A Study on the Effect of Organisational Culture on Employee Engagement in SMEs

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Abstract

This narrative literature review investigates the role of organisational culture in shaping employee engagement within small and medium-sized enterprises (SMEs). While extensive literature has examined employee engagement in large corporations with formal human resource infrastructures, limited research addresses how SMEs, characterised by informal structures, resource constraints, and founder-led cultures, foster employee engagement through non-institutional mechanisms. Since SMEs represent over 97% of New Zealand businesses and employ a significant proportion of the national workforce, this research addresses a critical gap in organisational behaviour and human resource management scholarship.

This thesis adopts a narrative literature review (NLR) methodology based exclusively on secondary data. The study synthesises findings from 65 peer-reviewed, published studies from 2000 to 2025. No primary data was collected; instead, the research draws solely from existing academic sources. The analysis is structured around three theoretical frameworks: Schein's (2010) Three-Level Model of Organisational Culture, Denison's (1996) Culture and Performance Model, and Kahn's (1990) Psychological Conditions of Engagement. Five core organisational cultural dimensions — values and identity, relational leadership, communication and feedback systems, psychological safety and trust, and inclusive and adaptive practices — are key to employee engagement in SME contexts.

The narrative literature review suggests that employee engagement in SMEs is primarily cultivated through relational and culturally integrated practices such as ethical leadership, value congruence, empowerment, informal dialogue, and psychological safety rather than through structured HR interventions. These organisationally and culturally situated mechanisms drive affective commitment and discretionary effort and sustain organisational resilience amid external pressures and internal growth.

This research contributes to the theoretical advancement of organisational culture and employee engagement studies by contextualising them within the SME environment and the New Zealand economic landscape. It also offers practical recommendations for SME leaders seeking cost-effective, organisationally and culturally authentic employee engagement strategies aligned with their operational realities. Ultimately, the research provides a nuanced, secondary-data-based, evidence-informed framework for understanding how SMEs can leverage organisational culture as a strategic asset to enhance employee engagement and organisational performance.

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Attestation of Authorship

I hereby declare that this submission is my work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements and references), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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Chapter 1: Introduction

1.1 Introduction

Organisational culture and employee engagement have emerged as two central themes in the research of workplace dynamics, both of which are recognised as key drivers of organisational performance, employee satisfaction, and long-term business sustainability (Bakker & Albrecht, 2018; Schein, 2010). Organisational culture refers to the collective system of shared values, beliefs, norms, and behaviours that shape how work is conducted and employees experience their workplace environment (Schein, 2010; Denison, 1996). Employee engagement, on the other hand, captures the psychological presence of employees in their work roles, reflecting the extent to which they are emotionally, cognitively, and behaviourally invested in the success of their organisation (Kahn, 1990; Saks, 2006). The academic literature has extensively explored these constructs within large corporations, where formal human resource management (HRM) systems, structured organisational cultural programs, and formal employee engagement strategies create predictable mechanisms for employee involvement (Mazur & Zaborek, 2016; Mazzarol et al., 2021). Small and medium-sized enterprises (SMEs) demonstrate different realities regarding employee engagement, with direct leadership practices and informal communication often replacing the formal systems absent in these organisations (Battisti et al., 2013; Coetzer et al., 2019).

This distinction is particularly relevant to New Zealand, where SMEs account for 97% of all enterprises and contribute 29% to the national GDP (Ministry of Business, Innovation & Employment [MBIE], 2022a). Despite their economic significance, these smaller firms' organisational culture and employee engagement dynamics remain underexplored (Jurado & Battisti, 2019). Most employee engagement research still prioritises large organisations, leaving a substantial gap in understanding how SMEs create organisational cultures that foster engaged, motivated, and resilient workforces (Haar et al., 2022). This research is driven by the need to close that gap, focusing on how organisational culture directly influences employee engagement within the unique context of New Zealand's SME sector. Given the critical role of SMEs in employment and economic development, understanding these organisational cultural dynamics is not only academically valuable but practically necessary for supporting the long-term sustainability of New Zealand's small business sector (Boulanouar et al., 2020).

This research investigates how organisational culture influences employee engagement in small and medium-sized enterprises (SMEs), with particular attention to the organisational cultural dimensions that enhance workplace commitment and resilience. While larger organisations rely on structured HR policies and corporate-driven employee engagement

programs, SMEs often lack such resources, requiring them to embed employee engagement practices directly into their organisational cultural fabric through leadership behaviour, shared values, and informal norms (Ho et al., 2010; Mharapara et al., 2023). Understanding which specific organisational cultural factors influence employee engagement within SMEs where informal leadership and lean management structures dominate will help business owners develop tailored employee engagement strategies suited to the realities of small business management. Although this study draws primarily contextually from the New Zealand SME environment due to its relevance and representation, the research adopts a generalised analytical approach that broadly applies to SME contexts. Importantly, this study is based entirely on existing academic literature and does not involve any primary data collection. A narrative literature review was selected for its flexibility in synthesising conceptual insights across diverse contexts, making it appropriate for exploring under-theorised phenomena like employee engagement in SMEs. (Ferrari, 2015; Grant & Booth, 2009; Snyder, 2019).

To achieve this aim, the research pursues four specific objectives. This research analyses organisational culture frameworks to establish their suitability for SMEs, as these businesses typically follow leader-led organisational cultural development rather than policy-based approaches (Abimbola & Kocak, 2007; Avolio & Gardner, 2005). The research examines the key organisational cultural elements shaping employee engagement in SMEs, focusing on how leadership, communication patterns, and interpersonal trust interact (Amundsen & Martinsen, 2014; Edmondson & Lei, 2014; Jordan & Troth, 2011). This research will assess the development of SMEs in terms of short- and long-term employee engagement, despite budget limitations and informal HR procedures (Ayres, 2025; Wiesner et al., 2007). This research will provide practical implementation advice to SME business owners about developing employee engagement strategies based on organisational cultural approaches, matching their resource constraints and informal management structure. These objectives are addressed through the synthesis of existing literature drawn from peer-reviewed academic sources using a narrative literature review framework (Baumeister & Leary, 1997; Cronin & George, 2020).

The research holds both practical need and theoretical significance for the field. The research adds theoretical value by filling a gap in organisational literature regarding organisational cultural approaches to employee engagement (Haar & Kelly, 2024; Arabeche et al., 2022). The practical contribution supports New Zealand SME owners who require scalable and affordable employee engagement approaches that fit their size and operational realities (Foster & Farr, 2016; Gialuisi & Coetzer, 2013). Research establishing this connection will serve academic scholars and assist SMEs in developing organisational workforce employee

engagement tools through organisational culture strategies. As this study does not involve fieldwork or empirical data collection, its findings and contributions are derived solely from the critical review and thematic synthesis of secondary literature (Booth et al., 2021; Tranfield et al., 2003). The following sections will define the core concepts of organisational culture and organisational behaviour before addressing the context of SMEs and articulating the research problem and questions guiding this research.

1.2 Organisational Culture

Organisational culture research has become extensive in management literature because it is one of the main factors influencing how workers behave, leadership success, and business performance. Defined broadly, organisational culture encompasses the shared values, beliefs, assumptions, and behavioural norms that guide how work is performed and employees interact (Schein, 2010; Cameron & Quinn, 2006). The unwritten social code defines what is considered acceptable or unacceptable within a particular organisational setting. The broad definition fails to represent the intricate qualities of organisational culture, so academics have developed theoretical models to describe organisational cultural functions more precisely (Denison, 1996; Mazur & Zaborek, 2016).

Among the most widely used is Edgar Schein's (2010) Three-Level Model of Organisational Culture, which presents culture as an iceberg-like construct consisting of visible and invisible layers. At the surface level, organisations display artifacts, such as physical structures, dress codes, and formal policies, which are observable manifestations of organisational culture. Below this, espoused values reflect the formal statements of organisational goals, values, and philosophies. These indicate what the organisation claims to stand for but do not always align with actual behaviours. At the deepest level lie the underlying assumptions: unconscious beliefs, perceptions, and mental models that fundamentally shape employee behaviour. This three-tiered structure highlights why organisational culture is more than slogans or mission statements; it is embedded in everyday decisions, leadership actions, and employee interactions.

Complementing Schein's model is Denison's (1996) Organisational Culture Model, which links organisational culture directly to organisational performance. Denison identifies four key organisational cultural traits of high-performing organisations: involvement, consistency, adaptability, and mission. Involvement reflects the degree to which employees are empowered and participate in decision-making. Consistency represents the alignment between core values and operational processes. Adaptability refers to an organisation's ability to change in response to external conditions. Mission outlines the strategic direction and purpose that guide

long-term objectives. This model is particularly relevant for SMEs, as it offers adaptable organisational cultural elements that suit their need for operational flexibility. However, formalisation around mission and internal alignment may be weaker or more informal in these firms (Mazur & Zaborek, 2016; Abimbola & Kocak, 2007).

Both models show that small and medium-sized enterprises benefit from examining the role of leadership in shaping organisational culture. While large corporations develop organisational culture through formal systems, policies, and governance structures, SMEs often rely on the business owner or founder's personal values, leadership style, and behaviours (Ayoko, 2021; Mazzarol et al., 2021). This makes organisational culture in SMEs particularly sensitive to leadership changes, which can cause rapid shifts in employee expectations and employee engagement (Battisti et al., 2013; Haar et al., 2021).

This leadership influence is especially evident in SMEs, where many businesses are family-owned or entrepreneur-led (Jurado & Battisti, 2019). With limited resources to implement formal training programs or structured organisational cultural interventions, organisational culture in SMEs is often transmitted through informal communication, daily interactions, and leadership by example (Beal & Abdullah, 2005; Coetzer et al., 2019). This dynamic presents benefits and risks: while it can foster agility and strong personal bonds, it also makes organisational culture highly dependent on individual personalities rather than consistent institutional systems (Haar & Kelly, 2024).

Therefore, understanding organisational culture in SMEs requires a hybrid view recognising organisational culture as both a structural and relational phenomenon (Cameron & Quinn, 2006; Lopez-Martin & Topa, 2019). It is a system of shared meanings embedded in an organisation and a product of interpersonal relationships and leadership dynamics. For this reason, corporate-centric models cannot simply be transplanted into the SME environment. Instead, they must be adapted to suit smaller firms, where organisational cultural transmission occurs more organically, and leaders act as organisational cultural gatekeepers rather than policy custodians (Mazur & Zaborek, 2016). This explains the broader research conducted through a narrative literature review (NLR) approach, which is based solely on secondary data from existing peer-reviewed academic studies. No primary data were collected. This methodology enables a comprehensive, qualitative synthesis of prior research findings to explore the relationship between organisational culture and employee engagement within SMEs (Baumeister & Leary, 1997; Ferrari, 2015; Snyder, 2019).

1.3 Employee Engagement

Employee engagement has emerged as one of the most critical drivers of organisational performance, talent retention, and innovation across sectors. It reflects the psychological connection employees develop with their work and employer, influencing the discretionary effort they are willing to invest in achieving organisational goals (Kahn, 1990; Saks, 2006; Truss et al., 2020). Unlike simple job satisfaction, which measures how content employees feel, employee engagement captures a more profound sense of emotional and intellectual commitment to their work. In this state, employees are fully absorbed in their work, aligned with organisational values, and motivated to contribute beyond minimum expectations (Saks, 2006; Bakker & Demerouti, 2008; Shuck et al., 2011). This distinction is significant because engaged employees are satisfied and proactively involved in shaping organisational success (Bakker, 2011).

The foundational theory of employee engagement is often attributed to Kahn's (1990) work on the Psychological Conditions of Personal Engagement and Disengagement. Kahn proposed that employees engage in their work when three conditions are met: meaningfulness (they find their work intrinsically valuable), safety (they feel psychologically safe to express themselves at work), and availability (they have the physical, emotional, and cognitive resources to engage). This multidimensional approach highlights that employee engagement is not a singular feeling; it reflects how employees experience the organisational environment in relation to their personal identity and professional purpose (Edmondson & Lei, 2014).

Expanding on this, Saks (2006) introduced the concept of dual engagement, which involves engagement with the job itself (task-level engagement) and engagement with the organisation as a whole (strategic-level engagement). This distinction is especially critical for SMEs, where employees often work in multi-functional roles that demand deep task immersion alongside a broader sense of loyalty to the business (Haar & Kelly, 2024; Gialuisi & Coetzer, 2013). In large corporations, formal employee engagement programs such as structured feedback loops, performance appraisals, and career development initiatives are designed to foster both types of employee engagement. However, in SMEs, employee engagement is rarely driven by HR policy; instead, it emerges from the organisational culture shaped by leadership and daily interpersonal relationships (Battisti et al., 2013; Coetzer et al., 2019).

In SMEs, where hierarchical structures are flatter and communication lines are shorter, employee engagement is embedded in organisational culture. It is directly influenced by how leaders communicate the business vision, the level of employee involvement in decision-making, and the alignment of personal values with the organisation's purpose (Mazur &

Zaborek, 2016; Abimbola & Kocak, 2007). This organisational cultural embedding of employee engagement makes it more personalised in SMEs. Employees often engage because of personal loyalty to the owner, belief in the company's mission, or identification with the team's organisational culture rather than formal HR mechanisms (Beal & Abdullah, 2005; Rego et al., 2012).

This personalised and organisational culture-dependent nature of employee engagement in SMEs can be both a strength and a vulnerability. On the one hand, close relationships with leaders and direct involvement in decisions can foster high intrinsic motivation (Bradley et al., 2023; Rego et al., 2018). On the other hand, the absence of formal career development pathways, inconsistent feedback processes, and dependence on owner-driven organisational culture can create uncertainty and disengagement, especially during leadership transitions or business growth beyond the start-up phase (Foster & Farr, 2016; Mazzarol et al., 2021).

Therefore, the link between organisational culture and employee engagement is particularly pronounced in SMEs, where organisational culture directly shapes how employees perceive their role, safety, and sense of purpose (Haar et al., 2021; Alshaabani et al., 2021). In larger firms, employee engagement can be engineered through policy; in SMEs, it must be cultivated through organisational culture. Understanding which cultural dimensions enhance or inhibit employee engagement is essential to researching SMEs, particularly in New Zealand's SME sector, where small businesses play a vital economic role (Ministry of Business, Innovation & Employment [MBIE], 2022a; Jurado & Battisti, 2019). As this study uses a narrative literature review methodology, all findings are derived exclusively from secondary academic literature. No primary data were collected. This approach provides a rich, theory-informed synthesis of peer-reviewed research to explore how employee engagement operates within SME organisational contexts (Baumeister & Leary, 1997; Snyder, 2019; Ferrari, 2015).

1.4 SMEs: Global and New Zealand Context

Small and medium-sized enterprises (SMEs) are crucial to nearly all global economies, as they drive economic growth, create jobs, and foster innovation (OECD, 2017; World Bank, 2019). While definitions vary slightly across jurisdictions, the European Union (EU) defines SMEs as businesses with fewer than 250 employees (European Commission, 2020). In contrast, New Zealand applies a more conservative threshold, classifying SMEs as businesses with fewer than 50 employees (Ministry of Business, Innovation & Employment [MBIE], 2022a). These definitional differences reflect national economic structures and business demographics. Despite such differences, SMEs share key characteristics globally:

they are predominantly owner-managed, operate with flexible structures, and depend heavily on informal organisational processes (Deakins & Freel, 2009; Coetzer et al., 2019).

Globally, SMEs comprise over 90% of all businesses and contribute more than half of total employment (World Bank, 2019). In developed economies, they play a pivotal role in innovation, often serving as incubators for new products, technologies, and processes (MBIE, 2022b; Zahoor et al., 2022). However, SMEs face distinct challenges, including limited financial resources, constrained access to skilled labour, and a lack of economies of scale (Cravo et al., 2012; Turyakira, 2018). Unlike large corporations with dedicated HR departments and structured employee engagement programs, SMEs must rely on informal relationships, personalised leadership styles, and culturally embedded organisational practices to maintain employee commitment and performance (Mazzarol et al., 2021; Foster & Farr, 2016).

This reliance on informal mechanisms makes organisational culture especially significant in SMEs. Organisational culture becomes the primary means of sustaining employee engagement, retention, and productivity (Mazur & Zaborek, 2016; Mileva & Hristova, 2022). Cross-regional studies from the UK, EU, and Asia-Pacific consistently show that strong organisational cultural alignment between employees and SME owner-managers is a key predictor of job satisfaction, innovation capacity, and resilience during periods of economic uncertainty (Battisti et al., 2013; Arabeche et al., 2022).

In New Zealand, SMEs hold an even more prominent role. As of 2022, they comprise 97.3% of all businesses, contribute roughly 29% to GDP, and employ 28% of the workforce (MBIE, 2022b). The SME landscape is also regionally distributed, with many operating in rural or semi-rural areas vital to local employment and sustainability (Battisti et al., 2021; Massey et al., 2006). New Zealand's SME sector is also highly diverse, encompassing a range of businesses, from family-owned farms and tourism operators to creative industries and high-tech start-ups (Jurado & Battisti, 2019; Ayoko, 2021). The research is based exclusively on secondary data drawn from peer-reviewed academic literature, government publications, and international reports. As part of a narrative literature review (NLR), this chapter synthesises existing knowledge to analyse how organisational dynamics within SMEs, particularly in the New Zealand context, are shaped by cultural and structural factors, rather than gathering new primary data.

