

## The Role of Work Engagement as Mediator in Improving Organizational Performance in Manufacturing Companies

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### ABSTRACT

This study investigates the role of work engagement as a mediator in enhancing organizational performance, particularly within the manufacturing industry. Employing a quantitative research design, the researchers collected data through structured questionnaires distributed to employees across four leading manufacturing companies in Batam, Indonesia. The sample size comprised 300 valid respondents, determined based on the total questionnaire items multiplied by ten, aligning with established sampling formulas. To analyze the hypothesized relationships, the study utilized Partial Least Squares Structural Equation Modeling (PLS-SEM), following the procedural guidelines of Ghazali (2021) and Hair et al. (2019). The data underwent rigorous testing, including assessments of reliability, validity, and multicollinearity, before conducting hypothesis testing. The results confirmed that work engagement significantly mediates the effects of organizational innovation and talent management on organizational performance, with all mediation effects supported by high T-values ( $>1.96$ ). Meanwhile, the influence of HR practices and knowledge management on performance through work engagement showed mixed results. Based on these findings, the research recommends that organizations formulate effective strategies to foster work engagement, thereby improving overall performance. The study contributes to the theoretical understanding of the mediating role of work engagement and offers practical insights for organizational leaders.

**Keywords:** HRM Practice, Organizational Innovation, Organizational Performance, Talent Management, Work Engagement.



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### INTRODUCTION

In this globalization and increasingly tight competition, organizations face various challenges to remain relevant and develop sustainably. Indonesia faces challenges in talent competitiveness compared to neighboring ASEAN countries (Setyawan & Nelson, 2021). The success of an

organization is no longer determined solely by financial aspects, but also by the ability to manage and utilize the potential of its human resources optimally. Employee involvement is always important in the workplace (Donal et al, 2023). The importance of human resource management strategies in the mining industry due to its significant workforce absorption is emphasized (Setyawan, 2021). Human resources are an important asset for companies, especially in the manufacturing sector (Christina & Donal, 2025). Amidst rapidly changing market dynamics, talent management, HRM practices, knowledge management, and organizational innovation have become crucial focuses for the sustainability and performance of organizations.

Knowledge management involves the creation, management, and dissemination of knowledge within an organization. To achieve maximum knowledge management, organizations must be able to manage organizational knowledge and develop knowledge in everyone in the organization. Competition in the world of work is so tight that it requires all employees to compete. Because of this, one way to help employees is through increased knowledge or good knowledge management. Effective HRM Practice includes employee recruitment, selection, training, and development. How organizations design and implement HR practices can provide insight into how HR can become a strategic asset. Otoo (2019) suggests that HRM Practice should be configured in such a way that employees can work effectively and meet performance expectations so that it can improve organizational performance. If HR recruitment and selection practices are implemented effectively, it will improve organizational performance. Talent management highlights the importance of identifying, developing, and retaining talented individuals within an organization (Yuswardi & Suryanto, 2021). How an organization manages its internal and external talent can form the foundation for sustainable performance.

Organizational Innovation signifies the ability of an organization to generate new ideas and implement them in practice. Innovation drives organizational growth and adaptation to environmental changes. Zhang et al., (2019) showed that innovation has a significant impact on organizational performance. The novelty of this study lies in its specific focus on the mediating role of work engagement between organizational factors, namely organizational innovation and talent management and organizational performance within the manufacturing industry, which has not been extensively explored in prior research. While previous studies, such as Setyawan & Nelson (2021), primarily examined talent management and organizational performance or explored the broader aspects of human resource practices, they did not explicitly investigate work engagement as a mediating mechanism in this context. Similarly, Yuswardi & Chrisjunianti (2022) emphasized the importance of organizational innovation and employee engagement but did not explicitly model work engagement as a mediator linking internal organizational variables to performance outcomes.

