

Employee engagement as a driver of performance improvement: A case study of foreign companies in Indonesia



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Abstract This study investigates the mediating role of employee engagement in the relationship between innovativeness and intrinsic motivation on employee performance in foreign companies in Indonesia. Data were collected through online surveys targeting permanent employees, resulting in 296 valid responses. Partial least squares structural equation modeling (PLS-SEM) was employed for data analysis. The findings reveal that innovativeness does not significantly affect employee performance either directly or through employee engagement. In contrast, intrinsic motivation positively influences employee performance both directly and through the mediation of employee engagement. These results suggest that enhancing employee engagement can improve the performance of employees in foreign firms. These findings are valuable for decision-makers seeking strategies to increase competitiveness in dynamic business environments.

Keywords: innovativeness, intrinsic motivation, employee engagement, employee performance, foreign companies

1. Introduction

In the context of growing global competition, foreign companies operating in Indonesia are under increasing pressure to improve employee performance to maintain competitive advantage and achieve sustainable growth. High employee performance is a crucial driver of organizational success, especially in dynamic and volatile business environments. Therefore, understanding the factors that contribute to enhanced employee performance is essential for both scholars and human resource practitioners. Intrinsic motivation, defined as the internal drive to perform a task for personal satisfaction, has been recognized as a significant factor influencing performance (Kuvaas et al., 2017). Employees with high intrinsic motivation tend to be more engaged, committed, and productive (Çetin & Aşkun, 2018).

Research has been conducted on the relationship between intrinsic motivation and employee performance, but most of the research still focuses on domestic companies (Shin et al., 2022). Powell (2017) showed that contextual differences between domestic and foreign firms can significantly influence how motivational factors translate into performance outcomes, but these differences have not been extensively explored. Furthermore, Wilson & Galuska, (2020) revealed that the understanding of these dynamics in the context of foreign companies, especially in developing countries, is still very limited. Williams & Anderson (1991) reinforce this argument by highlighting the lack of research on the mediator of motivation–performance relationships in the context of foreign firms. In addition, few studies have explored in depth whether certain types of intrinsic motivation (e.g., curiosity, the desire to achieve, or the need for autonomy) have different impacts on employee performance in foreign companies. A deeper understanding of this can help foreign companies design more effective strategies to increase the intrinsic motivation of their employees.

Employee engagement is conceptualized as a state of emotional, cognitive, and physical investment in work roles (Gorgievski & Bakker, 2010). Employees who are fully engaged in their work tend to have high energy, dedication, and absorption toward their tasks (Sun & Bunchapattanasakda, 2019). Previous research has shown that employee engagement has a positive effect on employee performance, including increased productivity, work quality, and employee retention rates (Harter et al., 2002). In addition, employee engagement has been found to be positively correlated with various desired organizational outcomes, such as customer satisfaction, profitability, and business growth (Harter et al., 2002; Salanova et al., 2005).

However, research that specifically explores the role of employee engagement in mediating the relationship between innovativeness and intrinsic motivation for employee performance in foreign companies is still very limited. Several studies have shown that employee engagement can mediate the relationship between job characteristics, such as autonomy and feedback, and job outcomes, such as performance (Saks, 2006). However, few studies have specifically explored the role of employee engagement in mediating the relationships between innovativeness and intrinsic motivation and employee



performance, especially in the context of foreign companies. The purpose of this study is to explore the extent to which employee engagement plays a role in the relationship between intrinsic motivation and employee performance in foreign companies in Indonesia.

2. Theoretical Background and Hypotheses Development

2.1. Performance Theory

This research uses the grand theory of performance. This theory states that individual performance (P) is a function (f) of three main factors: 1). Ability. Ability refers to the talents, skills, and knowledge that an individual has to complete a given task. It includes cognitive, physical, and mental abilities relevant to the job. 2). Motivation. Motivation refers to internal and external impulses that drive individuals to act and achieve specific goals. It includes factors such as needs, interests, values, and incentives that affect a person's passion and perseverance at work. 3). Opportunity. Opportunities include resources, equipment, and a work environment that allows individuals to apply their abilities and motivations. This includes the availability of raw materials, technology, management support, and conducive working conditions.