1.5 Research Problem and Gap

The relationship between organisational culture and employee engagement has been extensively explored within the context of large corporations, where structured human resource management (HRM) systems, formal employee engagement programs, and institutionalised organisational cultural initiatives provide the foundation for workforce management (Saks, 2006; Mazur & Zaborek, 2016; Mazzarol et al., 2021). In these environments, organisational culture is typically codified through policies, embedded in training programs, and reinforced through performance management systems (Denison, 1996; Cameron & Quinn, 2006). Employee engagement is measured and managed through structured feedback, surveys, and formal employee engagement strategies (Bakker & Demerouti, 2008; Truss et al., 2020). As a result, academic discourse on organisational culture and employee engagement is heavily biased toward corporate structures, leaving small and medium-sized enterprises (SMEs) comparatively underexplored (Haar et al., 2021; Battisti et al., 2013).

SMEs present a markedly different organisational, cultural, and operational landscape than large corporations. Typically operating with fewer than 50 employees and limited formal HR structures, many SMEs, both globally and in regions such as New Zealand, transmit organisational culture and employee engagement informally through direct leadership influence, interpersonal relationships, and daily routines (MBIE, 2022a; Jurado & Battisti, 2019; Coetzer et al., 2019). This informal and relational nature of organisational processes highlights the need for research that explores how culture functions as a mechanism for engaging employees in small business settings.

As this study uses a narrative literature review methodology, all findings are derived exclusively from secondary academic literature, drawing from existing peer-reviewed literature and government publications. It does not involve any primary data collection. The objective is to synthesise and critically analyse existing studies to develop a deeper understanding of how organisational culture influences employee engagement within the SME context.

1.6 Research Questions

This research explores how organisational culture affects employee engagement in small and medium-sized enterprises (SMEs). Given the informal, leadership-driven nature of organisational culture in SMEs, particularly in New Zealand, this study examines which organisational cultural dimensions most influence employee engagement, especially within resource-constrained environments.

Primary Research Question

RQ1: How does organisational culture function as a mechanism for employee engagement in small and medium-sized enterprises (SMEs)?

This research question aims to investigate how organisational culture influences, facilitates, or hinders employee engagement within SME environments. Existing studies have often explored employee engagement in large organisations with formalised HR systems (Saks, 2006; Mone & London, 2014), where employee engagement is typically cultivated through structured programs and policy-driven interventions. However, in SMEs, employee engagement often arises informally through leadership practices, shared values, and organisationally culturally embedded mechanisms such as trust, communication, and empowerment (Beal & Abdullah, 2005; Coetzer et al., 2019; Haar et al., 2021).

Given the centrality of SMEs to the New Zealand economy and their distinctive organisational structures (MBIE, 2022a), this research question addresses a conceptual gap in the literature: how does organisational culture function as a practical and relational mechanism of employee engagement when formal HR infrastructures are absent? By examining how this relationship is framed across existing academic work, the research contributes to a deeper understanding of the organisational cultural foundations of employee engagement in smaller firms.

Secondary Research Questions

SRQ2. What theoretical models or frameworks exist to understand the relationship between organisational culture and employee engagement?

This question assesses the applicability of established frameworks, such as those by Schein (2010), Denison (1996), and Kahn (1990), in SME contexts.

SRQ3. What organisational cultural practices contribute to employee motivation and employee engagement in SMEs?

This question explores how organisational cultural practices, such as leadership style, shared values, and communication, contribute to sustaining employee commitment in environments with fewer formal systems.

These questions form the analytical backbone of the review. They allow for a structured yet flexible inquiry, based exclusively on existing academic literature, into how employee engagement is enabled by organisational culture in SMEs without forcing the evidence to fit a predetermined gap.

1.7 Chapter Summary

This chapter introduced the relationship between organisational culture and employee engagement, which is the central focus of this study. It examined how these constructs operate differently within SMEs compared to large corporations, highlighting the significance of SMEs in both global and New Zealand contexts. Through a narrative review of existing literature, this study explores whether the relationship between organisational culture and employee engagement has been underexplored in the context of SMEs, particularly those without formal HR systems.

To address this gap, the research will explore four key objectives. First, the cultural factors that most influence employee engagement in SMEs must be identified. Second, to evaluate how SMEs sustain employee engagement through organisational cultural mechanisms. Third, the key elements of existing organisational culture frameworks must be analysed and assessed for relevance to the SME context. Fourth, to identify practical recommendations for SME leaders to develop employee engagement strategies grounded in organisational culture, tailored to their size, structure, and resource limitations.

The central question guides the research: How does organisational culture function as a mechanism for employee engagement in small and medium-sized enterprises (SMEs)? This research will answer this question through a structured narrative literature review. The next chapter outlines the methodological approach to conducting this review and presents the empirical and theoretical studies that inform the findings.

Chapter 2: Methodology

2.1 Introduction

This chapter outlines the methodological framework for the research, which investigates how organisational culture influences employee engagement within small and medium-sized enterprises (SMEs). The research is based exclusively on secondary data and does not involve the collection or analysis of any primary data. Instead, it adopts a narrative literature review (NLR) approach, which allows for an interpretive exploration of qualitative and theoretical studies, drawing together fragmented insights to identify conceptual relationships (Cronin & George, 2020; Grant & Booth, 2009; Snyder, 2019).

This method is particularly suited to complex and context-sensitive phenomena such as organisational culture and employee engagement, especially within SME environments where informal structures and leadership-driven dynamics prevail (Booth et al., 2021; Callahan, 2010). Within this structure, thematic analysis, as outlined by Braun and Clarke (2006), is employed during the later stages of the review to code, categorise, and interpret patterns and themes emerging from the selected literature.

The chapter introduces the research design and the rationale for selecting a narrative literature review, followed by an explanation of the underlying interpretivist research philosophy. The following sections will detail how a narrative literature review operates, along with the methodological steps for thematic analysis, and present data source approaches and the research's parameters related to trustworthiness, limitations, and ethical constraints (Creswell & Poth, 2018; Saunders et al., 2009).

2.2 Research Philosophy and Paradigm

This research is grounded in a qualitative, interpretivist philosophy, recognising that organisational phenomena are socially constructed and best understood through multiple perspectives (Saunders et al., 2009; Creswell & Poth, 2018). The aim is not to discover a singular truth but to interpret how organisational culture and employee engagement are conceptualised in SME contexts based on existing academic literature.

Rather than collecting empirical data, the research draws exclusively upon secondary data sourced from published peer-reviewed academic studies, government reports, and theoretical frameworks. This approach aligns with an interpretivist epistemology, allowing meaning to emerge through interpretive reading, critical comparison, and thematic synthesis (Grant & Booth, 2009; Ferrari, 2015; Snyder, 2019). The interpretive stance is especially appropriate

for examining constructs such as leadership, shared values, and organisational cultural identities, elements that are typically complex, context-sensitive, and difficult to measure quantitatively (Baumeister & Leary, 1997).

Ontologically, the research follows a relativist perspective, which holds that reality is subjective and context-dependent. Organisational culture within SMEs varies across industries and firms, influenced by founder values, external forces, and internal team dynamics (Mazur & Zaborek, 2016; Lopez-Martin & Topa, 2019). From this viewpoint, the study explores sector-specific cultural behaviours in SMEs without attempting to impose universalist or standardised models.

This conceptual position aligns with the decision to apply a narrative literature review (NLR), which is oriented toward interpretive synthesis rather than empirical generalisation (Booth et al., 2021; Cronin & George, 2020). The approach is consistent with Guba and Lincoln's (1994) criteria for naturalistic inquiry, focusing on trustworthiness, contextual relevance, and meaning-making. The result is a philosophically and methodologically coherent framework suitable for understanding the complex, socially constructed relationships between organisational culture and employee engagement in the SME environment.

2.3 Methodological Design: Narrative Literature Review

This research employs a Narrative Literature Review (NLR) as its core methodology. The NLR method aligns with the study's interpretive and qualitative orientation and is entirely based on the analysis of secondary data. No primary data were collected for this research. Instead, the approach allows for the integration of diverse theoretical perspectives and empirical insights from existing academic studies, enabling the exploration of complex constructs such as organisational culture and employee engagement within the SME context (Baumeister & Leary, 1997; Grant & Booth, 2009; Snyder, 2019).

Narrative literature reviews are particularly well-suited to organisational and management research because they accommodate theoretical pluralism, conceptual nuance, and contextual variation. As noted by Grant and Booth (2009) and Tranfield et al. (2003), this methodology is applicable when synthesising broad and fragmented bodies of literature where conceptual clarity and interpretive insight are required.

The scope of this review includes global research on SMEs, with a particular sensitivity to patterns and findings that may have relevance to New Zealand. However, the objective is not geographically restricted; instead, the research takes a generalised perspective on SME organisational dynamics, relying exclusively on secondary data drawn from peer-reviewed

journals, academic books, and government reports published between 2000 and 2025. The studies selected were qualitative or conceptually rich, ensuring theoretical depth and academic credibility (Booth et al., 2021; Cronin & George, 2020).

The narrative literature review (NLR) method also lays the foundation for applying thematic analysis, which is used to organise, code, and interpret recurring themes across the literature. As part of a transparent and academically rigorous process, the research followed a seven-step narrative review procedure, which is detailed in the following section. This methodological structure reinforces the credibility and reliability of the findings by ensuring a systematic and reproducible approach to literature analysis (Ferrari, 2015; Snyder, 2019).

2.4 Narrative Literature Review Procedure

This research followed a structured seven-step Narrative Literature Review (NLR) procedure to ensure methodological transparency, conceptual coherence, and academic rigour. The procedure is based entirely on secondary data sources, with no primary data collected or analysed. The NLR structure was adapted from best-practice guidance on qualitative literature synthesis as outlined by Baumeister and Leary (1997), Booth et al. (2021), and Snyder (2019). These scholars collectively offer methodological justification for employing a narrative approach in research contexts that demand interpretive flexibility, thematic integration, and context-sensitive understanding.

This seven-step process reflects a progressive and iterative methodology, beginning with the definition of the research scope and continuing through the design of the search strategy, article selection, thematic analysis, and synthesis. This structure is particularly suitable for the present study's focus on organisational culture and employee engagement in SMEs—topics characterised by conceptual fragmentation and theoretical diversity. The method facilitates the development of coherent conceptual themes by drawing upon peer-reviewed literature published between 2000 and 2025.

The steps are summarised in Table 1 and detailed in the sub-sections that follow. This review process ensures that findings are derived solely from existing scholarly work, making the research fully grounded in secondary data and compliant with the principles of a narrative literature review (Ferrari, 2015; Grant & Booth, 2009; Snyder, 2019).

Table 1. Seven-Step Narrative Literature Review Process

Table 1. Seven-Step Narrative Literature Review Process (Adapted from (Baumeister & Leary, 1997; Snyder, 2019; Booth et al., 2021)	
Step	**Description**
1	Define the research question and scope. Establish the thematic and conceptual boundaries of the review.
2	Develop a research strategy. Construct search strings based on keywords and logical operators.
3	Conduct a comprehensive literature search. Select databases and initiate a search. Identify appropriate academic databases.
4	Screen and select relevant literature. Apply inclusion and exclusion criteria to screen the literature for relevance, quality, and fit.
5	Critically appraise the selected literature. Screen articles. Conduct title, abstract, and full-text analysis.
6	Synthesise the information – thematic analysis. Conduct a thematic analysis. Identify and code recurring patterns and concepts.
7	Write and revise the narrative literature review. Synthesise findings. Integrate results into conceptual themes and insights.

Each step is elaborated in the following sections, with a focus on the researcher's actions and supporting academic rationale for the methodological choices. This structured process provides the backbone for a secondary-data-driven, interpretive inquiry into how organisational culture influences employee engagement in SMEs.

2.4.1 Step 1: Define the Research Question and Scope

This step involves establishing the thematic and conceptual boundaries of the review. Defining a clear and focused research question is essential in narrative literature reviews, as it guides the literature selection process and ensures thematic coherence throughout the review (Grant & Booth, 2009; Ferrari, 2015). In line with narrative literature review methodology, this research relies solely on secondary data drawn from peer-reviewed academic literature, government publications, and theoretical models. No primary data collection was conducted.

The guiding research question was introduced in Chapter 1 and remains central to all subsequent methodological decisions:

How does organisational culture function as a mechanism for employee engagement in small and medium-sized enterprises (SMEs)?

By specifying organisational culture and employee engagement as the core constructs, within the defined context of small and medium-sized enterprises (SMEs), the scope was deliberately narrowed to include only those studies that intersect with these themes. This boundary-setting approach aligns with the methodological recommendations of Snyder (2019) and Baumeister and Leary (1997), who emphasise the importance of focused thematic framing in narrative reviews to facilitate deeper conceptual synthesis.

This focus ensures that only conceptually relevant and methodologically credible studies were reviewed, enhancing the analytical rigour and coherence of the research. The decision to rely solely on existing literature strengthens the secondary-data-driven foundation of this study, consistent with the interpretivist and qualitative orientation of the research.

2.4.2 Step 2: Develop a Research Strategy

This step focuses on developing an effective search strategy for identifying relevant academic sources. In narrative literature reviews, constructing a well-planned search strategy is critical to ensuring the comprehensiveness, transparency, and conceptual focus of the literature retrieved (Booth et al., 2021; Snyder, 2019).

As this research is based entirely on secondary data and does not involve the collection of primary data, the search strategy was designed to capture existing academic studies, theoretical frameworks, and empirical insights related to the research question. Consistent with the principles of a narrative literature review (NLR), the goal was not exhaustive retrieval but the targeted selection of thematically relevant, conceptually rich, and peer-reviewed literature (Grant & Booth, 2009; Baumeister & Leary, 1997).

A targeted list of search terms was developed to reflect the study's three primary constructs: organisational culture, employee engagement, and small and medium-sized enterprises (SMEs). Boolean operators, such as AND, OR, and NOT, were employed to refine the search logic and ensure relevance. For example, the query:

“organisational culture” AND “employee engagement” AND SMEs NOT “corporate governance”

was used to filter out unrelated topics while maximising the inclusion of sources directly aligned with the research scope. Additionally, wildcard operators (e.g., engage) were applied to include word variations such as engagement and engaging, improving search precision and coverage.

This strategy ensured that the literature search was both systematic and conceptually aligned with the thematic boundaries of the study, reinforcing the interpretive and integrative goals of the NLR methodology (Ferrari, 2015; Tranfield et al., 2003).

Table 2. Keyword Development and Concept Mapping

Table 2. Keyword Development and Concept Mapping	
Core Construct	**Related Terms and Synonyms**
Organisational Culture	"organisational values", "company culture", "organizational identity", "cultural dimensions"
Employee Engagement	"employee motivation", "work engagement", "staff commitment", "engagement drivers"
SMEs	"small business", "medium enterprise", "small firm", "entrepreneurial firm"

2.4.3 Step 3: Conduct a Comprehensive Literature Search

This step involved selecting appropriate academic databases to ensure a broad yet focused retrieval of relevant literature. In a narrative literature review (NLR), selecting the appropriate databases is crucial for encompassing the disciplinary breadth of the topic while maintaining the scholarly quality of sources (Snyder, 2019; Booth et al., 2021).

As this research is based solely on secondary data and does not involve the collection or analysis of any primary data, the quality and comprehensiveness of the literature search were paramount to its methodological rigour. A well-defined database selection process ensured that the review captured peer-reviewed academic studies, theoretical models, and empirical literature relevant to the central themes of organisational culture, employee engagement, and SMEs (Grant & Booth, 2009).

For this research, three major databases were selected based on their relevance to business, human resource management, and SME-related studies:

- **Scopus:** chosen for its broad interdisciplinary coverage and robust citation tracking capabilities, making it suitable for capturing influential works in management and organisational studies.
- **EBSCO Business Source Complete:** selected for its specialised access to high-quality literature in business administration, HRM, organisational culture, and small business research.

- **Google Scholar:** used as a supplementary tool to retrieve additional peer-reviewed academic literature, especially niche or cross-disciplinary studies that may not be comprehensively indexed in the other databases (Ferrari, 2015).

The combined use of these databases ensured comprehensive access to conceptually relevant and methodologically rigorous secondary sources, supporting the review's focus on organisational culture and employee engagement in SMEs. This multi-platform approach enhanced the thematic richness and scholarly depth of the data collected for this secondary-data-based review.

2.4.4 Step 4: Screen and Select Relevant Literature

In conducting this narrative literature review (NLR), a structured screening process was used to ensure the credibility, relevance, and conceptual alignment of all included sources. While narrative reviews typically allow for interpretive flexibility, applying clear inclusion and exclusion criteria adds rigour and transparency to the selection process (Booth et al., 2021; Snyder, 2019). Significantly, this research is based entirely on secondary data from existing studies, and no primary data were collected or analysed.