This study advances the existing literature by explicitly testing the mediating effect of work engagement through a robust methodological approach using PLS-SEM, thereby providing a more comprehensive understanding of the process underlying organizational performance improvements. Additionally, it uniquely applies this framework to the manufacturing sector in Indonesia, offering context-specific insights that can inform industry-specific HR strategies. In doing so, the research fills a gap by integrating multiple internal factors into a unified mediational model, thereby contributing to both theoretical development and practical applications in organizational management. The phenomena of each variable in this study are interconnected through a logical flow that underpins the research gap. Historically, organizational performance has been influenced by various internal factors such as organizational innovation, talent management, HR practices, and knowledge management, which directly or indirectly impact performance outcomes. Previous research (Setyawan & Nelson, 2021; Yuswardi & Chrisjunianti, 2022) has examined these factors independently or in limited combinations but has often overlooked the underlying process mechanisms that mediate their effects on performance.

Work engagement, as a psychological state characterized by enthusiasm, dedication, and absorption, is increasingly recognized as a critical mediator that links internal organizational factors to performance outcomes (Yuswardi et al., 2023). Specifically, organizational innovation and talent management foster a conducive environment that enhances employees' motivation and commitment, thereby increasing their work engagement. This heightened work engagement subsequently translates into improved organizational performance, as engaged employees are more productive, innovative, and aligned with organizational goals. However, previous studies have primarily demonstrated direct relationships without explicitly testing the mediational role of work engagement. This creates a research gap: the need to understand how internal organizational factors influence performance through the mediating process of employee engagement. This study addresses this gap by empirically analyzing work engagement as a mediator between organizational innovation, talent management, HR practices, and knowledge management, providing a more nuanced understanding of the pathways that drive organizational performance. Hence, this research builds upon and extends previous work by integrating these variables into a comprehensive model that elucidates the process mechanism, offering both theoretical and practical insights for managing organizational performance effectively.

Through this study, the author attempts to explore whether the relationship between talent management, HRM practices, knowledge management, and organizational innovation can form a strong foundation for superior organizational performance. By including the work engagement dimension as a mediating variable, this study is expected to provide a deeper understanding of the complex dynamics within an ever-evolving organization. The companies used as research objects are the top 4 manufacturing companies in Batamindo Industrial Park. PT Scheider Electric Manufacturing has operated since 1991, PT Infineon Technologies Batam has operated since 1996, PT Epson Batam has operated since, PT Sumitomo Wiring System Batam Indonesia has operated since 1991.

Various issues often arise that can affect the performance of a company. One of the main issues is the difficulty in recruiting and retaining skilled employees. Companies often face challenges in finding workers with the necessary technical skills, especially with the intense competition in the labor market. Additionally, high turnover rates can increase training costs and disrupt production continuity. Another issue is the lack of adequate training, which can reduce employees' skills and potentially increase workplace accidents. The absence of an effective performance evaluation system can also result in unproductive employees going unnoticed, while high-performing employees do not receive appropriate recognition. Furthermore, poor communication between management and employees often leads to dissatisfaction, ultimately affecting morale and performance. Unhealthy working conditions and insufficient attention to workplace safety can also cause health problems for employees. Ultimately, manufacturing companies need to have a well-thought-out strategy for managing human resources, including recruitment, training, performance management, and creating a healthy and productive work environment.

Company Name	No. of Employees
PT Schneider Electric Manufacturing Batam	>4500
PT Infineon Technologies Batam	>2000
PT Epson Batam	>3200
PT Sumitomo Wiring System Batam Indonesia	>1000

Source: Wikipedia, kerjabatam (2025)

### **Knowledge Management (KM) On Work Engagement (WO)**

To be able to do the job effectively according to the job description, the right knowledge is needed. Because knowledge is a key factor that determines part of work engagement and part of organizational performance that is higher. In other words, business studies that show high

intellectual, emotional, and physical levels through the application of knowledge management aspects are more successful in obtaining the knowledge needed for their work, which can help in achieving better results and efficiency. Tien Minh (2021) states that knowledge management involves the acquisition, sharing, and exchange of knowledge in a closed manner between organizations, through IT systems. Based on the explanation above, the following hypothesis will be produced:

