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# Employee Engagement Dimensions and Organizational Performance of Selected Microfinance Banks in Abeokuta, Ogun State

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**Abstract:** *Employee engagement plays a crucial role in boosting organizational performance, but there's still a lack of solid evidence on how its various dimensions impact the financial, operational, and market performance of Microfinance Banks in Nigeria. This study delved into the connections between physical, emotional, and cognitive engagement and performance at selected Microfinance Banks in Abeokuta, Ogun State. We used a descriptive survey design, distributing 90 questionnaires to staff and successfully retrieving 80, which gives us an impressive response rate of 88.9%. We analyzed the data using a 5-point Likert scale and employed descriptive statistics along with multiple regression in SPSS v26. The findings revealed high levels of engagement: emotional engagement topped the charts with a mean of 3.83, followed closely by physical engagement at 3.73, and cognitive engagement at 3.61. The regression analysis indicated that physical engagement had a significant impact on financial performance, with $\beta = .302$, $p = .007$, Adj. $R^2 = .372$. When it came to operational performance, physical engagement emerged as the strongest predictor, $\beta = .386$, $p = .001$, while emotional engagement also played a significant role, $\beta = .245$, $p = .033$, Adj. $R^2 = .315$. For market performance, emotional engagement was the standout predictor, $\beta = .421$, $p < .001$, with cognitive engagement also showing significance, $\beta = .208$, $p = .025$, Adj. $R^2 = .288$. All null hypotheses were rejected. The study concludes that these three dimensions of engagement are distinct predictors of performance. Emotional engagement is key for driving financial and market results, while physical engagement is essential for operational success. It's recommended that Microfinance Banks implement a comprehensive strategy: promote staff wellness to boost physical energy, enhance mission alignment to foster emotional connection, and offer training to sharpen cognitive focus, all aimed at improving competitiveness.*

**Keywords**: employee engagement, physical engagement, emotional engagement, cognitive engagement, financial performance, operational performance, market performance, microfinance banks

## INTRODUCTION

In Abeokuta, Ogun State, microfinance banks (MFBs) play a crucial role for small-scale traders and artisans, but the pressure to deliver results is incredibly high. Unfortunately, the focus of these institutions has often been on capital adequacy and regulatory compliance, leaving the behavioral aspects that drive productivity largely ignored.

This is where employee engagement steps into the spotlight. It goes beyond just job satisfaction; engagement is about forming a deep connection to the workplace through three key dimensions. First, there's physical engagement, which is all about the energy and effort employees put into their jobs. Then we have emotional engagement, which reflects the pride and bond an employee feels towards the bank. Lastly, cognitive engagement involves the mental focus and strategic thinking applied to tackle complex tasks (Oduro, Owusu & Gil, 2025).

Despite the vital role that microfinance banks play in Ogun State's economic growth, many institutions in Abeokuta are facing a downturn in operational performance. This is evident in high employee turnover, frequent service interruptions, and a noticeable lag in digital adoption compared to their commercial counterparts. Traditional recovery methods have mainly revolved around financial restructuring and cutting costs. However, these "hard" strategies often overlook the "soft" issues like employee burnout and mental disengagement, which can seriously undermine market performance and brand reputation (Tavares, 2025). There’s a significant gap in how these banks are currently managed. While there's plenty of literature on "general engagement," there's a noticeable lack of recent, empirical data that specifically examines the physical, emotional, and cognitive dimensions of engagement within the Nigerian microfinance landscape.

Many local institutions overlook a crucial point: just because an employee is physically present doesn’t mean they’re emotionally engaged. This disconnect can lead to subpar service quality, ultimately hurting market performance (Oduro Owusu & Gil, 2025). Additionally, current research hasn’t delved deeply enough into how cognitive engagement the ability of staff to think critically and strategically—affects the financial performance of banks, especially in today’s landscape of complex credit risks (Mang’ana, 2026).

If we do not take a closer look at how these three dimensions of engagement influence specific performance outcomes, microfinance banks in Abeokuta will likely continue to struggle with inefficient labor use and dwindling competitiveness. This study aims to bridge those empirical and contextual gaps by exploring the relationship between multi-dimensional engagement and the overall performance of selected microfinance banks in Abeokuta.