Inclusion criteria were as follows:

- Peer-reviewed journal articles.
- Published between 2000 and 2025, to ensure both conceptual relevance and historical depth.
- Written in English.
- Focused explicitly on organisational culture, employee engagement, or their intersection within SMEs.
- Conceptual, qualitative, or mixed-method studies.
- Studies with transferable insight to SME contexts, regardless of country of origin (Mazur & Zaborek, 2016; Haar et al., 2021).

Exclusion criteria included:

- Grey literature (e.g., blogs, newsletters), unpublished theses or dissertations.
- Articles not published in English.
- Studies focusing exclusively on large corporations, without conceptual transferability to SME contexts.
- Literature lacking conceptual clarity, theoretical grounding, or methodological transparency.

In alignment with the review focused on two primary constructs — organisational culture and employee engagement — within the context of SMEs, particularly those operating with limited formal HR infrastructure (Coetzer et al., 2019; Battisti et al., 2013). Related topics such as leadership, communication, and HR practices were included only when they contributed meaningfully to understanding the cultural mechanisms of engagement (Schein, 2010; Saks, 2006; Bakker & Demerouti, 2008).

While most sources fell within the 2000–2025 publication window, the review also incorporated foundational works predating this range, as they have enduring theoretical significance. Specifically:

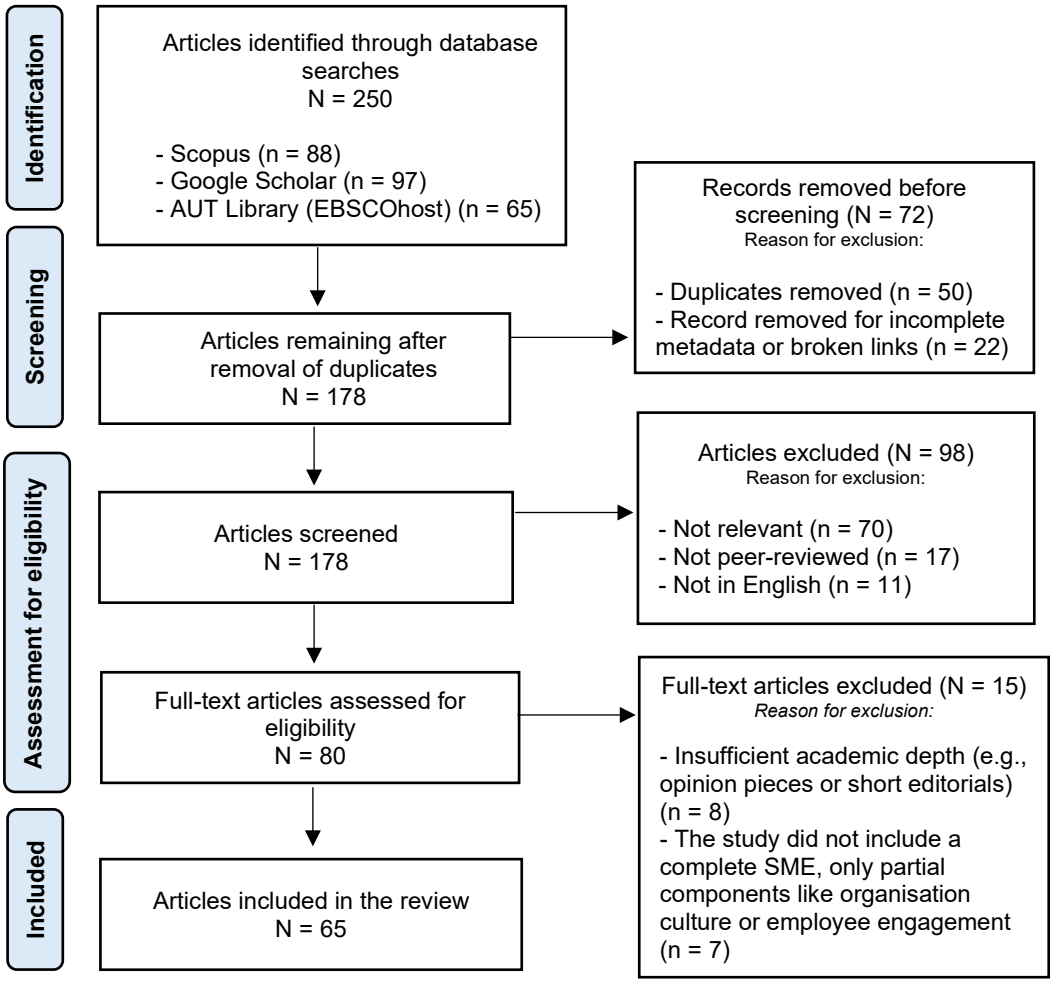
- Schein's (2010) model of organisational culture,
- Denison's (1996) cultural traits framework,
- Kahn's (1990) psychological conditions for engagement.

These theories remain widely cited in contemporary SME-focused scholarship and offer a critical conceptual foundation for interpreting more recent empirical findings (Ferrari, 2015; Snyder, 2019).

The literature screening process was informed by PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) principles, although adapted for narrative review purposes. The process consisted of four structured stages: identification, screening, eligibility assessment, and inclusion. While the goal was not to replicate a systematic review, this structure supported transparency in how studies were selected, reinforcing the secondary-data-based approach and academic rigour of the review (Grant & Booth, 2009; Booth et al., 2021).

Figure 1: Adapted PRISMA Flowchart for Narrative Review

The literature selection process is summarised in Figure 1 (PRISMA Flow Chart) and detailed in the subsections below.



Although this research followed a structured, transparent screening process inspired by PRISMA, it was specifically adapted for use in a narrative literature review context, where the goal was interpretive synthesis rather than quantitative replication. This method allowed the research to remain rooted in secondary data and respond flexibly to the conceptual diversity of studies on organisational culture and employee engagement in SMEs.

2.4.5 Step 5: Critically Appraise the Selected Literature

The narrative literature review involved a rigorous screening and selection process to ensure that the literature included in the final analysis met the research's conceptual and methodological requirements. This step was essential for narrowing down the initial pool of sources retrieved during the database search and aligning the literature with the overarching

research question: **How does organisational culture function as a mechanism for employee engagement in small and medium-sized enterprises (SMEs)?**

The review is based exclusively on secondary data sources, with no collection or analysis of primary data. Instead, it synthesises existing academic research through an interpretive lens to generate conceptual clarity on the topic (Grant & Booth, 2009; Snyder, 2019).

The screening process was structured in three phases to refine the selection progressively. First, a **title screening** was conducted on 178 records (after removal of 50 duplicates and 22 entries due to incomplete metadata or broken links from an initial pool of 250) to identify whether the articles broadly addressed organisational culture, employee engagement, or SMEs. This initial review eliminated 98 articles that were not relevant to the study's scope, not peer-reviewed, or not in English.

Next, **abstract screening** was performed on the remaining 80 records. This step allowed for a more focused examination of each study's thematic alignment and conceptual orientation. Abstracts were assessed for relevance to the core constructs and evaluated for consistency with the research's qualitative and interpretivist framework. At this stage, 15 articles were excluded due to insufficient academic depth (e.g., opinion pieces or short editorials) or because the studies did not sufficiently address both organisational culture and employee engagement in SMEs.

Finally, a **full-text analysis** was carried out on 65 articles. This stage ensured that all remaining articles matched the thematic focus and demonstrated methodological soundness. The literature had to show conceptual clarity, empirical or theoretical value, and direct relevance to the intersection of organisational culture and employee engagement within SME contexts. A summary of this can be found in Table 5. Descriptive Summary of Articles (see Appendix 1. p. 70). The research employed predefined inclusion and exclusion criteria to guide the screening process, aligned with guidance from Booth et al. (2021) and Snyder (2019).

This multi-layered evaluation ensured that the literature included in the review was academically credible and contextually relevant. By following a transparent and replicable procedure for literature screening and selection, the research upheld the principles of methodological rigour and interpretive depth characteristic of narrative literature reviews. This step laid the foundation for the subsequent thematic analysis, where patterns and insights from the selected literature were synthesised to address the research question.

2.4.6 Step 6: Conduct Thematic Analysis

This stage of the narrative literature review involved conducting a thematic analysis to identify, code, and synthesise conceptual patterns from the selected literature. Thematic analysis was chosen for its alignment with the research's interpretive and qualitative paradigm, offering an effective tool to examine how organisational culture influences employee engagement in SMEs through a close reading of textual data rather than empirical measurement (Braun & Clarke, 2006; Snyder, 2019).

The process followed Braun and Clarke's (2006) six-phase framework, which is widely recognised in qualitative research for its rigour, adaptability, and relevance to studies based on secondary data (Nowell et al., 2017). In this study, the "data" refers to the peer-reviewed academic articles selected during the previous steps of the review. These texts were analysed using inductive coding, allowing themes to emerge naturally from the content without relying on pre-existing categories or theoretical models. This data-driven approach ensured that the insights developed were deeply grounded in the reviewed literature, enhancing transparency, trustworthiness, and credibility (Creswell & Poth, 2018; Grant & Booth, 2009).

Thematic analysis was especially suitable given the diverse theoretical lenses and research contexts presented in the reviewed studies. By applying this method, the researcher could detect recurring constructs, shared assumptions, and conceptual tensions across various academic perspectives, thereby constructing an integrated understanding of the cultural dynamics shaping employee engagement in SME settings (Booth et al., 2021; Baumeister & Leary, 1997).

The steps used in this analysis are summarised in Table 2, which outlines Braun and Clarke's thematic analysis framework. This analytical strategy facilitated the interpretive synthesis of findings, as required in a narrative literature review (Snyder, 2019). The open and iterative nature of the process allowed for continuous revisiting of the literature as themes evolved, reinforcing alignment with the philosophical and methodological foundations of the study (Guba & Lincoln, 1994).

No assumptions were made regarding which themes would emerge; the final structure reflects the organic patterns and recurring insights discovered across the literature corpus. This approach ensures that all findings are firmly grounded in secondary sources and contributes to a richer conceptual understanding of employee engagement in SME organisational culture.

Table 3. Braun and Clarke's Thematic Analysis Framework

Table 4. Braun and Clarke's Thematic Analysis Framework (Adapted from Braun & Clarke, 2006)	
Step	**Description**
1. Familiarisation	Immersion in the literature through repeated reading and initial notetaking.
2. Generating Initial Codes	Coding meaningful units and concepts from the data.
3. Searching for Themes	Organising related codes into preliminary themes.
4. Reviewing Themes	Validating and refining theme boundaries and content.
5. Defining and Naming Themes	Clarifying theme meanings and assigning descriptive labels.
6. Writing the Report	Integrating themes into the research narrative for analysis and discussion.

2.4.6.1 Rationale for Thematic Analysis in Narrative Synthesis

Given the fragmented, interpretive, and context-dependent nature of SME research, particularly about organisational culture and employee engagement, a narrative synthesis approach was deemed most appropriate. This research is based entirely on secondary data and does not include any form of primary data collection. Unlike systematic reviews, which rely on standardised protocols and often incorporate statistical meta-analysis, narrative literature reviews focus on meaning-making across diverse conceptual and disciplinary landscapes (Baumeister & Leary, 1997; Ferrari, 2015; Grant & Booth, 2009). This flexibility is particularly valuable when the literature spans multiple fields such as organisational behaviour, human resource management (HRM), leadership, and entrepreneurship, as is the case here.

The use of thematic analysis complements the narrative synthesis by offering a structured, yet interpretive, mechanism for identifying and organising patterns across texts. It supports the grouping of insights into conceptual clusters, revealing recurring themes, theoretical mechanisms, or contextual patterns that underpin the phenomena under study in this case, the organisational cultural enablers of employee engagement within SMEs (Schein, 2010; Truss et al., 2020).

This dual-method alignment (narrative synthesis and thematic analysis) responds to calls in the literature for integrative, non-reductionist frameworks that capture the complexity, relational dynamics, and informality that characterise small business contexts (Mileva & Hristova, 2022; Haar et al., 2024). Thematic analysis enables a richer interpretive understanding of how employee engagement is facilitated, sustained, or constrained through cultural dimensions within SME environments. This ensured that the resulting themes are meaningfully grounded in peer-reviewed literature and theoretically robust.

2.4.6.2 Corpus Selection and Review Scope

The review analysed 65 scholarly works, comprising peer-reviewed journal articles, academic books, and relevant industry reports published between 2000 and 2024. These sources were selected through a multi-stage screening process involving Boolean search operators, title and abstract reviews, and full-text evaluation. Databases searched included Scopus, EBSCO Business Source Complete, and Google Scholar, with a focus on literature related to organisational culture, employee engagement, and SME management. Preference was given to studies that:

- Explored organisational culture and employee engagement relationships in SMEs or comparable flat-structured firms;
- Provided empirical evidence on organisational cultural mechanisms or employee engagement drivers;
- Offered conceptual frameworks or leadership models relevant to small-scale settings.

The search yielded a thematically rich and interdisciplinary data set, including works by Schein (2010), Saks (2006), Edmondson and Lei (2014), Braun and Clarke (2006), and more recent empirical contributions on leadership, trust, communication, and inclusivity in SMEs (Ayoko, 2021; Amundsen & Martinsen, 2014; Mazzarol et al., 2021).

2.4.6.3 Coding and Thematic Development (Braun & Clarke Framework)

Following Braun and Clarke's (2006) widely cited six-phase approach, the analysis process was applied as follows:

Phase 1: Familiarisation with the Literature

Each of the 65 selected academic sources was read in full. Initial notes were taken on key recurring constructs, such as value congruence, psychological safety, feedback frequency, and leadership accessibility. This stage enabled early pattern recognition and helped establish the conceptual terrain across the SME-related literature (Snyder, 2019).

Phase 2: Generating Initial Codes

First-order codes were systematically extracted using a structured coding sheet. Codes captured both theoretical and empirical references to mechanisms of engagement, including recognition systems, non-punitive learning environments, and inclusive hiring practices. Each code was traced back to its original source for auditability and transparency (Nowell et al., 2017).

Phase 3: Searching for Themes

Codes were grouped into conceptual categories based on their frequency, relevance, and relational proximity. A thematic matrix was developed, yielding five overarching themes, each supported by five subcodes. The analysis ensured that emerging themes were both data-driven and conceptually coherent.

Phase 4: Reviewing and Refining Themes

Candidate themes were tested for internal consistency and thematic distinctiveness. Overlapping themes (e.g., leader visibility and communication transparency) were refined, merged, or differentiated to avoid redundancy. Only themes that consistently appeared across at least 20% of the sources were retained, in line with qualitative thematic saturation guidelines (Nowell et al., 2017).

Phase 5: Defining and Naming Themes

The final five themes were clearly defined, each encompassing five subcodes that represent distinct organisational culture mechanisms influencing employee engagement:

1. Organisational Values and Identity
2. Leadership and Relational Proximity
3. Communication and Feedback Systems
4. Psychological Safety and Trust
5. Inclusive and Adaptive Practices

Each theme reflects a key dimension through which organisational culture influences employee engagement in SMEs. These themes are elaborated upon in Section 3.3, accompanied by supporting citations, theoretical framing, and narrative explanations.

Phase 6: Producing the Narrative Report

The final step involved integrating the themes into a coherent, interpretive narrative. Rather than merely listing or summarising articles, the report synthesises findings across sources, demonstrating how patterns such as value congruence or relational leadership impact

employee engagement in SMEs. This synthesis exemplifies the narrative literature review methodology, rooted in secondary data and informed by an interpretivist paradigm (Baumeister & Leary, 1997; Creswell & Poth, 2018; Booth et al., 2021).

2.4.6.4 Positioning within Methodological Integrity

The ethical and trustworthiness standards guiding this review, including the use of clearly defined inclusion criteria, transparency in search procedures, and rigorous quality appraisal strategies, were comprehensively addressed in Sections 2.4.4 and 2.4.5. This chapter builds upon that foundation by focusing on analytical transparency in the development of thematic insights. All sources used in this research are fully traceable and grounded in peer-reviewed, reputable academic literature, ensuring that the interpretive findings that follow are methodologically sound and wholly derived from secondary data (Booth et al., 2021; Snyder, 2019; Ferrari, 2015).

This research did not involve the collection of any primary data. Instead, it exclusively analysed existing academic studies to understand how organisational culture influences employee engagement in SMEs. This aligns with the broader purpose of a narrative literature review, which is to integrate diverse theoretical insights and construct meaning from published knowledge without empirical intervention (Grant & Booth, 2009; Baumeister & Leary, 1997).

In conclusion, a theoretically advanced and practically applicable understanding of the mechanisms by which organisational culture influences employee engagement in SMEs was made possible through the application of thematic analysis, adapted specifically for a narrative review context. The approach offered interpretive flexibility while maintaining methodological integrity. This chapter goes beyond discrete data points to provide a comprehensive thematic explanation of organisational dynamics in small-scale enterprises. It utilises Braun and Clarke’s (2006) thematic analysis framework as its analytical foundation and remains fully consistent with the study’s qualitative, interpretivist paradigm (Creswell & Poth, 2018; Saunders et al., 2009).

