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## The Effect of Organizational Leadership, Employee Development, and Performance Management on Employee Engagement

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### **Abstract**

Digital era demands a tight competition among organizations, and employee engagement plays pivotal factors in determining the organizational success, especially in the manufacturing companies. This research examines the effect of organizational leadership, employee development, and performance management on employee engagement in the manufacturing sector. Through a comprehensive case study approach, data were collected from several manufacturing companies to analyze the relationships among these key variables. Quantitative approach was applied. Respondents were employees of manufacturing companies in food and beverage, automotive, textile, electronic, and other sectors, recruited using saturation sampling technique. The causal model was applied, and data were analyzed using Structural Equation Modeling, which was operated through SmartPLS. The results of the study demonstrated a positive and significant effect of organizational leadership and performance management on employee engagement. However, training and development were found to have no significant effect on employee engagement.

**Keywords:** *Organizational Leadership; Performance Management; Training and Development; Employees' Engagement; Manufacturing Industry*

### **Introduction**

Manufacturing companies play important roles in a country's economy by delivering high-quality products, enhancing operational efficiency, and maintaining customers' trust. A previous study conducted by Azmy (2021) revealed that a higher job involvement may lead to higher employees' performance. Thus, companies should design a priority scale to fulfill their responsibility towards employees, considering that Employees' engagement level would be proportional with their performance. Enhancing employees' engagement is pivotal to achieve sustainable performance, especially in the manufacturing companies. The level of employees' engagement reflects the extent to which they are involved, motivated, and committed to their job.

The main challenge in the global competition in this era is how to properly and progressively manage the company's human resources. A good human resource management would likely lead to successful achievement of the organizational goal and work program. Mathis and Jackson (2006) assert

that a competitive, loyal, and highly committed human resources are the key to seize the global competition. Human resource management is inseparable from the employees' engagement, and it has been widely confirmed as a crucial factor to achieve sustainable organizational performance (Muliawan & Prizade, 2017).

Mariza (2016) states that manufacturing companies struggle to enhance their employee engagement in their operational management. Manufacturing companies face a considerable challenge in creating employees' engagement, partially due to hard and discomfort work environment that cause employees find it difficult to develop emotional commitment to engage with the organization (Ngwenya & Pelsler, 2020). Joyce and Richard (2018) argue that employees' engagement may serve as a positive energy and motivation to support their companies achieve the target. In addition, employees perceiving higher engagement with the company would likely exert their maximum potential to deliver the most optimal performance for the company.

Employees' performance is known to affect the organization's performance, and one of the important factors affecting employees' performance is the employees' engagement. The employees engagement entails employees' involvement, loyalty, and motivation in carrying out their tasks (Rusdin, 2013). Employees with high level of engagement are usually associated with higher level of motivation and performance. Employees' engagement requires strategic competency that aligns with the company's business. It is necessary to develop employees' competency and potentials through training and development programs that fit the company's business scale (Bhatt & Sharma, 2019). In this context, strategic competency refers to employees' specific skills, knowledge, and ability required to achieve the company's strategic goals. For example, in an IT company, employees should possess adequate competency in software development, AI, and data analysis, while in a marketing company, the required competency may include Digital marketing, market analysis, or marketing strategies.

In a study conducted by Azmy (2021), employees' agility is a skill that is formed through processes in the company. In order to develop agility, it is necessary to implement agile leadership and agile 4.0. In the context of public transportation company, the previous study found that employee engagement and job satisfaction affected workforce agility through talent management. His study emphasizes the importance of employees' engagement and job satisfaction in developing agile workforce with optimal performance in a public transportation company. The previous study suggest that employee engagement and job satisfaction plays pivotal roles in achieving an effective workforce agility in a public transportation company. The study provide a valuable insight for manufacturing companies to understand the relationship among employees' engagement, job satisfaction, and workforce agility, in addition to the importance of talent management to achieve the organizational goal. Manufacturing companies potentially achieve sustainable performance when they improve employees' engagement through fostering workforce agility. Flexible employees with high engagement may likely adapt to changes and contribute optimally to their companies.

