

The Impact of Owners' Intrinsic Motivation and Work-Life Balance on SMEs' Performance: The Mediating Effect of Affective Commitment

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ABSTRACT

Small and Medium Enterprises (SMEs) in Indonesia play a significant role by contributing to GDP and standing as a pillar of an economy to achieve welfare equality. Many surveys showed that SMEs have a significant role in increasing employment, production, export, and entrepreneurship. Finding the determinant of SMEs' performance is relevant research issue. The purpose of this research is to investigate the impact of intrinsic motivation and work-life balance on organizational performance with affective commitment as a mediator. We employed Structural Equation Modelling (SEM) to examine a sample of 770 SMEs' owners in Indonesia. Results confirmed intrinsic motivation and work-life balance have a significant and positive impact on affective commitment. Meanwhile, only intrinsic motivation has a significant and positive impact on organizational performance. The role of affective commitment as a mediator is supported for non-financial performance. The implication is that SMEs' owners should maintain intrinsic motivation by increasing appreciation while job completion.

JEL Classifications: D23, L2, L25

Keywords: organizational performance; work-life balance; affective commitment; intrinsic motivation; SMEs

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I. INTRODUCTION

Small and Medium Enterprises (SMEs) in Indonesia play a significant role in the economy. SMEs are considered to be a pillar of an economy to achieve a country's equality of welfare. When there was a monetary crisis in 1998, many banks went bankrupt due to bad debt, more than 30%, and credit fell to minus 13%. However, SMEs were able to save the Indonesian economy during the monetary crisis and boosted economic growth. During the financial crisis of 2008, 96% of SMEs survived the crisis. Therefore, SMEs are considered a pillar of the Indonesian economy to achieve fair economic growth. Berry (2007) mentioned that SMEs are important mainly for developing countries, and Warner (2001) added that SMEs could be an effective tool to reduce poverty and foster innovation and sustainable development. Finding the determinant of SMEs' performance is an important and interesting research issue.

Work-life balance has become a contemporary topic in HR practices, but studies about it regarding SMEs are still lacking. De Luis et al. (2002) stated that the availability of WLB practices is related to company size because large companies offer more WLB practices to their employees than do SMEs (Cegarra-Leiva et al, 2012). Hence, SMEs are at a disadvantage in achieving expected positive outcomes from the availability of WLB (Cegarra-Leiva et al, 2012). Research on WLB practices in SMEs is still scant, and several authors recommend researching SMEs (Lavoie, 2004). Most research focused on employees' WLB. However, WLB is also important for business owners (Hamburg, 2015). Business' owners spend more time on work because they have more significant responsibility compared to employees because the success and failure of the business is the responsibility of the owner.

This research is focused on intrinsic motivation mainly because intrinsic motivation is considered better than extrinsic motivation (Harpine, 2015). An individual with intrinsic motivation will be motivated by the inner desire to learn and grow. Individuals with intrinsic motivation are motivated by the need to feel competent and self-determining (Deci, 1975). When individuals have intrinsic motivation, they are motivated by the challenge and the excitement of the activity (Deci and Ryan, 2000). Meanwhile, an individual with extrinsic motivation needs rewards to be motivated. Increased extrinsic motivation in an individual will reduce the level of intrinsic motivation. Extrinsic reward will decrease individuals' motivation and do not support learning because it eliminates the challenge and excitement from the learning process. As a result, individuals only focus on the rewards that are given to them (Harpine, 2015). Although most research on intrinsic motivation use the employee as the context of the study, there is much research on intrinsic motivation in the context of SMEs or business owners. This means that intrinsic motivation is also applicable not only for employees but also business' owners.

Affective commitment is the individual's emotional desire to remain being a part of an organization. Meyer and Herscovitch (2001) stated that the affective commitment is the essence of organizational commitment. Various studies indicated that affective commitment persists across various theories and concepts of multidimensional commitment to organize (Cooper-Judge and Viswesvaran, 2005; Meyer and Allen, 1991; Mercurio, 2015). Solinger et al. (2008) stated that compared to normative and continuance commitment, affective commitment has the most significant impact on absenteeism, organizational citizenship behavior, and performance. Mercurio (2015)

explained that (a) affective commitment is the basic concept to explain organizational commitment, (b) affective commitment has bigger impact than normative and continuance commitment, (c) affective commitment is considered as the core of organizational commitment. Therefore, affective commitment can be viewed as the basis of organizational commitment theory.

In this research we investigate the role of affective commitment as mediator, as suggested by Mercurio (2015) who stated that the role of affective commitment as mediator between workers and organization is an important issue for future research.