2.4.7 Step 7: Synthesise Findings and Draw Conclusions

Final thematic groupings were integrated into broader conceptual categories. This allowed the researcher to build a coherent understanding of how cultural factors influence employee engagement practices in SMEs. The synthesis emphasised conceptual integration and interpretive insight over empirical generalisation, keeping with the study's qualitative paradigm (Nowell et al., 2017).

2.5 Ethical Considerations

As this research is based entirely on secondary data, it does not involve human participants, personal data, or sensitive information. Therefore, formal ethical approval from the Auckland University of Technology Ethics Committee (AUTEC) was not required (AUTEC, 2024).

Nonetheless, the research adheres strictly to the university's academic integrity guidelines, ensuring:

- Proper citation and attribution of all sources.
- Transparency in methodological reporting.
- Ethical use of academic databases and materials.

By aligning with the ethical standards of secondary research and the expectations set by AUTEC, the study maintains scholarly responsibility throughout the research process.

2.6 Trustworthiness and Quality Assurance

Ensuring trustworthiness in a narrative literature review involves maintaining consistency, transparency, and methodological rigour across all stages of the research process. Unlike empirical studies, which rely on statistical measures of validity and reliability, narrative reviews depend on the clarity of process and critical reflexivity to demonstrate scholarly credibility (Grant & Booth, 2009; Booth et al., 2021).

To uphold these standards, this study employed strategies recommended by Booth et al. (2021) and Snyder (2019) for quality in qualitative and narrative literature reviews. These included:

- Applying defined inclusion and exclusion criteria ensures conceptual alignment with the research question.
- Using reputable academic databases (Scopus, EBSCO Business Source Complete, and Google Scholar) to access peer-reviewed, high-quality sources.
- Documenting the search logic and screening procedures (e.g., Boolean operators, multi-stage screening) to enable replication and auditability.
- Employing Braun and Clarke's (2006) thematic analysis framework to ensure analytical consistency and transparency throughout the coding and interpretation process.

The researcher's reflexive employee engagement, regularly revisiting earlier coding stages and refining themes as patterns emerged, contributed to methodological rigour. This reflective process aligns with Guba and Lincoln's (1994) principles of credibility, dependability, and

confirmability, which are core to trustworthiness in qualitative inquiry. By combining these established strategies with transparent documentation and interpretive discipline, the research ensures that findings are well-grounded, thematically coherent, and methodologically trustworthy.

2.7 Chapter Summary

This chapter has outlined the methodological framework used to investigate how organisational culture influences employee engagement within small and medium-sized enterprises (SMEs). The research adopts a narrative literature review (NLR) approach, relying entirely on secondary data from peer-reviewed academic literature, government reports, and theoretical models. No primary data were collected or analysed, and the study does not involve empirical fieldwork.

The chapter began by presenting the qualitative and interpretivist philosophical orientation, rooted in the belief that organisational phenomena such as culture and engagement are socially constructed and context-dependent. This worldview justifies the use of narrative review and thematic analysis as the most appropriate methodologies for exploring complex, relational, and context-sensitive dynamics within SME environments.

A seven-step NLR process was applied to ensure methodological rigour and transparency. These steps included defining the research question and scope, developing a targeted search strategy using Boolean logic, conducting a comprehensive literature search across selected academic databases, screening and selecting relevant literature based on clear inclusion and exclusion criteria, and appraising selected sources for quality and conceptual fit.

A PRISMA-inspired process ensured transparency in literature selection, resulting in a final review corpus of 65 high-quality sources. These were thematically analysed using Braun and Clarke's (2006) six-phase framework, enabling the identification of five key themes that explain how organisational culture facilitates employee engagement in SMEs. These themes — Organisational Values and Identity, Leadership and Relational Proximity, Communication and Feedback Systems, Psychological Safety and Trust, and Inclusive and Adaptive Practices — form the conceptual foundation for the discussion presented in the next chapter.

The chapter also addressed ethical considerations, confirming that no human participants were involved and that AUTEC approval was not required. Nonetheless, the research adhered to strict ethical standards regarding academic integrity, transparency, and responsible use of data sources. Finally, the chapter demonstrated trustworthiness through clear documentation

of methods, consistent application of theoretical frameworks, and critical reflexivity. This ensures that the findings are not only academically credible but also meaningfully grounded in the existing body of knowledge.

The next chapter presents the results of the thematic analysis, organised around the five conceptual themes, and offers a deeper interpretive synthesis of how organisational culture operates as a mechanism for employee engagement in SME settings. These elements collectively provide a robust foundation for the thematic findings and analytical discussion in Chapter 3.

Chapter 3: Findings - Thematic Analysis

3.1 Introduction

This chapter presents the thematic findings from a comprehensive narrative literature review exploring how organisational culture influences employee engagement within small and medium-sized enterprises (SMEs). This review synthesises current knowledge based on 65 selected peer-reviewed articles and academic sources. It identifies conceptual patterns that inform how SMEs foster employee engagement through their unique organisational cultural mechanisms.

Employee engagement continues to be recognised as a vital determinant of productivity, innovation, and retention in organisations of all sizes (Bakker & Albrecht, 2018; Saks, 2006). However, employee engagement in SMEs operates under distinctive organisational cultural and structural constraints, such as leaner workforces, flatter hierarchies, and informal managerial styles (Gialuisi & Coetzer, 2013; Ayoko, 2021). The literature suggests that organisational culture encompassing shared values, behaviours, and systems is central to enabling or inhibiting employee engagement in these environments (Schein, 2010; Cameron & Quinn, 2006). Thus, understanding cultural enablers in SMEs is vital for theory and practice.

The chapter adopts a narrative synthesis approach to extract, organise, and interpret conceptual trends from diverse sources. Narrative reviews are particularly suited to topics where theoretical fragmentation and contextual diversity exist, as with SME research (Snyder, 2019; Baumeister & Leary, 1997). Unlike systematic reviews, narrative synthesis allows for conceptual integration across multiple perspectives, bridging empirical and theoretical insights. This is particularly valuable in understanding employee engagement, which is shaped by complex and context-dependent social dynamics (Truss et al., 2020; Kahn, 1990).

The findings are organised around five overarching themes, each comprising five subcodes or organisational culture mechanisms influencing employee engagement outcomes. These themes emerged through a rigorous thematic analysis of the literature, guided by Braun and Clarke’s (2006) six-phase process and supported by best practices in qualitative review methodology (Nowell et al., 2017; Booth et al., 2021).

This chapter is structured as follows: Section 3.2 outlines the five overarching themes and their associated subcomponents, which collectively illuminate how organisational culture influences employee engagement in SMEs. Sections 3.3 to 3.7 analyse each theme in depth, drawing on selected references to substantiate and contextualise the identified mechanisms.

Finally, Section 3.8 synthesises these findings into an integrated conceptual understanding and provides a transition to the critical discussion and theoretical implications presented in Chapter 4. The chapter thus offers a structured and evidence-based account of how organisational values, leadership, communication, psychological safety, and inclusiveness influence employee engagement in SME contexts.

3.2 Themes and Subcodes

The thematic analysis yielded five dominant organisational cultural dimensions through which organisational culture influences employee engagement in small and medium-sized enterprises (SMEs). Various mechanisms, referred to as subcodes, consistently appeared across the 65 thematically coded studies, supporting each theme. These subcodes represent actionable or observable cultural processes, such as empowering leadership and psychological safety, which impact employee motivation, emotional investment, and retention in SME environments.

The initial coding schema suggested five subcodes per theme to facilitate comparative analysis and ensure even coverage across all themes. This number was chosen as a heuristic structure to maintain analytical balance while representing a meaningful diversity of mechanisms within each theme. However, these subthemes were refined based on the conceptual richness, frequency, and analytical relevance found within the literature. As such, while the 5×5 structure appears visually symmetrical, it reflects an inductive, data-driven synthesis rather than a rigid or theoretical imposition.

To illustrate this process, within the theme “Communication and Feedback Systems,” codes such as “informal dialogue,” “real-time feedback,” and “recognition practices” frequently co-occurred in studies that highlighted the role of two-way, timely communication in building employee engagement (e.g., Foster & Farr, 2016; Bradley et al., 2023). These subcodes were grouped because they shared a communicative function and appeared across multiple sources examining employee perceptions of openness and validation. Likewise, under the theme “Psychological Safety and Trust,” code terms such as “voice opportunity,” “fairness,” and “non-punitive culture” were consistently linked to environments where employees felt secure enough to express concerns without fear of repercussion (e.g., Edmondson & Lei, 2014; Newman et al., 2013). These patterns of co-occurrence and shared conceptual intent formed the basis for thematic clustering.

The thematic categories and their associated subcodes are summarised in Table 3 below. These provide a structural map for the following discussion in Sections 3.3 to 3.7, where each theme is analysed in depth using evidence from empirical and conceptual sources.

Each thematic domain reflects an interdependent set of organisational cultural dynamics that coalesce to shape the employee experience in SMEs. These mechanisms were not arbitrarily assigned; they emerged from repeated patterns in the literature that demonstrated how relational proximity, trust-building practices, inclusive behaviours, and authentic leadership behaviours contribute to deeper employee engagement.

Importantly, these themes are not mutually exclusive. Several subcodes, such as empowerment or fairness, operate across multiple cultural dimensions, reinforcing the complex and overlapping nature of engagement drivers in SMEs. This dynamic interplay is especially salient in smaller firms, where formal hierarchies are minimal, and engagement is often shaped by close interpersonal and cultural signals rather than structured HR systems (Abdullahi et al., 2021; Coetzer et al., 2019; Mazzarol et al., 2021).

Table 4. Thematic Structure of Organisational Culture Influencing Employee Engagement in SMEs

Table 5. Thematic Structure of Organisational Culture Influencing Employee Engagement in SMEs	
Theme	**Subcodes (Organisational Cultural Mechanisms)**
Organisational Values and Identity	• Value Congruence • Ethical Alignment • Cultural Continuity • Founder Imprint • Purpose Clarity
Leadership and Relational Proximity	• Accessibility • Authenticity • Empowerment • Emotional Intelligence • Vision Communication
Communication and Feedback Systems	• Informal Dialogue • Real-Time Feedback • Communication Clarity

	• Recognition Practices • Information Flow
Psychological Safety and Trust	• Voice Opportunity • Error Tolerance • Non-Punitive Culture • Peer Trust • Fairness
Inclusive and Adaptive Practices	• Learning Culture • Role Flexibility • Team Diversity • Equity Orientation • Change Responsiveness

The following sections unpack each theme in detail, illustrating how these cultural mechanisms manifest in SMEs and drawing on both foundational theories (e.g., Schein, Denison, Kahn) and contemporary research focused on SMEs. Together, these insights provide a nuanced understanding of how organisational culture functions as a critical enabler of employee engagement in small business contexts.

3.3 Organisational Values and Identity

Organisational values and identity are foundational elements of organisational culture within SMEs. They serve as guiding principles for behaviour and decision-making and as the symbolic glue that binds individuals to the organisation's purpose and ethics. In the context of small and medium-sized enterprises, these values are often shaped by founders' personal beliefs, articulated through visible practices, and sustained through informal mechanisms such as storytelling, rituals, and shared experiences (Schein, 2010; Abimbola & Kocak, 2007). This theme explores five subcodes through which values and identity influence employee engagement in SMEs: value congruence, founder imprint, purpose clarity, ethical alignment, and cultural continuity.

Value Congruence

Value congruence is the alignment between employees' and the organisation's core values. In SMEs, where leadership is evident and interpersonal dynamics are more intimate, value congruence often plays a more pronounced role in driving emotional attachment and work engagement (Bakker & Demerouti, 2008; Saks & Gruman, 2014). When employees perceive

their values reflected in organisational decisions and practices, they are more likely to experience psychological safety, role ownership, and intrinsic motivation.

Abdullahi et al. (2021) found that alignment between organisational cultural values and employees' expectations in Malaysian SMEs significantly enhanced commitment and discretionary effort. Similarly, Ayres (2025) argues that value congruence fosters a "cultural fit" that leads to stronger affective employee engagement and reduces turnover intentions. This effect is magnified in SMEs due to the relative lack of bureaucratic distance between leadership and staff, allowing values to be demonstrated rather than merely stated (Lopez-Martin & Topa, 2019).

Founder Imprint

The founder's role in shaping organisational identity is especially salient in SMEs. Unlike large corporations, where organisational culture may be institutionalised through policies, SMEs often exhibit what Schein (2010) calls a founder-imprinted organisational culture, where the founder's original beliefs, behaviours, and preferences influence day-to-day operations. This imprint manifests in hiring decisions, informal norms, and leadership styles, often becoming a defining characteristic of the enterprise's identity (Deakins & Freel, 2009). Rego et al. (2012) highlight how founder-led businesses tend to reflect the emotional tone of the founder, which affects how employees relate to organisational values. A firm, ethical, or service-oriented founder may create a value-driven climate that elevates employee morale and fosters a deep emotional connection to the organisation (Ayoko, 2021). However, if the founder's imprint is rigid or misaligned with the evolving needs of employees, it may create tensions that inhibit employee engagement and innovation (Leitch & Volery, 2017).

Purpose Clarity

Purpose clarity refers to articulating the organisation's mission, long-term vision, and societal role. While SMEs often operate with constrained resources, those that communicate a compelling and coherent purpose tend to experience higher levels of employee engagement (Saks, 2006; Rastogi et al., 2018). A clearly defined purpose enhances role significance and reinforces the psychological condition of meaningfulness, a key antecedent to employee engagement, as noted by Kahn (1990).

Studies by Rego et al. (2018) and Freeman et al. (2020) suggest that SMEs with clearly communicated values and social purposes outperform their competitors in terms of staff retention and customer loyalty. This clarity allows employees to connect their daily tasks to a larger mission, fostering employee engagement through meaning-making. In owner-managed

SMEs, where purpose and identity are often intertwined, purpose clarity is both a motivational anchor and a behavioural compass (Mazzarol et al., 2021).

Ethical Alignment

Ethical alignment involves the consistency between organisational practices and moral standards, including fairness, transparency, and social responsibility. SMEs that embed ethical considerations into their daily operations, such as fair treatment, equal opportunity, and responsible leadership, are more likely to experience higher levels of employee trust and sustained employee engagement (Turyakira, 2018; Peñaflor & Juevesa, 2021).

In their study of small firms in Sub-Saharan Africa, Arabeche et al. (2022) found that ethical practices were not just a legal obligation but an organisational cultural choice that shaped staff morale and stakeholder relationships. Ethical misalignment, even in minor issues like inconsistent recognition or favouritism, can erode the psychological contract in SMEs with low hierarchical distance (Jordan & Troth, 2011). Conversely, when employees perceive fairness and ethical consistency, it strengthens their affective commitment and willingness to go beyond formal job requirements (Bakker & Albrecht, 2018).

Cultural Continuity

Cultural continuity refers to the sustained transmission of values and norms across time, even as the organisation grows or changes leadership. In SMEs, where succession planning is often informal and institutional memory is embedded in people rather than systems, preserving organisational cultural continuity can be challenging yet valuable (Le Breton-Miller & Miller, 2013). This continuity provides a sense of identity stability, reinforcing psychological safety and a sense of belonging among employees (Edmondson & Lei, 2014).

Haar & Kelly (2024) argue that SMEs with strong, stable organisational cultures fare better during strategic or structural transitions because they offer employees a dependable framework of norms and expectations. Continuity does not imply resistance to change; it suggests that the organisation evolves while staying anchored in its foundational values. This sense of organisational cultural consistency fosters trust, emotional stability, and a shared legacy, all key drivers of employee engagement (Cameron & Quinn, 2006; Saah et al., 2024).

Synthesis

The theme of organisational values and identity sheds light on the crucial roles that fit, meaning, and integrity play in fostering employee engagement in SMEs. These organisational cultural mechanisms form a cohesive organisational climate rather than acting as separate

elements. Founder-led vision, value alignment, purpose clarity, ethical coherence, and continuity over time build a compelling identity that employees can connect emotionally and behaviourally. In SMEs, where organisational cultural transmission is often personal and symbolic rather than procedural, these mechanisms serve as the "emotional infrastructure" that shapes everyday work experiences (Abimbola & Kocak, 2007; Ayoko, 2021). The following sections will show that this cultural foundation combines relational leadership, trust, and inclusivity to create a comprehensive engagement model in small organisational settings.

3.4 Leadership and Relational Proximity

Leadership in SMEs plays an outsized role in shaping organisational culture and influencing employee engagement. Unlike larger firms with layered hierarchies, SMEs often feature flatter structures and closer interpersonal proximity between leaders and employees. This relational dynamic makes leadership a structural and deeply organisational cultural role. This theme, Leadership and Relational Proximity, unpacks five interrelated mechanisms that affect employee engagement in SMEs: accessibility, authenticity, empowerment, emotional intelligence, and vision communication. These subcodes collectively explain how leadership behaviours cultivate meaning, trust, and psychological investment among employees.

