The reciprocity of perceived organizational support and employee engagement in SMEs during the COVID-19 pandemic

La reciprocidad del apoyo organizativo percibido y el compromiso de los empleados en las pymes durante la pandemia de la COVID-19

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Abstract
This paper examines the reciprocal relationship between perceived organizational support (POS) and employee engagement within small and medium-sized enterprises (SMEs) during the COVID-19 pandemic. During this crisis, a positive association was observed: SMEs that committed to their employees tended to see a corresponding engagement from their employees. To assess how performance influenced this relationship, the study also explored whether this reciprocal pattern varied with different levels of business performance—decreased, unchanged, or improved—relative to pre-crisis economic performance. An empirical analysis was conducted on a sample of 114 SMEs from the Andalusian region (Spain) using a regression model with mediating effects. The findings reveal that reciprocity between POS and employee engagement was evident during the pandemic and was particularly strong among SMEs belonging to the sub-sample with negative economic results.

Keywords: perceived organizational support; employee engagement; performance; crisis; SMEs; Andalucian region

JEL Classification: M12; M21; M54

Resumen
Este trabajo analiza la reciprocidad entre el apoyo organizativo percibido (AOP) y el compromiso de los empleados en las pymes durante la pandemia de COVID-19. Durante esta crisis, surgió una asociación positiva entre el compromiso de la pyme con sus empleados y el compromiso de los empleados con su pyme. Además, para evaluar el impacto de la rentabilidad en esta relación, este estudio analiza si esta reciprocidad aparece en situaciones con diferentes niveles de rendimiento empresarial: disminuido, igualado o mejorado respecto al ejercicio económico previo a la crisis. Realizamos un análisis empírico utilizando una muestra de 114 pymes de Andalucía mediante un modelo de regresión con efectos mediadores. Los resultados muestran que la reciprocidad entre el apoyo organizativo percibido y el compromiso de los empleados surgió durante la pandemia. Además, esta reciprocidad se dio en mayor medida en las pymes pertenecientes a la submuestra con resultados económicos negativos.

Palabras clave: apoyo organizativo percibido; compromiso de los empleados; rentabilidad; crisis; pyme; Andalucía

Clasificación JEL: M12; M21; M54

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1. Introduction

The COVID-19 pandemic has significantly impacted workers worldwide. Among the aspects affected by the pandemic, employee engagement has suffered significantly due to such an unexpected and severe global crisis. Engagement is defined as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (Schaufeli et al. 2002, p. 74). Before the pandemic, global levels of employee engagement had been on the rise, but this trend was halted by the pandemic. However, globally, employee engagement has historically been low; according to Gallup (2022), only “21% of the world’s employees are engaged at work.” (p. 6). In some developed countries, such as Spain, this figure drops to as low as 6% of workers. Despite these low levels, employee engagement remains a critical issue due to its potential to contribute to an organization’s competitive advantage (Albrecht et al., 2015; Macey et al., 2009) and is an essential factor in employees’ intention to remain with their current employer.

Several studies have analyzed both the antecedents and consequences of employee engagement (Bailey, 2022; Saks, 2006, 2019) with the aim of identifying the key factors that promote its development. In this regard, Saks (2006) found that perceived organizational support (POS) was the only antecedent that significantly predicted both commitment to the job and the organization. POS is defined as “the extent to which employees perceive that their contributions are valued by their organization and that the firms care about their well-being” (Eisenberger et al. 1986, p. 501). Subsequently, Saks (2019) re-evaluated the validity and generalizability of his earlier model using The Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2002), a tool designed to measure engagement across three dimensions: absorption, vigor, and dedication. The findings confirmed that POS indeed predicts these dimensions, thereby revealing a significant and positive association between POS and employee engagement.

The purpose of this paper is to delve deeper into this reciprocity between perceived organizational support (POS) and employee engagement, and to analyze how this positive relationship influences performance, particularly in a crisis context. This approach is innovative because while most empirical research in human resource management has linked POS and employee engagement with individual performance metrics such as employee satisfaction (e.g., Harter et al., 2002; Pack et al., 2007), productivity (e.g., Riggle et al., 2009), and task performance (Alfes, Shantz, et al., 2013; Basit, 2019; Rich et al., 2010), the direct association with company performance has not been thoroughly examined (Guest, 2014; Sparrow & Balain, 2010). This study seeks to bridge this gap by exploring whether these variables ultimately contribute to an organization’s financial success, particularly under the challenging conditions of a crisis.

The results of a company depend on proper employee engagement and the support the company provides to ensure that workers’ behavior and involvement are sustained over the long term. It is logical to assume that greater perceived organizational support (POS) leads to higher employee engagement, which in turn should enhance performance because the company benefits from a workforce committed to achieving its goals (Halbesleben, 2010; Jena & Pradhan, 2017; Macey et al., 2009). However, in times of crisis, such as the COVID-19 pandemic, where uncertainty prevails and traditional work methods are disrupted, it is crucial for employers to perceive that their well-being is a priority for the company, appreciating all additional efforts made to adapt to such conditions. Thus, while the relationship between the POS-engagement pair and performance generally appears positive, it may become distorted during crises if employees do not feel adequately supported by the company in an exceptionally adverse environment. This paper aims to determine whether, in the context of the COVID-19 crisis, POS has been reflected in employee engagement, and whether this relationship correlated with positive performance figures. Specifically, the study seeks to ascertain whether companies with higher levels of POS and more engaged employees during the pandemic were also the most profitable.