This theory implies that optimal performance can be achieved only when the three factors (ability, motivation, and opportunity) are present together. If one of the factors is missing or inadequate, then the individual's performance will be hampered or not optimal. For example, an employee may have high abilities and motivation, but if they are not given adequate opportunities (such as adequate resources, equipment, or management support), then their performance will not be optimal. Similarly, if employees have good opportunities and motivation but do not have the required skills, their performance will also be limited. Ability (A) refers to the talents, skills, and knowledge that individuals possess to complete assigned tasks (Boxall & Purcell, 2011). Motivation (M) refers to internal and external impulses that drive individuals to act and achieve specific goals (Kanfer et al., 2017). Opportunities (O) include resources, equipment, and work environments that allow individuals to apply their abilities and motivations (Boxall & Purcell, 2011).

Employee engagement, which is defined as positive conditions, fulfillment, and motivation related to work (Schaufeli et al., 2002), can affect employee performance through motivational factors (M) in the grand theory of performance. When employees feel emotionally and intellectually involved with their work, they tend to have greater intrinsic motivation to perform well (Bakker & Demerouti, 2008). This can increase productivity, work quality, and organizational commitment (Saks, 2006). In addition, employee engagement can affect employee innovation, which is an important aspect of organizational performance (Janssen, 2000). Employees who are emotionally involved with their work tend to be more willing to take risks, explore new ideas, and make valuable contributions to the development of an organization's products or services (Bakker & Albrecht, 2018). This can encourage innovation and creativity in organizations.

Intrinsic motivation, which refers to an individual's internal drive to perform an activity due to the pleasure and satisfaction obtained from the activity itself (Xi & Hamari, 2019), also plays an important role in the grand theory of performance. When employees have strong intrinsic motivation, they tend to be more motivated to perform well, even in the absence of external incentives (Cerasoli et al., 2018). This can improve work quality, creativity, and job satisfaction (Amabile et al., 1996).

2.2. Innovativeness and employee performance

Osman et al. (2016) researched the effects of innovation and attitudes on employee performance and reported that the three types of innovation positively and significantly affect employee performance. Alrowwad et al. (2020) researched the relationships among transactional leadership, transformational leadership, intellectual capital, and innovation with respect to employee performance. The findings show that innovation and transformational and transactional leadership are positively and significantly related to employee performance.

The results also support the argument that intellectual capital and innovation play a mediating role in transformational and transactional leadership and employee performance. Examining previous research on innovativeness and employee performance. This shows that innovativeness has a direct effect on the performance of employees of foreign companies in Indonesia. With this understanding, the following hypothesis is generated.

Hypothesis 1: Innovativeness has a positive effect on employee performance.

2.3. Innovativeness and employee engagement

Miller & Miller Andrew, (2020), this research focuses on innovation and employee engagement. The findings show that the quality relationship that emerges between employee innovation and managers can positively affect employee engagement and employees' ability to generate and implement useful ideas. Azevedo et al. (2021) researched the effects of employee voice on employee engagement with innovation as a mediator.

The findings of the study explain the positive influence between employee voice and employee engagement as well as the direct and indirect influences of innovation on employee engagement. The results of this study also highlight the

importance of continuing the involvement of human resource management in connecting innovation in daily work. Human resource management has a central role in initiatives that intend to support employee voices and stimulate diverse employee engagement in innovation in the company. The hypothesis formulated is as follows:

Hypothesis 2: Innovativeness has a positive effect on employee engagement.

2.4. Intrinsic motivation and employee engagement

Khan & Iqbal (2013) concluded that managers perceive intrinsic motivation in general to have a greater positive influence on the psychological aspect of employee engagement. Furthermore, Ghosh et al. (2020) researched the intrinsic motivation for employee engagement by moderating psychological detachment, which was mediated by employee creativity. The results of the study revealed that employee creativity mediated the relationship between intrinsic motivation and employee engagement and that the relationship between intrinsic motivation and creativity was moderated by psychological detachment. The hypothesis formulated is as follows:

Hypothesis 3: Intrinsic motivation has a positive effect on employee engagement.