H1: Knowledge management has positive impacts to work engagement

#### **HRM Practice (HP) on Work Engagement (WO)**

HRM practices, including recognition practices, empowerment, capability development practices, and fair reward and information sharing systems, will help employees feel trusted, valued, and implementing appropriate employee policies will help employees achieve long-term engagement in the organization (Suwandi et al., 2023). On the other hand, there are shortcomings in HRM practices such as the lack of financial plans to increase motivation, inadequate facilities, and less than satisfactory remuneration policies for employees. Non-material promotions have not been implemented comprehensively, which can motivate someone to get a better job (Mai Pham, 2021). Based on the explanation above, the following hypothesis will be produced:

H2: HRM practice has positive impacts to work engagement

#### **Talent Management (TM) on Work Engagement (HRM)**

Currently, employee participation can also increase the sense of ownership and responsibility in decision making by involving employees who interact directly with the project. Among the many changes, talent management is an important aspect that organizations must pay attention to in its implementation. Talent management is related to work engagement (Sopiah et al., 2020). Järvi & Khoreva (2020) shows a positive and significant influence in talent management with work engagement in the organization. Based on the explanation above, the following hypothesis will be produced:

H3: Talent management has positive impacts to work engagement

#### **Organizational Innovation (OI) on Work Engagement (WO)**

Work engagement is a major factor in human resources and policy making. The term employee engagement represents employee attitudes towards quality and productivity, which results in higher organizational performance (Cuandra & Candy, 2024). In addition, it has been recognized that innovation is an important component in determining business excellence during a crisis (Iwanaga et al., 2021; Lee & Trimi, 2021). Therefore, the current study seeks to find out what influence's employee attitudes towards organizational involvement and innovation. Based on the explanation above, the following hypotheses will be produced:

H4: Organizational innovation has positive impacts to work engagement

#### **Work Engagement (WO) on Organizational Performance (OP)**

Work engagement is an interesting topic for researchers in the field of organizational behavior. It can be defined as "a positive and satisfying state of mind related to work, characterized by enthusiasm, dedication and acceptance". Researchers have found that personal resources and job resources are important factors in work. These resources make employees willing to invest their efforts in work-related activities and support their personal development, which has a positive impact on their work outcomes, such as organizational structure, individual performance and job satisfaction (Sentoso & Muchsinati, 2024). And ultimately improve organizational performance (Farid et al., 2019). Based on the explanation above, the following hypothesis will be produced:

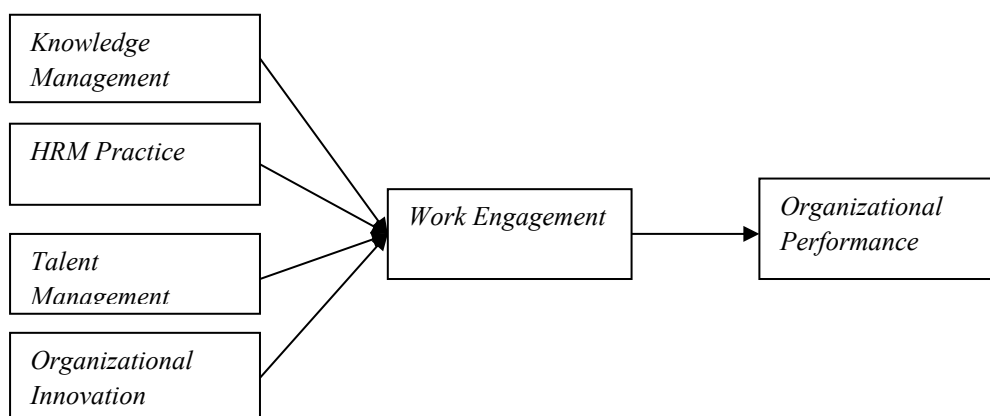
H5: Work engagement has positive impacts to organizational Performance