In order to maintain excellent performance and thereby contribute to the economy, SMEs in Indonesia have to continue to improve their performance. Performance is related to the success in achieving the vision and mission, efficiency, adaptability and financial condition. Zhang (2001) mentioned two key conditions for the growth of SMEs: the organization's ability to adapt and maintain long-term viability, and the ability of managers to overcome management barriers.

Most of the research on WLB used formal organizations as the subject. Lavoie (2004) suggested using SMEs as the subject of research regarding WLB. Therefore, the first novel contribution in this research is that we use SMEs as a research subject. Based on previous research, it was proven that intrinsic motivation and work-life balance influenced affective commitment and organizational performance. However, there is no research regarding the role of affective commitment. Therefore, the second novelty of this research is that we investigate the mediating role of affective commitment between the influence of intrinsic motivation and work-life balance on organizational performance.

In order to maintain performance and contribute to the economy, SMEs have to be able to improve their performance. SMEs performance can be improved by increasing the quality of the HR (Purwaningsih and Kusuma, 2015). Rauch and Hatak (2016) stated that motivation practices and enhancement practices, such as autonomy and decision making have the most significant impact to SMEs' performance. Based on these, the main research questions are: What is the impact of intrinsic motivation, WLB, and affective commitment on organizational performance? Does affective commitment mediate the impact of intrinsic motivation and WLB on organizational performance?

Literatures on the organizational behavior of the SMEs in Indonesia is still limited (e.g., Purwaningsih and Kusuma, 2015). Therefore, this research utilizes various concepts developed in other countries to examine the behavior in South Sulawesi. Although not all the concepts might be appropriate, we expect our research will confirm the existing concepts and explore the knowledge about indigenous behavior of micro entrepreneur in Indonesia.

We use survey methods with questionnaires collected from more than 700 SMEs' owner in South Sulawesi, Indonesia. Through this research, we found that only intrinsic motivation has an impact on affective commitment, financial performance, and non-financial performance. WLB is found to have no significant impact on affective commitment and is contradictive with previous studies. WLB is found to have a significant but negative impact on non-financial and financial performance. Affective commitment as the mediator between the impact of intrinsic motivation and work-life balance on organizational performance is not proven.

II. LITERATURE REVIEW

A. The Influence of Intrinsic Motivation and Work-life Balance on Affective Commitment

Intrinsic motivation is defined as behavior that is driven by the desire that comes within individual to learn or to explore themselves; individual participation in an activity due to the challenge and pleasure of the activity (Harpine, 2015). When an individual intrinsically motivated, the individual performs an activity because of the pleasure or challenge of the activity, not because of rewards that may come from it. Intrinsically motivated behavior is a behavior that motivated by individual needs to feel competent and self-determining (Deci, 1975).

Kalliath and Brough (2008) suggested a definition of WLB by integrating work and non-work aspects, which is that “*work-life balance is the individual perception that work and non-work activities are compatible and promote growth in accordance with an individual’s current life priorities*”. WLB is the harmony or balance between personal life and managing business. The effective balance between work and non-work aspects can drive positive growth and development in both aspects.

In general, commitment is defined as a mindset that ties an individual to specific behavior that is relevant to one or more of their goals. Meyer and Allen (1991) developed three models of commitment, namely affective commitment, continuance commitment, and normative commitment. Affective commitment is “*employee’s emotional attachment to, identification with, and involvement in the organization*”. An individual with affective commitment has a strong desire to stay being a part of an organization (Meyer and Allen, 1991; Haque and Aston, 2016; Haque, Aston and Kozlovski, 2018).

Previous research consistently showed that intrinsic motivation positively influences affective commitment (Andressen, Konradt, and Neck, 2012; Johnson, 2011). Meyer and Herscovitch (2001) mentioned that personal variables or situations that encourage individuals to be intrinsically motivated can increase the individuals' affective commitment. When individuals are motivated by the challenge and excitement of the work or task performed, the individuals tend to have high emotional attachment to the organization (Huang, 2015). By managing intrinsic motivation, an organization can increase affective commitment of the employees (Nujjo and Meyer, 2012).

WLB has positive impact on affective commitment (Ali et al, 2014; Muse et al, 2008). WLB induces loyalty to the organization that increases affective commitment (Meyer and Allen, 1991). Meyer, Allen and Smith (1993) mentioned that individuals whose basic needs and expectations are fulfilled by the organization tend to have high affective commitment. Therefore, WLB fulfils specific needs of individuals, contributes to their welfare and increases positive relationships between individuals and organizations. A positive relationship makes individuals positively develop affective commitment to the organization (Muse et al., 2008). From the explanation above, we propose to examine the following hypotheses:

H1. Intrinsic motivation has a positive and significant impact on affective commitment.

H2. Work-life balance has a positive and significant impact on affective commitment.