2.5. Intrinsic Motivation and Employee Performance

Al-Musadieq et al. (2018) researched the effects of work design and organizational culture on employee performance with intrinsic motivation mediation. Data processing uses path analysis and the Sobel test to test the influence of the mediation variables. On the basis of the results of the analysis, several conclusions can be drawn: there is a significant direct influence of work design on employee performance and intrinsic motivation.

Çetin & Aşkun (2018) researched 76 employees in Turkey with data processing via hierarchical linear modeling. The variables studied in this study are self-efficacy, intrinsic motivation and their influence on employee performance. The results of the analysis confirm the hypothesis by showing that self-efficacy and intrinsic motivation have a significant positive influence on employee performance. The hypothesis formulated is as follows:

Hypothesis 4: Intrinsic motivation has a positive effect on employee performance.

2.6. Employee Engagement and Employee Performance

Ismail et al. (2019) researched the effect of employee engagement on employee performance through the mediation of employee creativity in Lebanon. The results of the study revealed a significant positive influence of employee engagement on employee performance. However, mediation analysis by bootstrapping methods revealed that creativity fully mediated the relationship between employee engagement and performance.

Furthermore, Uddin et al. (2019) researched employee engagement in employee performance mediated by organizational commitment and organizational citizenship behavior. This study shows that better employee engagement has a positive and significant effect on improving employee performance in the organization. The hypothesis formulated is as follows:

Hypothesis 5: Employee engagement has a positive effect on employee performance.

2.7. Innovativeness and Employee Performance Mediated by Employee Engagement

Employee engagement, which refers to a positive and fulfilled state of mind characterized by passion, dedication, and absorption in the work of Schaufeli et al. (2002), has emerged as a key concept in human resource management. Employees who are actively engaged tend to show higher levels of productivity, creativity, and commitment to their organization (Bakker & Demerouti, 2008).

Rubera & Kirca (2012) demonstrated that employee engagement mediates the relationship between innovative management practices and employee performance. These findings highlight the importance of not only introducing innovation at the organizational level but also ensuring that employees are engaged and inspired by such innovative initiatives to improve their performance. The hypothesis formulated is as follows:

Hypothesis 6: Employee engagement mediates the influence of innovativeness on employee performance.

2.8. Intrinsic Motivation and Employee Performance Mediated by Employee Engagement

Employee engagement, which refers to a positive and fulfilled state of mind characterized by enthusiasm, dedication, and absorption intrinsic motivation, which is defined as the drive to perform an activity because the activity itself is interesting or enjoyable (Deci & Ryan, 2000), has long been considered an important factor in improving employee performance. A classic study by Deci & Ryan (2000) showed that intrinsically motivated individuals tend to show greater creativity, cognitive flexibility, and perseverance in the face of challenges. Meanwhile, employee engagement, which includes cognitive, emotional, and behavioral aspects in job role performance Saks & Gruman (2014), has emerged as a key concept in human resource management. Schaufeli et al. (2002) define engagement as a positive and fulfilled state of mind characterized by enthusiasm, dedication, and absorption at work.

Recent research has begun to explore the role of employee engagement in the relationship between intrinsic motivation and employee performance. For example, a study by Kuvaas et al. (2017) reported that intrinsic motivation contributes to increased employee engagement, which in turn is positively related to employee performance. This suggests that intrinsic motivation can improve performance not only through direct internal nudges but also by creating conditions that favor greater engagement in employee work.

Hypothesis 7: Employee engagement mediates the influence of intrinsic motivation on employee performance.

3. Methods

3.1. Research Design

A quantitative research design with an online survey questionnaire was used in this research. According to Sekaran & Bougie (2019), quantitative research is the most widely used technique for collecting data from respondents. Survey questionnaires are sent to employees working in foreign companies to assess their response to employee engagement with employee performance.