#### **Work Engagement (WO) as Mediating**

In an ever-evolving business environment, work engagement plays a central role as a mediator that links several key dimensions with overall organizational performance. Montani et al., (2020) shows that work engagement has a significant influence as a mediator. Work engagement reflects

the level of enthusiasm, attachment, and commitment of employees to the tasks and goals of the organization. As a mediator, work engagement provides an understanding of how HRM practices, talent management, knowledge management, and organizational innovation can lead to improved performance. Work engagement is expected to strengthen the relationship between management factors and their impact on organizational performance. Based on the explanation above, the following hypothesis will be produced:

- H6 : Knowledge management has positive impacts to organizational performance mediated by work engagement
- H7 : HRM practice has positive impacts to organizational performance mediated by work engagement
- H8 : Talent management has positive impacts to organizational performance mediated by work engagement
- H9 : Organizational innovation has positive impacts to organizational performance mediated by work engagement



**Figure 1. Conceptual Framework**

## METHODS

### Design in Research

This research is designed to collect and analyze relevant data to answer the research questions. First, this research will select an appropriate sample for the research population, which may include the manufacturing industry. Then, through a questionnaire, this research will provide questions to respondents about talent management, HR practices, knowledge management, organizational innovation, work engagement, and organizational performance. Furthermore, the relationship between these variables will be identified using statistical analysis.

The research method employed in this study is of a quantitative nature, specifically explanatory, aiming to verify hypotheses through statistical analysis. This approach involves collecting numerical data via structured questionnaires to examine the relationships and mediating effects among variables such as organizational innovation, talent management, work engagement, and performance. The population consists of employees working in the top manufacturing companies in Batam, with a sample size determined using established formulas (Hair et al., 2019), resulting in 300 valid responses. The sampling technique used is random sampling, ensuring each individual within the population has an equal chance of selection. Regarding measurement instruments, Likert scale-based questionnaires were used for data collection, with respondents indicating their level of agreement or frequency on a five-point scale—ranging typically from "Strongly Disagree" to "Strongly Agree" or "Very Unlikely" to "Very Likely." Each construct, such as HR practices and work engagement, was measured using multiple items (questions), which were adapted from



validated instruments in previous studies. For example, each variable's items had outer loadings above 0.6, meeting the criteria for construct validity, and the responses were recorded on a five-point Likert scale to quantify the respondents' perceptions and attitudes towards the variables assessed.

### Population and Sample

The respondent focused on the top 4 manufacturing companies in Batamindo Industrial Park located in Muka Kuning, Batam, including: PT. Schneider Electric Manufacturing with >4500 employees report from Wikipedia.com, PT. Infineon Technologies Batam with >2000 Employees reports from kerjabatam.com, PT. Epson Batam with >3200 employees report from jamiatulkhairat.blogspot.com, PT Sumitomo Wiring System Batam Indonesia with >1000 employee reports from kerjabatam.com. The sample size is very sensitive to the results of statistical tests, Amin et al., (2023) said that the size of the sample that can represent the population is based on the desired level of confidence and error (significance level), the greater the desired level of confidence, the more samples are needed, and vice versa, the lower the desired level of confidence, the fewer samples are needed. The sampling technique used is random sampling.

The questionnaire is divided into two sections. The first section contains demographic information and the second section is the survey questionnaire. The survey questionnaire is further divided into 6 sections: Section 1 about HRM Practices, Section 2 about Knowledge Management, Section 3 about Organizational Innovation, Section 4 about Organizational Performance, Section 5 about Talent Management, and Section 6 about Work Engagement. The number of samples used is based on the formula of Hair et al., (2019), namely the total questions multiplied by 10. In the research questionnaire there are 29 questions, so the sample used for the study was 290 respondents. The total number of respondents who filled out was 303, because there were 3 invalid questionnaires, so the remaining 300 respondents will be used as samples in this study.