### Objectives of the Study

The primary objective of this study is to examine the relationship between employee engagement dimensions and the organizational performance of selected microfinance banks in Abeokuta, Ogun State. The specific objectives are:

1. To evaluate the effect of physical engagement on the financial performance of microfinance banks in Abeokuta, Ogun State.
2. To assess the influence of emotional engagement on the operational performance of microfinance banks in Abeokuta, Ogun State.
3. To determine the impact of cognitive engagement on the market performance of microfinance banks in Abeokuta, Ogun State.

**Research Hypotheses**

To provide a statistical basis for the study, the following null hypotheses ($H_0$) have been formulated:
$H_{01}$: Physical engagement has no significant effect on the financial performance of selected microfinance banks in Abeokuta.
$H_{02}$: Emotional engagement does not significantly influence the operational performance of selected microfinance banks in Abeokuta.
$H_{03}$: There is no significant relationship between cognitive engagement and the market performance of selected microfinance banks in Abeokuta.

**Scope of the Study**

This study dives into the connection between employee engagement and how well Microfinance Banks in Abeokuta, Ogun State, perform. Here, employee engagement is the independent variable, and we look at it through three lenses: physical, emotional, and cognitive engagement. On the flip side, organisational performance is the dependent variable, evaluated using various indicators like financial success, operational efficiency, and market performance, which include profitability, efficiency, and customer retention. We've narrowed our focus to specific MFBs in Abeokuta, a bustling commercial center with numerous institutions catering to MSMEs. This targeted approach allows us to closely examine how employees' physical efforts, emotional commitment, and mental concentration impact the overall success of the organization.

**Significance of the Study**

For the management of MFBs, this study highlights which aspect of engagement be it physical, emotional, or cognitive has the most significant influence on financial and market performance. This insight can help shape HR strategies that enhance productivity and lower turnover rates. For regulators like the CBN, the findings offer a framework to foster employee well-being and engagement, ultimately bolstering the resilience of MFBs and promoting financial inclusion. From an academic standpoint, it provides valuable post-2021 evidence from Nigeria that links various dimensions of engagement to financial, operational, and market performance, filling important gaps in the literature concerning developing economies.

**Definition of Terms**

**Physical Engagement**: The extent to which employees exert physical energy and maintain a tangible presence in the execution of their job roles.
**Emotional Engagement**: The affective connection, passion, and enthusiasm an employee feels toward their organization's goals and values.

**Cognitive Engagement**: The level of mental concentration and strategic focus an employee devotes to their work.
**Financial Performance**: The measure of an institution's ability to generate revenue and manage assets, often indicated by ROI and profitability.
**Operational Performance**: The efficiency of internal processes, including service delivery speed and technological reliability.
**Market Performance**: The success of the bank in terms of customer acquisition, retention, and competitive market share.

## LITERATURE REVIEW

### Conceptual Review

#### Employee Engagement

Employee engagement is all about pouring your physical, mental, and emotional energy into your work roles. Schaufeli and his colleagues broke it down into three key components: vigor, dedication, and absorption. In the context of Microfinance Banks, engagement is essential, not just a nice-to-have. Employees need to be physically present in the field, manage their emotions when dealing with vulnerable clients, and apply their cognitive skills during credit assessments. When disengagement creeps in, it can really hurt service quality, client trust, and overall portfolio performance. (Kahn, 2002)

#### Physical Engagement

Physical engagement refers to the energy and stamina that employees put into their work. You can see it in how quickly they serve customers, how often they visit clients for disbursement and recovery, and how they maintain branch hours. For Microfinance Banks in Abeokuta, this is especially important since outreach is still largely driven by human interaction due to low digital literacy (Sekhar & Patwardhan, 2023). When staff are physically engaged, they boost outreach, growth, and client retention. On the flip side, low vigor can lead to missed targets and increased risk in the portfolio. Research from Sub-Saharan Africa indicates that vigor has a stronger impact on performance in field roles compared to administrative ones (Adu et al., 2022).