Accessibility

Leadership accessibility refers to leaders' physical, psychological, and communicative openness to their employees. In SMEs, where leadership visibility is high and formal barriers are fewer, accessibility plays a pivotal role in cultivating transparency, approachability, and interpersonal trust. Foster and Farr (2016) show that in New Zealand SMEs, open-door leadership styles were closely linked to increased employee voice and participation in decision-making, two key employee engagement indicators.

Du et al. (2021) further establish that in small businesses, accessible leaders facilitate relational trust and reduce the perception of power distance. Employees interpret leader accessibility as a form of social validation, enhancing their sense of inclusion and commitment to the organisation. Moreover, in times of organisational change or uncertainty, common within SMEs, leadership visibility helps mitigate anxiety and reinforces organisational cultural stability (Hubbart, 2024).

Authenticity

Authenticity in leadership refers to the degree to which leaders behave consistently with their values and express themselves transparently in interpersonal relationships. The notion of "authentic leadership" has garnered significant scholarly attention, particularly in small

enterprises where leaders are not just managers but also cultural anchors (Avolio & Gardner, 2005). Authentic leadership contributes to employee engagement by fostering psychological safety, trust, and emotional resonance (Walumbwa et al., 2008).

In SMEs, the absence of corporate scripts allows leaders to communicate with greater sincerity and vulnerability. Ayoko (2021) suggests that this relational leadership strengthens affective commitment, especially when employees perceive their leaders as morally grounded and emotionally congruent. Rego et al. (2012) found that authenticity in SME leadership was associated with higher levels of employee creativity and job satisfaction, key indicators of employee engagement. Authenticity is thus not a soft trait but a strategic organisational cultural asset within SME environments.

Empowerment

Empowering leadership involves delegating authority, encouraging autonomy, and supporting employee development. In the context of SMEs, empowerment is particularly impactful because of the flexibility and fluidity of roles within these organisations (Amundsen & Martinsen, 2014). Empowered employees feel trusted and competent, which leads to higher intrinsic motivation and sustained employee engagement (Fernandez & Moldogaziev, 2013). Shuck et al. (2011) posit that empowering behaviours by leaders in SMEs, such as involving staff in strategic decisions or supporting skill development, increase role ownership and organisational commitment. In New Zealand's small business context, Coetzer et al. (2019) found that owner-managers who supported informal learning and experimentation created a more engaged and resilient workforce. Empowerment transforms the employee-employer relationship into a collaborative partnership when embedded as an organisational cultural norm rather than an isolated tactic.

Emotional Intelligence

Emotional intelligence (EI) is the leader's ability to perceive, understand, and manage their emotions and those of others. EI is a crucial enabler of relational proximity because it determines how leaders respond to employee needs, mediate conflicts, and build interpersonal rapport (Jordan & Troth, 2011). In SMEs, where communication is often informal and continuous, emotionally intelligent leadership fosters psychological safety and emotional engagement.

Newman et al. (2013) argue that emotionally intelligent leaders build "resonant relationships", interactions characterised by empathy, optimism, and attentiveness, which are central to employee well-being and engagement. In resource-constrained SMEs, such relationships may

serve as substitutes for formal incentives by fulfilling employees' emotional needs for recognition and a sense of belonging. Emotional attunement also helps leaders sense early signs of disengagement or stress, enabling them to make timely interventions (Bhave et al., 2018).

Vision Communication

Vision communication refers to the articulation of a compelling future direction by leaders and the ability to connect that vision to employees' daily roles and responsibilities. In SMEs, where strategic planning is often emergent rather than codified, the clarity and consistency of vision communicated by leadership becomes a primary motivational force. Men & Stacks (2013) found that leaders who linked their strategic vision to core organisational cultural values generated higher team commitment and creativity.

In small enterprises, effective vision communication is less about formal statements and more about symbolic leadership, how everyday decisions reflect long-term purpose. Berson et al. (2006) demonstrate that charismatic vision-sharing significantly enhances employee self-efficacy and team cohesion. When employees understand not only what the organisation does but also why it does it, they are more likely to experience meaningfulness in their roles, a key driver of employee engagement, as outlined by Kahn (1990).

Synthesis

The Leadership and Relational Proximity theme reveals how organisational cultural leadership within SMEs transcends task management and catalyses employee engagement through relational, ethical, and emotional mechanisms. Accessible and authentic leaders nurture trust and inclusion, empowering behaviours create ownership, emotional intelligence enables deep interpersonal connection, and vision communication fosters shared purpose. In SMEs, where leadership is often informal but omnipresent, these relational traits constitute a critical organisational cultural infrastructure. As Bradley et al. (2023) suggest, SME leaders do not simply operate within organisational culture; they are the organisational culture. Their values, behaviours, and emotional tone cascade into the work environment, shaping how employees interpret their roles, feel about their contributions, and envision their future with the organisation.

3.5 Communication and Feedback Systems

Effective communication and responsive feedback systems serve as the connective tissue of organisational culture, particularly in SMEs, where the proximity between management and staff allows for real-time interaction and reduced bureaucratic delay. This theme explores how communication clarity, informal dialogue, information flow, recognition practices, and feedback mechanisms shape employee perceptions, drive employee engagement, and reinforce an organisation's shared values. Unlike large firms, where communication often travels through hierarchical filters, SMEs rely heavily on relational immediacy and symbolic actions to transmit culture. In doing so, they offer fertile ground for fostering employee engagement through open, responsive, and humanised communication practices.

Communication Clarity

Communication clarity refers to the precision, consistency, and contextual appropriateness of conveying messages. In SMEs, ambiguity in managerial communication can disproportionately affect employees due to the lean structure and blurred role boundaries common in such firms. Stacho et al. (2019) emphasise that clarity in internal messaging, especially concerning goals, expectations, and performance standards, is critical in preventing disengagement and fostering accountability.

In the context of organisational change or uncertainty, clear communication helps reduce cognitive strain, aligns employees with strategic priorities, and prevents counterproductive speculation (Ho et al., 2010). According to Braun and Clarke (2006), clarity is not just a technical attribute of communication but an interpretive act through which organisational meaning is created. Therefore, SMEs that invest in coherent, values-aligned messaging are more likely to engage employees who feel confident in their understanding of the company's direction and their role within it.

Informal Dialogue

Informal dialogue refers to spontaneous, casual conversations that occur outside of structured meetings. In SMEs, such dialogue often replaces formal communication channels due to the relational nature of small teams. Bakker (2011) found that informal conversations in small New Zealand enterprises enabled quicker knowledge sharing, reduced role conflict, and strengthened team cohesion. These micro-interactions reinforce the organisational culture and build trust between employees and leadership.

Informal dialogue also allows employees to voice concerns or ideas without the anxiety that formal reporting structures might impose (Foster & Farr, 2016). This fosters Edmondson and

Lei (2014) describe as "voice behaviour," a critical driver of psychological safety and, by extension, employee engagement. Moreover, from a cultural perspective, the tone, frequency, and openness of informal exchanges reveal much about the SME's leadership style and power dynamics.

Real-Time Feedback

Real-time feedback gives immediate, context-specific input on performance, behaviour, or ideas. In SMEs, where teams often work in close quarters and projects are fast-moving, feedback timing becomes essential. Robinson et al. (2019) stress that timely feedback in small businesses enhances learning cycles, fosters agility, and prevents the buildup of performance anxiety.

According to Nowell et al. (2017), real-time feedback also supports the credibility and trustworthiness of leaders by demonstrating attentiveness and responsiveness. When feedback is framed constructively and delivered promptly, it supports continuous improvement and motivates employees to align their performance with organisational goals. Furthermore, feedback loops in SMEs are often informal yet impactful, embedded within daily conversations rather than formal appraisal systems —a strength that enhances immediacy and relevance (Coetzer et al., 2019).

Recognition Practices

Recognition practices encompass the methods by which employee contributions are acknowledged and celebrated. In SMEs, where resources may limit monetary rewards, symbolic recognition (such as verbal praise, shared celebrations, or small tokens) plays an amplified role. Saks (2006) identifies recognition as a cornerstone of employee engagement, particularly when it aligns with personal values and organisational goals.

Recognition in SMEs is most effective when personalised and emotionally resonant. Baumeister and Leary (1997) argue that the human need for belonging is deeply activated by recognition, particularly in tightly knit work communities. Furthermore, organisational cultural authenticity in recognition, such as celebrating team achievements that reflect organisational identity, reinforces employees' emotional bond with the firm. In their study on employee engagement systems, Ayres (2025) highlights that recognition practices in SMEs can create a cycle of trust, pride, and sustained discretionary effort —hallmarks of high employee engagement.

Information Flow

Information flow concerns how data, insights, and decisions move throughout the organisation. In SMEs, this flow tends to be less formal but more direct, often bypassing layers of interpretation found in larger corporations. Koschmann and McDonald (2015) explain that communication is not merely a medium for exchanging information but an enactment of organisational agency that speaks, listens, and how decisions evolve through discourse.

A well-functioning information flow system ensures employees feel informed, respected, and included in organisational developments. When employees perceive openness and accessibility in information, they are more likely to trust leadership and commit to the organisational vision (Mazur & Zaborek, 2016). However, when information flow is inconsistent or overly centralised, it can create suspicion and disconnect, undermining organisational cultural cohesion. Transparency and horizontal information sharing are thus critical enablers of employee engagement in SME environments.

Synthesis

Communication and feedback mechanisms within SMEs function not only as operational tools but also as organisational cultural expressions. From informal conversations over coffee to recognition rituals and real-time corrections, each communicative act strengthens or weakens the organisational cultural fabric. When managed intentionally, communication systems create inclusive, informed, and emotionally connected work environments.

This theme shows that communication is not a background process in SME employee engagement; it is the process. It affects how employees interpret their roles, relate to leadership, and make sense of organisational priorities. Communication clarity fosters confidence, informal dialogue builds relational trust, timely feedback drives motivation, recognition reinforces a sense of belonging, and transparent information flow nurtures a sense of inclusion. Together, these mechanisms enable SMEs to sustain high employee engagement despite constraints in formal resources. Brand and Bax (2002) noted that communication systems in small firms often substitute for structural HR practices, making their organisational cultural function even more vital.

3.6 Psychological Safety and Trust

Psychological safety and trust are indispensable organisational cultural pillars for fostering meaningful employee engagement, particularly in small and medium-sized enterprises (SMEs) where interpersonal dynamics are intensified by smaller team sizes, less formalised hierarchies, and a reliance on relational closeness. These concepts represent more than mere

interpersonal niceties; they are the foundation upon which employees decide whether it is safe to speak, act, question, fail, and ultimately, to engage fully. In the context of SMEs, where visibility and accountability are heightened and informal norms prevail, psychological safety emerges as both a sensitive and robust determinant of employee engagement. This theme encompasses five sub-dimensions: voice opportunity, error tolerance, non-punitive culture, peer trust, and fairness. Together, they construct a work environment that enables openness, risk-taking, collaboration, and emotional commitment.

Voice Opportunity

In SMEs, the opportunity for employees to voice concerns, suggestions, or dissenting views without fear of repercussion is critical to psychological safety. Voice behaviours foster innovation and increase affective employee engagement, yet they are only activated when the organisational culture endorses them as legitimate and safe. Shuck et al. (2011) identified employee voice as one of the strongest predictors of sustained employee engagement, particularly when voice is acknowledged and acted upon. Peñaflor and Juevesa (2021) argue that in SMEs, where formal communication structures are limited, informal dialogue and leadership receptiveness to employee ideas act as surrogate governance mechanisms that either enhance or stifle voice.

Kanyamon et al. (2024) found that hospitality SMEs in Southeast Asia with leadership styles that promote inclusive decision-making exhibited higher levels of employee initiative and ownership. This aligns with findings from Lopez et al. (2024), who emphasise that leaders who visibly listen to and incorporate employee feedback create a participatory atmosphere that enhances collective agency. However, the paradox in SMEs lies in their close-knit environments: while informal access to leadership is high, so is the social pressure to conform. Thus, leadership must cultivate an open culture, modelling curiosity and tolerance for differing viewpoints.

Error Tolerance

Whether employees feel safe making mistakes is closely related to their voice. In psychologically unsafe environments, errors are met with blame or ridicule, discouraging experimentation and learning. In contrast, SMEs that adopt a growth mindset around failure, viewing it as part of a learning cycle, create conditions where employees take initiative and innovate without debilitating fear. Rastogi et al. (2018) found that disengagement among SME workers was often tied to anxiety about making mistakes in unsupportive environments. Conversely, Ayoko (2021) shows that SMEs that normalise iterative processes, particularly in innovation-related roles, tend to build resilience and adaptability through collective learning.

Shin et al. (2012) posit that error tolerance is not merely a leadership trait but a strategic organisational orientation. Their study linked psychologically resilient organisational cultures to increased employee adaptability and reduced resistance to change. Similarly, Mazur and Zaborek (2016) observed a positive correlation between open innovation performance and error-tolerant organisational cultures in Polish SMEs. These findings underline the strategic advantage of framing failure not as an endpoint, but as a stage in progress.

Non-Punitive Culture

While error tolerance focuses on learning from mistakes, a non-punitive organisational culture extends the principle to the broader organisational climate, in which fear, humiliation, and punishment are consciously eliminated as control mechanisms. SMEs, due to their interpersonal proximity, are particularly vulnerable to toxic microcultures if punitive behaviours go unchecked. Hubbart (2024) emphasises that fear-based behaviours by leaders, including subtle cues such as withholding resources or socially isolating dissenters, undermine trust and long-term organisational success.

Turyakira (2018) underscores that ethical, non-retributive leadership in developing country SMEs enhances retention and fosters a deeper emotional connection to the organisation. Leaders must demonstrate transparency, humility, and forgiveness in policies and their everyday responses to setbacks. Rego et al. (2012) found that authentic leadership traits, such as emotional accessibility and self-awareness, fostered climates where employees felt safe taking interpersonal and intellectual risks. This is especially crucial in SMEs, where the lack of formal grievance mechanisms can expose employees to the consequences of conflict.

Peer Trust

In small firms, horizontal trust among co-workers can either support or undermine psychological safety. While leadership is visible in setting norms, the peer environment often mediates whether employees feel secure expressing themselves. Gialuisi and Coetzer (2013) found that high peer trust significantly reduced voluntary turnover in New Zealand SMEs by reinforcing informal accountability and mutual support. Subedi and Bajracharya (2024) build on this, showing that transparent HRM practices facilitate trust-based team dynamics, even in loosely structured firms.

Peer trust also supports what Jordan and Troth (2011) describe as psychological courage — the capacity to speak up or act on one's convictions in uncertain situations. In a trusting peer environment, employees are more likely to challenge outdated norms, collaborate across roles, and engage in creative problem-solving. However, trust is fragile and context-

dependent; if not actively maintained through consistent fairness and recognition, even long-standing teams can descend into suspicion and disengagement.

Fairness

The perception of fairness in handling tasks, promotions, rewards, and discipline has a direct influence on an employee's sense of belonging and dignity. In SMEs, where performance reviews and advancement pathways are often informal, perceptions of unfair treatment can escalate rapidly and become organisational cultural undercurrents. Haar and Kelly (2024) found that procedural fairness served as a mediator between firm-level strategy and retention outcomes in New Zealand SMEs. This suggests that, even more than outcomes, fair processes shape employee decision-making about long-term commitment.

Ayoko (2021) demonstrates that HR practices perceived as equitable drive satisfaction, proactivity, and resilience. Edmondson and Lei (2014) further frame fairness as a structural precondition for psychological safety. Other elements of safety, such as voice, trust, or tolerance, cannot flourish without fairness. In SMEs, where leaders are often owner-managers, fairness must be perceived as impartial and consistent, not driven by personal loyalties or informal hierarchies. Building such perception requires intentional communication, consistency in decision-making, and shared values that transcend individual biases.

Synthesis

Psychological safety and trust do not emerge spontaneously; they are intentionally constructed through leadership behaviours, team norms, and organisational rituals. In SMEs, these conditions are susceptible to fluctuation because they depend on individual relationships, informal systems, and high visibility of actions. The mechanisms discussed — voice opportunity, error tolerance, non-punitive culture, peer trust, and fairness — serve as cultural scaffolding for employee engagement. Critically, these elements are interconnected. For instance, an organisational culture that supports voice without ensuring fairness may result in cynicism rather than employee engagement. Similarly, peer trust may be insufficient if leadership does not model non-punitive behaviour. The literature suggests that the most significant employee engagement effects occur when these dimensions are mutually reinforcing, when leadership consistently upholds fairness, peers trust each other, and the system permits failure and feedback without fear. When enacted cohesively, these mechanisms form what Edmondson and Lei (2014) called a "learning culture," enabling employee well-being and organisational resilience.