B. The Influence of Intrinsic Motivation on Organizational Performance

Previous research has found that intrinsic motivation has a positive impact on organizational performance (Kuranchie-Mensah and Amponsah-Tawiah, 2016; Nizam and Shah, 2015). Andrew (2004) stated that psychological rewards or intangible rewards such as appreciation and recognition play an essential role in improving organizational performance (Kuranchie-Mensah and Amponsah-Tawiah, 2016). Intrinsic motivation is the most important factor to improve job performance in an organization (Hasanah et al., 2016). Rogstadius et al. (2011) reported that intrinsic motivation, compared to extrinsic motivation, improves crowdsourcing performance such as work accuracy and output accuracy. Compared to extrinsic motivation, intrinsic motivation has a more significant impact on both job and organizational performance (Dobre, 2013). From the explanation above, we propose to examine the following hypotheses:

H3a. Intrinsic motivation has a positive and significant impact on non-financial performance.

H3b. Intrinsic motivation has a positive and significant impact on financial performance.

C. The Influence of WLB on SMEs' Performance

Different from a formal organization, human resource management in SMEs is far more informal and usually based on a collective and flexible agreement. SMEs have a less hierarchical organizational management structure than large organizations (Lavoie, 2004). Managers in SMEs are still hesitant to implement WLB practices due to limited resources, manpower, and inadequate WLB practices that are easy to implement at low cost (Cegarra-Leiva et al., 2012). WLB practices like in a formal organization exceed SMEs' capacity that WLB programs; such informal adjustments are usually a temporary modification of time, place and job tasks and usually do not change work arrangements permanently. Haque et al., (2018) argued that informal support offers a more significant positive impact on employee satisfaction and reduces stress level, work-family conflict and turnover intention.

An organization with WLB practices has larger sales growth, productivity and organizational performance (Benito-Osorio et al., 2014). An individual's positive attitude toward WLB is related to social exchange theory, which emphasises the importance of individual perceptions of organizational support (Cegarra-Leiva et al., 2012). WLB makes the individual feel supported by the organization and such perceptions make the individual feel obligated to reciprocate the support of the organization by giving positive attitude in the workplace so that they continue to get support and benefit from the organization. Growing and increasing individual positive attitudes in the workplace will increase commitment and encourage individuals to give their best performance (Cegarra-Leiva et al., 2012). WLB reduces employees' work-life conflict and increases positive assessment toward the organization. Such a positive assessment will enhance individual positive attitudes, such as job satisfaction and control over their work schedules. These impacts will affect both financial and non-

financial organization performance including decreasing absenteeism, job stress levels, turnover, work-life conflict, and increasing productivity. From the explanation above, we propose the following hypotheses:

H4a. Work-life balance has a positive and significant impact on non-financial performance.

H4b. Work-life balance has a positive and significant impact on financial performance.

D. The Mediating Effect of Affective Commitment

Previous research has found that affective commitment positively influences organizational performance (Irefin and Mechanic, 2014; Rodrigues and Carlos, 2010). An individual with affective commitment is usually willing to be involved in activities or tasks that are important to an organization (Rodrigues and Carlos, 2010). Accordingly, organizational can be improved by increasing the level of employees' affective commitment (Irefin and Mechanic, 2014). Individuals with affective commitment have higher job satisfaction, performance, and quality of work leading to improve their own and organizational performance (ibid). A study by He (2012) suggests that affective commitment improves the quality of services because committed employees are motivated to work better and thereby improve the efficiency and performance of the organization. With the explanation above, we propose the following hypotheses:

H5a. Affective commitment has a positive and significant impact on non-financial performance.

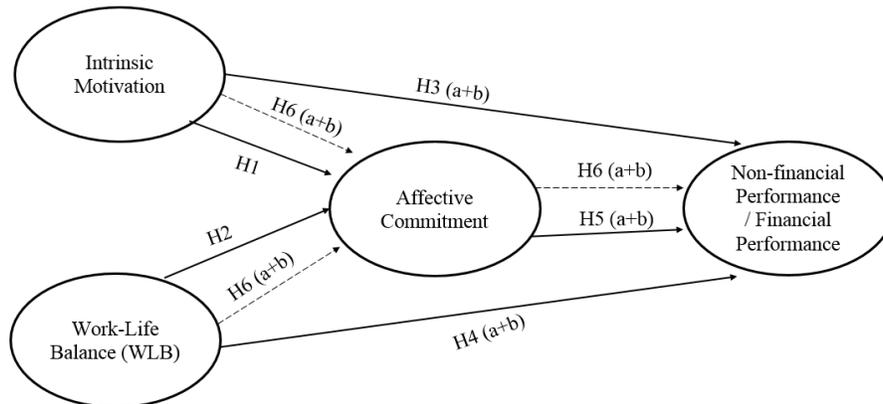
H5b. Affective commitment has a positive and significant impact on financial performance

H6a. Affective commitment mediates the impact of intrinsic motivation and work-life balance on non-financial performance.