Manufacturing companies face challenges in maintaining their employees' engagement in the last few years. Debilitating factors like uncomfortable work environment, unclear job description, and limited career development opportunities have been reported to result in lower employees' engagement (Muliawan & Prizade, 2017). Therefore, it is important for a manufacturing companies to enhance employees' engagement to achieve high-quality, sustainable performance. Previous studies have examined the effect of employees' engagement on performance. In a study by Muliawan and Prizade (2017), employees' engagement was reported to positively affect employee performance in PT. Badja Baru Palembang. Similarly, Rusdin (2013) also report the significant contribution of employees' engagement to higher company's performance. These findings indicate that employees' engagement may positively affect the manufacturing company's performance. Within the context of employees' motivation, several theories have been applied in previous studies. Although Herzberg's theory (in Nayakkara & Dayarathna, 2016) is one of the motivation theories applied in manufacturing context, the

application of Maslow's theory is also important to understand employees' motivation in their job and their engagement with the company (Umi & Enjang, 2022).

Based on the above explanation, the researchers find it necessary to understand the influence of organizational leadership, training and development, and performance management on employee engagement.

This research<sup>8</sup> was conducted in several manufacturing companies located in Karawang, Jakarta, Bekasi, and Purwakarta.

## ***Theoretical Review***

### **Employees' Engagement**

Truss et al. (2014) showed that employees' engagement reflect employees' sense of belonging and being in a suitable organization, which may result in high employees' performance. Hewit, as cited in Mathis and Jackson (2006), suggest that employees' engagement is associated with say, stay, and stripe, meaning that employees tend to be engaged with their companies when they stay in the organization, have a good communication with management, and adhere to the determined standard and performance.

Kenny and Husada (2020) categorizes employees into three groups based on their engagement level: engaged, not engaged, and actively disengaged. Employees who are not engaged tend to perform duties merely according to their portion and do not have energy when working, while actively disengaged employees tend to exhibit resistance and negative sides in various opportunities.

A study by Saks (2006) shows that employee engagement positively affects employees' performance. Engaged employees tend to exhibit higher performance for the given tasks. They tend to be willing to exert their energy and develop their potentials to support organizational growth. Furthermore, Saks (2006) also revealed that employee engagement affected task performance, organizational citizenship behavior, and employees' psychological condition. Therefore, it is important for the company to focus on developing employees' engagement in order to improve their performance and eventually achieve company's success.

Previous studies also reported several factors affecting employees' engagement with respect to good and sustainable organizational performance, including work environment, leadership, team and coworker relationship, training and career development, assessment, and organization's policy (Anitha, 2014; Mathis & Jackson, 2006). In a study conducted by Saks (2006), employees' engagement is reported to contribute to the organization's success through factors related to employee performance, productivity, job safety, presence and retention, customers' satisfaction, customers' loyalty, and profitability. Rusdin (2013) emphasizes the importance of achieving the organization's performance target, as it reflects the organization's ability to manage and allocate its resources.

Joyce and Richard (2018) states that enhancing employees' engagement could be done through various means, such as improving the interaction and communication between employees and the management, providing training and career development, providing a fair incentive and compensation program, and providing an enjoyable, conducive work environment. Previous studies have also demonstrated that work environment, leadership, team and coworker relationship, training and career development, assessment, and organization's policy emerge as important factors that account for employees' engagement, which eventually affect the organization's performance (Anitha, 2014; Mathis & Jackson, 2006).. In this study, factors mentioned previously in Anitha's (2014) and Mathis and Jackson's (2006) studies were used to examine the company's effort to improve the performance through employees' engagement. Hewit, as cited in Mathis and Jackson (2006), suggest that employees'

engagement is associated with say, stay, and stripe, meaning that employees tend to be engaged with their companies when they stay in the organization, have a good communication with management, and adhere to the determined standard and performance.