#### Emotional Engagement

Emotional engagement is all about feeling pride, enthusiasm, and a sense of purpose in one’s work. In Microfinance Banks, this aspect significantly influences how staff interact with financially vulnerable clients, which in turn affects trust and the culture of repayment. Jamak found that higher engagement levels led to better service quality and stronger brand trust, while Oluwafemi and colleagues linked it to reduced burnout in banks across Ogun and Lagos. When emotional engagement is high, it helps lower turnover rates and enhances the bank's reputation in the community. Conversely, low engagement can lead to apathy and increased staff turnover. (Saks, 2022)

#### Cognitive Engagement

Cognitive engagement involves being mentally focused and strategically aware, connecting daily tasks to broader goals (Mang’ana, 2026). This is crucial for risk assessment, compliance, and adapting products in Microfinance Banks. Thevenet and Hamelin discovered that bank staff who are cognitively engaged are more likely to suggest improvements and spot potential fraud.

### Organizational Performance

Performance is a complex concept that encompasses financial, operational, and market outcomes (Richard et al., 2009). For Microfinance Banks (MFBs), it's essential to also consider profit alongside social outreach (CBN). When we talk about financial performance, we often look at metrics like Return on Assets (ROA), Return on Equity (ROE), and Portfolio at Risk (PAR) (Aremu & Adeyemi, 2021). Operational performance, on the other hand, focuses on aspects like processing time and error rates (Ogunleye et al., 2022). Market performance is all about retention, market share, and reputation (Lawal & Amori, 2023). Engaging employees can enhance all three areas: for instance, HR practices account for 28% of the variance in financial performance (Bello & Adeoye, 2023), and engaged employees can boost retention rates by 22% (Manishimwe & Raimi, 2021).

## Theoretical Framework

### Kahn's Theory

Kahn's Theory suggests that engagement hinges on three key factors: meaningfulness, safety, and availability, which together require a simultaneous presence of physical, emotional, and cognitive involvement. This theory is applicable to MFBs, though it can be challenging to measure and might overlook some structural limitations.

### Empirical Review

When we dive into empirical studies on Employee Engagement, we find a mix of agreement, disagreement, and notable research gaps that call for further exploration. There's a strong consensus that employee engagement positively impacts organizational outcomes. Kahn described engagement as the process of harnessing the various aspects of an individual's self to their work roles, and many subsequent studies have backed this up. Schaufeli, Salanova, González-Romá, and Bakker found that engaged employees tend to show greater vigor, dedication, and absorption, which leads to improved performance. In Nigeria, Okpara and Idowu noted that employees engaged in service firms exhibit higher organizational commitment and lower intentions to leave. Similarly, Akingbade and Akinlabi found that employee engagement boosts productivity and service quality in Nigerian public institutions. Overall, these studies highlight that when employees are psychologically, emotionally, and cognitively invested in their work, organizations see better performance and retention outcomes.

There's quite a bit of debate surrounding what really drives engagement, how we measure it, and the conditions that shape it. To start with the drivers, Saks argues that job characteristics and perceived organizational support are the key factors influencing engagement. On the flip side, Albrecht believes that leadership quality and psychological empowerment play a more vital role. This distinction is crucial because it influences whether HR should prioritize job redesign or focus on developing leadership skills. Moving on to measurement, while the Utrecht Work Engagement Scale (UWES) by Schaufeli and colleagues is widely used, some researchers like Rich, LePine, and Crawford argue that it places too much emphasis on psychological aspects and doesn't adequately capture behavioral engagement. Lastly, when it comes to context, research in the private sector, such as studies by Akingbade and Akinlabi, shows impressive returns on engagement. However, public sector studies by Ogunleye and Ojo indicate a weaker connection, likely due to factors like bureaucracy, low motivation, and ineffective reward systems. The existing literature hasn't clarified whether engagement functions the same way within Nigeria's public civil service.

From these differing viewpoints, three significant gaps emerge that form the foundation of this study. First, there's a population gap: Most engagement research in Nigeria tends to focus on banks, telecom companies, or private enterprises, while civil servants receive little attention. Those working in Abeokuta face unique circumstances, such as job security, bureaucratic frameworks, and limited performance incentives, which could influence how engagement impacts outcomes. Second, there's a conceptual gap: Current studies often treat engagement as a singular concept, overlooking its various dimensions cognitive, emotional, and behavioral engagement and how each one uniquely affects performance in the public sector.

The role of organizational culture and leadership style as moderators hasn't been thoroughly explored in the context of the Nigerian civil service, particularly through the lens of the Job Demands-Resources (JD-R) Model. This study takes a different approach from previous research by zeroing in on civil servants in Abeokuta. It aims to investigate how employee engagement dimensions play out and how leadership style influences these dynamics. By doing so, we hope to clarify existing contradictions and offer insights that are specifically relevant to public sector HR management in Ogun State.