As such, psychological safety and trust in SMEs are best viewed not as soft constructs but as strategic imperatives. Their presence predicts agility, adaptability, innovation, and retention outcomes, especially vital in volatile and resource-constrained SME environments. Establishing these organisational cultural mechanisms requires intentional leadership, structured HR practices, and reflective learning within the organisation.

3.7 Inclusive and Adaptive Practices

In the evolving landscape of small and medium-sized enterprises (SMEs), the ability to foster inclusive and adaptive practices has become an organisational cultural imperative for sustaining employee engagement. These mechanisms are increasingly viewed as desirable values and functional levers for organisational resilience, talent retention, and innovation (Ayres, 2025; Mileva & Hristova, 2022). This thematic domain, derived from the data synthesis, includes five key subcodes: learning culture, role flexibility, team diversity, equity orientation, and change responsiveness. They capture the dynamic interplay between inclusivity and adaptability within the SME organisational cultural fabric.

Learning Culture

A strong learning organisational culture signals to employees that growth is prioritised and supported. In SMEs, where formal training systems are often absent, learning emerges informally through social interaction, mentorship, and reflection. Coetzer et al. (2019) argue that owner-managers play a vital role in creating conditions for learning by enabling experimentation and nurturing curiosity. Learning-centric SMEs actively engage employees in problem-solving and knowledge exchange, enhancing engagement and innovation (Ayoko, 2021).

Saks and Gruman (2014) posit that employee engagement is inherently developmental; employees engage more deeply when they perceive their work as an opportunity for personal growth and development. This is especially critical in SMEs, where career ladders are flatter, and development must be reframed to focus on skill enrichment and autonomy. In this way, a learning organisational culture becomes a proxy for long-term growth, directly influencing the emotional and cognitive components of employee engagement.

Role Flexibility

Role flexibility, the willingness and ability to adapt roles and responsibilities based on context, is a hallmark of agile SME environments. While role clarity is necessary, rigid roles often stifle innovation in smaller firms. Majid et al. (2017) found that functional flexibility was positively

associated with organisational performance in SMEs, particularly when employees were given autonomy and cross-functional exposure.

In New Zealand, SMEs require flexible roles due to lean staffing and embed them in organisational cultural expectations around initiative-taking (Bakker, 2011). Employees who perceive role boundaries as fluid and non-punitive are likelier to experiment, help others, and take ownership of outcomes. This active engagement reinforces an organisational culture of collective responsibility and adaptability. However, role flexibility must be implemented with safeguards against role ambiguity. June and Mahmood (2020) caution that flexibility can lead to confusion and disengagement without clear expectations and feedback. Thus, successful SMEs strike a balance between adaptability and clarity, ensuring that employees understand their evolving responsibilities within a coherent framework.

Team Diversity

When managed with inclusion in mind, diversity in team composition enhances collective intelligence, innovation, and employee engagement. Alshaabani et al. (2021) demonstrated that diversity alone in SMEs must be paired with inclusive practices to yield positive employee engagement outcomes. Diversity brings varied perspectives, while inclusion ensures that these perspectives are respected, valued, and acted upon.

Jurado and Battisti (2019) note that SMEs in Aotearoa New Zealand are increasingly multicultural, requiring active diversity management to avoid marginalisation. Inclusion practices such as multilingual communication, flexible organisational cultural observances, and equitable workload sharing signal to employees that their identities are respected. In such environments, employee engagement thrives because employees feel psychologically safe to be authentic (Bradley et al., 2023). Moreover, diversity enhances learning and adaptability by exposing teams to a broader range of problem-solving approaches. This reinforces an organisational culture of openness, encouraging employees to contribute beyond their technical roles. As Shin et al. (2012) argue, diversity can buffer organisational change fatigue when leveraged as a resource for learning and adaptation.

Equity Orientation

Equity orientation refers to the organisation's commitment to fairness across systems, policies, and daily interactions. In SMEs, where processes are often informal, equity must be embedded in leadership behaviour and everyday decisions rather than codified in policy. Mileva and Hristova (2022) found that discrepancies in perceived fairness between managers

and employees in SMEs led to breakdowns in employee engagement, especially when inequities went unacknowledged.

Equity is not limited to pay and promotions; it encompasses recognition, workload distribution, and access to development opportunities. Saah et al. (2024) emphasise that equitable SMEs are more likely to retain diverse talent and foster loyalty. Equity-oriented leadership ensures that merit and effort are consistently rewarded, building organisational trust and reinforcing cultural coherence. Furthermore, equity enables horizontal mobility in the SME context, allowing employees to take on new challenges regardless of tenure or background. This aligns with the inclusive ethos where contributions are recognised based on value rather than hierarchy.

Change Responsiveness

Adaptive capacity is critical for SME survival in volatile environments. Change responsiveness reflects how well an organisation anticipates, absorbs, and responds to internal and external shifts. Meurs et al. (2024) argue that SMEs with informal HRM systems often outperform formalised firms during crises because their organisational cultures are nimble and people-centred.

Inclusivity plays a central role in change responsiveness. When employees are involved in decision-making and see their feedback integrated into change processes, they are more likely to support transitions. Rego et al. (2018) found that leadership humility and openness to learning from employees fostered collective adaptability and resilience. Inclusivity in change enhances psychological ownership, sustaining engagement even during uncertainty. Moreover, responsiveness involves continual feedback loops. Foster and Farr (2016) found that employees in regional New Zealand SMEs responded positively to iterative employee engagement strategies during change, such as frequent check-ins and visual progress markers. Such feedback-rich organisational cultures reduce resistance and foster a shared vision for adaptation.

Synthesis

Inclusive and adaptive practices operate not as isolated traits but as interwoven elements of SME organisational culture. Learning organisational culture provides the cognitive foundation for employee engagement; role flexibility activates behavioural participation; diversity and equity establish emotional safety; and change responsiveness ensures relevance and a future-oriented approach. These practices generate an environment where employee engagement is not mandated but emerges naturally from a sense of belonging, purpose, and

opportunity. As Booth et al. (2021) noted, narrative synthesis allows for a more nuanced understanding of such interdependencies, offering insights beyond linear cause-and-effect.

This theme also illustrates the evolutionary nature of SME organisational cultures. Organisations that begin with reactive adaptability can, through intentional inclusivity, evolve into proactive learning systems. These systems sustain employee engagement and foster innovation, retention, and long-term viability.

3.8 Chapter Summary

This narrative review has identified five interrelated cultural mechanisms that influence employee engagement in small and medium-sized enterprises (SMEs):

1. Organisational values and identity
2. Leadership and relational proximity
3. Communication and feedback systems
4. Psychological safety and trust
5. Inclusive and adaptive practices

While these themes were individually elaborated in Sections 3.3 to 3.7, this section synthesises and integrates them, demonstrating their mutual reinforcement and collective contribution to employee engagement outcomes in SME contexts.

At the core of this synthesis is the understanding that organisational culture is not a static structure but a dynamic system of shared meanings and practices. Each theme identified is not a standalone element; instead, it operates within an interdependent ecosystem where organisational cultural coherence enhances or undermines employee engagement. Thematically, the findings suggest that employee engagement in SMEs emerges not from isolated interventions but from the synergy between values, leadership, communication, safety, and inclusion.

Organisational values and identity establish the symbolic foundation of employee engagement. When SME employees perceive alignment between personal and organisational values, often articulated through clarity of purpose, ethical consistency, and cultural continuity, they are more likely to feel connected to their work and the business mission. However, such values are only meaningful when they are enacted in practice, primarily through effective leadership.

Leadership and relational proximity emerged as a critical medium through the operationalisation of organisational cultural values. In SMEs, where power distance is generally lower and leaders are more visible, relational forms of leadership (authentic, empowering, and emotionally intelligent) act as enablers of value-based employee engagement. Leaders in these environments are not just decision-makers but organisational cultural ambassadors whose behaviours reflect the norms and expectations of the organisation.

Effective communication and feedback systems intensify this relationship between leadership and employee engagement. Formal and informal communication practices are not just tools for information exchange but are perceived as mechanisms of recognition, fairness, and inclusion. Communication clarity, dialogue, and real-time feedback promote understanding and alignment, allowing employees to feel valued and heard.

Building upon communication is the organisational cultural condition of psychological safety and trust. When employees feel safe expressing dissent, reporting errors, and experimenting without fear of punitive consequences, they are more engaged, resilient, and innovative. This theme, remarkably grounded in New Zealand SME literature, reinforces trust as the lubricant of high-functioning team dynamics. Trust, in turn, relies on consistent leadership behaviours, fair recognition, and peer-level support.

The fifth theme, inclusive and adaptive practices, is a meta-capability that holds the others together; learning organisational cultures, equity-driven policies, role flexibility, and adaptability to change all foster inclusive employee engagement. This theme suggests that inclusive SMEs are fairer and more resilient to external shocks (e.g., technological disruption or demographic change). This adaptability enables organisational cultural resilience and continuous re-engagement over time.

What emerges from this synthesis is an organisational cultural employee engagement model for SMEs that is both systemic and humanistic. Unlike mechanistic models that rely on structural incentives or formal HR practices, the SME employee engagement model is relationship-oriented, grounded in daily interactions, and flexibly embedded within the business context. SMEs often do not have the resources for complex employee engagement interventions. Still, they compensate with personal leadership, tight-knit teams, and an informal organisational culture that can be highly empowering if designed thoughtfully.

Finally, the narrative highlights several tensions that SMEs must navigate: the balance between flexibility and overload, inclusivity and informality, safety and performance pressure. These tensions require organisational cultural reflexivity, a leadership awareness of how organisational culture shapes behaviour and employee engagement. Effective SME leaders must be intentional about these organisational cultural levers, constantly aligning them with evolving organisational goals and employee needs.

This integrated organisational cultural perspective not only addresses the research question regarding how organisational culture affects employee engagement in SMEs but also provides a framework to guide further empirical inquiry and practitioner intervention. The findings form a natural bridge to Chapter 4, where these organisational cultural mechanisms will be critically discussed in relation to broader theoretical frameworks, including organisational behaviour, human resource development, and SME-specific innovation models.

Chapter 4: Conclusion and Recommendations

4.1 Introduction

This final chapter consolidates the core insights gained throughout the research on how organisational culture influences employee engagement within small and medium-sized enterprises (SMEs). As SMEs typically operate without formal human resource systems or institutionalised employee engagement frameworks, organisational culture becomes the primary mechanism for fostering or diminishing employee engagement.

Through a narrative literature review and thematic analysis, the research identified five key organisational cultural dimensions that significantly impact employee engagement:

1. Organisational values and identity
2. Leadership and relational proximity
3. Communication and feedback mechanisms
4. Psychological safety and trust
5. Inclusive and adaptive practices

In small- to medium-sized enterprises (SMEs), interpersonal relationships have interrelated dimensions that are not independent of one another. Instead, they are a product of the informal networks, personal connections, and relationship practices that define SME activity.

The chapter further integrates the five organisational cultural dimensions identified through thematic analysis of organisational values and identity, leadership and relational proximity, communication and feedback mechanisms, psychological safety and trust, and inclusive and adaptive practices with three theoretical frameworks: Schein's (2010) model of organisational culture, Denison's (1996) performance-based cultural traits, and Kahn's (1990) theory of engagement. These frameworks were not the source of the dimensions. Still, they served as analytical lenses to interpret and critically contextualise how organisational cultural practices in SMEs, especially those facing resource constraints and informal structures, align with or diverge from established organisational theories. This integration reinforces the practical implication that authenticity, trust, and shared identity are central to fostering employee engagement. While the study draws primarily on secondary sources, it acknowledges its limitation in not incorporating bicultural or Indigenous perspectives.

Ultimately, this research highlights that employee engagement in SMEs is not driven by formal policies or technology, but by the lived, human dimensions of organisational culture and how

they are integrated, communicated, and experienced across the organisation. Intentional and authentic organisational cultural leadership thus fosters sustained employee engagement in the SME environment.

4.1.1 Discussion

This section synthesises the core insights derived from the thematic analysis in Chapter 3, based on a review of 65 peer-reviewed academic sources. The research identified five key organisational cultural dimensions through which organisational culture influences employee engagement in SMEs:

1. Organisational Values and Identity

In SMEs, organisational cultural values and identity are not codified but are conveyed through everyday behaviours, decision-making, and symbolic actions. Value congruence alignment between employee and organisational values significantly enhances emotional commitment and discretionary effort. Ethical consistency and transparency in leadership further reinforce trust and employee engagement. The enduring influence of founder values ("founder imprint") shapes organisational identity and can create challenges during leadership transitions. Clarity of organisational purpose also contributes to meaningful work experiences, particularly in roles where job responsibilities are fluid.

2. Leadership and Relational Proximity

SME leaders often operate in close physical and emotional proximity to their teams, enhancing organisational cultural communication. Authentic leadership grounded in transparency, empathy, and value consistency creates psychological safety and fosters employee initiative. Empowering leadership styles are supported by emotional intelligence, increased trust, motivation, and employee engagement. The reflection of a collective organisational vision served as one of the core tasks in aligning personal activity with the more global strategic goals of the organisation.

3. Communication and Feedback Systems

Communication in SMEs tends to be direct, spontaneous, and relational, forming a key organisational cultural mechanism. Real-time and constructive feedback enables agility and learning. Transparency of expectations is essential in reducing stress and misalignment in organisations. Though established informally, personalised recognition practices generate a strong emotional effect. Open lines of communication, especially regarding organisational changes, also boost trust and create a feeling of belonging.

4. Psychological Safety and Trust

Psychological safety (speaking up without fear) has been identified as a condition before employee engagement. The evidence shows that employee voice is associated with an increased commitment to innovation. In addition, the organisational culture of learning through error, rather than punishing failure, leads to resilience and personal initiative. Trust between peers becomes important in collaborative performance, especially when formalised role descriptions are not in place. Fairness in allocating workloads and reward systems also plays a similar role in employee morale and retention.

5. Inclusive and Adaptive Practices

Inclusion and adaptability emerged as both moral imperatives and strategic assets for SMEs. An organisational culture of learning, often fostered through informal mentorship, resulted in long-term employee interactions. In the case of role flexibility, which is adequately supported, it helped them grow and subsequently increase job satisfaction. Conversely, equity-oriented organisational culture provided an opportunity for equitable access to resources and acknowledgement, which reduced disengagement. Responsiveness to change, particularly when employees were included in decision-making, strongly predicted commitment during organisational transitions.

Collectively, these findings describe SME organisational culture as informal, deeply relational, and human-centred. This form of employee engagement in organisations is not limited to formal hierarchical orientations, but rather is integrated through organisational cultural dynamics of values, behaviours, leadership practices, and the co-construction of a mutual meaning. Small- and medium-sized enterprises (SMEs) cannot afford to lack entire human resource systems, and they must draw on these organisational cultural dynamics to develop, retain, and re-energise their workforce.

4.2 Theoretical Integration

This section integrates the research findings with three foundational models of organisational culture and employee engagement: Schein's (2010) three-levels-of-organisational-culture model, Denison's (1996) cultural traits model, and Kahn's (1990) theory of psychological conditions for engagement. This synthesis demonstrates how SMEs' organisational culture dynamics align with, reinterpret, or extend these established frameworks within small- and medium-sized enterprises' unique relational and informal contexts.

4.2.1 Schein's Three Levels of Organisational Culture

Schein (2010) provides the framework that distinguishes the organisational culture into three levels: artefacts, espoused values, and underlying assumptions. Within SMEs, these layers are enacted more fluidly and personally than in larger organisations.

- At the artefact level, organisational cultural cues are embodied in leader behaviours, informal recognition, and team rituals such as spontaneous praise or open-door conversations that subtly convey employee engagement expectations without formal policies.
- Espoused values in SMEs are not institutionalised in written codes but communicated through the leader's actions and daily interactions. Values like fairness, inclusiveness, or adaptability are lived rather than declared, increasing their emotional resonance with employees.
- At the level of underlying assumptions, SMEs operate on unspoken norms of trust, initiative, and mutual responsibility. These deeply integrated beliefs shape employee engagement by defining how individuals interpret their roles and relationships without formal governance structures.

Thus, while Schein's model remains applicable, its implementation in SMEs is informal, relational, and situational, requiring a dynamic rather than static understanding of organisational cultural transmission.

4.2.2 Denison's Four Cultural Traits and Organisational Performance

Denison (1996) identifies four organisational cultural traits: involvement, consistency, adaptability, and mission as drivers of organisational performance. This study found these traits highly relevant to SME contexts, albeit operationalised through interpersonal rather than institutional mechanisms.

- Involvement is achieved through empowering leadership, shared decision-making, and autonomy. SME employees are often trusted to manage multiple roles and develop stronger psychological ties and intrinsic motivation.
- Consistency emerges not from formal systems but from shared expectations and visible leader behaviours. When leaders consistently act in accordance with their core values, they foster internal cohesion and trust within their organisation.
- Adaptability is crucial in SMEs, where market conditions demand agility. Organisations that respond to employee feedback encourage flexible roles and promote continuous learning to build inclusive, engaged cultures.