3.2. Sampling Procedure

The target population consisted of permanent employees working in foreign-owned companies in Indonesia. A total of 296 valid responses were obtained. Owing to access limitations, purposive sampling was adopted. Although practical, this nonprobability technique limits generalizability and should be interpreted with caution. However, owing to time constraints, some companies that do not want to give permission to their employees to engage in this research present few challenges in data collection. This study adopts purposive sampling, a nonprobability sampling technique based on knowledge and assessment, where respondents are selected in accordance with the criteria or characteristics set by Guarte & Barrios (2006). Online surveys using Google Forms are designed for data collection. An online questionnaire was distributed via e-mail and WhatsApp to collect data from target respondents.

3.3. Instrument

The questionnaire was structured into five sections: demographic data, innovativeness (6 items, adapted from the Oslo Manual, 2016), intrinsic motivation (7 items) (Deci & Ryan, 2000), employee engagement (5 items) (Schaufeli, 2006), and employee performance (8 items) (Rana & Singh, 2022). All the items were measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

4. Results

According to Hair et al. (2017), PLS-SEM is considered accurate and reliable for testing research frameworks that are exploratory and predictive-oriented. In addition, recent research also suggests that studies should adopt PLS-SEM when research needs to explore theoretical extensions more deeply and if exploratory studies require latent variable scores (Hair et al., 2017). Therefore, the current research objectives are in line with these reasons and are therefore most relevant for adopting PLS-SEM in this study.

4.1. Profile of the respondents

The majority of the respondents were men, with a total of 209 people or 70.6% of the total respondents, whereas only 87 people or 29.4% of the total respondents were women. The respondents are in the productive age range. A total of 137 people or 46.3% of the respondents were between 21 and 30 years old, and 131 people or 44.2% were in the age group of 31–40 years. For the level of education, the majority of the respondents had a bachelor's degree, which was 174 people or 58.8%. The percentage of respondents with diploma education was 68 people, or 23%, whereas the percentage of those with high school education reached 43 people, or 14.5%. Only a few respondents had a higher level of education, with 9 people or 3% having a master's degree and 2 people or 0.7% having a Ph.D.

In terms of length of work, most respondents had between 1 and 5 years of work experience, with a total of 166 people or 56.1%. The group of employees with between 6 and 10 years of work experience numbered 58 people or 19.6%, and 42 people or 14.2% had 11 to 15 years of work experience. Only a few employees have worked longer, namely, 14 people or 4.7% who have worked for 16–20 years and 16 people or 5.4% who have worked for more than 20 years. In terms of monthly income, the majority of the respondents, namely, 161 people or 54.4%, are in the income category between Rp 5,000,000 and Rp 10,000,000, which shows that most employees earn income at the middle level. A total of 71 people or 24% have a monthly income between Rp 3,000,000 and Rp 5,000,000, whereas 43 people or 14.5% earn between Rp 10,000,000 and Rp 15,000,000. A total of 13 people, or 4.4%, earned less than Rp 3,000,000, and only 8 people, or 2.7%, earned more than Rp 15,000,000.

4.2. Assessment of the Measurement Model

According to Hair et al. (2019), Smart-PLS software (v. 3.3.9) is suitable for studying predictive properties. Therefore, the research hypothesis was evaluated via structural equation modeling through Smart-PLS (v. 3.2.9). For this study, Cronbach's alpha (CA) and composite reliability (CR) were used to determine the reliability of the indicators, whereas average variance extracted (AVE) and the validity of discrimination were investigated (Table 1).

Table 1 Respondents' profile (n=296).