Maslow's theory of motivation, also known as Maslow's hierarchy of need, was developed by Abraham Maslow in 1943. This theory asserts that each individual has five level of needs, which could be set hierarchically based on its priority and importance. They are physiological need, need for safety and security, need for love and belonging, esteem, and self-actualization. Within the context of manufacturing companies, the application of this theory equals to understanding and meeting employees' needs in each hierarchy. Physiological needs could be fulfilled using salary and adequate facility to meet employees' basic needs, such as food, shelter, and transportation. Needs for safety and security could be fulfilled by providing a safe work environment, physically or psychologically, and guarantee of stable job. Needs for love and belonging could be fulfilled by promoting collaboration and interaction among employees, facilitating effective work team, and providing an inclusive work culture. Needs for esteem could be fulfilled by appreciating employees' achievement, providing promotion opportunities, and give a fair and proper rewards. Meanwhile, needs for self-actualization could be fulfilled by providing employees with career development opportunities, giving them challenging responsibilities, and encouraging them to exert their maximum potentials.

Herzberg's theory of motivation, also known as the two-factor theory, was developed by Frederick Herzberg in 1959. This theory posits that there are two factors affecting an employee's motivation: hygiene and motivational factors. Herzberg asserts that hygiene factor could only minimize employees' dissatisfaction but not enhancing their motivation and job satisfaction significantly. On the other hand, companies should fulfill the motivational factors to improve employees' motivation and job satisfaction. Within the context of manufacturing company, Herzberg's two-factor theory could be applied by paying attention to hygiene and motivational factors in employees' work environment. Motivational factors could be fulfilled by giving employees opportunities to grow, suitable responsibility, recognizing their achievement, and giving them opportunities to engage in interesting projects. Meanwhile, hygiene factors could be fulfilled by giving proper salary and allowance, providing safe and comfortable work environment, clear and fair company policy, and developing good relationship between employees and managements.

### **Organizational Leadership**

Eliyana et al. state that the theory of leadership originated from the concepts introduced by Burns (1978) and Bass (1985), which demonstrate that leadership can have an impact on employee engagement. According to Bass, transformational leaders have the ability to stimulate their subordinates to perceive have new perspectives through intellectual stimulation. Leaders are able to perceive themselves as individuals who can support and pay attention to employees on an individual basis, through inspirational motivation and charisma. Leadership style has been reported to significantly affect employe engagement (Ismail et al., 2021). Leadership style is the most significant factor in shaping the organizational culture and is often associated with the level of employee engagement. Maintaining employee trust and enhancing optimal productivity are two additional benefits of an effective leadership

### **Training and Development**

Dedi (2020), in his journal article, cites Rivai's opinion that training is an important activity in the educational process, which involves short-term learning aimed at enhancing knowledge, attitudes, and skills. This, in turn, improves individual competencies to meet the demands of work within the organization and helps achieve organizational goals.

Therefore, training is highly beneficial in enhancing individual capabilities. This is supported by the findings of a study conducted by Elizar and Tanjung (2018) on the impact of training on employee

engagement. In other words, training may yield satisfactory returns on investment in human resources, which is an integral part of the organization's future strategy.

**Performance Management**

Armstrong (2018) defines performance management as a concept in the field of human resource management that is defined differently by practitioners and researchers. Performance management could be defined as a systematic procedure to enhance organizational performance through the performance of individuals or teams. It is depicted as a strategy that aligns individual goals with organizational goals, thereby motivating individuals to embrace organizational values.

This is further supported by the research conducted by Rahman et al. (2021), which states that the essence of performance management lies in aligning individual goals with organizational goals. This emphasizes that aligning company goals with employee performance not only ensures the achievement of organizational goals but also promotes employee engagement.