- Mission clarity enhances employee engagement when employees understand how their work connects to broader organisational goals. In SMEs, where job functions are often fluid, a communicated mission becomes a critical anchor of shared meaning and direction.

Denison's model, therefore, proves robust in SMEs but necessitates a relational interpretation. Organisational Cultural traits manifest not through formal programs but through close-knit leadership and everyday social exchange.

4.2.3 Kahn's Psychological Conditions for Engagement

Kahn (1990) proposes that employee engagement is fostered when three psychological conditions are met: meaningfulness, psychological safety, and psychological availability. Each of these conditions is strongly expressed within the SME environment.

- Meaningfulness is reinforced by value congruence, purpose clarity, and visible links between individual contributions and organisational success. SME employees often feel closer to outcomes and thus perceive their roles as more significant.
- Psychological safety is enhanced through open communication, tolerance for mistakes, and constructive feedback. These conditions, prevalent in relational SME organisational cultures, support innovation and emotional investment.
- Although challenged by fluid roles and unpredictable workloads, psychological availability can be supported through empathetic leadership, attention to work-life balance, and recognition. These organisational cultural factors ensure employees feel capable and energised to contribute.

The framework of employee engagement proposed by Kahn confirms the findings of the present research. It reminds us that employee engagement is not a matter of individual disposition but the result of organisational cultural norms and styles of leadership.

Final Note on Theoretical Integration

The integration of these three theoretical models affirms the central claim of this research: in SMEs, organisational culture is peripheral. It is the primary driver of employee engagement. While conventional theories remain valid, their application in SME settings must account for informal structures, relational leadership, and personalised organisational cultural enactments. These adaptations preserve theoretical relevance and reveal novel pathways for

cultivating employee engagement in human-centred and dynamic organisational environments.

4.3 Practical Recommendations

The current research identifies information directly applicable to leaders, managers, and owners of small- and medium-sized enterprises (SMEs) who seek to enhance employee engagement, particularly those operating without formal human-resource systems, which are more typical of larger firms. While some medium-sized enterprises may implement structured HR mechanisms, many SMEs operate under lean structures and informal processes, especially those with limited staff or decentralised operations. As such, they require alternative engagement strategies that leverage their most accessible and influential asset: organisational culture.

4.3.1 Model Organisational Values Through Consistent Leadership

The organisational culture of many small and medium-sized enterprises (SMEs) is shaped by close geographical and hierarchical proximity, where leaders often have a visible and influential presence. Prior empirical studies have shown that when SME leaders consistently embody core organisational values such as fairness, respect, openness, and integrity, employee trust and emotional engagement are significantly strengthened. These values are communicated through formal statements and conveyed through everyday decisions and interpersonal interactions, reinforcing credibility and alignment between stated principles and lived practices.

Strategy: Within an organisational setting, there must be a set of core values that are mutually agreed upon with staff and then strategically integrated into leadership decisions and other interactions. The success of this approach will depend on leaders' ability to convey systemic feedback, ensuring that their actions reflect the values they express, thereby eliminating the perceptual distance between ideals and actual behaviours.

4.3.2 Foster Psychological Safety and Open Communication

Psychological safety, where employees feel free to express ideas or admit mistakes without fear, is foundational for employee engagement. In SMEs, this is cultivated not through formal policies but through leadership conduct and team norms.

Strategy: Implement regular informal check-ins, open discussion forums, and anonymous suggestion channels to foster a culture of open communication. In organisational contexts, leaders are compelled to be vulnerable; by all means, they must acknowledge mistakes and

seek out and consider diversity of views. The feeling of security, belonging, and acknowledgment within the workforce can be achieved by fostering two-way communication on issues related to roles, goals, and emerging changes.

4.3.3 Use Real-Time Recognition and Feedback

In small and medium-sized enterprises (SMEs), informal and genuine recognition has been demonstrated to incur more powerful psychological responses than formal compensation and reward systems. Feedback reinforces employee engagement and shared values when delivered in real-time and personalised.

Strategy: Integrate feedback rituals into daily operations, such as short praise rounds during meetings or peer-to-peer recognition moments. Introduce a feedback system that frames feedback as a two-way exchange, thereby enabling the flow of employee opinions and supervisor appraisals. This framework creates an atmosphere of mutual respect that organisational members could employ to achieve ongoing learning and progressive development.

4.3.4 Encourage Learning, Flexibility, and Role Growth

While SMEs may lack formal training programs, they are well-positioned to create flexible, growth-oriented environments. Encouraging skill development and lateral role expansion enhances motivation and fosters a sense of ownership.

Strategy: Implementing cost-effective, practical channels to build skills, such as peer mentoring, job shadowing, or internal skill-sharing workshops, is recommended within the workplace. At the same time, the organisation ought to recognise and reward staff agility and autonomous study programs. The firm must also give employees independence of choice in tasks to be performed and the time to be used, thereby portraying confidence in their professional workability.

4.3.5 Prioritise Inclusion and Equity in Everyday Practices

Equity and inclusion should not be incidental but intentional in SME organisational cultures. Due to informality, unconscious biases can influence decisions and lead to disengagement among less visible or minority voices.

Strategy: Conduct regular "equity pulse checks" to evaluate recognition, opportunity, and workload distribution fairness. Rotate leadership roles in meetings and proactively involve

quieter team members. The modern professional world is diverse in terms of traditional demographic factors, thoughts, lifestyles, and personalities.

Final Note on Implementation

The suggestions are practical and relational models, rather than prescriptive and static ones. They aim to adapt to the unique circumstances of small- and medium-sized enterprises (SMEs). The central premise is that organisational culture is a living, co-created process. When leaders model values, nurture open communication, and promote shared meaning, employee engagement flourishes organically, without the need for bureaucratic systems or costly interventions. Culture-guided involvement can be formulated as the organisational practice that prioritises openness and a sense of belonging, and empowers workers to be effective. When such a framework is implemented, small and medium-sized enterprises (SMEs) can achieve their full potential despite limited resources, including materials.

4.4 Study Limitations

Every research exists methodologically, contextually, and interpretively constrained. Understanding these limitations is key to academic transparency and critical reflexivity. In this section, the researcher identifies the most significant limitations of the current investigation and cautions about the potential bias in the interpretation and application of the findings.

4.4.1 Reliance on Secondary Data and Literature Review

One methodological limitation of the current research lies in its reliance on secondary sources of information, particularly the narrative literature review. This strategy helped ensure the methodical incorporation of divergent theoretical views; however, it did not allow for the direct collection of primary data in SMEs. Since the analysis draws on existing literature, the perspectives and contexts necessarily influence it, as they are methodological choices of the original authors. While this approach enables a rich synthesis of theoretical perspectives and conceptual mapping, it may limit the immediate transferability of insights to all SME contexts. Nonetheless, the findings provide a valuable foundation for understanding cultural dynamics and employee engagement. They can offer adaptable guidance for SME leaders, particularly when interpreted with sensitivity to local conditions and organisational nuances.

4.4.2 Contextual Generalisability and Cultural Specificity

Although the literature review incorporated global scholarship from Europe, North America, Asia-Pacific, and beyond, the international scope may dilute organisational cultural and regulatory nuances specific to the New Zealand SME context. In Aotearoa, SMEs are frequently characterised by a high incidence of family ownership, regional dispersion, and

contextually unique employment dynamics that shape leadership style and organisational culture in ways that may differ from those of international counterparts (*Ministry of Business, Innovation & Employment, 2020*). These contextual factors highlight the importance of culturally grounded interpretations when applying general theoretical models to local SME settings. Therefore, while the findings are theoretically sound, they should be considered adaptable rather than prescriptive for the New Zealand SME landscape. Future research grounded in Aotearoa's specific culture, legal, and economic contexts would enhance localisation and relevance.

4.4.3 Subjectivity and Interpretive Bias

The current synthesis adopts an interpretive position, which is supported by the subjective judgment of the researcher. Themes were identified, the literature was selected, and purposeful decisions established theoretical links within a methodological context that was consistent and transparent. The results may be congruent with a thematic analysis conducted by Braun and Clarke (2006) and expectations of systematic NLR. Still, they are reduced to a set of results that the authors of this study would be willing to agree are only one among numerous possible constructions. The socially constructed nature of employee engagement and organisational culture means that what is considered effective organisational cultural practice within one SME may be viewed differently in another, making the research's findings conditional. Additionally, sectoral, interpersonal, and leadership specifics render the results practically non-transferable. As such, the analysis tends to be a reflective framework rather than a set of universal prescriptions.

Final Note on Limitations

The research contributes to the theory by questioning how organisational culture affects employee engagement within small and medium-sized enterprises (SMEs). Still, it needs to be recognised because it relies on secondary sources and lacks empirical roots in Aotearoa. The interpretive subjectivity inherent in the choice of method in any research cannot be ignored. These limitations do not diminish the research's value but point to fruitful avenues for future research, particularly empirical studies grounded in local, bicultural, and sector-specific contexts.

4.5 Directions for Future Research

This research has contributed valuable theoretical insight into how organisational culture influences employee engagement within small and medium-sized enterprises (SMEs), particularly in Aotearoa New Zealand. However, when examining this theme, the research has identified several limitations and uncovered some crucial gaps in the existing academic

literature. This section outlines five potential areas in which the existing body of knowledge can be extended, built upon, and put into perspective to enhance our understanding of organisational culture and involvement in SMEs.

4.5.1 Empirical Research on New Zealand SMEs

A foundational next step is the empirical investigation of SME organisational culture and employee engagement within the specific socio-economic landscape of New Zealand. The current research, based on the analysis of the foreign literature, argues that the peculiarities of New Zealand SMEs require a targeted study.

Future focus:

Qualitative research techniques, such as case studies, semi-structured interviews, or ethnographic research, may help to illuminate how organisational culture is an institutionalised, ordinary practice. In turn, longitudinal studies provide unique insights into the trend of employee engagement, particularly during periods of continuous expansion, management handover, or economic change.

4.5.2 Sector-Specific Cultural Dynamics

SMEs do not exist in only one business sector but are represented in each with their unique organisational culture, various individual issues, and employment patterns. Based on this, the relationship between organisational culture and employee engagement varies across sectors.

Final Note on Toward a Future Research Agenda

The findings of this research highlight that employee engagement in SMEs is a culturally driven, highly relational phenomenon that remains underexplored in the New Zealand context. Future research should prioritise employee engagement with local SMEs. Together, these directions represent a pathway toward a more inclusive, resilient, and contextually grounded understanding of organisational culture and employee engagement in SMEs in Aotearoa, New Zealand, and as part of a broader, global conversation.

4.6 Final Reflections

This research explores how organisational culture shapes employee engagement within small and medium-sized enterprises (SMEs). What emerged was not a singular formula but a nuanced and deeply human understanding of how organisational cultural dynamics influence employee engagement in relational and contextually embedded ways. In contrast to large corporations, where employee engagement is often pursued through structured systems, formal performance metrics, and digital platforms, SMEs cultivate employee engagement

through trust, authenticity, open communication, and shared values. Organisational culture in SMEs is not codified through handbooks or strategic plans; it is continuously co-constructed through everyday interactions, leadership behaviour, recognition, and collective meaning-making.

One of the research's central insights is that employee engagement is not a static outcome or a programmable function. Instead, it emerges in environments where employees feel heard, valued, respected, and meaningfully connected to a purpose beyond their immediate tasks. SMEs' relatively small size and flat structures often allow these relational spaces to flourish, provided leadership is intentional and values-driven.

However, with this influence comes responsibility. As SMEs grow or face operational pressures, there may be a temptation to focus narrowly on productivity and efficiency at the expense of relational well-being. It is built and maintained through purpose, belonging, fairness, and trust. Organisations that preserve these organisational cultural foundations during growth or uncertainty are more likely to foster resilient, high-performing, and human-centred workplaces.

This research encourages a critical re-examination of the organisational cultures that SMEs strive to cultivate. While international frameworks provide valuable theoretical tools, they must be applied within local organisational realities and relational dynamics.
The relationship between organisational culture and employee engagement in SMEs is neither linear nor formulaic. Instead, it emerges through everyday practices, leadership behaviours, shared meaning-making, and mutual trust. Engagement is not the product of prescribed programs or digital interventions, but rather the result of intentional, values-driven leadership that is attuned to employees' psychological and social needs.

The most sustainable approach to fostering employee engagement in SMEs is building an organisational culture that prioritises open communication, psychological safety, inclusivity, and value alignment. When these relational conditions are embedded into daily operations, SMEs are better positioned to retain talent, enhance motivation, and cultivate resilient, high-performing workplaces. This culture-based approach to engagement affirms the central insight of this study: in resource-constrained environments, the human aspects of organisational life represent the most powerful lever for meaningful engagement and long-term success.

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Appendix 1: Descriptive Summary of Articles

Table 5. Descriptive Summary of Articles

Table 5. Descriptive Summary of Articles			
Author (Year)	**Title**	**Theme(s)**	**Relevance to Thesis**
Abdullahi et al. (2021)	Effect of Organisational Culture on Employee Performance: A Mediating Role of Employee Engagement	Organisational Culture, Employee Engagement	Directly explores how organisational culture impacts employee engagement and performance, aligning with the core thesis focus.
Abimbola & Kocak (2007)	Brand, organisation identity and reputation: SMEs as expressive organisations	SMEs, Organisational Identity	Addresses identity and branding in SMEs, informing cultural representation and its impact on engagement.
Alshaabani et al. (2021).	Impact of diversity management on employee engagement	Employee Engagement, Organisational Trust	Examines trust and job insecurity as cultural influences on engagement, particularly in SME contexts.
Amundsen & Martinsen (2014).	Empowering leadership: Construct clarification	Leadership, Employee Engagement	Contributes to understanding the role of relational leadership in engaging employees within SMEs.
Arabeche et al. (2022)	Entrepreneurial orientation, organisational culture and business performance in SMEs	SMEs, Organisational Culture	Provides direct SME-specific analysis linking culture to performance and entrepreneurial orientation.

AUTEC (2024)	Auckland University of Technology Ethics Committee guidelines	Research Ethics, Governance	Provides an institutional ethical framework; informs ethical considerations in data collection and organisational research design.
Avolio & Gardner (2005)	Authentic leadership development: Getting to the root of positive forms of leadership	Leadership, Authenticity	Presents foundational ideas on authentic leadership, which may influence employee engagement and organisational identity.
Ayoko (2021)	SMEs, innovation and human resource management	SMEs, Innovation, HRM	Highlights the intersection of innovation and HR practices in SMEs, with a focus on the contextual relevance of performance and culture links.
Ayres (2025)	Developing an Inclusive Organisational Culture and Employee Engagement System	Organisational Culture, Inclusion, Employee Engagement	Directly relevant; explores mechanisms to build an inclusive culture and boost engagement in modern organisations.
Bakker & Albrecht (2018)	Work engagement: current trends	Work Engagement, Organisational Behaviour	Reviews contemporary findings in engagement research, highlighting implications for leadership and organisational culture.

Bakker & Demerouti (2008)	Towards a Model of Work Engagement	Work Engagement, Employee Psychology	Introduces the Job Demands-Resources model, a widely used basis for understanding engagement and job performance.
Bakker (2011)	An Evidence-Based Model of Work Engagement	Work Engagement, Psychological Science	Provides a validated framework for understanding employee engagement, which is central to both employee performance and cultural integration.
Battisti et al. (2013).	The sustainability of small businesses in recessionary times	SMEs, Business Sustainability	Explores resilience in SMEs, providing context on how external shocks affect organisational culture and performance.
Baumeister & Leary (1997).	Writing Narrative Literature Reviews	Research Methods, Literature Review	Guides on effective literature review techniques; aids thesis methodology and writing clarity.
Beal & Abdullah (2005).	SMEs and Their E-Commerce	SMEs, Digital Transformation	Discusses digital capabilities in SMEs, linking technology adoption with organisational change and performance.
Berson et al. (2006).	Leadership and organisational learning: A multiple-levels perspective	Leadership, Organisational Learning	Provides a multi-level view of how leadership fosters learning cultures;

			relevant for SME development and innovation.
Bhave et al. (2018)	The differential impact of interactions outside the organisation on employee well-being	Employee Well-being, External Stakeholders	Examines how external relationships impact internal employee engagement and stress applicable in SME networks.
Booth et al. (2021).	Systematic Approaches to a Successful Literature Review	Research Methods, Literature Review	Supports robust thesis development through structured literature review strategies.
Boulanouar et al. (2020).	An analysis of the SME bank match made in heaven	SMEs, Financial Relationships	Explores SME-bank dynamics in NZ; informs contextual understanding of external stakeholder impacts on SME sustainability.
Bradley et al. (2023)	The impact of remote working on organisational culture in Aotearoa New Zealand	Organisational Culture, Remote Work	Highlights how remote work reshapes culture and engagement, especially relevant in the post-pandemic SME landscape.
Braun & Clarke (2006).	Using thematic analysis in psychology	Research Methods, Thematic Analysis	Seminal paper on qualitative data coding; essential for thesis data analysis using thematic frameworks.