Variables	Category	Frequency	%
Gender	Man	209	70,6
	Woman	87	29,4
Age	21 Years - 30 Years	137	46,3
	31 Years - 40 Years	131	44,2
	41 Years - 50 Years	26	8,8
	Above 50 Years	2	0,7
Education	High school	43	14,5
	Diploma	68	23
	Bachelor's degree	174	58,8
	Master's Degree	9	3
Length of Work	Ph.D	2	0,7
	1 - 5 Years	166	56,1
	6 - 10 Years	58	19,6
	11 - 15 Years	42	14,2
	16 - 20 Years	14	4,7
Monthly income (Rp)	Above 20 Years	16	5,4
	Below Rp 3.000.000	13	4,4
	Rp 3.000.000 - Rp 5.000.000	71	24
	Rp 5.000.000 - Rp 10.000.000	161	54,4
	Rp 10.000.000 - Rp 15.000.000	43	14,5
	Rp 15.000.000 Above	8	2,7

The criterion for testing whether a model is reliable is whether its Cronbach's alpha is more significant than 0.7. If the yield is greater than 0.7, it is reliable (Hair et al., 2017). The Cronbach's alpha value for all the variables is greater than 0.7, as shown in Table 2. The item reliability of each variable (external load), composite reliability (CR), and average variance extracted (AVE) are used to determine the validity of model convergence (Fornell & Larcker, 1981).

4.3. Structural Model Assessment

Byrne (2016) stated that if the loading is greater than or equal to 0.60, the CR and AVE are greater than or equal to 0.7 and 0.5, respectively, convergent validity is established. Table 2 shows that the loading values are all in the range of 0.734--0.959 and greater than 0.60. All the items crossed the 0.7 threshold, with CR values ranging from 0.952--0.969 and AVEs greater than 0.5. Therefore, all the criteria of the measurement model are met.

In accordance with Henseler et al. (2015), the heterotrait-monotrait (HTMT) method is used to assess the validity of discrimination. The validity of discrimination is considered to be satisfied if the HTMT value obtained is less than the HTMT₉₀ threshold (Gold et al., 2001). As illustrated in Table 3, all HTMT values less than HTMT₉₀ prove that the validity of the discrimination is ensured. The problem of collinearity is assessed through the variance inflation factor (VIF). The VIF value depicted in Table 4 is less than 3.3, which indicates that there is no collinearity problem (Diamantopoulos & Siguaw, 2006).

As shown in Table 4, the results were contrary to expectations; innovativeness ($\beta = 0.276$, $t = 1.375$, $p = 0.170$) did not have a significant effect on employee performance, so H1 was not supported. Likewise, innovativeness ($\beta = 0.160$, $t = 0.882$, $p = 0.378$) did not have a significant effect on employee engagement, so H2 was also not supported. Intrinsic motivation ($\beta = 0.803$, $t = 4.459$, $p = 0.000$) had a significant positive effect on employee engagement, so H3 was supported. Furthermore, intrinsic motivation ($\beta = 0.635$, $t = 3.236$, $p = 0.001$) has a significant positive effect on employee performance, so H4 is supported. Employee engagement ($\beta = 0.703$, $t = 4.377$, $p = 0.000$) has a significant positive effect on employee performance, so H5 is supported.

4.4. Indirect Relationships

Table 5 shows that employee engagement is not able to mediate the impact between innovativeness and employee performance (H6: $\beta = 0.112$, $t = 0.888$, $p = 0.375$), so H6 is not supported. For employee engagement, which significantly mediates the relationship between intrinsic motivation and employee performance (H7: $\beta = 0.564$, $t = 3.178$, $p = 0.002$), H7 is supported (Figure 1).

Table 2 Assessment of the measurement model.

Construct	Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
Innovativeness	IN1	0.882	0.945	0.957	0.787
	IN2	0.943			
	IN3	0.943			
	IN4	0.770			
	IN5	0.944			
	IN6	0.827			
	IN7	0.944			
Intrinsic Motivation	MI1	0.935	0.961	0.969	0.816
	MI2	0.929			
	MI3	0.959			
	MI4	0.947			
	MI5	0.734			
	MI6	0.930			
	MI7	0.869			
Employee Engagement	EE1	0.926	0.946	0.959	0.825
	EE2	0.936			
	EE3	0.817			
	EE4	0.932			
	EE5	0.924			
Employee Performance	KK1	0.874	0.943	0.952	0.715
	KK2	0.758			
	KK3	0.908			
	KK4	0.876			
	KK5	0.763			
	KK6	0.807			
	KK7	0.882			
	KK8	0.882			

Table 3 Discriminant validity (HTMT).