Thus, the purpose of this paper is twofold. Firstly, it aims to analyze whether the positive relationship between perceived organizational support (POS) and employee engagement is sustained during an economic crisis, such as that caused by the COVID-19 pandemic. Secondly, the study seeks to determine whether there is a direct association between greater employee engagement and improved company performance and whether, through the mediation of employee engagement, a higher level of POS is associated with achieving performance.

These relationships were empirically analyzed using a sample of 114 SMEs from various sectors in Andalusia during the COVID-19 pandemic. A mediation regression model was conducted using the PROCESS macro. The results of this empirical analysis showed that the proposed analysis was relevant, as the theoretically posited relationships were found to be statistically significant. However, contrary to expectations, companies in the sample with higher levels of perceived organizational support (POS) and employee engagement experienced negative economic performance.
2. Literature review

2.1 Perceived Organizational Support

The concept of perceived organizational support (POS) has been extensively analyzed over the past three decades, beginning with the seminal work of Eisenberger et al. (1986), which defined POS as “the extent to which employees perceive that their contributions are valued by their organization and that the firms care about their well-being” (Eisenberger et al., 1986, p. 501). In their study, Eisenberger and colleagues highlighted how prior literature on employee engagement to the organization had not adequately considered the organization’s reciprocal engagement towards its employees. They suggested that proper POS could enhance employees’ engagement with the organization and encourage other positive attitudes and behaviors.

Numerous studies have explored the concept of perceived organizational support (POS) within various theoretical frameworks that aim to explain how employee performance can be enhanced as the employment relationship improves. A key theory employed is Social Exchange Theory (Blau, 1964), which posits that employees may perform better due to a perceived obligation to reciprocate ‘social gifts’ from their employer, such as promotions, assignments to more advantageous projects, and positive feedback (Organ, 1977). This idea is further supported by the norm of reciprocity (Blau, 1964; Gouldner, 1960), which holds that when one party treats another well, the recipient feels compelled to respond in kind. The exchanged benefits can be tangible, including money, services, and information, or intangible, such as approval, respect, and sympathy (Batson, 1993; Blau, 1964), thereby strengthening interpersonal relationships within the organization. According to Wayne et al. (1997), when the norm of reciprocity is applied to the employer-employee relationship, employees feel compelled to return the favorable treatment they receive. This process does not only result in improved employee performance but also extends to maintaining a positive self-image among employees who adhere to these norms of reciprocity. Individuals who effectively reciprocate favors to the company not only avoid the negative consequences of violating reciprocity norms but also receive favorable treatment from their organization.

These two theoretical perspectives, Social Exchange Theory and Organizational Support Theory have been instrumental in identifying the outcomes associated with perceived organizational support (POS). However, they do not provide guidance on how researchers should model these outcomes to understand the underlying mechanisms through which perceptions about POS affect employee behavior. This gap has led to the widespread use of Organizational Support Theory (Eisenberger et al., 1997) in POS research. This theory proposes that employees form a general belief regarding the extent to which their organization values their contributions and cares about their well-being. Organizational Support Theory integrates both Social Exchange Theory, which includes the application of reciprocity norms, and personal enhancement processes to explain improved attitudes and behaviors of employees towards the organization. According to Social Exchange Theory, POS fulfills employees’ socioemotional needs through these processes. Therefore, a high level of POS can meet needs for approval, esteem, and emotional support, which in turn fosters a stronger identification with the organization. Employees who identify strongly with their company are likely to adopt values similar to those of the organization, resulting in affective organizational commitment (Meyer et al., 2006). The application of Organizational Support Theory in POS research has highlighted its positive effects on various aspects of worker attitudes and behaviors, including job satisfaction (Eisenberger et al., 1997; Rhoades & Eisenberger, 2002; Tsai et al., 2013), affective commitment (Rhoades et al., 2001), and other individual behaviors, both within their role (in-role performance) and beyond their standard job tasks (extra-role performance) (Eisenberger et al., 2020).

2.2 Employee engagement

The concept of employee engagement has been extensively analyzed in academic literature on human resource management (e.g., Bakker et al., 2011; Kahn, 1990; Schaufeli et al., 2002). Although numerous studies have defined this concept, a consensus on a single definition has not been reached (Schaufeli & Bakker, 2010; Shuck & Reio, 2014). Notable differences even emerge between its interpretations in the business and academic realms. In business, engagement is often seen “as a strategy for managing the workforce aligned with organizational objectives and aimed at giving rise to attitudinal, affective or behavioral responses on the part of the employee such as commitment, energy or performance, as well as personal wellbeing” (Bailey, 2022, p. 4). In professional contexts, the concept is commonly used to describe the expected attitudes or behaviors of an engaged employee, often becoming a trendy and appealing label that can be seen as fashionable (Schaufeli & Bakker, 2010).

In academia, since Kahn’s initial conceptualization in 1990, other authors have treated engagement as the antithesis of burnout (Maslach et al., 2001), offering perspectives ranging from viewing it as the direct opposite of burnout to treating it as a distinct and independent concept, albeit one that is negatively related to burnout (Schaufeli & Bakker, 2010). Importantly, engagement is not a fleeting emotional state but a persistent and generalized affective-cognitive state (Schaufeli & Bakker, 2010).
This paper adopts Kahn’s (1990) widely accepted definition of employee engagement, which is applicable to both large corporations and SMEs. Kahn defines engagement as “the simultaneous employment and expression of a person’s ‘preferred self’ in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances” (Kahn, 1990, p. 700). Therefore, engagement involves putting “hands, head, and heart” into one’s work performance, representing energy, involvement, and a willingness to contribute to organizational success (Ashforth & Humphrey, 1995, p. 110; Bakker et al., 2011). It is widely acknowledged as a critical organizational metric with significant implications for gaining competitive advantage (O’Connor & Crowley-Henry, 2019).

