et al., 2021). Employee experiences are likely to be directly shaped by the entrepreneur and business owner within small firms, and vice versa the entrepreneur’s own experiences will be dynamically influenced by how they relate and manage their employees. The close, reciprocal relationship between entrepreneurs and employees in small firms, where each party’s actions and attitudes directly shape the other’s experiences and behaviours is a recurring theme in small firm HR research (Gilman et al., 2015).

Second, we clarify specific antecedents of engagement for entrepreneurs of small businesses and for employees within SMEs. A commonly recurring feature is the role of job and personal resources that promote

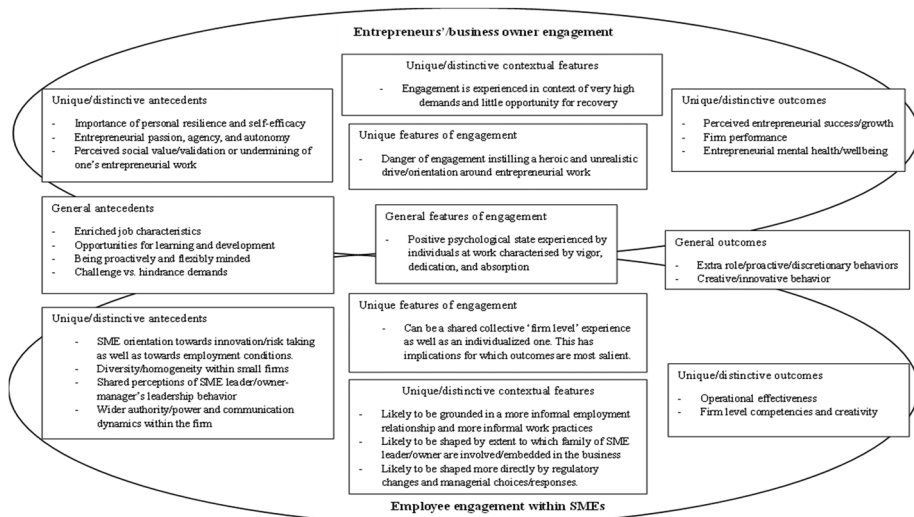


Figure 1. Mapping antecedents, contextual features, engagement, and outcomes across the two streams of literature.

basic psychological needs for autonomy, competence, and relatedness (Bakker & Demerouti, 2007; Ryan & Deci, 2000). For SME employees, key antecedents include firm culture and leadership dynamics (Katou et al., 2021; Shahzad et al., 2022). For entrepreneurs, unique antecedents are related to specific entrepreneurial personal resources, such as entrepreneurial passion and resilience (Toth et al., 2021), as well as how their entrepreneurial work is perceived by others to be valuable and meaningful (Brieger et al., 2021). Bailey et al. (2017) identified ‘engagement as management practice’ as an emergent research strand, offering a pluralist, firm-level perspective (Jenkins & Delbridge, 2013) relevant to small businesses. This strand holds promise for advancing understanding of HRM and people management practices in small firms. HRM in small firms is often informal and emergent rather than formalised (Harney & Alkhalaf, 2021). Engagement research could cast light on how these informal practices shape employee motivation and commitment in ways that differ from large firms. Moreover, examining engagement in this could reveal how small firm owners balance economic imperatives with social considerations in managing their workforce, a key theme in small business HRM studies (Edwards & Ram, 2019).

Third, we reveal contextual features that are salient for understanding engagement within smaller firms. Entrepreneurs experience engagement amid high demands and limited recovery time, yet personal agency makes it psychologically enriching (Obschonka et al., 2023). For employees in SMEs, it is likely that engagement is grounded in a more informal employment relationship and shaped more directly by how managers respond to external regulatory changes (Harney & Alkhalaf, 2021). It can also be shaped by the extent to which family of the SME leader/owner are embedded in the firm and how strong the family climate is (Ceja et al., 2012). However, there is a need to further understand how the external context shapes within-firm engagement experiences (Harney et al., 2022). Few studies explore how institutional and market contexts shape SME engagement, missing opportunities for synthesis with HR and employment relations research (Edwards & Ram, 2019; Harney & Alkhalaf, 2021; Kroon & Paauwe, 2022). We therefore encourage a more conscious dialogue that highlights the interactions between individual, team, and organizational levels of engagement in small firms’ employment relations research.

Fourth, we identify a small range of outcomes that have been found to be associated with entrepreneurs’ engagement and employee engagement in SMEs—most notably around individual level behavioral outcomes such as being proactive and creative (e.g., Maden-Eyiusta, 2016). Yet, potential differences between the outcomes of entrepreneurial

engagement and employee engagement within firms are important to understand as they have different implications for targeted interventions. For example, for entrepreneurs there may be a specific focus on entrepreneurial identity, wellbeing and business growth/upscaling (e.g., Gorgievski et al., 2014) whereas for employees the focus is likely more connected to issues around retention and career development as well as enhancing productivity and innovation (e.g., Coetzer et al., 2020). More research is needed to clarify whether engagement benefits both individuals and firms in SMEs.