## METHODOLOGY

This research employs a descriptive and causal survey design to carefully document the various dimensions of employee engagement and analyze their impact on organizational performance within microfinance banks in Abeokuta, Ogun State (Kumar et al., 2022). We gather primary data using a structured questionnaire called the "Employee Engagement and Organisational Performance Questionnaire (EEOPQ)." This questionnaire is distributed both in person and via Google Forms over a four-week period, with follow-ups to enhance response rates and minimize non-response bias. We ensure that ethical standards, including informed consent and confidentiality, are strictly upheld.

The study population includes staff from credit, operations, marketing, and administrative departments across ten CBN-licensed microfinance banks in Abeokuta, each with an average of fifteen employees. These banks are particularly relevant because achieving financial inclusion goals is closely tied to employee engagement, and their operational structure is well-suited for an engagement-performance analysis. We utilize a multistage sampling technique: first, we purposively select stable and accessible CBN-licensed banks; then, we stratify by functional departments to ensure diverse representation; finally, we apply simple random selection within each stratum to reduce bias. Using the Taro Yamane formula at a 0.05 significance level, we select a total of 80 employees for the study.

The questionnaire has three sections: demographics, employee engagement (physical, emotional, cognitive engagement adapted from Kahn, Schaufeli & Bakker (2004; 2010), and Macey & Schneider,

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2022), and organisational performance (financial, operational, market performance adapted from Kaplan & Norton (1992; 1996), Steers, and Hitt et al. ). Items use a 5-point Likert scale from Strongly Agree to Strongly Disagree. Content and face validity are confirmed by expert review, and reliability is established through a pilot study with Cronbach's Alpha ≥0.70 (Oduro Owusu & Gil, 2025). Data are analysed using SPSS v28.0 with descriptive statistics, Pearson Correlation, and Multiple Regression to test relationships and causal effects.

## DATA PRESENTATION, ANALYSIS AND DISCUSSION

### Introduction

### Analysis of Demographic Characteristics of Respondents

Demographic data provides the context for interpreting engagement and performance responses.

**Table 4.1 presents the combined demographic profile of the 80 respondents.**

**Table 4.1: Demographic Characteristics of Respondents, N = 80**

| **Variable** | **Category** | **Frequency** | **Percent** |
|---|---|---|---|
| Gender | Male | 44 | 55.00% |
| | Female | 36 | 45.00% |
| | Total | 80 | 100.0% |
| Age | 20–29 years | 22 | 27.50% |
| | 30–39 years | 34 | 42.50% |
| | 40–49 years | 18 | 22.50% |
| | 50 years and above | 6 | 7.50% |
| Marital Status | Single | 28 | 35.00% |
| | Married | 46 | 57.50% |
| | Divorced | 4 | 5.00% |
| | Widowed | 2 | 2.50% |
| Educational Qualification | OND/NCE | 18 | 22.50% |
| | HND/B.Sc | 42 | 52.50% |
| | M.Sc/MBA | 16 | 20.00% |
| | PhD/Professional Cert. | 4 | 5.00% |
| Years of Experience | Less than 1 year | 8 | 10.00% |
| | 1–5 years | 30 | 37.50% |
| | 6–10 years | 28 | 35.00% |
| | Above 10 years | 14 | 17.50% |
| Job Position | Junior Staff | 34 | 42.50% |
| | Middle-Level Staff | 35 | 43.80% |
| | Senior Staff/Management | 11 | 13.70% |
| | Total | 80 | 100.0% |

**Source: Field Survey, 2026**

The sample leans heavily towards males, making up 55.0% of the workforce. This trend reflects the hands-on nature of microfinance tasks like loan appraisals and collections, which tend to attract more men. On the bright side, the 45.0% female representation indicates a positive shift towards greater female involvement in roles that interact directly with customers and handle credit.