## RESULTS AND DISCUSSION

After distributing the questionnaire with google form online to employees working in the manufacturing industry located in Muka Kuning, the required research data results were obtained. Demographic data shows:

**Table 1. Demographic Data**

No	Demographic Item	Category	Frequency	%
1	Gender	Male	248	82,7
		Female	52	17.3
2	Age	18 – 25	125	41.7
		26 – 35	149	49.7
		36 – 45	21	7
		>45	5	1.6
3	Last Education	Senior High School	117	39
		Diploma	53	17.7
		Bachelor	91	30.3
		Postgraduate	39	13
4	Monthly Income	Rp 4.500.000 – 5.500.000	74	24.8
		Rp 5.500.000 – 6.500.000	89	29.9
		Rp 6.500.000 – 7.500.000	75	25.2
		>7.500.000	60	20.1
5	Position	Staff/Clerk Level	194	64.7
		Supervisor Level	61	20.3

6	how long have you worked in this company	Managerial Level	45	15
		< 1 Year	79	26.3
		1-2 year	91	30.3
		3-4 Year	75	25
7	Company Established	>4 Year	55	18.4
		< 1 Year	4	1.3
		1-3 Year	31	10.3
		4-6 Year	81	27
		7-9 Year	98	32.7
		>9 Year	86	28.7

Source: Data Processed (2025)

**Table 2. Correlations, Measures of Reliability, and Validity**

Constructs	Items	Loadings	Cronbach's Alpha	CR	AVE
HRM Practices (HP)	HR1	0.786	0.785	0.853	0.539
	HR2	0.732			
	HR3	0.669			
	HR4	0.710			
	HR5	0.766			
Knowledge Management (KM)	KM1	0.772	0.767	0.842	0.518
	KM2	0.741			
	KM3	0.635			
	KM4	0.684			
	KM5	0.756			
Organizational Innovation (OI)	OI1	0.813	0.692	0.812	0.523
	OI2	0.778			
	OI3	0.638			
	OI4	0.647			
Organizational Performance (OP)	OP1	0.742	0.775	0.847	0.525
	OP2	0.751			
	OP3	0.712			
	OP4	0.728			
	OP5	0.687			
Talent Management (TM)	TM1	0.798	0.804	0.864	0.561
	TM2	0.772			
	TM3	0.710			
	TM4	0.747			
	TM5	0.713			
Work Engagement (WO)	WE1	0.794	0.785	0.853	0.539
	WE2	0.749			
	WE3	0.705			
	WE4	0.731			
	WE5	0.686			

Source: Data Processed (2025)

Indicator Reliability is carried out by determining whether the suitability of the indicators to a construct is reliable or not (Hair et al., 2019). As can be seen in table 1, the results of the outer loading values in the HR practices (HR) variable range from 0.699 - 0.786; Knowledge management (KM) ranges from 0.635 - 0.772; Organizational innovation (OI) ranges from 0.638 - 0.813; Organizational performance (OP) ranges from 0.687 - 0.751; Talent management ranges

from 0.710 - 0.798; Work engagement ranges from 0.686 - 0.794. All indicators are declared valid because the outer loading value is more than 0.6 according to (Ghozali, 2021).

Internal Consistency reliability defines the extent to which items in an instrument measure different aspects of the same construct. The composite reliability values in table 1 range from 0.812 to 0.863. Based on the guidelines from Ghozali (2021), the Cornbach's alpha, Rho.A, Composite Reliability values can be concluded that they meet the criteria with a value of 0.6 or more.

According to Ghozali (2021:68) individual indicators with correlation values above 0.7 are considered reliable. However, in the study of increasing the scale, the factor loading value of 0.5 to 0.6 is still acceptable, convergent validity can be met when each variable has an AVE value above 0.5 (Ghozali, 2021). It can be seen in table 1, the AVE value has shown that it meets the convergent validity threshold.