Constructs	Employee Engagement	Employee Performance	Innovativeness	Intrinsic Motivation
Employee Engagement				
Employee Performance	0.869			
Innovativeness	0.768	0.887		
Intrinsic Motivation	0.885	0.783	0.846	

Table 4 Assessment of the structural model (direct relationships).

Hypotheses	Beta	Std. Error	t	P	Decision
H1 Innovativeness -> Employee Performance	0,276	0,201	1,375	0,170	Not Supported
H2 Innovativeness -> Employee Engagement	0,160	0,181	0,882	0,378	Not Supported
H3 Intrinsic Motivation -> Employee Engagement	0,803	0,180	4,459	0,000	Supported
H4 Intrinsic Motivation -> Employee Performance	0,635	0,196	3,236	0,001	Supported
H5 Employee Engagement -> Employee Performance	0,703	0,161	4,377	0,000	Supported

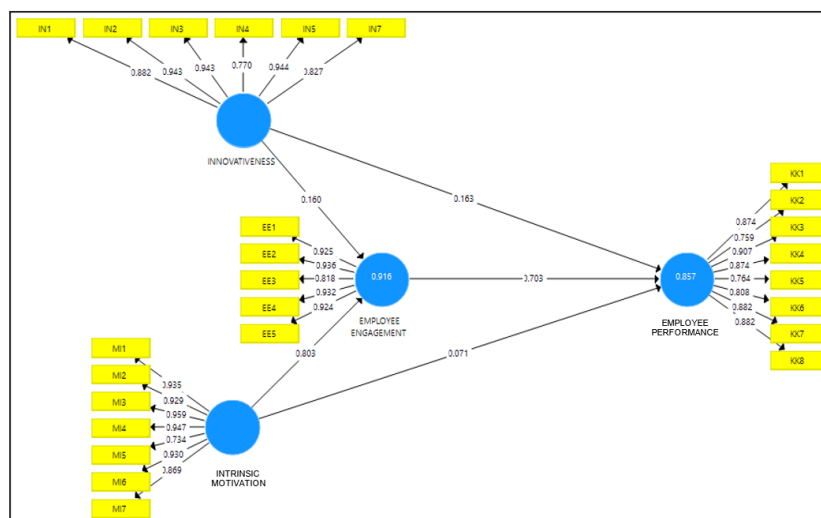


Figure 1 Structural Model.

Table 5 Assessment of the structural model (indirect relationships).

	Hypotheses	Beta	Std. Error	t	P	Decision
H6	Innovativeness -> Employee Engagement -> Employee Performance	0,112	0,127	0,888	0,375	Not Supported
H7	Intrinsic Motivation -> Employee Engagement -> Employee Performance	0,564	0,177	3,178	0,002	Supported

5. Discussion

The empirical results show that innovativeness does not have a significant effect on employee performance, so H1 is not supported. The results of the study, which are in line with those of previous studies (Gkorezis & Petridou, 2017), indicate that the impact of innovation on employee performance can be reduced in the context of organizations that have rigid structures and procedures. The results of this study support the findings that suggest that innovation may not always have a significant effect, depending on the conditions of the organization and the local context in which the company operates.

Further findings show that innovativeness does not have a significant effect on employee engagement, so H2 is not supported. The orientation of innovativeness is not able to increase employee engagement in foreign companies and plays an important role in understanding how innovation affects employee engagement in the environment of multinational organizations. These findings indicate that efforts to encourage innovation in foreign companies may not always be successful in increasing employee engagement rates, a factor that is often considered a key element in creating a productive and sustainable work environment. Previous research has also provided evidence that the relationship between innovativeness and employee engagement can be highly dependent on the context of the organization and the individual. Research by Afsar & Umrani, (2020) shows that while innovation can increase employee engagement, this effect is strongly influenced by the context of the organization's culture and how innovation is implemented in the company's day-to-day operations. In a multinational environment, where employees come from diverse cultural backgrounds and work within complex organizational structures, innovations that are not tailored to local contexts may not succeed in motivating employees or increasing their engagement.