H6b. Affective commitment mediates the impact of intrinsic motivation and work-life balance on financial performance.

Figure 1 presents the relationship among the variables.

Figure 1
Proposal model



III. RESEARCH METHODOLOGY

A. Data Collection and Sample

Our data is derived from SMEs in South Sulawesi, Indonesia. According to BPS Sulawesi Selatan, South Sulawesi's economic growth rate is the highest in Indonesia, but South Sulawesi's contribution to national economic growth is still low (Kurniawan, 2017). To improve Sulawesi's contribution to national economic growth, support from various parties and improvement of SME quality are needed. The existence of SMEs reduces the unemployment rate, which is currently a problem for the Sulawesi Selatan government. In addition, the growth of SMEs in South Sulawesi also reduces economic disparities between community groups in the region (Izzati, 2018).

Research samples are from the same associations of financial institutions (PusKop BMT) in different locations. Thus, we used purposive random sampling because the sample is selected based on specific characteristics but random in every location. SMEs' criteria to be a respondent in this research are (a) maximum sales of 5 billion rupiahs per year, (b) a minimum of two employees. Two research models are applied to the same respondent by providing the same questionnaire. We collected 770 SME owners as our respondents.

B. Measurement

All measures in this research used Likert scale and answers were measured on 6-point Likert scale where 1= strongly disagree and 6= strongly agree. The reason for using a 6-point Likert scale is to avoid central tendency bias in responding to the questionnaires.

1. Intrinsic motivation. Intrinsic motivation is measured using measurement formulated by Ewen et al. (1966), which was originated from Tan (2011). The intrinsic motivation measure consists of four item indicators with a 6-point Likert scale.

2. Work-life balance. WLB is measured with perceived work-life questionnaire developed by Wong and Ko (2009) consisting of four items.
3. Affective Commitment. Affective commitment is measured by using a questionnaire developed Lai, Saridakis, and Johnstone (2017) consisting of three items.
4. Non-financial performance. Non-financial performance is measured by using Walker and Brown (2004) measurement, which consists of six indicators.
5. Financial performance. Financial performance is measured by using the measurement developed by Reid and Smith (2000) consisting of five indicators.

IV. RESULTS

The descriptive statistics of respondent profile revealed that there are no significant differences between the amounts of gender in our research. The respondent in this research is consist of 48% male and 52% female. Furthermore, more than half of the respondent are married with percentage 88%, and only 12% of the respondent are single. We can conclude that almost all respondent in this research have spouse and children. Next step is evaluating the correlations between research variables.

The correlation matrix in Table 1 shows that there is a low correlation between almost all independent variables (IM, WLB, AC). AC (affective commitment) and IM (intrinsic motivation) show a moderate correlation, but this is not a problem because intrinsic motivation is an independent variable for affective commitment.

Table 1
Correlations

No	Variables	1	2	3	4	5
1	AC		0.247	0.482	0.252	0.308
2	WLB	0.247		0.366	0.076	0.221
3	IM	0.482	0.366		0.353	0.449
4	BFP	0.252	0.076	0.353		0.379
5	NFP	0.308	0.221	0.449	0.379	

Structural Equation Modelling (SEM) method uses Lisrel 8.51 for data analysis. Gujarati (1995) suggests that the use of latent variables in multiple regression can cause measurement errors that will affect the parameter estimation of the variance (Wijanto, 2008). SEM analysed through three steps. The first step is confirmatory factor analysis to analyse construct validity, followed by reliability analysis and structural model analysis.

A. Results

From Table 2, we can see that several items of the measures were deleted. Items deleted were the items that had a cut off $SLF \leq 0.05$. WLB measure had one item deleted (WLB01), affective commitment had one item deleted (AC01), intrinsic motivation (IM) and financial performance (BFP) measures were all valid and non-financial performance had three items deleted (NFP93, NF04, NFP05). From 22 items measured, 17 items were valid, and the next step is measure of goodness fit.