**Table 3. Direct Research Hypotesis**

Hypothesis	Original Sample	T-Statistics (STDEV)	P-values	Results
HRM Practices -> Work Engagement	0.192	1.997	0.046	Significant
Knowledge Management -> Work Engagement	0.183	1.818	0.069	Unsignificant
Organizational Innovation -> Work Engagement	0.223	3.656	0.000	Significant
Talent Management -> Work Engagement	0.226	3.025	0.003	Significant
Work Engagement -> Organizational Performance	0.604	11.156	0.000	Significant

Source: Data Processed (2025)

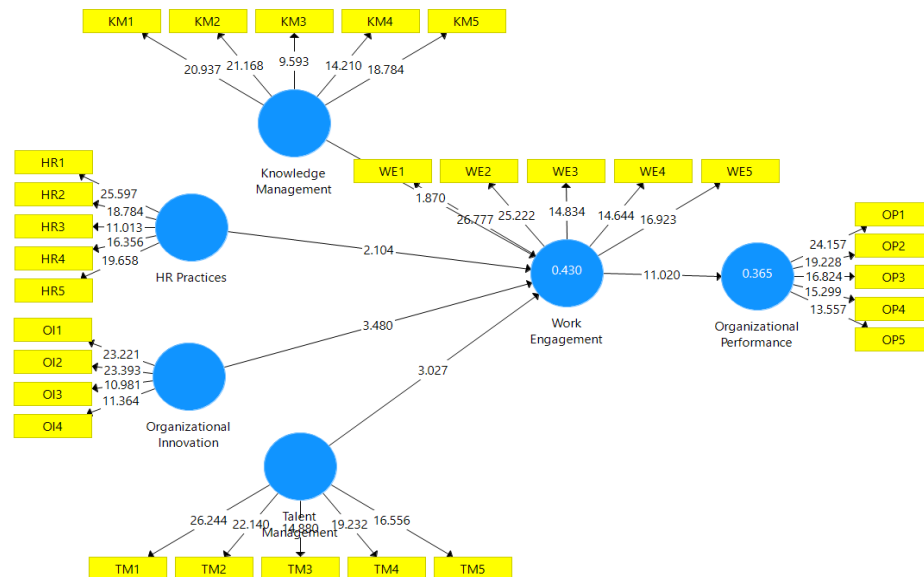
**Tabel 4. Indirect Research Hypotesis**

Hypotesis	Original Sample	T-Statistics (STDEV)	P-values	Results
HRM Practices -> Work Engagement -> Organizational Performance	0.116	1.840	0.066	Unsignificant
Knowledge Management -> Work Engagement -> Organizational performance	0.111	1.814	0.070	Unsignificant
Organizational Innovation -> Work Engagement -> Organizational Performance	0.135	3.387	0.001	Significant
Talent management -> Work Engagement -> Organizational Performance	0.136	2.989	0.003	Significant

Source: Data Processed (2025)

The Direct and Indirect test is a statistical method used in structural equation modeling to evaluate the impact between two variables mediated by an intermediary variable. For this test, T-statistics above 1.96 and P-values below 0.05 are typically used as criteria.





**Figure 2. Empirical Research Method**

Knowledge Management has a positive impact on work engagement and has an insignificant impact because it has a T value of  $1.818 < 1.96$  as shown in table 2. This study contradicts with Junita Monica et al., (2023) which have been consistently proven to have a positive and significant impact on the relationship between knowledge management and work engagement. In addition, it has been recommended that organizations should focus on fostering an environment that promotes collaboration, knowledge sharing, and continuous learning to improve work engagement and organizational performance (Sobihah et al., 2023). It can be concluded that knowledge management does have a positive and significant impact on work engagement, contrary to the idea that the relationship is not significant.