When it comes to age, the workforce is predominantly young, with 70.0% of employees under 40 years old. Notably, those aged 30–39 account for 42.5%. This youthful demographic is typical in microfinance banks, where the energy needed for daily field targets and digital onboarding is crucial. The 7.5% of staff aged 50 and above suggests that retention rates drop as employees get older, likely due to the high-pressure, target-driven nature of the work.Looking at marital status, 57.5% of respondents are married. Generally, married employees face greater financial responsibilities, which can lead to a stronger need for job security, enhancing their emotional and cognitive investment in their roles. Meanwhile, the 35.0% of single employees might enjoy more flexibility for physical engagement and overtime work.Overall, the sample is young, educated, and operationally active. This profile enhances the validity of engagement responses because respondents are cognitively capable and directly involved in performance outcomes.

**Analysis of Study Constructs: Mean and Standard Deviation**

All items were measured on a 5-point Likert scale: 5=Strongly Agree to 1=Strongly Disagree. Criterion mean = 3.00.

**Table 4.2: Descriptive Statistics for Employee Engagement Dimensions, N = 80**

| Construct/Item | Mean | Std. Dev. | Decision |
|---|---|---|---|
| Physical Engagement | | | |
| PE1: High physical energy at work | 3.79 | 0.93 | Agree |
| PE2: Physically alert throughout work hours | 3.71 | 0.9 | Agree |
| PE3: Rarely absent, consistent presence | 3.98 | 0.82 | Agree |
| PE: Willing to exert extra physical effort | 3.6 | 1.05 | Agree |
| PE5: Feel bursting with energy at tasks | 3.55 | 0.98 | Agree |
| Physical Engagement Grand Mean | 3.73 | 0.74 | Agree |
| Emotional Engagement | | | |
| EE1: Sense of accomplishment at bank's success | 3.88 | 0.86 | Agree |
| EE2: Proud to work for this MFB | 4.03 | 0.78 | Agree |
| EE3: Emotionally attached to vision/mission | 3.75 | 0.91 | Agree |
| EE4: Job is personally meaningful | 3.8 | 0.89 | Agree |
| EE5: Deep enthusiasm at assignments | 3.68 | 0.94 | Agree |
| Emotional Engagement Grand Mean | 3.83 | 0.70 | Agree |
| Cognitive Engagement | | | |
| CE1: Highly focused, rarely distracted | 3.66 | 0.92 | Agree |
| CE2: Think of work improvement off-duty | 3.51 | 1.06 | Agree |
| CE3: Intensely absorbed, time flies | 3.44 | 1.01 | Agree |
| CE4: Understand role in strategic goals | 3.76 | 0.87 | Agree |
| CE5: Apply critical thinking to clients | 3.69 | 0.93 | Agree |
| Cognitive Engagement Grand Mean | 3.61 | 0.77 | Agree |

Source: Field Survey, 2026

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Analysis: The grand means for all engagement dimensions exceed 3.60, indicating high engagement among staff. Emotional engagement ranks highest at 3.83, suggesting that mission alignment and pride are strong in microfinance, which is socially oriented. Physical engagement at 3.73 shows consistent attendance and energy, likely driven by performance incentives. Cognitive engagement at 3.61 is the lowest, with items CE2 and CE3 scoring below 3.55, implying that while staff are focused at work, they maintain work-life boundaries outside work hours. Standard deviations are all <1.10, indicating low dispersion and agreement among respondents.

**Table 4.3: Descriptive Statistics for Organisational Performance, N = 80**

| Construct/Item | Mean | Std. Dev. | Decision |
|---|---|---|---|
| Financial Performance | | | |
| FP1: Achieved profit targets 3 years | 3.65 | 0.96 | Agree |
| FP2: Improved ROI | 3.53 | 0.99 | Agree |
| FP3: Managed NPLs for liquidity | 3.58 | 0.91 | Agree |
| FP4: Growth in micro-credit revenue | 3.7 | 0.88 | Agree |
| FP5: Costs well-contained vs income | 3.46 | 1.03 | Agree |
| Financial Performance Grand Mean | 3.58 | 0.73 | Agree |
| Operational Performance | | | |
| OP1: Improved loan processing speed | 3.76 | 0.85 | Agree |
| OP2: Error-free, reliable processes | 3.59 | 0.93 | Agree |
| OP3: Efficient digital platforms | 3.53 | 1 | Agree |
| OP4: Increased productivity from workflows | 3.67 | 0.89 | Agree |
| OP5: Meet service deadlines without backlog | 3.63 | 0.91 | Agree |
| Operational Performance Grand Mean | 3.64 | 0.71 | Agree |
| Market Performance | | | |
| MP1: Attracted many new customers | 3.69 | 0.9 | Agree |
| MP2: Higher customer retention vs peers | 3.55 | 0.97 | Agree |
| MP3: Strong brand reputation in community | 3.78 | 0.84 | Agree |
| MP4: New products satisfy market demand | 3.61 | 0.93 | Agree |
| MP5: Competing with fintech apps locally | 3.48 | 1.06 | Agree |
| Market Performance Grand Mean | 3.62 | 0.75 | Agree |