Table 2
T-value, SLF of CFA, and reliability analysis

Indicators	T-value	SLF	Result	CR (Construct Reliability)
WLB01	10.08	0.42	Item Deleted	0.654
WLB02	11.93	0.50	Valid	
WLB03	16.69	0.73	Valid	
WLB04	14.70	0.63	Valid	
AC01	6.82	0.28	Item Deleted	0.6367
AC02	12.80	0.53	Valid	
AC03	17.08	0.82	Valid	
IM01	19.90	0.69	Valid	0.7714
IM02	19.97	0.69	Valid	
IM03	22.40	0.76	Valid	
IM04	15.26	0.56	Valid	
NFP01	21.51	0.75	Valid	0.7708
NFP02	23.07	0.80	Valid	
NFP03	13.55	0.47	Item Deleted	
NFP04	15.06	0.44	Item Deleted	
NFP05	10.30	0.39	Item Deleted	
NFP06	17.26	0.62	Valid	
BFP01	25.19	0.78	Valid	0.9206
BFP02	28.97	0.85	Valid	
BFP03	27.92	0.83	Valid	
BFP04	30.07	0.87	Valid	
BFP05	28.09	0.84	Valid	

From Table 3, we can see that from 10 GOF measures, there are nine measures have good fit, so we can conclude that the research model has good fit. Moreover, the reliability analysis was observed using the construct reliability value. The CR values in Table 4 have exceeded the required minimum CR value (≥ 0.6), so we can conclude that the measures are all reliable.

Table 3
Measures of goodness fit

GOF Measure	Value	Result
Statistic Chi-Square P-value	(df=109) 336.32 (p=0.0)	Poor Fit
Goodness of Fit Index (GFI)	0.95	Good Fit
Standardized Root Mean Square Residual (RMR)	0.04	Good Fit
Root Mean Square Error of Approximation (RMSEA) - P-value	0.05	Good Fit
Non-Normed Fit Index (NNFI)	0.95	Good Fit
Normed Fit Index (NFI)	0.94	Good Fit
Adjusted Goodness of Fit Index (AGFI)	0.93	Good Fit
Relative Fit Index (RFI)	0.92	Good Fit
Comparative Fit Index (CFI)	0.96	Good Fit
Normed Chi-Square	3.11	Good Fit

Table 4
Goodness of fit (measurement model fit and structural model fit)

GOF Measures	Structural Model Fit		Results
	Model A (Non-Financial Performance)	Model B (Financial Performance)	
RMSEA	0.050	0.045	Good Fit
Statistics C-Square P Value	df= 48 139.87 (p= 0.00)	df: 69 175.55 (p= 0.00)	Poor Fit
Normed Chi Square (Chi Square/df)	2.91	2.54	Good Fit
Goodness of Fit Index (GFI)	0.97	0.97	Good Fit
Adjusted Goodness of Fit Index (AGFI)	0.95	0.95	Good Fit
Normed Fit Index (NFI)	0.94	0.96	Good Fit
Non-Normed Fit Index (NNFI)	0.95	0.97	Good Fit
Comparative Fit Index (CFI)	0.96	0.98	Good Fit
Relative Fit Index (RFI)	0.92	0.95	Good Fit
Standardized Root Mean Square Residual (RMR)	0.039	0.039	Good Fit

The first step of structural model analysis is structural model fit analysis by observing the GOF measures. On both model A (Non-financial Performance) and B (Non-Financial Performance) (refer to Figure 1), nine out of 10 GOF measures in Table 5's structural model fit have good results. Hence, we conclude that models A and B have a good structural model fit. The second step is to conduct the causal relationship analysis.

The third step of the structural model analysis is the determination coefficient (R^2) analysis.

Table 5
Causal relationship analysis summary (Model A)

Hypothesis	Path	SLF	t-value	Result
1	Intrinsic Motivation -> Affective Commitment	0.61	7.98	Significant
2	Work-life Balance -> Affective Commitment	0.07	1.32*	Significant at $\alpha= 10\%$
3a	Intrinsic Motivation ->Non-Financial Performance	0.48	6.64	Significant
4a	Work-Life Balance -> Non-Financial Performance	-0.11	-1.93	Significant Negative
5a	Affective Commitment -> Non-Financial Performance	0.11	1.60*	Significant at $\alpha= 10\%$

Causal relationship analysis summary (Model B)

Hypothesis	Path	SLF	t-value	Result
1	Intrinsic Motivation -> Affective Commitment	0.63	8.61	Significant
2	Work-life Balance -> Affective Commitment	0.08	1.40*	Significant at $\alpha= 10\%$
3b	Intrinsic Motivation -> Financial Performance	0.56	7.32	Significant
4b	Work-Life Balance -> Financial Performance	-0.09	-1.65	Significant Negative
5b	Affective Commitment -> Financial Performance	-0.17	-2.34	Significant Negative

In Table 6, hypothesis 1 on both Models A and B has t-value ≥ 1.96 , which means the null hypothesis is rejected. Thus, the proposed hypothesis 1 is supported. The t-value of WLB to affective commitment has t-value 1.32 and 1.40 in which these values are >1.282 (significant at confidence level 90%, $\alpha= 10\%$). Therefore, WLB has a significant and positive impact on affective commitment, and hypothesis 2 is supported. Intrinsic motivation to non-financial performance has t-value 6.64 and t-value of 7.32 from intrinsic motivation on financial performance. This result indicates that intrinsic motivation has a positive and significant impact on both organizational performances. Thus, hypothesis 3a and 3b are supported. WLB has significant t-value on both non-financial performance and financial performance. However, the relationship direction on t-value result is negative (-1.93 and -1.63) which means that WLB has a significant but negative impact on non-financial and financial performance. Contrary to the proposed hypothesis, hypotheses 4a and 4b are not supported.