Limitations

Our review highlights several core limitations of the evidence base. A key limitation is differentiating entrepreneurship from small business management in employee engagement. While we have sought to maintain conceptual clarity by organising findings into distinct streams—employee-focused studies within SMEs and entrepreneur-focused studies—there remains significant overlap between these domains and ambiguities in the evidence base. For instance, most of the studies did not always provide a clear distinction or focus between entrepreneurs and small business owners, often just referring to them collectively as entrepreneurs who were owner-managers of the firm. Given many small business owners exhibit entrepreneurial behaviours, while some entrepreneurs operate within non-traditional or larger organisational contexts, this overlap complicates efforts to generalize findings across diverse settings. As Harney and Alkhalaf (2021) note, SMEs are a heterogeneous category with varying degrees of entrepreneurial orientation and growth ambition. Future research should adopt more nuanced sampling strategies that account for these variations, perhaps by distinguishing between growth-oriented entrepreneurial ventures, lifestyle businesses, and family-run firms. Moreover, whilst many of the included studies do tend to align with the European definition of an SME and tended to focus more on ‘small’ firms (i.e. < 50 employees), this is not always the case as some countries, such as the USA, have different legal and business recording requirements. Therefore, there is a need to better understand potential distinctions between micro, small, and medium sized enterprises in relation to engagement dynamics, as well as distinctions across countries in terms of how ‘small’ firms are defined and what this may mean for generalising findings across countries (Gherhes et al., 2016). Our review can help spurn additional research that address more specific and precise questions that relate to these distinctions within the streams we identified.

A related problem is that much of the research operates in disciplinary silos. Given the dominance of the psychological perspective of engagement, there is a need to move towards a more interdisciplinary and multi-foci perspective that helps bring together the streams and different expertise. This could also involve other non-academic stakeholders, such as social policymakers and entrepreneurial networks, to coproduce research and to generate new ideas, perspectives, and outputs that can be better utilized to affect change in managerial practice. A good example of the value of a more interdisciplinary and multi-perspectival approach to employee engagement is Ram et al., 2022 action research study on initiatives undertaken with ethnic minority businesses to improve productivity which illustrates the need to move towards a more inclusive approach that considers the specific contexts and challenges faced by different stakeholders. This insight has strong resonances with growing interest in the ecosystem perspective on HR (Snell & Morris, 2021), highlighting how HR practices are not restricted to a distinct function but are instead embedded in the wider social and business networks in which these firms operate. The entrepreneur's managerial style, engagement with their work, involvement in various networks, and relationships with workers and family members all contribute to the informal HR practices of the firm (Ram et al., 2022). This accords with Harney and Alkhalaf (2021) view of HRM as a process rather than just a set of formal practices, and emphasises the need to consider these broader, more informal influences on people management in small firms.

Another limitation is that most studies are overly reliant on cross-sectional self-report surveys at the individual level. This restricts the ability to make causal inferences and practical recommendations. We therefore need more intensive research designs, such as longitudinal, multilevel and intervention studies. Whilst we did have some examples of these, they remain few. Engagement measurement varied, with many studies using shortened or modified scales (Yu et al., 2022). While sometimes appropriate, unvalidated modifications may weaken robustness, especially for multidimensional constructs (Johnson et al., 2011). Mixed method intervention studies could help to bring a more robust, pragmatic approach to helping small businesses and entrepreneurs to facilitate engagement (see Fletcher & Schofield, 2021 as potential inspiration). Methodological diversity (e.g., qualitative or mixed methods) is also lacking to capture the rich, contextualized engagement experiences in small businesses. In particular, more qualitative research is needed - none of our included studies were qualitative in design. The lack of methodological pluralism limits the understanding of underlying processes. For instance, what explains the higher engagement of entrepreneurs

compared to employees (Obschonka et al., 2023)? How does engagement change over the business lifecycle? Can training interventions be used to improve engagement? Future research could fruitfully address these questions. Although there are also a limited number of qualitative studies in the broader engagement literature (Bailey et al., 2017), there are some useful examples such as by Fletcher (2017) and Dillard and Osam (2021).

In connection to sampling, Europe and North America dominate existing studies on employee engagement in small firms. This limits generalizability, underscoring the need to examine engagement across cultural contexts. International HRM research suggests that HR practices differ significantly across countries due to cultural, institutional, and economic factors (Brewster et al., 2018). This is especially relevant for small firms, where national culture may more strongly influence management practices due to less formal structures. National culture shapes entrepreneurial engagement, driven by personal achievement in individualistic societies and community expectations in collectivistic ones (Hayton et al., 2002). Cultural dimensions like power distance affect how engagement is fostered (Hofstede, 2001). Institutional factors such as labour regulations and education systems also shape engagement practices across countries (Psychogios & Wood, 2010). Comparative studies on cross-cultural engagement in SMEs could enhance global understanding. Additional studies are required in regions like Africa, Asia, and South America. These settings may have different cultural values or institutional arrangements that may alter how HRM is framed and implemented which could affect engagement. Therefore, encouraging geographical diversity of employee engagement research is overdue.