Despite considerable advancements in the study of engagement, there remains a need to further investigate its origins and consequences, as it remains a focal interest for professionals, consultants, and researchers (Saks, 2019). Globally, the levels of employee engagement achieved by organizations are still relatively low (Albrecht et al., 2015), highlighting the need for more research to demonstrate the positive effects of employee engagement on business management. Additionally, although there has been significant progress in academic research on this concept over recent decades with substantial publications in the field (e.g., Albrecht, 2010; Saks & Gruman, 2014; Shantz, 2017), its role as a mechanism linking employee characteristics and organizational factors to job performance, especially in SMEs, has not been sufficiently analyzed (Rich et al., 2010). Addressing these gaps, Bailey (2022) advocates for a stronger connection and increased collaboration between the academic and business fields to ensure that scholarly studies on engagement have a real impact on practice.

Regarding the dimensions of engagement, Schaufeli et al. (2002) describe employee engagement as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (p. 74). Vigor is defined by high levels of energy and mental resilience, a willingness to invest effort, and persistence. Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is identified with an employee being fully concentrated and deeply engrossed in their work. Other scholars have focused on the psychological conditions that directly influence engagement. For instance, May et al. (2004) noted that the key conditions of employee engagement include meaning, safety, and availability, while Albrecht (2010) outlined the essential qualities of the concept as “(i) a positive and energized work-related motivational state, and (ii) a genuine willingness to contribute to work role and organizational success” (p. 5).

In summary, employee engagement serves as a driver of competitiveness and success for an organization, as engaged employees demonstrate a willingness to exert additional effort and achieve optimal performance (Engelbrecht et al., 2017).

3. Development of hypotheses

3.1 The relationship between POS and employee engagement

Previous studies have demonstrated a positive relationship between perceived organizational support (POS) and employee engagement (e.g., Alfes, Truss, et al., 2013; Eisenberger et al., 2020; Saks, 2006). For example, Eisenberger and Stinglhamber (2011) found that companies that support their employees through health and well-being programs, work-life balance initiatives, or by encouraging feedback on important matters generally exhibit higher levels of employee engagement. However, this support does not always translate into higher POS, especially if employees suspect that the motives behind it are not genuinely aligned with their well-being. Eisenberger et al. (1997) demonstrated that when organizations adopt favorable working conditions voluntarily, rather than being mandated by labor regulations, POS can be up to six times higher. This highlights the crucial role of an employee’s perception of genuine, discretionary support from the company in enhancing POS.

Furthermore, work engagement significantly benefits from POS, contributing to the improvement of employee outcomes (Christian et al., 2011; Rich et al., 2010). Consequently, researchers have focused on identifying the antecedents that influence engagement. Numerous studies have analyzed both the antecedents and consequences of employee engagement (Bakker & Albrecht, 2018; Saks, 2006, 2019). In Saks’ (2006) model, it is suggested that “employees who have higher POS might become more engaged to their job and organization as part of the reciprocity norm of social exchange theory (SET) in order to help the organization reach its objectives” (p. 605). The outcome of the model showed that all analyzed variables, such as job characteristics, perceived organizational support, perceived supervisor support, rewards and recognition, procedural justice, and distributive justice, were significantly and positively correlated with engagement. However, POS was the only antecedent that significantly predicted employee engagement.

In a subsequent study, under the theoretical framework of Social Exchange Theory (Blau, 1964), Saks (2019) once again empirically verified the validity of the model, finding that “organizations that provide and demonstrate support, care, and concern for their employees and their wellbeing can also expect higher levels of job and organization engagement” (p. 34). Similarly, Eisenberger and Stinglhamber (2011) explored how
POS, through personal enhancement processes, can increase employees’ self-efficacy and encourage the use of high-level skills, fostering greater intrinsic interest in their work.

Zhong et al. (2016) obtained comparable results regarding the influence of high-performance HR practices on increasing POS, indicating that POS can be a significant source of employee engagement. This positive association between POS and engagement is logical as POS informs employees of the company’s valuation of their efforts and, in turn, satisfies their needs for esteem and approval. All of this can promote the intrinsic interest of the employee and, therefore, their engagement.