Table 6 shows that affective commitment to non-financial performance has t-value $1.60 < 1.282$ (confidence level 90%, $\alpha= 10\%$). This result indicated that affective commitment has a significant and positive impact on non-financial performance. From Table 6, we can see that affective commitment on financial performance has t-value -2.34 which means there is a significant impact of affective commitment on financial performance. However, the direction of the relationship is negative, and WLB does not have a significant and positive impact on financial performance. Hence, hypothesis 5b is not supported.

Table 6
R² summary (Model A)

Path	R ²
intrinsic motivation and work-life balance on non-affective commitment	59%
affective commitment, intrinsic motivation, and work-life balance on non-financial performance	26%
R ² summary (Model B)	
Path	R ²
intrinsic motivation and work-life balance on affective commitment	45%
affective commitment, intrinsic motivation, and work-life balance on financial performance	19%

Based on the results of hypothesis testing of 3a, it can be seen that intrinsic motivation has a direct influence on non-financial performance (t-value= 6.64, SLF = 0.48). From the calculation of direct and indirect effects in Table 7, we can see that the indirect effect has a lower value than the total effect so that the proven mediation role in this relationship is partial mediation because intrinsic motivation has a direct influence on nonfinancial performance. WLB does not have a positive impact on non-financial performance (t-value = -1.93, SLF = -0.11) so that the role of mediation of affective commitment in this relationship can be done through indirect influence. From the total effect calculation of WLB impact on non-financial performance through affective commitment in Table 4.9, can be seen that indirect effect has a larger value than total effect ($0.0077 > -0.1023$). Hence, affective commitment fully mediates the impact of WLB on non-financial performance.

Table 7
Direct and indirect impact (Model A)

Hypothesis	Path	Direct Effect	Indirect Effect	Total Effect	Mediating Effect
6a	Intrinsic Motivation → affective commitment → non-financial performance	0.48	0.0671	0.5471	Accepted
	<i>work-life balance</i> → affective commitment → non-financial performance	-0.11	0.0077	-0.1023	Accepted

Direct and indirect impact (Model B)

Hypothesis	Path	Direct Effect	Indirect Effect	Total Effect	Mediating Effect
6b	Intrinsic Motivation → affective commitment → non-financial performance	0.56	-0.1071	0.4529	Rejected
	<i>work-life balance</i> → affective commitment → non-financial performance	-0.09	-0.0136	-0.1036	Rejected

Based on Table 7, it is known that intrinsic motivation has a positive and significant direct impact on financial performance (t-value = 7.32, SLF = 0.56) while WLB does not have a positive direct impact on financial performance (t-value = -1.65, SLF = -0.09). Also, affective commitment has a negative impact on financial performance (value-t = -2.34, SLF = -0.17). With this result, the mediating effect of affective commitment on the impact of intrinsic motivation and WLB on financial performance cannot be proven because affective commitment is found to have a negative impact on financial performance.

V. DISCUSSIONS AND CONCLUSION

A. Discussions

From the result, we know that intrinsic motivation has a significant and positive impact on affective commitment, non-financial performance and financial performance. WLB has a significant and positive impact on affective commitment. However, WLB has a significant but negative impact on non-financial and financial performance, and this result is contradictive with the proposed hypothesis and previous studies. Affective commitment has a positive impact on non-financial performance but a negative impact on financial performance. Therefore, the role of affective commitment as a mediator is only supported regarding the impact of intrinsic motivation and WLB on non-financial performance because affective commitment has a negative and significant impact on financial performance.

From the analysis, intrinsic motivation and work-life balance explain affective commitment for 59% (Model A) and 45% (Model B) and the rest is influenced by other factors exclude intrinsic motivation and WLB. Intrinsic motivation, WLB, and affective commitment can only explain non-financial performance for 26% and 17% for financial performance. This result indicates that intrinsic motivation, WLB, and affective commitment only have a small impact on organizational performance where other factors influence the rest of it.