HRM Practices have a positive impact on work engagement and have a significant impact because they have a T value of  $1.997 > 1.96$  as shown in Table 2. Several studies support the idea that HRM practices have a positive and significant impact on work engagement. Studies in different contexts, such as the Office of the Secretary of the Dumai City Regional Representative Council (Prasetyo & Palupi, 2023), the Ministry of Agriculture and Fisheries in Oman (Huabis et al., 2023), and among Turkish White Collar employees in the manufacturing sector (Baykal & Bayraktar, 2022), have shown that HRM practices such as extensive training, selection and recruitment, and green HRM practices lead to increased work engagement. In Table 1, it is known that the highest outer loadings value is on the HRM practices variable on indicator 1 with a value of 0.786 with a standardized and valid test dimension used in the selection process. So it can be concluded that a standardized and valid test can facilitate the selection process. Furthermore, the lowest outer loading value is in indicator 3 with a value of 0.669 with the dimension of the training program activities provided meet employee needs. The results show that the training program activities provided must be improved again to meet employee needs.

Talent management has a positive and significant impact on work engagement with a T value of  $3.025 > 1.96$  as shown in table 2. The results show that talent management has a positive and significant impact on work engagement, as evidenced by various research studies. Research has shown that good talent management practices can improve employee performance through increased engagement (Ekhsan et al., 2023). Table 1 shows that the highest outer loadings value on the talent management variable is on indicator 1 with a value of 0.798 with the dimension Our internal recruitment policy is carried out fairly so that it increases the enthusiasm of our employees. Furthermore, the lowest value is on the indicator 0.710 with the dimension There is

coaching and mentoring by managers in this company. So, it can be interpreted that coaching and mentoring managers must be considered in improving employee talent.

Organizational innovation has a positive and significant impact on work engagement with a T value of  $3.656 > 1.96$  as shown in table 2. This study is consistent with Bhattarai & Bahadur Budhathoki, (2023) which focuses on humanitarian non-profit organizations in Nepal found that person-job fit and person-organization fit positively affect employee innovative work behavior, which is mediated by work engagement. From table 1, it shows that the highest outer loadings value on the organizational innovation variable is in indicator 1 with a value of 0.813 with the dimension of the Organization often trying new ideas. It can be concluded that often trying new ideas is very effective in an organization. Furthermore, the lowest value is in indicator 3 with a value of 0.638 with the dimension of the Organization being innovative in its operations.

Work engagement has a positive and significant impact on organizational performance because it has a T value of  $11.156 > 1.96$  as shown in table 2. This study is consistent with Rabuana & Yanuar, (2023) highlighting the positive impact of work engagement on employee performance. In addition, Abdelwahed & Doghan, (2023) and Naqshbandi et al., (2024) support this idea by showing a significant impact of work engagement on productivity and job performance. From table 1, the highest outer loadings value on the work engagement variable is indicator 1 with a value of 0.794 with the dimension at work, I feel full of energy. Next. The lowest value is on indicator 5 with a value of 0.686 with the dimension I get carried away when I'm working.

This study found that work engagement has a positive impact as a mediator between knowledge management and organizational performance but is not significant because the T value is  $1.814 < 1.96$  as shown in table 2. Based on previous research findings, work engagement plays an important role as a mediator between knowledge management and organizational performance (Rabuana & Yanuar, 2023; Smaradhani et al., 2023). Meanwhile work engagement positively affects employee performance and well-being (Opoku et al., 2023), it does not have a significant impact on organizational performance in some cases (Hamad Ameen & Bektas, 2023). Therefore, although work engagement is essential for improving employee outcomes, its direct impact on organizational performance may vary depending on the specific context and organizational factors.