Based on the theoretical background described above, theoretical framework of this study could be depicted as follows:

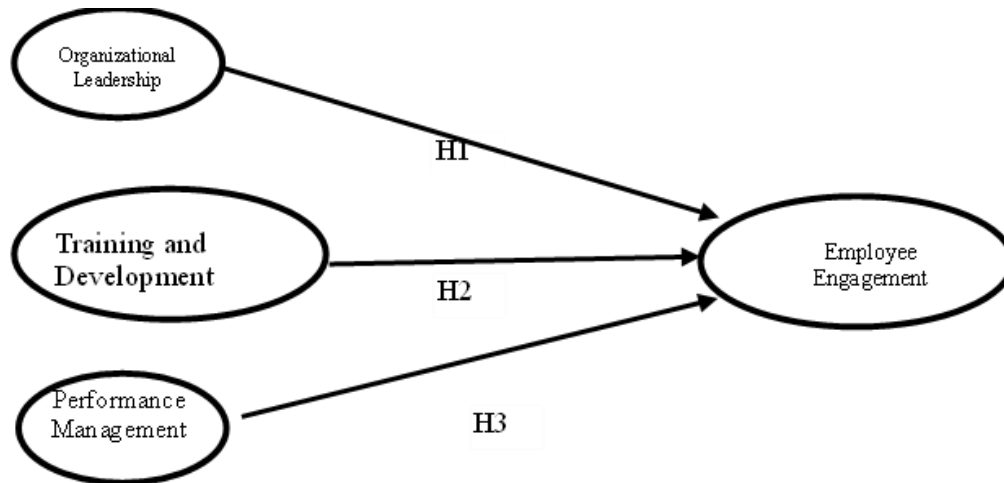


Figure 1: Research Framework

Some hypotheses were also proposed based on the research framework, and are described as follows:

**Hypothesis 1:**

Organizational leadership is an act of leadership that involves the leader's role in influencing a group, both within and outside the organization. Organizational leadership serves various management functions because it involves many individuals. This is often depicted through direct actions of commanding, guiding, inspiring, initiating, and energizing. Organizational leadership can be defined as the most visible aspect of any organization that suggests a relationship in which one person influences others' behavior and the organization's behavior (Igbaekemen, 2014). One type of organizational leadership is transformational leadership, which refers to a leader who is able to enhance employee engagement and performance. Based on a study by Jones and George (2009), through interviews with respondents, middle-level leaders at Pelabuhan Indonesia III Inc. expressed that the company has good leaders with a transformational leadership style. This leadership style can significantly contribute to employee job satisfaction. This is further supported by the research conducted by Mangkunegara and Miftahuddin (2016), which states that transformational leadership has a positive and significant impact on employee performance. Furthermore, research by Gözükarar and Şimşek (2015) also explains that

transformational leadership can influence the level of employee engagement in the workplace. The level of employee engagement in the workplace can be observed by the extent to which work holds meaning for employees, both self-derived and derived from their superiors. In other words, employees who receive support and development opportunities from their superiors are more likely to perceive higher engagement with their work.

Employee empowerment and strategies to enhance employee engagement are important issues in the management plans of most competitive organizations. Improved employee engagement has been proven to result in organizational success in terms of profitability, productivity, customer loyalty, reduced absenteeism, and lower turnover rates. In the current era, employee motivation tends to seek value or meaning in fulfilling their roles and engagement in the workplace, as well as empowerment in the tasks assigned by their leaders. Leadership plays a crucial role in determining the performance of an organization, and it serves as a key factor in the development of the workforce, which helps promote employee engagement (Ismail et al., 2021). Based on the description above, it is expected that:

H1: Organizational Leadership positively affects employees' engagement

### **Hypothesis 2**

Companies should provide training programs for employees so that they can enhance their knowledge, abilities, and skills in carrying out their jobs, thereby increasing employee engagement. This is supported by the research conducted by Ernur, Machasin, and Marhadi (2014), which demonstrates that career development has a positive influence on employee engagement. Additionally, a study conducted in Pakistan by Tahir et al. (2014) shows a relationship between training and development and employee engagement. Thus, the following hypothesis was proposed:

H2: Training and Development positively affects Employees' Engagement

### **Hypothesis 3**

The third hypothesis proposed in this study was that the performance management positively affect employees' engagement. This is supported by previous research stating that performance management systems have a positive and significant impact on employee engagement in the Nigerian National Petroleum Corporation (Isa, Hauwa & Bashir, 2022). Furthermore, Lindsay & Roy (2021) state that performance management positively affects employee performance and the achievement of organizational goals. However, this should be balanced with the fulfillment of individual goals and the improvement of employee quality.