When individuals are motivated by the challenge and excitement of the work or task performed, the individuals tend to have high emotional attachment to the organization. Allen and Meyer (1991) mentioned one of the factors that can influence affective commitment is competence-related factors, which are accomplishment, autonomy, opportunity for advancement, and opportunity for self-expression. These factors are parts of CET (Cognitive Evaluation Theory), a theory which identified factors in their social context that can increase intrinsic motivation. When a SMEs' owner has autonomy in the organization, a desire for growth and develop themselves, enjoys fun and challenging tasks as the SMEs' owner and supported by competence-related factors, the result a positive influence of intrinsic motivation on affective commitment. Those factors are personal variables or situations that encourage individuals to be intrinsically motivated, which in turn increase the individuals' affective commitment (Meyer and Herscovitch, 2001).

The influence or relation between WLB and affective commitment is related with social exchange theory (Azeem and Akhtar, 2014; Beauregard and Henry, 2009). When an individual feel supported by the organization, they pay back the support by positively by being affectively committed to the organization. WLB fulfils individuals' psychological needs to balance work aspects and personal life (Kim, 2014). Meyer et al. (1993) mentioned that individuals whose basic needs and expectations are fulfilled by organizations tend to have higher affective commitment. In this research, 88% of SMEs' owners are married, whereby these individuals should share their time in a balanced way between work and family life. The work-life balance of SME owners in this study shows a high value ($M = 4.89$) which means that the owners of SMEs have a balance between work aspects and family life or personal life. WLB as perceived by the owners of SMEs successfully fulfils the individual psychological needs in balancing work aspects and personal life, and it leads to a high affective commitment to the organization. WLB perceived by the owners of SMEs can reduce work-conflict such that it increases commitment to the organization (Messersmith, 2007).

As the owner of SMEs, the respondents in this research have great autonomy and freedom in the organization. The excitement and challenges support those factors as

SMEs owners who generally have tight competition and should continue to improve performance in order to survive. Understandably, SMEs' owners certainly have a high intrinsic motivation ($M= 4.75$). When SMEs' owners are intrinsically motivated, they will sense the meaning, responsibility and knowledge of their work so that they continue to do challenging works and deliver high performance in order to achieve the SMEs' goals. Therefore, intrinsically motivated SMEs' owners can improve non-financial and financial performance because they have the desire to continue to develop themselves by giving the best performance and, eventually, result in positive organizational performance.

In this research, WLB is found to have significant but negative impact on organizational performance. This is an interesting result because previous studies proved that WLB has a positive impact on organizational performance, non-financially nor financially. So far, even though WLB is important for someone's wellbeing, WLB still has not been implemented properly in SMEs because in this study, WLB has a negative impact on organizational performance. The primary cause of this relationship is mainly because SMEs are considered as small business and the owners' role or involvement is still needed in daily operating activities. In addition, the owner of the SME has much greater responsibility than the employee where the success or failure of the business is the responsibility of the owner. Therefore, to continue to maintain the performance of SMEs in order to keep aligned with the vision and mission, increase revenue, productivity, profits, and assets, the owners of SMEs should keep monitoring organization performance so that the time spent on work will be much higher (centrality on the aspects of work). If the owner of SMEs spends too much time on non-work aspects or personal life, it can lead to negligence of the SME, and there will be no party in charge of monitoring operational activities. That situation may lead to a decrease in the performance of SMEs. Therefore, work-life balances of SME owners can lead to decreased levels of organizational performance, both financial performance and non-financial performance.

Affective commitment is shown to have a positive and significant influence on non-financial performance. This indicates that a sense of loyalty and pride in the organization can improve non-financial performance. The SME owners' sense of pride in the organization can enhance the feeling that having a business is more important than a lot of money. This finding is in line with research by Rodrigues and Carlos (2010) who argued that individuals with affective commitment behave and are willing to engage in activities that are important for organizational performance. The owners of SMEs with high affective commitment will behave and do activities that bring pride to the organization because they think that SMEs' pride is more important than money.

Meanwhile, affective commitment has a significant but negative influence on financial performance where the higher affective commitment of SME owners, the more it will reduce the level of financial performance of SMEs. The SME owner's pride and loyalty to the organization can lower the level of financial performance. This finding is interesting because it is contradictory with previous studies which always proved that affective commitment has a positive influence on organizational performance in terms of both financial and non-financial performance. Mowday et al. (1982) explains that a high commitment to the organization has several negative impacts such as reducing creativity, innovation, and self-development. Janis (1972) stated that organizations or groups of highly committed members may be less open to

new ideas or values that are important to the organization. In this study, SME owners were shown to have a high level of affective commitment ($M = 4.637$). Researchers suspect that the negative effect of affective commitment on financial performance is due to the negative impact of high levels of affective commitment. As SMEs' owners, they have the authority in innovating and developing new products. If the owners of SMEs have limited creativity and innovation to new ideas caused by high levels of affective commitment but nonetheless are important to the development of the organization, it can lead to limited creation of new products or services.