Considering the dimensions of employee engagement proposed by Schaufeli et al. (2002) (i.e., vigor, dedication, and absorption), POS can contribute to each of the motivational components of engagement. Indeed, previous studies have demonstrated the positive relationship between POS and the three dimensions of employee engagement individually (Gokul et al., 2012; Kinnunen et al., 2008). Firstly, a high level of POS positively relates to vigor because feeling valued by the organization generates a sense of obligation and gratitude towards it, which induces reciprocity from the worker who develops a greater willingness to work through difficulties and to be engaged (Gupta et al., 2016). Secondly, POS is related to the absorption dimension because workers with high POS develop a heightened intrinsic interest in their work, which implies that they will perform their activities with greater concentration (Eisenberger & Stinglhamber, 2011). Finally, POS and dedication are interrelated variables since, through the development of POS, the socioemotional needs of an employee, such as positive self-esteem, approval, and affiliation, can be satisfied. Therefore, it is likely that employees with high POS will develop more positive feelings towards their work and a greater attachment to it (Karim et al., 2019). Considering all the above arguments, we propose the following hypotheses:

**Hypothesis 1**: There is a positive relationship between POS and employee engagement.

**H1a**: There is a positive relationship between POS and the vigor dimension of employee engagement.

**H1b**: There is a positive relationship between POS and the absorption dimension of employee engagement.

**H1c**: There is a positive relationship between POS and the dedication dimension of employee engagement.

### 3.2 The relationship between employee engagement and performance

Research in human resource management has consistently shown that there is a link between employee engagement and high performance at individual, team, and organizational level (e.g., Leung et al., 2011; MacLeod & Clarke, 2009; Salanova et al., 2005). There are significant theoretical reasons to support the existence of a link between engagement and job performance, both broadly and specifically (Rich et al., 2010). For example, Kahn (1990) demonstrated that employee engagement is connected to (1) investments in physical energy, enhancing the achievement of business goals through behaviors valued by the organization, (2) investments in cognitive energy, leading to more focused and attentive behavior, and (3) investments in emotional energy, improving performance through stronger peer connections. Thus, employee engagement “reflects the simultaneous investment of cognitive, emotional, and physical energies in such a way that one is actively and completely involved in the full performance of a role” (Rich et al., 2010, p. 622). “Engaged employees have a sense of energetic and effective connection with their work activities and they see themselves as able to deal completely with the demands of their job” (Schaufeli et al., 2002, p. 73).

Halbesleben’s (2010) meta-analysis reveals that employee engagement is positively associated with several work outcomes including organizational engagement, performance, and health, and negatively associated with intentions to change jobs. Halbesleben (2010) also connects employee engagement to the dimensions of burnout, its antecedents—whether resources or demands—and its consequences. However, recent studies, such as those by Guest (2014) and Sparrow and Balain (2010), highlight the need for more precisely defined conceptual and empirical links between engagement and performance. This gap is due to the limited number of studies exploring how human resource practices impact individual and organizational performance through engagement. For instance, Alles, Truss, et al. (2013) show that employee engagement is strongly linked to performance and mediates the relationship between HR practices and perceived supervisory behavior, as well as task performance and innovation at work. Similarly, Schneider et al. (2018) analyzed the influence of employee engagement at the organizational level using two customer metrics and three financial metrics, such as ROA, Net Margin, and Tobin’s Q. Likewise, Macey et al. (2009) identified significant differences between companies whose employees were in the top quartile of average engagement and those in the bottom quartile, in terms of economic performance variables such as ROA, performance, and market value. Albrecht et al. (2015) propose a model suggesting that organizations that create conditions that support, enhance, and sustain employee engagement are likely to achieve higher levels of performance at the individual, unit, and organizational levels, thus gaining a competitive advantage.
Nevertheless, despite the abundance of research exploring the relationship between engagement and performance, much of it has been centered on the individual level (Barrick et al., 2015; Harter et al., 2002), leaving a gap in studies that examine the effects of employee engagement on organizational performance. From the professional perspective, there is a call for more studies that demonstrate the impact of engagement at the organizational level. Drawing on Kahn’s (1990) conceptualization, Barrick et al. (2015) define collective organizational engagement as “the shared perceptions of organizational members that members of the organization are, as a whole, physically, cognitively, and emotionally invested in their work” (p. 113), specifically aiming to explore this construct at an organizational scale.

Currently, there is substantial evidence showing that employee engagement is associated with a variety of benefits, such as improved performance, performance, and productivity, as well as reduced absenteeism and turnover (Bakker & Demerouti, 2008; Harter et al., 2002; MacLeod & Clarke, 2009). Jena and Pradhan (2017) note that “a truly engaged employee is one who is aware of the business context and works with all stakeholders to enhance both individual and organizational performance.” (p. 19) Engaged employees are energetic and resilient, deeply committed to their work, are participative, and experience feelings of significance, passion, and excitement. Reina-Tamayo et al. (2018) positively linked the three dimensions of engagement to performance, concluding that “employees perform better and make better use of their time when they feel more enthusiastic, vigorous and immersed in a work activity.” (p. 490). In light of this, we argue that employee engagement is a crucial factor in improving economic performance, especially during periods of economic volatility or dynamic situations, such as those experienced during the COVID-19 pandemic. Therefore, we propose the following hypotheses:

**Hypothesis 2:** Employee engagement is positively related to the economic performance of the company.

**H2a:** The vigor dimension of employee engagement is positively related to the economic performance of the company.

**H2b:** The absorption dimension of employee engagement is positively related to the economic performance of the company.

**H2c:** The dedication dimension of employee engagement is positively related to the economic performance of the company.

**3.3 The mediation of employee engagement in the POS-performance relationship**

Employees’ perceptions that the organization values their contributions and cares for their well-being (i.e., perceived organizational support, or POS) are associated with a positive orientation towards the organization, enhanced psychological well-being, and improved job performance (Kurtessis et al., 2017; Rhoades & Eisenberger, 2002). These favorable outcomes are explained by social exchange and personal enhancement processes from the Organizational Support Theory (Eisenberger et al., 1986). Being valued by the organization evokes feelings of obligation and gratitude among employees, fostering a reciprocity that enhances their engagement (i.e., social exchange) (Eisenberger et al., 2019). Additionally, POS meets employees’ needs for approval, esteem, and emotional support, which encourages them to develop favorable attitudes towards their employer (self-enhancement) (Armeli et al., 1998).