H3: Performance Management positively affects employees' engagement

## **Research Methods**

The population of this quantitative study was employees in a manufacturing company (n=65). They were management, administrative, and staff-level employees, recruited as participants of the study using saturation sampling technique. In other words, participants in this study were all members of the population (n=65). Saturation sampling was applied to ensure the representativeness of the population. This study used primary data, collected through a close-ended questionnaire.

The questionnaire used dichotomous scale, such as Yes or No, Satisfied or Not Satisfied, etc., In order to obtain an absolute response and eliminate doubt in participant's responses. Data were processed, presented, and calculated to describe the phenomenon. Hypothesis test was also performed using a statistical test (Hilbe, 2016). The causal model was applied, and data were analyzed using Structural Equation Modeling, which was operated through SmartPLS. Structural Equation Modeling

is a multivariate statistical technique that combines factor analysis and regression analysis, specifically aiming at testing the relationships among variables in a proposed model, either between indicators and the construct, or between constructs (Santoso, 2007). Quantitative method is a method that involves sampling from a population and using structured questionnaires to collect data. According to Santoso (2010), quantitative descriptive analysis method is a data processing approach that is systematically arranged in the form of numbers or percentages regarding the condition of a researched object, resulting in general conclusions. This study attempted to seek detailed, factual information and identify problems to justify a certain phenomenon. To be more specific, this study attempted to find out the effect of employees' engagement on employees' performance.

**Result and Discussions**

**1** Table 1. Respondent Profile

<b>Respondents' Data</b>	<b>Description</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Gender</b>	Male	28	43%
	Female	37	57%
<b>Education Level</b>	Associate's degree	7	11%
	Master's degree	6	9%
	Bachelor's Degree	42	65%
	Senior High School	10	16%
<b>Position</b>	Other administrative positions	28	43%
	Other manufacturing positions	8	12%
	Manager/DGM/GM/HR Director	29	44%
<b>Work Area</b>	Administration (e.g., HR&GA, HSE, Purchasing, Sales&Marketing, Finance&Accounting, Corporate Plan)	55	85%
	Manufacturing (e.g., Engineering, Quality, Production, Maintenance, PPIC)	10	15%
<b>Age</b>	18 - 25 years	5	8%
	26 - 35 years	28	43%
	36 - 45 years	17	26%
	46 - 55 years	15	23%

As shown in the table above, out of 65 respondents, the majority of the respondents, (n= 37 - 57%) were female, while the remaining respondents (n=28 - 43%) were male. Respondents' educational background could be categorized into four groups. The first category was graduates of senior high school or equivalent, (n =10, 15%).The second group was by graduates of associate's degree programs (n = 7, 11%). The third group, which represented the largest group of respondents, was bachelor's degree holders (n=42, 65%). The fourth category was master's degree holders, (n= 6, 9%). This study also analyzed the respondents' job levels. Most respondents (n= 29, 45%) held managerial/DGM/GM/HR Director positions.Meanwhile, eight respondents (12%) were in other manufacturing positions, and 28 respondents (43%) were in other administrative positions. This study also classified respondents based on their work areas: administrative and manufacturing departments. Most respondents were in the administrative



department (n= 55 or 85% of the total respondents), while ten respondents (15%) were in manufacturing department.

This study also considered age as the demographic aspect. There were four age groups in this study. The first is age group of 18-25 years, comprising 5 people or 8% of the respondents. The second category is the age group of 26-35 years, with 28 people or 43% of the total respondents. The third category is the age group of 36-45 years, consisting of 17 people or 26% of the respondents. The last category is the age group of 46-55 years, with 15 people or 23% of the total respondents.

**Partial Least Square Analysis**

Outer model aims to find out the validity and reliability of a model. This measurement identifies the factor loading, average variance extracted, discriminant validity, and composite reliability. The first step was to identify the factor loading, and the value should be higher than 0.6 for the model to be considered valid. Therefore, any factor with value of lower than 0.6 was considered invalid and thus removed from the model (Husein, 2015). The following Figure 2 and Table 1 display the outer model analysis.