Limitation of products and services offered to consumers can reduce the number of sales of SMEs, which in turn can reduce revenue, profit, and organizational productivity. This scenario will significantly reduce financial performance. In addition, affective commitment's negative impact on financial performance indicates that SMEs owners' pride and loyalty to the organization can lower the level of productivity, income and profit. We assume affective commitments' negative impact on financial performance is because feeling proud can make SMEs' owners quickly satisfied and proud of the organization achievements that can hamper SMEs' performance growth. When the owners are quickly satisfied with their organization's achievements, they tend to not try to get higher goals than the previous achievements. Therefore, their growth and performance will be stagnated on the achievements that have been achieved.

In this research, the instrument is less precise to measure affective commitment, financial performance and non-financial performance. Affective commitment has a mediating role only in the influence of intrinsic motivation and WLB on non-financial performance (H6a). Affective commitment is a partial mediator for intrinsic motivation because intrinsic motivation has direct and positive impact on non-financial performance. Meanwhile for WLB, affective commitment is a full mediator for the influence of WLB on non-financial performance because WLB has a direct negative impact on non-financial performance. Affective commitment is able to mediate the negative impact of WLB on non-financial performance. Through affective commitment, WLB will create positive impact on non-financial performance. The mediating role of affective commitment for financial commitment (H6b) cannot be proven because, as explained above, affective commitment has a negative impact on financial performance.

B. Conclusion

Compared to WLB and affective commitment, intrinsic motivation has the highest SLF (*standardized loading factor*) that influences non-financial performance ($6.64 \geq 1.645$) and financial performance ($7.32 \geq 1.645$). This value means that intrinsic motivation has the most significant impact on organizational performance. Intrinsic motivation has the most influence on SMEs' non-financial and financial performance. Based on intrinsic motivation's factor loading, IM03 has the highest factor loading value. The conclusion of this value is that to improve SME's performance, SME owners should increase their appreciation when completing a job or task. Appreciation will increase the owners' intrinsic motivation, thus will give positive impact on SMEs' performance. In this research, WLB has negative impact on organizational performance. However, WLB is important for someone's wellbeing and, thus, to positively influence organizational performance, SMEs' owners WLB must be balanced with affective commitment

because in this research, affective commitment is the full mediator between WLB and organizational performance.

C. Implications

The implication of the research is that SMEs' owners should maintain intrinsic motivation by increasing appreciation when completing a job or task. This can be done by forming associations among SMEs' owners where the members of the association can give each other feedback, praise, or appreciation to encourage and increase intrinsic motivation of SMEs' owners. This is important because recognition is crucial in shaping intrinsic motivation because, based on cognitive evaluation theory, interpersonal events and structures such as communication and feedback that lead to feelings of competence to a particular activity or event can increase intrinsic motivation of the activity. This occurs because there is a fulfilment of psychological needs satisfaction. Therefore, it is important for SMEs' owners to appreciate each other to maintain their intrinsic motivation; getting appreciation from others can improve the feelings of competence and fulfil the psychological needs (e.g. feeling satisfied) of SMEs owners.

If the organization's goal is non-financial performance, what SMEs can do apart from maintaining intrinsic motivation is to increase the pride of the organization because affective commitment is a full mediator for the impact of work-life balance on non-financial performance. Increased WLB should be followed by an increase in affective commitment because work-life balances have a direct negative impact on non-financial performance. WLB perceived by SME owners should increase their pride in SMEs so that it can have a positive impact on nonfinancial performance. In addition to improving appreciation and recognition as described earlier, based on Brehse (2017), another way to increase the pride of SMEs may be by participating in social activities. Through social activities, SMEs can have a positive impact on society and increase SME exposure in the community. This will improve the reputation of SMEs in the community as SMEs give positive impact on parties outside the organization. This will enhance owner's pride of the SMEs. Thus, the WLB of the SMEs owners and the sense of pride they feel towards the organization will have a positive impact on non-financial performance. Negative impact of WLB can be decreased through work-life enhancement. Based on work-life enhancement theory (Wardsworth and Owens, 2007), a factor that can increase work-life enhancement is social support from work and family. Positive interaction between work and personal life can enhance spill over from work to family, and vice versa. Support and interaction between family and work will increase personal satisfaction and meaning of work that eventually will create positive spill over between work and family.

D. Limitations and Suggestions

This research only uses questionnaires as the primary data source, so the discussion is less comprehensive. Future research should complement questionnaire use with direct interviews of respondent or other tools to get richer perspectives about the findings. There were limitations in observed variables in measuring and predicting organizational performance, so future research should add observed variables to measure

organizational performance to get richer explanations about factors that influence organizational performance.

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