Empirical research and literature reviews have shown that high levels of POS within an organization correlate with improved organizational performance (Cullen et al., 2014; Eisenberger & Stinglhamber, 2011; Gavino et al., 2012; Kurtessis et al., 2017). Favorable treatment by the organization encourages employees to adopt the organization’s goals and successes as their own, thereby enhancing their engagement and performance (Kurtessis et al., 2017). Therefore, a collective POS fosters a higher degree of employee engagement, which in turn leads to enhanced organizational performance.

As can be inferred, in this mediation relationship, size matters. While the impact of an individual employee’s efforts is generally small, the collective performance can significantly influence the organization’s performance. The cumulative performance improvements from many engaged employees can greatly amplify the impact of each individual. When engaged employees work together to achieve common goals, they can generate greater gains than when working separately (de Jong et al., 2014; Katzenbach & Smith, 2005). Thus, when employees collectively excel at their tasks, it enhances workforce engagement and enables the organization to operate more efficiently and achieve higher performance levels. This mediation of engagement to explore the effect of POS on performance has been previously discussed in academic literature but not extensively studied. In this study, we argue that POS positively influences company performance through the three dimensions of employee engagement. Therefore, we propose the following hypothesis:

**Hypothesis 3:** There is a positive mediating effect of engagement on the relationship between POS and economic performance.
H3a: The vigor dimension of engagement positively mediates the relationship between POS and economic performance.

H3b: The absorption dimension of engagement positively mediates the relationship between POS and economic performance.

H3c: The dedication dimension of engagement positively mediates the relationship between POS and economic performance.

4. Methodology

4.1 Data and sample

To empirically test the hypotheses, primary data from a questionnaire that explored specific internal organizational characteristics of SMEs during the COVID-19 crisis were used. Usually, information on certain internal management practices, such as the level of employee engagement or Perceived Organizational Support (POS), is not available from secondary sources and thus is often gathered through surveys (Johnstone et al., 2007).

The target population for the questionnaire consisted of SMEs operating across various sectors in Andalusia, a region in southern Spain. According to the National Statistics Institute of Spain, in 2020, Andalusian companies constituted 15.6% (531,045 companies) of all companies in Spain, of which 99.91% were SMEs (INE, 2021). This data highlights the significance of SMEs in both the Spanish and Andalusian business contexts, underscoring the necessity for academic research to explore how SMEs have navigated the challenges posed by COVID-19 (Crossley et al., 2021).

The inclusion criteria for the sample were two fold: the company must have between 10 and 250 employees and be located in Andalusia. The initial target population was 15,862 Andalusian SMEs. We calculated the necessary sample size to achieve generalizable empirical results, considering a 5% error margin and a 95% confidence level. The initial sample size was 376 SMEs. The survey was conducted via Computer-Assisted Telephone Interviewing (CATI), contacting management officials who typically possess extensive knowledge about SME operations and regulations (Aragón-Correa et al., 2008). The survey was launched in October 2021, towards the end of the COVID-19 crisis. Ultimately, a final sample of 114 SMEs was achieved, resulting in a response rate of 30.32%. Table 1 provides the technical data sheet of the study. The SMEs in the sample had an average size of 57 employees. Note that in processing the information obtained from this questionnaire, common survey biases such as the Common Method Variance (CMV) and social desirability were considered (Podsakoff & Organ, 1986).

<table>
<thead>
<tr>
<th>criteria</th>
<th>description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>15,862 Spanish SMEs from Andalusia Region</td>
</tr>
<tr>
<td>Sampling frame</td>
<td>SABI database</td>
</tr>
<tr>
<td>Sample size</td>
<td>114 SMEs (i.e., 30.32% of the contacted population)</td>
</tr>
<tr>
<td>Geographical scope</td>
<td>Andalusia (Spain)</td>
</tr>
<tr>
<td>Type of questionnaire</td>
<td>Telephone survey (CATI) to management officials</td>
</tr>
<tr>
<td>Fieldwork Date</td>
<td>October 2021</td>
</tr>
<tr>
<td>Age</td>
<td>20-35 years: 20.8% 36-50 years: 52.3% Over 50 years: 26.7%</td>
</tr>
<tr>
<td>Gender</td>
<td>52.5% were women</td>
</tr>
<tr>
<td>Ownership</td>
<td>86.6% were owners of the SMEs</td>
</tr>
<tr>
<td>Position held in the SME</td>
<td>Senior management: 15.1% Middle management: 42.9% Supervisors or first-line managers: 22.7% Other management levels: 19.3%</td>
</tr>
</tbody>
</table>

Source: Adapted from (Ferrón-Vilchez et al., 2022)

4.2 Variables

Changes in Economic Performance During COVID-19

The dependent variable in this study is economic performance. In this work, we measured economic performance using adapted self-reported subjective measures (Darnall, 2009; Darnall et al., 2008), which specifically asked about managers’ perception of changes in the overall economic performance of the SME
during the COVID-19 crisis as follows: "Compared to the fiscal year before the pandemic, has the economic performance of your organization (1) worsened, (2) remained the same, or (3) improved?" The mean of this item was 2.07 out of 3, and the median was 2.