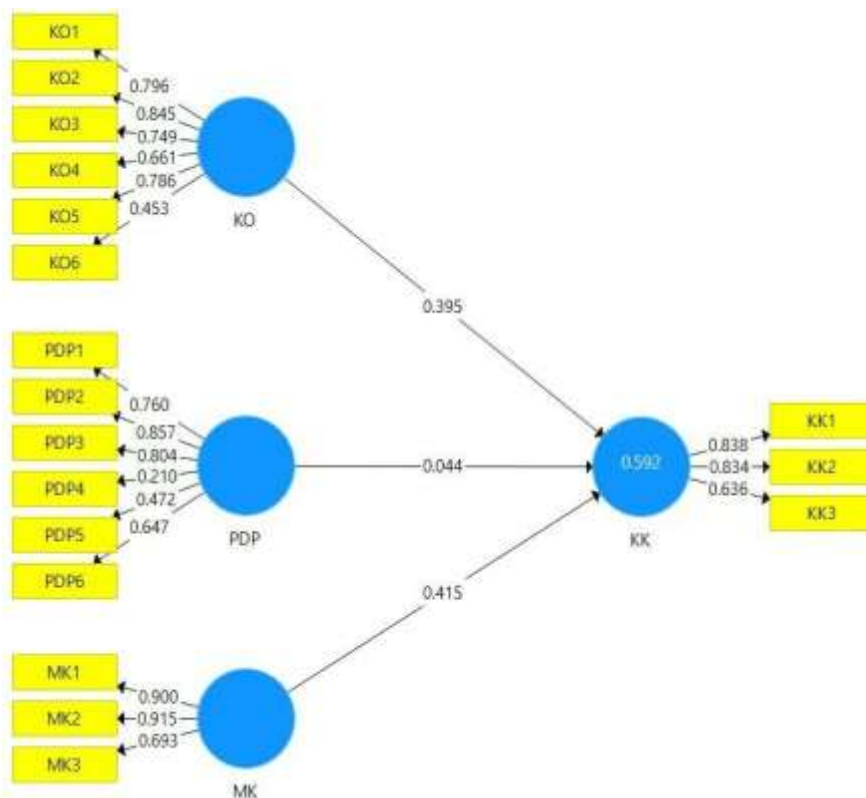


Figure 1: Outer Model Result

**Convergent Validity**

All variables in this study had underwent selection process, and any ineligible manifest variable was dropped, leaving only manifest variables with factor loading of higher than 0.6. Thus, the model could be used for further analysis.

Table 2. Outer loading

	<b>KK</b>	<b>KO</b>	<b>MK</b>	<b>PDP</b>	<b>Description</b>
KK1	0.838				Valid
KK2	0.834				Valid
KK3	0.636				Valid
KO1		0.796			Valid
KO2		0.845			Valid
KO3		0.749			Valid
KO4		0.661			Valid
KO5		0.786			Valid
KO6		0.453			Invalid
MK1			0.900		Valid
MK2			0.915		Valid
MK3			0.693		Valid
PDP1				0.760	Valid
PDP2				0.857	Valid
PDP3				0.804	Valid
PDP4				0.210	Invalid
PDP5				0.472	Invalid
PDP6				0.647	Valid

The table 2 above displays the factor loading of each item in the factor analysis. It measures the contribution of each item to the identified factor. The factor loading should be between -1 and 1, with higher value indicate higher contribution to the factor.

In the given table, there are five items, each of which has factor loadings associated with the identified factor. The highest factor loading is found in the training and development, with a value of 0.857, indicating a strong contribution to the identified factor. The higher the factor loading, the more significant the item contribution to the factor.

The table was used to analyze the relationship between items and factors being analyzed. Higher factor loading indicates that the items are significantly associated with the identified factor, while lower factor loading indicates weaker item-factor relationship.