The findings that intrinsic motivation has a significant effect on employee engagement support H3 in foreign companies, underscoring the importance of internal factors in building employee engagement in a complex and multicultural organizational environment. Intrinsic motivation, which comes from an individual's internal drive to achieve job satisfaction and personal achievement, has long been considered a key driver of employee engagement. These findings are consistent with theories of work psychology, such as the self-determination theory developed by Deci & Ryan (2000), which emphasizes that the need for autonomy, competence, and social relationships are key factors that influence intrinsic motivation and, in turn, employee engagement.

Intrinsic motivation has a significant effect on employee performance in foreign companies; thus, H4 is supported, providing an important influence on the role of internal factors in increasing productivity and work effectiveness in a multinational environment. Intrinsic motivation, which comes from an internal drive to do work because of interest, personal satisfaction, or the values underlying the task, has been recognized as one of the key drivers of individual performance. These findings are in line with the principles of self-determination theory, which states that the need for autonomy, competence, and social connectedness are the basis of intrinsic motivation, which in turn significantly affects individual performance.

Employee engagement has a significant effect on employee performance in foreign companies, so H5 is supported to provide strong evidence that employee engagement is a key factor that supports individual performance in multinational organizations. Harter et al. (2002) support these findings by showing that employees who are emotionally engaged with their work tend to show greater performance, as they have a strong commitment to their role and are more proactive in finding ways to improve their work performance.

The results of the study revealed that innovativeness did not have a significant effect on employee performance mediated by employee engagement in foreign companies; thus, H6 was not supported, raising in-depth questions about the role of innovation in the context of human resource management in a multinational environment. Simpson et al. (2006) highlight that innovativeness requires support from all levels of the organization to truly improve engagement and performance. Furthermore, research by Demerouti et al. (2001) shows that employee engagement rates are often more influenced by factors such as autonomy, feedback, and social support than by a company's innovation strategy.

The results of the hypothesis test show that employee engagement is able to mediate the relationship between intrinsic motivation and employee performance in foreign companies so that H7 is supported to provide interesting and important insights into organizational dynamics. Research by Harter et al. (2002) supports these findings by showing that employee engagement can mediate the relationship between intrinsic motivation and performance. Employees who feel motivated from within tend to be more easily involved in their work because they feel that the work has personal value and relevance. Shuck & Reio (2013) show that intrinsic motivation is often a strong predictor of engagement, especially in contexts where employees feel that they have control over their work and can express their creativity.

6. Conclusions

This study examines the impact of employee engagement in mediating the influence of innovativeness and intrinsic motivation on employee performance in foreign companies in Indonesia. Most of the hypothetical relationships are supported, suggesting that employee engagement is an important factor influencing employee performance.

6.1. Theoretical Contributions

This research has significant theoretical implications in the literature on the relationships among innovativeness, intrinsic motivation, employee engagement, and employee performance. Theoretically, the finding that innovativeness has no significant influence on employee performance, either directly or through employee engagement, provides new insights that challenge common assumptions in the management literature. In the context of foreign companies in Indonesia, innovation is not always the main determinant in improving employee performance. This finding indicates that there are other factors that may be more dominant in this context and that the relationship between innovation and performance may be situational or contextual. This research also enriches the theory of motivation by emphasizing the importance of intrinsic motivation as a key factor influencing employee engagement and, ultimately, employee performance. These results support the idea that employee engagement depends not only on external aspects or material incentives but also on internal factors such as job satisfaction and meaning.

In addition, the discovery that employee engagement only partially mediates the relationship between innovativeness and employee performance but is a full mediator in the relationship between intrinsic motivation and performance makes an important theoretical contribution to our understanding of the complex role of mediation in employee performance models. This suggests that the effectiveness of employee engagement as a mediator may vary depending on the variables involved and that more research is needed to identify the conditions under which employee engagement may strengthen or weaken the relationships among other variables.