Table 2. Items and descriptive statistics of POS

<table>
<thead>
<tr>
<th>POS Items</th>
<th>Mean*</th>
<th>σ</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - My organization has cared for employee well-being during the pandemic</td>
<td>6.24</td>
<td>1.17</td>
<td>.705</td>
</tr>
<tr>
<td>2 - My organization has valued employee contributions during the pandemic</td>
<td>6.19</td>
<td>1.24</td>
<td>.711</td>
</tr>
<tr>
<td>3 - During the pandemic, my organization has considered the goals and values of employees</td>
<td>6.18</td>
<td>1.23</td>
<td>.661</td>
</tr>
<tr>
<td>4 - My organization has ignored employee complaints during the pandemic (REVERSED)</td>
<td>2.02</td>
<td>1.83</td>
<td>.666</td>
</tr>
<tr>
<td>5 - During the pandemic, my organization tended not to consider the interests of employees when making decisions that affected them (REVERSED)</td>
<td>1.99</td>
<td>1.71</td>
<td>.559</td>
</tr>
<tr>
<td>6 - Employees have had the support of the organization when they had a problem or needed a special favor during the pandemic</td>
<td>5.98</td>
<td>1.46</td>
<td>.684</td>
</tr>
<tr>
<td>7 - My organization has cared for employee job satisfaction during the pandemic</td>
<td>5.99</td>
<td>1.39</td>
<td>.750</td>
</tr>
<tr>
<td>8 - If the occasion arose, during the pandemic, my organization has taken advantage of employees (REVERSED)</td>
<td>1.59</td>
<td>1.34</td>
<td>.503</td>
</tr>
<tr>
<td>9 - My organization has shown very little concern for employees during the pandemic (REVERSED)</td>
<td>1.50</td>
<td>1.24</td>
<td>.584</td>
</tr>
<tr>
<td>10 - My organization has cared about the opinions of employees during the pandemic</td>
<td>5.95</td>
<td>1.49</td>
<td>.573</td>
</tr>
</tbody>
</table>

Cronbach's Alpha .819

(*) Minimum value is 1 and maximum value is 7 (n = 114). Extraction method: principal component analysis

Perceived Organizational Support

The explanatory variable of our model is POS. Table 2 shows the items of this scale, which were developed based on Eisenberger et al. (2002) and Saks (2006). Respondents rated the statements on a scale from 1 (strongly disagree) to 7 (strongly agree), except for items 4, 5, 8, and 9, which were rated on a reverse scale, where 1 indicates ‘strongly agree’ and 7 ‘strongly disagree.’ A factor analysis was conducted to combine all 10 items into a single metric variable. The items converged into a single factor with all factor loadings above the recommended 0.5. Thus, we created a continuous POS variable using the scores generated from the regression of the converged factor. Cronbach’s alpha for this factor was .819.

Table 3. Items and means of employee engagement dimensions

<table>
<thead>
<tr>
<th>Engagement Items</th>
<th>Unforced Convergence</th>
<th>Forced Convergence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean*</td>
<td>Factor Load</td>
</tr>
<tr>
<td>1- For employees, being a member of this organization is proving to be very attractive during the pandemic</td>
<td>5.80</td>
<td>.785</td>
</tr>
<tr>
<td>2- One of the most exciting things for employees during the pandemic is being able to engage with what happens in this organization</td>
<td>5.43</td>
<td>.851</td>
</tr>
<tr>
<td>3- During the pandemic, being a member of this organization makes employees feel alive</td>
<td>5.57</td>
<td>.807</td>
</tr>
<tr>
<td>4- During the pandemic, being a member of this organization is stimulating for employees</td>
<td>5.56</td>
<td>.807</td>
</tr>
<tr>
<td>5- Employees are highly committed to this organization during the pandemic</td>
<td>6.09</td>
<td>.641</td>
</tr>
<tr>
<td>6- Employees are proud of the work they are doing during the pandemic</td>
<td>6.05</td>
<td>.737</td>
</tr>
<tr>
<td>7- For employees, their work is posing a motivating challenge during the pandemic</td>
<td>5.97</td>
<td>.771</td>
</tr>
<tr>
<td>8- Employees are more immersed in their work during the pandemic compared to before it</td>
<td>5.34</td>
<td>.281</td>
</tr>
<tr>
<td>9- When employees are working, they forget all the negative circumstances they are going through as a result of the pandemic</td>
<td>4.67</td>
<td>.016</td>
</tr>
</tbody>
</table>

Cronbach’s Alpha .894 .606 .826 .810 .606

(*) Minimum value is 1 and maximum value is 7 (n = 114). Extraction method: principal component analysis

Employee Engagement

The mediating variable in our model is engagement. Table 3 displays the items used, based on the Utrecht Work Engagement Scale (Schaufeli et al., 2002). We conducted a factor analysis expecting three factors to emerge, corresponding to the dimensions of vigor, absorption, and dedication (Kahn, 1990). However, in adapting the items to the COVID-19 situation for Andalusian SMEs, the items from the vigor and dedication dimensions converged into a single factor (Cronbach’s alpha = .894), while the items traditionally associated with the absorption dimension converged into another factor (Cronbach’s alpha = .606). This convergence of the vigor and dedication dimensions may be due to the theoretical view that they are more closely linked with high levels of energy and enthusiasm, whereas absorption is more related to concentration levels when
performing tasks (Kinnunen et al., 2008). To maintain the three dimensions of engagement as proposed by Schaufeli et al. (2002), we forced the convergence of the items from the three associated theoretical dimensions. The items from the absorption dimension emerged in the initial factor analysis. We combined the scores of the items from the vigor dimension into one continuous variable (i.e., items 1, 2, and 3; Cronbach’s alpha = .826) and those from the dedication dimension into another continuous variable (i.e., items 4, 5, and 6; Cronbach’s alpha = .810). The high values of Cronbach’s alpha support the internal validity of these newly created variables related to the dimensions of engagement.