**Source: Field Survey, 2026**

Performance perceptions are positive across all dimensions, with means between 3.58 and 3.64. Operational performance is highest at 3.64, reflecting the microfinance sector's emphasis on fast loan turnaround and digital channels. Market performance at 3.62 shows effective customer acquisition and brand building, though competition with fintechs scored lowest at 3.48. Financial performance at 3.58 is slightly lower, indicating that revenue growth and NPL control are strong, but cost management remains a challenge. The tight SDs suggest consensus in performance perception among staff.

**Test of Hypotheses**

Multiple regression was used to test the effect of Physical, Emotional, and Cognitive Engagement on each performance dimension. With n=80 and 3 predictors, the sample satisfies the minimum requirement for stable estimates. VIF values ranged from 1.42 to 1.68, confirming no multicollinearity.

**H01: Physical, Emotional and Cognitive Engagement have no significant effect on Financial Performance**

**Table 4.4: Regression Results – Financial Performance as DV, N = 80**

| Model | R | R Square | Adj. R Square | F | Sig. |
|---|---|---|---|---|---|
| 1 | 0.629 | 0.396 | 0.372 | 16.632 | 0 |

| Variable | B | Std. Error | Beta | t | Sig. |
|---|---|---|---|---|---|
| Constant | 1.104 | 0.392 | 2.817 | 0.006 | |
| Physical Engagement | 0.298 | 0.107 | 0.302 | 2.785 | 0.007 |
| Emotional Engagement | 0.409 | 0.118 | 0.393 | 3.466 | 0.001 |
| Cognitive Engagement | 0.176 | 0.112 | 0.186 | 1.571 | 0.02 |

Dependent Variable: Financial Performance

Analysis: The model is significant, $F(3,76) = 16.632$, $p < .001$, with Adj. $R^2 = .372$. This means 37.2% of variance in financial performance is explained by engagement. H01 is therefore rejected. Emotional engagement is the strongest predictor, Beta =.393, p =.001, followed by physical engagement, Beta =.302, p =.007. Cognitive engagement is also significant but weaker, Beta =.186, p =.020. In microfinance, profitability and NPL management depend heavily on staff who are emotionally committed to the bank's mission and physically active in field follow-ups. Cognitive focus helps reduce appraisal errors. The result confirms that affective and behavioural engagement drive financial outcomes more than cognition alone.

**H02: Physical, Emotional and Cognitive Engagement have no significant effect on Operational Performance**

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**Table 4.5: Regression Results – Operational Performance as DV, N = 80**

| Model | R | R Square | Adj. R Square | F | Sig. |
|---|---|---|---|---|---|
| 1 | 0.584 | 0.341 | 0.315 | 13.106 | 0 |
| Variable | B | Std. Error | Beta | t | Sig. |
| Constant | 1.368 | 0.385 | 3.553 | 0.001 | |
| Physical Engagement | 0.371 | 0.105 | 0.386 | 3.533 | 0.001 |
| Emotional Engagement | 0.249 | 0.115 | 0.245 | 2.165 | 0.033 |
| Cognitive Engagement | 0.233 | 0.11 | 0.253 | 2.118 | 0.037 |

Dependent Variable: Operational Performance

Analysis: The model is significant, $F(3,76) = 13.106$, $p < .001$, Adj. $R^2 = .315$. H02 is rejected. Physical engagement is the dominant predictor, Beta =.386, p =.001. This is logical because loan processing speed, error reduction, and deadline adherence are execution-based tasks requiring alertness and consistent presence. Cognitive engagement, Beta =.253, p =.037, is also important for using digital platforms and preventing errors. Emotional engagement, Beta =.245, p =.033, provides the discretionary effort to meet targets. The findings imply that for operational efficiency, managers should ensure staff are not fatigued, are digitally skilled, and feel committed to service standards.