This study found that work engagement has a positive impact as a mediator between HRM practices and organizational performance but is not significant because it has a T value of  $1.840 < 1.96$  as shown in table 2. Based on previous research findings emphasizing the positive impact of work engagement as a mediator between HRM practices and organizational performance (Sobihah, et al., 2023). Ahmad et al (2023) stated that this relationship is not always significant. For example, research in the context of an emerging economy found that employee engagement mediates the relationship between selective recruitment, training and participatory decision making with organizational performance, but not beneficial practices (Sefnedi et al., 2023).

This study found that work engagement has a positive impact as a mediator between talent management and organizational performance and is significant with a T value of  $2.989 > 1.96$  as shown in table 2. Work engagement plays an important role as a mediator between talent management and organizational performance. (Rabuana & Yanuar, 2023) highlighted that work engagement positively affects employee performance and well-being, emphasizing the importance of encouraging engagement to improve an organization. These findings underscore the importance of promoting work engagement in talent management strategies to drive organizational success by improving employee performance and well-being, ultimately contributing to overall performance outcomes.

This study found that work engagement has a positive impact as a mediator between organizational innovation and organizational performance and is significant with a T value of  $3.387 > 1.96$  as shown in table 2. Based on the findings, Saptarini & Mustika (2023) showed that

work engagement mediates the relationship between workforce agility and adaptive performance in government institutions, indicating its role in improving organizational outcomes. While work engagement has been shown to positively affect various aspects of organizational functioning, such as employee well-being and innovative work behavior, its direct significant impact on organizational performance may vary based on the specific context and variables involved (Ajie & Nugroho, 2023).

### **Theoretical Implications**

This study reinforces and extends existing theories on the role of work engagement as a critical mediating variable in organizational performance. Specifically, the findings confirm that work engagement significantly mediates the relationships between organizational innovation, talent management, HR practices, and organizational performance, aligning with Montani et al. (2020), who highlight engagement's role in enhancing organizational outcomes. The study also contributes to the literature by demonstrating that knowledge management's impact on work engagement, although positive, may vary depending on contextual factors, as evidenced by its insignificant direct effect in this research, contradicting previous findings by Junita Monica et al. (2023). Such results suggest that the dynamic nature of knowledge sharing practices requires further exploration within different organizational contexts to refine theoretical models of employee engagement. Moreover, the research supports the application of structural equation modeling (SEM) as an effective approach to examine complex mediating mechanisms in organizational studies. It emphasizes the importance of validating measurement instruments, as evidenced by the reliability and validity tests, thereby bolstering methodological rigor in further theoretical development.

### **Practical Implications**

From a practical standpoint, the findings highlight the importance for managers to develop and implement comprehensive HR practices and talent management strategies that foster high work engagement. Since work engagement significantly mediates the impact of these variables on organizational performance, organizations should prioritize creating a stimulating work environment, promoting continuous learning, and recognizing employee contributions to enhance engagement levels.

Furthermore, the insignificant direct impact of knowledge management on work engagement in this study suggests that organizations need to strategically facilitate knowledge sharing and collaboration to realize its full benefits. This might involve adopting digital tools, incentivizing knowledge exchange, and cultivating a knowledge-sharing culture. Practically, the study urges organizational leaders to focus on innovative initiatives and talent development programs that directly nurture engagement. The results support investing in organizational innovation and strategic talent management practices to drive performance, especially in competitive industries like manufacturing. Developing a more engaged workforce can lead to sustainable organizational success, improved productivity, and competitive advantage.

### **CONCLUSION**

There are different results in studies related to this research. First, in the knowledge management variable, the study found that HRM practices, talent management, and organizational innovation have a positive and significant impact on work engagement, but knowledge management has no significant impact on work engagement but still has a positive effect. On the other hand, the study found that work engagement has a positive and significant impact in mediating the relationship between talent management on organizational performance and organizational innovation on organizational performance. Furthermore, work engagement has no significant impact in mediating the relationship between knowledge management on organizational performance and HRM practices on organizational performance. This study recommends that management develop

effective strategies in improving work engagement as an important step towards improving overall organizational performance.

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