7 **Construct Reliability and Validity**

Table 3: Construct Reliability and Validity

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
KK	0.670	0.713	0.816	0.600
KO	0.811	0.830	0.867	0.528
MK	0.793	0.846	0.878	0.709
PDP	0.726	0.776	0.807	0.441

Table 3 explained composite reliability value could be used to determine the dependability of each indicator in a specific variable. Hair et al. (2014) state that although a composite reliability value of 0.60 is acceptable, the value should be greater than 0.70. Each construct can be considered to have a high reliability index if the composite reliability index is greater than 0.70. Reliability is associated with the consistency and commitment of measurement. It aims to determine whether the data obtained from the instrument for conducting research is internally consistent. In this study, the reliability test was determined based on Cronbach's alpha value. An instrument is considered reliable if it exhibits Cronbach's Alpha value of higher than 0.60 (Ghozali, 2016).

Average Variance Extracted is a value used to test the convergent validity. In this study, all variables exhibited values higher than 0.5. The result is presented in the following table.

### Collinearity Test

Tabel 4. Collinearity Test

	VIF
KK1	1.463
KK2	1.368
KK3	1.209
KO1	2.700
KO2	3.258
KO3	2.221
KO4	1.547
KO5	1.689
KO6	1.178
MK1	2.334
MK2	2.434
MK3	1.334
PDP1	2.238
PDP2	3.226
PDP3	1.997
PDP4	1.336
PDP5	1.390
PDP6	1.270

Table 4 explained collinearity statistic was used to test multicollinearity using the Variance Inflation Factor (VIF). The VIF is a measure used to detect the presence of multicollinearity. Multicollinearity in a regression analysis can be identified when the VIF value is equal to or greater than 10.

### Path Coefficient

Path coefficient is a useful for determining whether a hypothesis has a positive or negative relationship with the independent variable. The value of the path coefficient ranges from -1 to 1. The result will likely be positive if the number is between 0 and 1, while it would be negative if the number is

between -1 and 0. Path coefficients for each independent (exogenous) and dependent (endogenous) variables in the analysis are displayed in Table 1 below (Ghozali, 2016).

Table 5 Path Coefficient

	Path Coefficient
KO -> KK	0.395
MK -> KK	0.415
PDP - KK	0.044

As shown in the table 5, the smallest path value was noticed between Organizational Leadership (KO) and Employee Engagement (KK), which was 0.395. Meanwhile, the effect of management performance on employees' engagement exhibited the highest path value, which was 0.415. Meanwhile, the path coefficient for Training and Development (PDP) on Employee Engagement (KK) was 0.044.

**Hypothesis Test**

Applying PLS-SEM, the proposed hypotheses in this study were tested by identifying the t-count (t<sub>o</sub>) and t-table (t<sub>α</sub>).

Table 6. Path Significant Test

Hypothesis	Original sample (O)	T Statistics ( O/STDEV )	P Values	Result
H1 KO -> KK	0.395	1.886	0.060	Supported
H2 MK -> KK	0.415	2.347	0.019	Supported
H3 PDP -> KK	0.044	0.309	0.757	Not Supported

Table 6 explained hypotheses in this study were tested using path coefficient and t-values in order to see the significance of the effect. Furthermore, the path significance test result also shows the parameter's coefficient values. The parameter coefficient shows the significance of effect of each variable.

In this study, the path coefficient indicated by the t-statistics, should be higher than 1.65 and the p-value should be < 0.05. Based on the path coefficient and the t-statistics in the table, the following conclusions could be drawn:

**Hypothesis 1: Organizational Leadership Positively Affects Employees' Engagement (KK)**

Ho: Organizational Leadership does not significantly affect employees' engagement

H1: Organizational leadership significantly affects employee performance

The analysis result, as shown in the table above, used a significance level of 5%. T-statistics was found to be 1.886, higher than the t-table (1.65) with p-value of  $0.060 < 0.05$ . Thus,  $H_0$  was rejected and  $H_1$  was accepted, meaning that organizational leadership did not affect significantly affect the employee engagement.