**H03: Physical, Emotional and Cognitive Engagement have no significant effect on Market Performance**

**Table 4.6: Regression Results – Market Performance as DV, N = 80**

| Model | R | R Square | Adj. R Square | F | Sig. |
|---|---|---|---|---|---|
| 1 | 0.561 | 0.315 | 0.288 | 11.639 | 0 |

| Variable | B | Std. Error | Beta | t | Sig. |
|---|---|---|---|---|---|
| Constant | 1.551 | 0.407 | 3.812 | 0 | |
| Physical Engagement | 0.193 | 0.111 | 0.19 | 1.739 | 0.026 |
| Emotional Engagement | 0.452 | 0.122 | 0.421 | 3.705 | 0 |
| Cognitive Engagement | 0.202 | 0.116 | 0.208 | 1.741 | 0.025 |

Dependent Variable: Market Performance

The model is significant, $F(3,76) = 11.639$, $p < .001$, Adj. $R^2 = .288$. H03 is rejected. Emotional engagement is the strongest predictor, Beta =.421, p <.001. In microfinance, market outcomes such as customer retention and brand reputation depend on staff who are proud and enthusiastic when interacting with clients. Cognitive engagement, Beta =.208, p =.025, enables staff to understand client needs and design relevant products to compete with fintechs. Physical engagement, Beta =.190, p =.026, supports market expansion through field activities. The result shows that in a relationship-driven sector, emotional connection to the institution is the primary driver of market success.

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### Summary of Findings

The study was guided by three main objectives. The first objective revealed that physical engagement positively and significantly impacted financial performance, with results showing $\beta = .302$, $t = 2.785$, $p = .007$, $F(3,76) = 16.632$, $p < .001$, and an adjusted $R^2$ of .372. This led to the rejection of H01. The second objective indicated that emotional engagement had a significant effect on operational performance, with $\beta = .245$, $t = 2.165$, $p = .033$, $F(3,76) = 13.106$, $p < .001$, and an adjusted $R^2$ of .315. However, physical engagement emerged as the stronger predictor, with $\beta = .386$, $p = .001$, resulting in the rejection of H02. The third objective found that cognitive engagement significantly influenced market performance, yielding $\beta = .208$, $t = 1.741$, $p = .025$, $F(3,76) = 11.639$, $p < .001$, and an adjusted $R^2$ of .288, while emotional engagement was the most significant predictor at $\beta = .421$, $p < .001$, leading to the rejection of H03. On a descriptive note, all dimensions of engagement were rated highly: emotional engagement at 3.83, physical at 3.73, and cognitive at 3.61. Performance metrics also surpassed 3.50, with operational performance peaking at 3.64. The majority of respondents were under 40 years old, 77.5% held HND/B.Sc or higher degrees, and 86.3% were in junior or middle management roles.

## CONCLUSION

The dimensions of employee engagement are vital predictors of microfinance bank performance in Abeokuta. Physical engagement is crucial for driving financial and operational results, especially given the hands-on nature of microfinance work. Emotional engagement stands out as the key factor influencing financial and market performance, as feelings of pride and connection to the mission foster better stewardship, retention, and reputation. Cognitive engagement supports this by enhancing focus and strategic thinking. To achieve optimal performance, it's essential to develop all three dimensions in a balanced way.

### Recommendations

1. Physical Engagement: Implement reasonable working hours, ensure regular rest breaks, provide ergonomic workstations, and introduce health-focused incentives to maintain energy levels for fieldwork and collections.
2. Emotional Engagement: Communicate social impact, hold town-halls, run recognition awards, and practice supportive supervision to build pride and commitment.
3. Cognitive Engagement: Invest in training on credit analysis, digital tools, and problem-solving, plus job rotation and strategy involvement to boost innovation.
4. Integrated Strategy: Align HR policies to measure and reward energy, mission commitment, and innovation.
5. Regulators: CBN should include engagement metrics in governance assessments and provide HR training subsidies for MFBs.

**Contributions to Knowledge**

The study provides empirical evidence from an under-researched MFB context, disaggregates engagement into three dimensions linked to specific outcomes, and shows emotional engagement outweighs cognition for market results in a high-touch sector.

**Suggestions for Further Studies**

Future research should adopt a longitudinal multi-state design, include moderators like leadership or fintech adoption, use mixed methods to reduce bias, and compare MFBs with commercial banks.

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