Table 4 displays the descriptive statistics for each variable in the model, as well as the correlations between them.

<table>
<thead>
<tr>
<th>Table 4. Descriptive statistics and correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Changes in economic performance during the pandemic</td>
</tr>
<tr>
<td>2- POS factorial scores (α = .819)</td>
</tr>
<tr>
<td>3- Vigor factorial scores (α = .826)</td>
</tr>
<tr>
<td>4- Absorption factorial scores (α = .606)</td>
</tr>
<tr>
<td>5- Dedication factorial scores (α = .810)</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Standard deviation</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

(**) Correlation is significant at the 0.01 level (2-tailed)
(*) Correlation is significant at the 0.05 level (2-tailed).

4.3 Statistical procedure

Figure 1 presents the theoretical model we aimed to empirically test, illustrating the direct, indirect, and mediating relationships among the previously discussed variables.

The statistical technique used to empirically test the model was regression analysis with three mediating variables. This analysis allows examination of sequential associations between a dependent variable (changes in economic performance during COVID-19), an explanatory variable (POS), and a group of mediating variables (engagement, through its three dimensions). For this mediation analysis, we used the PROCESS macro developed by Andrew F. Hayes. The PROCESS macro is a modeling tool for logistic regression and OLS pathway analyses of observed variables, commonly used in social and health sciences to estimate direct and indirect effects in mediation models (https://www.processmacro.org). It is based on statistical inference using bootstrapping, which does not require the distribution to be normal, nor does it require large sample sizes (Hayes, 2022). Bootstrapping is a resampling method where confidence intervals are constructed to determine the statistical significance of the indirect effect, the basis of mediation. If the zero value is included in the confidence interval obtained from bootstrapping, the null hypothesis ‘the indirect effect is equal to zero’ is accepted, meaning there would be no significant mediation. Thus, an indirect effect is statistically significant when the zero value is not included in the calculated confidence interval (Hayes, 2022).
5. Results

Figure 2 presents the results of the proposed model. The measure of goodness-of-fit is statistically significant ($R^2 = .077; p < .1$), indicating an adequate fit of the model. Regarding the hypotheses proposed, firstly, Hypothesis 1, which states that there is a positive relationship between POS and engagement, was partially supported. Of the three dimensions of engagement, the only standardized coefficient that was positive and statistically significant was for the absorption dimension (coef. = .085; p < .05), corresponding to Hypothesis 1b. Thus, the results indicate a positive relationship between POS and engagement. However, empirical support for this relationship is only observed in the absorption dimension. In the other two dimensions, the relationship was not statistically significant.

Secondly, the results pertaining to Hypothesis 2, which states that there is a positive relationship between engagement and economic performance, were mixed. On one hand, the standardized coefficients for the vigor and dedication dimensions of engagement were negative and statistically significant (coef. = .832; p < .05 and coef. = .766; p < .05, respectively). On the other hand, the standardized coefficient for the absorption dimension was positive and statistically significant (coef. = 1.269; p < .05). To determine which effect of each dimension is more influential (i.e., whether the vigor-dedication combination is greater or lesser than absorption), it is necessary to analyze the indirect effect of the mediation of the three dimensions of engagement in the relationship between the explanatory variable (POS) and the dependent variable (economic performance).

Hypothesis 3, which posits that there is a positive mediating effect of engagement in the relationship between POS and economic performance, was partially supported, but not in the expected direction. The only statistically significant path (BootLLCI = -.1770, BootULCI = -.0002) sequentially links POS with economic performance through (1) the absorption dimension and, subsequently, (2) the dedication dimension. The statistically significant path is shown in Figure 2:

POS ---> Engagement (Absorption) ---> Engagement (Dedication) ---> Economic Performance

Therefore, the mediation of engagement was only partially supported and not in the direction we initially hypothesized. We had proposed a positive mediating relationship between perceived organizational support POS, engagement, and economic performance. Contrary to our expectations, the results were negative: the indirect effects were statistically significant but inversely related to our predictions. The SMEs in our sample with the poorest economic performance had the highest levels of POS and engagement, particularly in the dimensions of absorption and dedication. This counterintuitive finding suggests that the SMEs most adversely affected by COVID-19 were also those that demonstrated the highest levels of mutual engagement between the company and its employees.

6. Conclusions and discussion

6.1 Theoretical implications

This study examines the reciprocal relationship between perceived organizational support (POS) and employee engagement, as well as their effects on economic performance, specifically within the context of the global
crisis resulting from the COVID-19 pandemic and its impact on SMEs. The findings yield significant contributions.