Conclusion

Although engagement research has surged in recent years, previous reviews have overlooked key concerns in entrepreneurship and small business management. Our review of 40 studies reveals key insights and issues within the literature. We find two largely independent research streams with differing foci: i) studies focusing on employees and their engagement at work/with the firm, ii) studies focusing on entrepreneurs and their engagement at work when running their businesses. Most of our included studies adopt a narrow psychological focus that downplays institutional and market factors. The evidence base is relatively limited, for example, methodological pluralism and cultural/geographical contextualization are lacking. There are opportunities to be more creative and rigorous in relation to theoretical advancement, methodological design, empirical analysis, and in delineating HRM implications. More interdisciplinary research is needed to generate contextually relevant insights considering the role of

micro, meso, and macro level factors that shape the meaning and experience of engagement for both employees and entrepreneurs within small firms. Overall, we encourage scholars to do more contextually relevant, novel, and impactful ‘engagement’ research that addresses concerns around entrepreneurial wellbeing and small firm productivity, and worker motivation.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by Economic and Social Research Council.

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*denote those included in the review

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Appendix A. General relevance and fit criteria for first sift (abstract only)

To be included at this stage, the abstract had to detail or give a clear indication of the following:

Criterion	Further details
The paper was focused on 'engagement'	The abstract gave explicit mention of 'engagement' in the context of work. Other concepts related to for example CSR engagement or moral engagement were deemed out of scope.
The paper was empirical in nature or at least included empirical data	The abstract gave explicit mention about a data collection process and/or an empirical analysis. Purely conceptual or general review papers were deemed out of scope, although these were also checked separately for any broader relevance to the project.
The paper sampling strategy or empirical focus explicitly mentions small businesses, SMEs, family run firms or entrepreneurs.	Other indicators such as journal title and keywords were also considered if not a lot of detail was given in the abstract.
A description of the study aims, method, analysis and findings	It was important that this description suggested some degree of competence and rigor.

Appendix B. Quality criteria for second sift (full paper)

Below we provide a summary of our quality criteria we applied during the full paper sifting process:

Criterion	Example questions/applications
Adequacy – does the approach taken meet the paper's intended research aims	do the sample/dataset, research design, and analytical choices taken meet the research aims, is there evidence of validity, are there efforts to clarify/detail the context of the research and to consider limitations when articulating the implications of the study findings?
Sensitivity – does the study uncover findings that can say something meaningful about the phenomenon under investigation, in this specifically about engagement, and does it consider ethical considerations	how were participants recruited and their consent gained, how purposeful was the sampling and analytical strategy, is it tailored to the specific context of small business management/ entrepreneurship in any way?
Relevance – is the method appropriate and able to address the research questions set out in the evidence review	is there a clear definition and operationalization of engagement used, has appropriate model verification/fit and statistical testing been utilized, has appropriate interview questions been used that align with a clear conceptual or theoretical framing of engagement?
Robustness/rigor – does the study show a systematic approach that is feasible, replicable, and/or theoretically as well as empirically defensible	In quantitative studies is there evidence for reliability of measures, generalizability of findings, and efforts to maximize causality; in qualitative studies, has a robust thematic or other qualitative analysis been conducted in line with its core philosophical and reflexive foundations and has effort been made to explain and contextualize findings?



Appendix C. Example of data extraction and evaluation record

Item	Stream	Research Design	Research Procedure	Sampling Info	Country	Work	Engagement – Conceptual and Operational Definition	Theoretical Foundation	Findings	Other comments
Yu et al. 2022	Entrepreneurs Daily survey over 10 consecutive days	Recruited from three sources: a business incubator, a university's entrepreneurship association, and an online survey firm. (1) the startup needed to be eight years of age or younger and (2) the entrepreneur needed to have daily contact with other people.	691 daily surveys from 77 entrepreneurs. 66.23% were men and 33.77% were women. Their average age was 28.87 years (SD = 4.13). Most were university graduates, and 44.16% had prior startup-related experience. After excluding missing/incomplete data – 74 entrepreneurs and 551 datapoints averaging 8.5 day pairs per respondent.	China	Work engagement 4 items from UWES, two vigor, one dedication, one absorption.	self-regulation impairment process, social undermining process, resilience as a personal resource/stress theory	Perceived social undermining - related to sleep quality, sleep quality + work engagement, sleep quality mediates relationship between social undermining and work engagement, trait resilience buffers the negative impact of daily perceived social undermining on sleep quality, but it doesn't seem to influence the relationship between sleep quality and work engagement. first-time entrepreneurs need resilience more than their more experienced counterparts. Experienced entrepreneurs likely learned how to effectively deal with perceived social undermining, thus needing less "innate" ability. Thus, startup experience likely substitutes for trait resilience. More studies are needed.	Interesting study, with some unique features. Measure of WE a bit strange as used 4 items rather than standard 9 scale		