Callahan (2010)	Constructing a manuscript: Distinguishing integrative literature reviews and conceptual articles	Research Methods, Literature Review Types	Clarifies distinctions among literature review formats, which are essential for structuring integrative reviews in theses.
Cameron & Quinn (2006)	Diagnosing and changing organisational culture: Based on the competing values framework (2nd ed.)	Organisational Culture, Change Management	Provides a foundational framework for assessing and transforming organisational culture, which is highly relevant to understanding cultural dynamics in SMEs.
Coetzer et al. (2019)	The owner-manager's role as a facilitator of informal learning in small businesses	SMEs, Informal Learning, Leadership	Highlights how informal learning and leadership behaviour shape performance and learning culture in SMEs.
Corpakis (2008)	Towards inclusive innovation systems in Europe	Innovation Systems, Inclusion	Provides policy-level insights into inclusive innovation ecosystems, which can influence SME strategy and national frameworks.
Cravo et al. (2010).	SMEs and regional economic growth in Brazil	SMEs, Economic Growth, Regional Development	Explores macro-level SME impacts on regional economies, linking business performance with broader development indicators.

Creswell & Poth (2018)	Qualitative Inquiry and Research Design: Choosing Among Five Approaches (5th ed.)	Research Methods, Qualitative Design	Essential reference for qualitative methodology selection; directly supports research design, sampling, and analysis.
Cronin & George (2020).	The why and how of the integrative review	Literature Review, Research Methodology	Provides methodological rigour for executing integrative reviews, critical for the literature synthesis section.
Deakins & Freel (2009)	Entrepreneurship and Small Firms. 5th Edition	Entrepreneurship, SMEs	Foundational textbook outlining the dynamics of entrepreneurship and small business management; highly relevant for context.
Du et al. (2021).	Authentic leadership and engaging employees	Leadership, Employee Engagement	Explores the mechanisms of authentic leadership that influence engagement through leader-member exchange and power distance.
Edmondson & Lei (2014)	Psychological safety: The history, renaissance, and future of an interpersonal construct	Psychological Safety, Organisational Behaviour	Presents the construct of psychological safety, essential for employee engagement, learning, and retention in SMEs.
European Commission (n.d.).	DocsRoom - European Commission	Policy, Innovation Systems	Provides European policy perspectives; useful for international comparisons in

			innovation, entrepreneurship, and SMEs.
Fan et al. (2022)	Advancing literature review methodology through rigour, generativity, scope and transparency	Review Methodology, Evidence Synthesis	Promotes high standards in literature review practice, helping to improve the scope and transparency of the review chapter.
Fernandez & Moldogaziev (2013).	Employee Empowerment, Employee Attitudes, and Performance	Employee Empowerment, Performance	Examines how empowerment influences attitudes and outcomes, supporting employee-centred culture frameworks.
Ferrari (2015)	Writing narrative-style literature reviews	Research Methods, Literature Review	Details effective narrative review writing; supports thesis, literature, and methodology section.
Foster & Farr (2016).	Employment relations practices and employee voice in NZ SMEs	Employee Voice, SMEs, HR Practices	Provides NZ SME-specific insight into employee voice mechanisms, vital for culture and engagement studies.
Freeman et al. (2020).	International Entrepreneurship	Entrepreneurship, Global Strategy	Covers global entrepreneurship theory and strategy, providing a helpful framework for situating SME performance in an international context.

Gialuisi & Coetzer (2013).	Voluntary employee turnover and retention in small businesses	Employee Retention, SMEs	Investigates drivers of employee turnover and strategies for retention in small businesses; central to engagement analysis.
Grant & Booth (2009).	A Typology of reviews: an Analysis of 14 Review Types	Research Methods, Literature Review Typology	Essential reference for categorising review methodologies; ensures clarity in the thesis literature section.
Haar & Kelly (2024)	Firm strategy, employee retention and organisational performance	SMEs, Employee Retention, Firm Strategy	Explores how firm strategy impacts employee retention and performance in NZ SMEs, supporting analysis of HRM and culture.
Haar et al. (2022)	High Performance Work Systems and Innovation in New Zealand SMEs	SMEs, Innovation, HR Systems	Analyses how HR practices affect innovation outcomes, contextualised in NZ SMEs, which is critical for the thesis's focus on performance.
Ho et al. (2010).	HRM in New Zealand biotechnology SMEs	SMEs, HRM, Entrepreneurship	Investigates how employment systems evolve through entrepreneurship in SMEs, relevant for organisational development analysis.

Homayoun et al. (2024).	Innovative Performance, IT Use, and Organisational Agility in SMEs	SMEs, Innovation, IT, Agility	Examines how IT influences agility and innovation in SMEs, supporting performance and adaptability themes.
Hubbart (2024)	Leadership Fear-Based Behaviors and Organizational Success	Leadership, Organisational Behaviour, Employee Outcomes	Examines the impact of fear-based leadership on employees and outcomes, which is critical for leadership and engagement discussions.
Inuwa & Abdul Rahim (2020)	Lean readiness factors and organisational readiness for change in manufacturing SMEs	Organisational Culture, Change Readiness, SMEs	Examines how organisational culture supports lean and change readiness in SMEs, which is key to transformation and performance.
Ishak et al. (2021)	HRM practices in creating a committed workforce for fostering knowledge transfer	HRM, Knowledge Transfer, Workforce Commitment	Provides a theoretical framework that links HR practices to commitment and knowledge flow, both of which are critical for fostering culture and engagement.
Jindal et al. (2024).	Psychological safety, workplace support and organisational performance	Psychological Safety, Organisational Performance	Highlights psychological safety as a mediator between workplace support and performance, applicable across various sectors, including SMEs.

Jordan & Troth (2011).	Emotional intelligence and leader-member exchange	Leadership, Emotional Intelligence	Investigates how emotional intelligence fosters effective leader-member exchange, a mechanism supporting engagement and retention.
June & Mahmood (2020).	Role ambiguity and job performance of employees in service sector SMEs	SMEs, Role Clarity, Job Performance	Explores how role ambiguity affects performance in SMEs, which is important for organisational clarity and engagement analysis.
Jurado & Battisti (2019).	The evolution of SME policy: the case of New Zealand	SME Policy, Economic Development, New Zealand	Provides policy-level insights into SME evolution in NZ, essential for contextualising organisational dynamics and support.
Kahn (1990)	Psychological Conditions of Personal Engagement and Disengagement at Work	Employee Engagement, Psychology	Seminal work introducing the concept of personal engagement; foundational for understanding drivers of employee involvement.
Kanchanathaveekul et al. (2024)	The Impact of Leadership, Employee Engagement, and Organisational Culture on the Performance of Hospitality SMEs	Leadership, Employee Engagement, SMEs, Culture	Directly studies how leadership and culture influence performance in SMEs, aligning closely with the thesis focus areas.

Koschmann & McDonald (2015).	Organisational Rituals, Communication, and the Question of Agency	Organisational Communication, Culture, Agency	Explores how rituals and communication shape agency and culture, thereby adding depth to the understanding of organisational behaviour.
Le Breton-Miller & Miller (2013).	Socioemotional Wealth Across the Family Firm Life Cycle	Family Firms, Socioemotional Wealth, Boards	Provides insight into emotional and social dimensions in family firms, with implications for SME governance and longevity.
Leitch & Volery (2017).	Entrepreneurial leadership: Insights and directions	Entrepreneurship, Leadership	Reviews key dimensions of entrepreneurial leadership and its role in SME success, core to performance-oriented frameworks.
Lopez et al. (2024).	Organisational resilience in SME service innovation and value cocreation	Organisational Resilience, Innovation, SMEs	Explores how resilience enables service innovation and value co-creation in SMEs, which is critical for post-pandemic strategies.
Lopez-Martin & Topa (2019)	Organisational culture and job demands and resources: Their impact on employees' well-being	Organisational Culture, Job Demands-Resources, Wellbeing	Uses a multilevel model to analyse how culture and resources affect well-being, supporting engagement and performance analysis.

Majid et al. (2017)	Individual and work dynamics affecting the determinants of functional flexibility in SMEs	SMEs, Functional Flexibility, Work Dynamics	Explores flexibility in SMEs from a behavioural lens; supports workforce agility and adaptability discussions.
Massey et al. (2006).	Exploring Firm Development in the Context of New Zealand SMEs	Firm Development, SMEs, New Zealand	Provides context-specific insights into firm evolution in NZ; valuable for background and policy framing.
Mazur & Zaborek (2016)	Organisational Culture and Open Innovation Performance in SMEs in Poland	Organisational Culture, Innovation, SMEs	Investigates how cultural traits influence innovation capacity in SMEs, which is relevant to performance outcomes.
Mazzarol et al. (2021).	Employer and employee perspectives of HRM practices within SMEs	HRM, SMEs, Employer-Employee Relations	Compares HRM perspectives within SMEs, strengthening the understanding of alignment/misalignment in organisational practices.
MBIE (2022a)	Small business factsheet	NZ SME Statistics, Policy Context	Provides official NZ SME statistics critical for contextualising scale, sector, and impact of small businesses.
MBIE (2022b)	Defining small business	SME Definition, NZ Business Policy	Clarifies New Zealand's formal criteria for small businesses; ensures

			accurate scope and relevance in research.
Men & Stacks (2013)	Leadership style, employee empowerment, and organisational reputation	Leadership, Empowerment, Reputation	Connects leadership and empowerment to external reputation; supports internal-external perception analysis.
Meurs et al. (2024).	Informal human resource management and innovation in European SMEs	Informal HRM, Innovation, SMEs	Discusses how informal HR practices can stimulate innovation in SMEs; practical for lean HR strategies.
Mharapara et al. (2023)	Well-being in midwifery: An integrative review	Well-being, Integrative Review, Healthcare Work	Demonstrates integrative review in practice; provides a benchmark for methodological structure and contextual analysis.
Mileva & Hristova (2022).	Organisational culture in SMEs: Managers vs employees' perceptions	Organisational Culture, Perception Gap, SMEs	Investigate perception mismatches between managers and employees, as these are relevant to engagement and cultural alignment.
Newman et al. (2013)	Trust-Based Mechanisms in Ethical Leadership and Organisational Citizenship	Ethical Leadership, Trust, Citizenship Behaviour	Analyses cognitive and affective trust in ethical leadership, supporting engagement and leadership dynamics.

Nowell et al. (2017).	Thematic analysis: Striving to Meet the Trustworthiness Criteria	Qualitative Methods, Thematic Analysis	Provides methodological standards for thematic analysis, which is critical for the credibility of thesis data analysis.
OECD (2017)	Enhancing the contributions of SMEs in a global and digitalised economy	SME Policy, Globalisation, Digital Economy	A global policy perspective on SME contributions in the digital age supports comparative and strategic framing.
Peñaflor & Juevesa (2021)	Management Practices and Employee Engagement: A Qualitative-Phenomenological Study	Management Practices, Employee Engagement, Qualitative Research	Explores management factors that drive engagement, adding qualitative depth to the understanding of engagement practices.
Putra (2025)	Analisis Dampak Komunikasi Pemilik Usaha bagi Penguatan Motivasi Karyawan di Sektor UMKM	Communication, Motivation, SMEs (UMKM)	Focuses on how SME owner communication strengthens motivation, a key insight for leadership and engagement.
Rastogi et al. (2018).	Work disengagement among SME workers: evidence from India	Work Disengagement, SMEs, Employee Behaviour	Highlights factors contributing to disengagement in SMEs; complements the engagement literature and informs organisational interventions.

Rego et al. (2012).	Authentic leadership, psychological capital, and creativity	Authentic Leadership, Creativity, Psychological Capital	Explores the impact of leadership on positive psychological states and innovation, central to SME cultural development.
Rego et al. (2018).	Leaders' Humility and Team Effectiveness	Leadership, Humility, Team Performance	Examines how humble leadership contributes to team outcomes, aligning with the thesis focus on leadership behaviours.
Rissola & Jens (2018).	Digital Innovation Hubs in Smart Specialisation Strategies	Digital Innovation, SME Policy, Smart Specialisation	Supports understanding of how digital ecosystems facilitate SME growth, particularly in the context of innovation and strategy.
Robinson et al. (2019).	The Drivers of Employee Engagement	Employee Engagement, HRM, Motivation	Identifies key drivers of employee engagement; provides a practical HRM framework applicable in SMEs.
Saah et al. (2024).	Adaptive Management in SME Resilience and Growth	Adaptive Management, Resilience, SMEs	Analyses how adaptive strategies enhance SME resilience and growth relevant for leadership and change models.
Sahu & Panda (2024)	Evaluating the relationship between the entrepreneurial ecosystem, resilience and SME performance in the post-pandemic period	SMEs, Resilience, Entrepreneurial Ecosystem	Examines how ecosystems and resilience shape SME performance post-COVID; offers recent

			insights relevant to the thesis context.
Saks & Gruman (2014)	What do we really know about employee engagement?	Employee Engagement, Review	A critical review of engagement literature helps consolidate key concepts and identify areas for improvement.
Saks (2006)	Antecedents and Consequences of Employee Engagement	Employee Engagement, Organisational Behaviour	Seminal work that outlines key drivers and outcomes of engagement; foundational for the engagement framework.
Saunders et al. (2009).	Research Methods for Business Students	Research Methods, Business Studies	Key textbook guiding research design, data collection, and analysis in business and management research.
Schein (2010)	Organisational Culture and Leadership (4th ed.)	Organisational Culture, Leadership	A classic text that links culture and leadership, providing a foundational framework for cultural analysis.
Scribbr (2019)	Scribbr - your path to academic success	Academic Writing, Research Support	Resource hub for citations, formatting, and academic structuring, helpful in maintaining academic rigour.
Shin et al. (2012).	Resources for Change and Psychological Resilience	Organisational Change, Resilience, Attitudes	Explores how resources and resilience impact employee attitudes during change, with

			particular relevance to SME contexts.
Shuck et al. (2011).	Employee engagement: antecedents and outcome variables	Employee Engagement, HRD	Examines how HRD practices influence engagement and performance; supports HRM analysis in SMEs.
Snyder (2019)	Literature review as a research methodology	Research Methods, Literature Review	Guides structured literature reviews with clarity and rigour —ideal for a methodology chapter.
Sparrow et al. (2016).	Globalising Human Resource Management	Global HRM, Strategy	Provides an international HRM context, helping to situate SME practices within global HR frameworks.
Stacho et al. (2019).	Effective Communication in Organisations and Competitiveness	Communication, Competitiveness	Connects communication practices to organisational success; key for engagement and internal dynamics.
Steyn et al. (2024).	Employee Green Behaviours in Aotearoa New Zealand Organisations	Sustainability, Organisational Behaviour, NZ	Provides insight into green workplace behaviours, making it useful for contemporary engagement and value-based leadership.
Storey (2004)	Management training and firm performance in SMEs	Training, Performance, SMEs	Explores the link between management development and firm outcomes, key to HRM-

			performance discussions.
Subedi & Bajracharya (2024).	HRM Practices and Job Satisfaction in IT Companies	HRM, Job Satisfaction, Organisational Commitment	Examines HRM's role in job satisfaction and commitment, core to organisational performance and engagement.
Ton (2023)	The Case for Good Jobs	Job Quality, Organisational Strategy	Advocates for investing in employee conditions as a strategy for performance relevant to HRM and engagement models in SMEs.
Tranfield et al. (2003)	Towards a methodology for developing evidence-informed management knowledge	Systematic Review, Research Methodology	Seminal paper on conducting systematic reviews; forms the basis for rigorous evidence synthesis in management research.
Truss et al. (2020).	Employee engagement, organisational performance, and well-being	Employee Engagement, Performance, Well-being	Explores the interplay between engagement and outcomes at both individual and organisational levels, which is core to the thesis focus.
Turyakira (2018)	Ethical practices in SMEs in developing countries	Ethics, SMEs, Developing Economies	Analyses ethical conduct in SMEs, expanding cultural and moral dimensions of organisational practices.

Walumbwa et al. (2008)	Authentic leadership: Development and validation of a theory-based measure	Authentic Leadership, Theory Development	Offers a validated scale for authentic leadership applicable to examining engagement and trust within SMEs.
Wiesner et al. (2007).	High-performance management practices in Australian SMEs	SMEs, Performance Management, HRM	Provides empirical insights into performance-oriented HRM in SMEs, making it valuable for comparative and applied discussions.
World Bank (2019)	Small and Medium Enterprises (SMEs) Finance	SME Finance, Global Development	Contextualises global SME finance challenges; relevant for understanding external enablers of SME performance.
Xanthopoulou & Sahinidis (2022).	Organisational culture and business innovativeness	Organisational Culture, Innovation	Examines how culture shapes innovation; directly relevant to culture-performance linkage in SMEs.
Zahoor et al. (2022).	Responsible innovation in emerging markets SMEs	Responsible Innovation, Absorptive Capacity, SMEs	Explores how SMEs learn and innovate responsibly aligns with innovation, leadership, and culture themes.