Firstly, the findings demonstrate a positive association between POS and the absorption dimension of employee engagement, supporting prior research that identifies POS as a precursor to engagement (Eisenberger & Stinglhamber, 2011; Saks, 2006, 2019). Notably, under the challenging economic conditions caused by the COVID-19 pandemic, the company’s level of support for its employees (POS) positively correlates with increased employee engagement towards the company, especially in terms of concentration on work tasks (Schaufeli et al., 2002). This suggests that the effectiveness of POS can be measured through the levels of engagement achieved, conceptualizing POS as an ‘input’ variable and employee engagement as its related ‘output’.

Secondly, the results indicate that SMEs with the poorest economic performance had the highest levels of POS and engagement, particularly in the dimensions of absorption and dedication. While these findings might initially appear to contradict the positive POS-engagement-performance mediation suggested by prior research (Rich et al., 2010; Schneider et al., 2018), they make sense within the context of an economic crisis like the COVID-19 pandemic. During such crises, mutual support is crucial—both from companies to employees (POS) and vice versa (engagement). The SMEs in the sample that suffered severe economic impacts during the pandemic displayed increased POS and engagement in their dimensions of absorption and dedication. These results align with the conclusions of previous studies that have shown that collective organizational engagement, in both directions of the company-employee relationship, contributes to improving organizational performance (Barrick et al., 2015; MacLeod & Clarke, 2009; Zhong et al., 2016). Our results suggest that in times of crisis, this reciprocal engagement acts as a crucial support mechanism, helping SMEs to mitigate negative financial impacts. Although it was not possible to achieve a competitive advantage (Albrecht et al., 2015), striving for competitive advantage helped maintain business operations during the pandemic.

Thirdly, the results of this study corroborate previous assertions about the positive link between employee engagement and job performance resulting from achieving objectives (Kahn, 1990). Meeting these objectives often fulfills individuals’ physical, cognitive, and emotional needs, leading to a more thorough and genuine performance (Kahn, 1990; Rich et al., 2010). Our findings go a step further by addressing the call for more empirical studies on the connection between engagement and performance at the organizational level, not merely at the individual level. This need is highlighted by the statement, “the lack of research on engagement at the organization level means that it may be an understudied organizational capability that helps firms achieve and sustain higher performance” (Barrick et al., 2015, p. 112). Similarly to the engagement-performance link, through mediation analysis, our results indicate that it is possible to establish a relationship between POS and organizational performance. This is consistent with findings by Zhong et al. (2016), who showed that while POS is usually measured at an individual level, its effects impact the organizational level.

Finally, our findings open the door to further analysis of the effects that management styles focused on collective engagement have on performance. Takeuchi et al. (2007) suggested that the employee-organization relationship could be viewed as a social exchange between employees as a collective and the organization. Therefore, while it is highly insightful to understand the effects of specific human resource practices on individual job performance, it is equally crucial to explore their impact on organizational performance. This exploration should consider collective approaches in human resource management such as perceived organizational support (Kim et al., 2022), workforce engagement (Schneider et al., 2018), and collective organizational engagement (Barrick et al., 2015).

6.2 Limitations and future research directions

This research is not without its limitations. Firstly, the measure of economic performance used is subjective. However, it is important to note that it is not currently feasible to measure changes in the performance of companies impacted by the adverse effects of the pandemic. To assess performance using objective measures (e.g., ROA, EBITD&A, etc.), some temporal distance is required, meaning that access to financial data from fiscal years following the end of the pandemic is necessary. Secondly, in this study, the respondents are the SME executives. Future research should aim to evaluate POS and engagement by surveying not only executives but also employees. Such analyses should use regression techniques based on multilevel models to ascertain any differences between employee and management responses. Finally, this study is temporally bound to a specific period. Although the items used are based on those employed in prior literature, they were adapted to the specific context of the COVID-19 pandemic. Future studies should measure levels of engagement (both POS and employee engagement) longitudinally to determine whether they have improved over time. Additionally, the analysis of the reasons behind the globally low levels of employee engagement (Gallup, 2022) demands greater attention from both academia and public institutions.
6.3 Implications for management

The findings of this research provide significant contributions to the professional field. MacLeod and Clarke (2009) noted that “the academic and professional support for the positive relationship between commitment and performance is already well-established, and ongoing research into this relationship over time continues to deepen our understanding of this important longitudinal dynamic.” (p. 8). Consistent with MacLeod and Clarke (2009), our results demonstrate that the positive impact of engagement (particularly in its absorption dimension) on performance persists even in unpredictable crises with devastating consequences for businesses. Therefore, it is essential for business leaders to recognize that having highly engaged employees is exceptionally beneficial. Furthermore, our results empirically confirm the reciprocity between perceived organizational support (POS) and employee engagement, suggesting that the way to achieve engaged employees is through POS. When employees perceive that their organization supports them, they respond with increased engagement, which subsequently boosts performance. It is vital for business management to understand that this relationship holds true not only during crisis situations, such as the COVID-19 pandemic, but also under normal circumstances.

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Footnotes

1 Halbesleben (2010) analyzes 53 studies representing 74 unique samples, ultimately comprising a sample size of 45,683 participants
2 Note that the official standards of the European Commission (2003) were followed to be designated as an SME, excluding micro-enterprises (between 0 and 9 employees) as these do not have a sufficient size for the analysis of POS and employee engagement
3 This macro is available for SPSS, SAS, and R software. For more information, see Hayes (2022) and visit https://www.processmacro.org
4 The vigor dimension of engagement was sidelined/dormant in the workplace climate of the COVID-19 due to the practically nonexistent levels of energy and mental resilience of employees during the pandemic (Ferrón-Vilchez et al., 2022)
References


