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The Influence of Work–Life Balance and Employee Commitment on Employee Performance: The Mediating Role of Employee Satisfaction in Village Credit Institutions (LPDs) in West Denpasar

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Abstract

Employee performance is a critical determinant of organizational sustainability, particularly in community-based financial institutions such as Village Credit Institutions (LPDs). This study investigates the effects of work–life balance and employee commitment on employee performance, with employee satisfaction serving as a mediating variable. A quantitative research design with a causal approach was employed. The study involved all 43 employees of LPD Padangsambian and LPD Desa Pekraman Denpasar using a census sampling technique. Data were collected through structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results reveal that work–life balance and employee commitment have positive and significant effects on employee performance and employee satisfaction. Employee satisfaction also has a significant positive effect on employee performance and significantly mediates the relationships between work–life balance and employee performance, as well as between employee commitment and employee performance. These findings indicate that enhancing employee performance requires not only strengthening employees' organizational commitment and work–life balance but also fostering employee satisfaction as an important psychological mechanism. This study contributes to the strategic human resource management literature by providing empirical evidence from Village Credit Institutions (LPDs) and offers practical implications for developing sustainable human resource policies in community-based financial organizations.

Keywords: Work-Life Balance; Employee Commitment; Employee Satisfaction; Employee Performance.
JEL Classification: M12; M54; J28.

INTRODUCTION

The contemporary workplace has undergone substantial transformation due to globalization, rapid technological advancement, and the increasing adoption of digital business practices. These changes have intensified job demands while

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simultaneously altering employees' expectations regarding the balance between professional responsibilities and personal life (Kurnia & Khairunnisa, 2024). As organizations strive to improve productivity and competitiveness, maintaining employee well-being has become an essential component of sustainable human resource management. Consequently, work–life balance has emerged as a strategic organizational concern because employees increasingly value flexibility, psychological well-being, and quality of life alongside career achievement (Kurnia & Khairunnisa, 2024). This issue has gained international attention, including within ASEAN public management discussions, where work-life balance has been recognized as an important factor in improving workforce productivity and organizational sustainability (Badan Kepegawaian Negara, 2024).

Previous studies have demonstrated that work-life balance contributes not only to employees' personal well-being but also to organizational effectiveness (Surya & Riana, 2023). Employees who successfully balance work and personal responsibilities tend to experience lower levels of stress, stronger organizational attachment, higher job satisfaction, and improved work performance (Badrianto & Ekhsan, 2021; Azizah & Supriyanto, 2023). Conversely, work–life imbalance may increase emotional exhaustion, reduce motivation, and negatively affect employee performance and organizational effectiveness (Badrianto & Ekhsan, 2021). These challenges become increasingly relevant as Millennials and Generation Z gradually dominate the workforce, since these generations generally prioritize flexibility, meaningful work, and personal well-being over traditional career stability (Surya & Riana, 2023).

Besides work-life balance, employee commitment has consistently been identified as a critical determinant of organizational performance. Employee commitment reflects employees' psychological attachment and loyalty toward organizational goals, encouraging them to contribute beyond formal job requirements (Badrianto & Astuti, 2023). Employees with stronger organizational commitment generally demonstrate greater dedication, lower turnover intention, and superior work performance (Suhardi et al., 2021). Likewise, organizations with highly committed employees tend to achieve better operational performance because committed employees willingly invest additional effort in accomplishing organizational objectives (Astuti, 2022).

Employee satisfaction represents another important psychological construct influencing employee behavior and organizational outcomes. Satisfied employees generally demonstrate stronger motivation, greater enthusiasm, and improved productivity because they perceive their work environment positively (Limanta et al., 2023). Furthermore, employee satisfaction contributes to organizational success by improving work quality, reducing absenteeism, and encouraging employees to achieve organizational objectives more effectively (Maharani et al., 2023). Consequently, employee satisfaction has frequently been positioned as an important mechanism through which organizational practices influence employee performance.

Although numerous studies have examined these relationships, empirical findings remain inconsistent. Several studies reported that work–life balance significantly improves employee performance (Kurniasari & Bahjahtullah, 2022) and employee satisfaction (Pasaribu et al., 2025). However, Maharani et al. (2023) found that work-life balance did not significantly affect employee satisfaction,

suggesting that employees may remain satisfied despite experiencing work-life imbalance when other organizational benefits compensate for these conditions. Similarly, employee commitment has been found to positively influence employee performance (Astuti, 2022) and employee satisfaction (Badrianto & Astuti, 2023), whereas Setyorini and Hwihanus (2024) reported an insignificant relationship between employee commitment and performance, while Prasetiyo et al. (2020) found that organizational commitment did not significantly influence employee satisfaction. Moreover, previous findings regarding the relationship between employee satisfaction and employee performance are also inconclusive. Nurrohmat and Lestari (2021) demonstrated a positive relationship, whereas Setyorini and Hwihanus (2024) reported no significant effect.

These contradictory findings indicate that the relationship between work-life balance, employee commitment, and employee performance remains insufficiently understood. One possible explanation is that employee satisfaction functions as an important mediating mechanism linking organizational practices to employee performance. Previous studies have shown that employee satisfaction mediates the influence of work–life balance on employee performance by reducing work-related stress and promoting positive psychological conditions (Pradnyani & Rahyuda, 2022). Likewise, employee satisfaction strengthens the influence of employee commitment on employee performance by reinforcing employees' emotional attachment and organizational engagement (Badrianto & Astuti, 2023). Nevertheless, empirical evidence examining these relationships simultaneously remains limited.