6.2. Managerial implications

Research findings on the role of employee engagement mediation in the relationships among innovativeness, intrinsic motivation, and employee performance in foreign companies have significant managerial implications. This understanding provides valuable guidance for managers and organizational leaders in designing effective strategies to improve employee performance. To increase the influence of intrinsic motivation on employee engagement, companies need to implement self-development programs that allow employees to explore their potential to the fullest extent. This can be realized through the provision of greater work autonomy so that employees feel that they have complete control over their work. In addition, companies need to create a work environment that supports learning and personal growth, as well as design challenging but still achievable work to increase employees' sense of competence.

With respect to the influence of intrinsic motivation on employee performance, management needs to ensure that there is a match between employees' interests or passions and their job placements. Companies can provide job rotation opportunities to maintain interest and avoid boredom at work. Mentoring programs also need to be developed to help employees find meaning in their work. A recognition system that focuses on personal and professional achievement also needs to be implemented to support employees' intrinsic motivation. Given the importance of employee engagement's influence on employee performance, companies need to build a work culture that encourages active employee involvement in decision-making. Regular forums to accommodate employee ideas and input need to be held consistently. Two-way communication between management and employees must also be improved to ensure openness and transparency. An effective team-building program also needs to be designed to strengthen the sense of belonging of employees to the company.

In its implementation, companies need to develop a gradual strategy starting from the short-term to the long-term. In the early stages, companies can conduct assessments to measure the baseline of intrinsic motivation and employee engagement, followed by holding self-development and motivation workshops. Regular communication forums between management and employees also need to be established immediately to facilitate constructive dialog. In the intermediate stage, the implementation of mentoring programs and the development of a new employee recognition system can be carried out. Job rotation programs can also be started to provide more diverse experiences for employees. For the long term, the focus is on building a work culture that consistently supports intrinsic motivation and employee engagement.

To ensure the effectiveness of these programs, companies need to conduct regular monitoring and evaluation. Regular surveys to measure motivation and engagement levels need to be conducted, accompanied by an analysis of employee performance trends. The results of this evaluation can then be used as a basis for making strategic adjustments to be more effective in achieving company goals. Through the consistent and structured implementation of these managerial implications, it is hoped that companies can improve intrinsic motivation, employee engagement, and ultimately overall employee performance. The success of this implementation certainly requires full commitment from all levels of management and active involvement from all employees.

6.3. Limitations and Future Research Directions

The main limitation of this study is the limitation of the variables used. Although this study explored the relationships among innovativeness, intrinsic motivation, employee engagement, and employee performance, it is possible that other variables that are also significant are not included in the research model. For example, factors such as leadership, organizational culture, job satisfaction, and social support in the workplace can significantly affect employee performance and engagement levels. The absence of these variables in the analysis could mean that the model used in this study has not fully covered all the factors that affect employee performance.

Further research can expand the scope of the variables studied to provide a more comprehensive picture of the factors that affect employee performance in foreign companies. Variables such as leadership, organizational culture, job satisfaction, and social support in the workplace can be added to the research model. Research that includes these variables will help to better understand how various interaction factors play a role in improving employee performance and engagement rates. Follow-up research can involve a larger sample and cover a wide range of industry sectors, company sizes, and broader demographic backgrounds. This approach increases the representativeness of the research results and strengthens the validity of the findings. With a larger and more diverse sample, researchers can also conduct subgroup analyses to determine whether there are differences in effects between specific groups, such as by age, gender, work experience, or job title.

Acknowledgment

The authors acknowledge the Doctoral Program in Economics at Universitas Jambi, in Jambi, Indonesia, for supporting this paper.

Ethical considerations

All the respondents in this study were permanent employees working in foreign companies in Indonesia. They agreed to complete the questionnaire, were explained the purpose of the study, and declared their rights as participants. This study did not involve any ethical issues. The authors take full responsibility for the content and conduct of the study.

Conflict of Interest

The authors declare no conflicts of interest.

Funding

This research did not receive any financial support.

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