### **Hypothesis 2: Performance Management Positively Affects Employees' Engagement**

$H_0$ : Performance Management does not affect employees' engagement

$H_1$ : Organizational leadership significantly and positively. affects employee performance.

The analysis result, as shown in the table above, used a significance level of 5%. The t-statistic was 2.347 ( $>$  t-table of 1.65), meaning that  $H_0$  was rejected and  $H_1$  was supported. In other words, performance management significantly affect employees' engagement.

### **Hypothesis 3: Training and Development Positively Affect Employees' Engagement (KK)**

$H_0$ : Training and development do not affect employees' engagement

$H_1$ : Training and Development positively and significantly affects Employees' Engagement.

The analysis result, as shown in the table above, used a significance level of 5%. The t-statistic was 0.309 ( $>$  t-table of 1.65), Meaning that  $H_0$  was accepted and  $H_1$  was rejected. In other words, training and development did not exhibited significant effect on employees' engagement.

## **Conclusion and Recommendation**

Based on the data analysis using Smart-PLS, it was found that Organizational Leadership and Performance Management significantly and positively affects Employee Engagement. This finding is further supported by previous research, which indicates that leadership styles in an organization have a greater influence on employee engagement. (Kaur et al., 2022). This is consistent with the situation in the manufacturing industry where leadership that trusts employees' work outcomes, listens to employee input, and appreciates their work has been shown to influence job motivation, indirectly impacting employee engagement. In the manufacturing industry, senior leaders also play an indirect role in employee engagement. Senior leaders are expected to apply organizational values in company programs, which indirectly support employee well-being and undoubtedly supports employee engagement.

This study also found that the performance management affects employee engagement This finding is also consistent with previous research that suggests a relationship between performance management and employee engagement, and that increasing employee engagement may enhance employee performance and, consequently, the organization's performance (Govender & Bussin, 2020). Although engagement and communication occur at all levels of the organization, this study found significant differences. Expectations and messages are not clear enough to be understood. As employees lack the ability to speak up, they lose motivation. There is a lack of supportive management, which is crucial for performance management effectiveness. The knowledge gained from this study can be applied to change the way businesses interact with their workforce and address performance evaluations to ensure that the process benefits all parties involved. Training and Development do not have a significant effect on employee engagement. The findings suggest that employees who receive training and development may not necessarily have a strong sense of engagement with the company. This aligns with previous research indicating that training does not have a significant impact on performance, even though there may be a mediating effect of job discipline in that study..(Triasti & Purba, 2021). Although the research findings indicate that training and development have an insignificant effect on employee engagement, the manufacturing industry should still provide training and development to its employees in order to enhance

long-term employee motivation, which indirectly affects employee engagement.

The added value of this study will contribute to organizations in understanding the relationship between organizational leadership, performance management, training and development, and their effect on employee engagement, and how to leverage them to enhance operational efficiency and organizational effectiveness indirectly

The analysis using SmartPLS 3.0 software demonstrated a significant effect of organizational leadership and performance management on employee engagement. This study demonstrated the important roles of leadership, organizational plan, work management, and training and development in determining employees' engagement, which directly contributes to their improved performance. By considering and reinforcing these aspects, organizations may likely enhance their employees' engagement and performance comprehensively.

A good, strong, and inspirational leadership would be helpful in developing employees' engagement and motivation, which encourage them to achieve better performance. A clear, comprehensive, and structured plan will provide employees with a clear guidance about the organizational goal, thus improving their understanding of their role in achieving such goals. Adequate support and training for employees will also improve their skills and knowledge, which, in turn, may positively affect their performance.

It is necessary to focus on fulfilling employees' different needs and motivation, such as needs for recognition, appreciation, and safety, which may affect their engagement and motivation. Management could create a work environment that supports the fulfilment of these needs and continue to evaluate and measure employee engagement and their performance. Organizations should identify areas that should be treated to improve employees' engagement and performance. Organizations are expected to strengthen their employees' engagement and performance, as they may contribute to the organization's success and sustainability.

Furthermore, future studies are recommended to focus on variables such as employee sustainability, employee retention, and talent management in other industries such as tourism, transportation, or public services.

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