The present study addresses this research gap by focusing on Village Credit Institutions (LPDs) in West Denpasar, Bali. Unlike commercial banking institutions, LPDs are community-based financial institutions established to support local economic development while preserving Balinese customary values. Consequently, LPD employees are required to maintain both financial performance and strong community relationships, creating unique organizational characteristics that may influence employees' work–life balance, commitment, satisfaction, and performance.

Preliminary observations conducted at LPD Padangsambian and LPD Desa Pekraman Denpasar revealed several managerial challenges. Employees frequently experience overtime work during monthly and annual financial reporting periods, reducing opportunities to maintain a healthy work–life balance. Management also observed varying levels of organizational commitment, while an initial survey involving 43 employees indicated relatively low work–life balance, moderate organizational commitment, suboptimal employee satisfaction, and moderate employee performance. These findings suggest that improving employee performance requires a comprehensive understanding of how work–life balance and employee commitment influence employee performance through employee satisfaction.

This study offers three major contributions to the literature. First, it develops an integrated framework that simultaneously examines the effects of work–life balance and employee commitment on employee performance through employee satisfaction. Second, it provides empirical evidence from Village Credit Institutions

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(LPDs), a community-based financial institution that has received limited attention in previous human resource management research. Third, this study contributes to the growing literature on strategic human resource management by demonstrating the mediating role of employee satisfaction in strengthening organizational performance within indigenous financial institutions. Therefore, this study aims to examine the influence of work–life balance and employee commitment on employee performance, with employee satisfaction serving as a mediating variable among employees of LPDs in West Denpasar.

METHOD

This study employed a quantitative research approach with a causal explanatory design to examine the relationships among work–life balance, employee commitment, employee satisfaction, and employee performance. Causal research is appropriate for explaining the cause-and-effect relationships among variables and testing theoretically developed hypotheses (Duryadi, 2024). The study was conducted at two Village Credit Institutions (LPDs) located in West Denpasar, Bali, namely LPD Padangsambian and LPD Desa Pekraman Denpasar. These institutions were selected because they represent community-based financial organizations facing increasing challenges in maintaining employee performance while adapting to changing work demands.

The study population consisted of all employees working at both institutions, including 35 employees from LPD Padangsambian and 8 employees from LPD Desa Pekraman Denpasar, resulting in a total population of 43 employees. Since the population size was relatively small, this study employed a census (total sampling) technique in which all members of the population were included as research respondents. Therefore, the sample size was identical to the population, comprising 43 employees.

Primary data were collected using a structured questionnaire distributed directly to all respondents. The questionnaire utilized a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). The measurement instruments were adapted from well-established theoretical constructs. Work–life balance was measured using the dimensions proposed by McDonald and Bradley, including time balance, involvement balance, and satisfaction balance (Izzati et al., 2022). Employee commitment was measured based on Meyer and Allen's three-component model, consisting of affective commitment, continuance commitment, and normative commitment (Izzati et al., 2022). Employee satisfaction was assessed through four dimensions comprising compensation, work environment, interpersonal relationships, and career development opportunities (Montuori et al., 2022; Yanchovska, 2022; Alvionita & Yuliana, 2024; AlMarzooqi et al., 2025). Employee performance was measured using indicators of work quantity, work quality, timeliness, and teamwork (Putri & Frianto, 2023).

Prior to hypothesis testing, the measurement instrument was evaluated to ensure its validity and reliability. Indicator validity was assessed using convergent validity through outer loading values and Average Variance Extracted (AVE), whereas discriminant validity was evaluated using cross-loadings and the Fornell-Larcker criterion. Internal consistency reliability was examined using Composite Reliability and Cronbach's Alpha. The recommended threshold values followed the guidelines proposed by Ghozali (2015), where outer loading values should exceed

0.70, AVE should be greater than 0.50, and Composite Reliability and Cronbach's Alpha should exceed 0.70.

The research hypotheses were tested using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. PLS-SEM was selected because it is suitable for prediction-oriented research, accommodates relatively small sample sizes, and does not require multivariate normality assumptions (Willy & Hartono, 2015). The analytical procedure consisted of two stages. First, the measurement model (outer model) was evaluated to assess construct validity and reliability. Second, the structural model (inner model) was assessed by examining the coefficient of determination (R^2), path coefficients, effect sizes, predictive relevance, and hypothesis significance using the bootstrapping procedure (Ghozali, 2015). Hypotheses were considered statistically significant when the t-statistic exceeded 1.96 and the p-value was less than 0.05.

To examine the mediating role of employee satisfaction, indirect effects were evaluated using the bootstrapping approach recommended for PLS-SEM. Mediation was determined by comparing the significance of both direct and indirect relationships following the procedures suggested by Hair et al. (2010). Employee satisfaction was considered a full mediator when the indirect effect was significant while the direct effect became insignificant. Conversely, partial mediation was concluded when both direct and indirect effects remained statistically significant.

RESULTS AND DISCUSSION

Respondent Characteristics

A total of 43 employees from LPD Padangsambian and LPD Desa Pekraman Denpasar participated in this study. Because the total population consisted of only 43 employees, a census (total sampling) approach was employed, allowing all employees to participate in the research.

Table 1. Respondent Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	16	37.21
	Female	27	62.79
Age	18–25 years	2	4.65
	26–35 years	16	37.21
	36–45 years	7	16.28
	46–55 years	15	34.88
	>55 years	3	6.98
Length of Service	<1 year	3	6.98
	1–5 years	7	16.28
	6–10 years	11	25.58
	11–15 years	9	20.93
	16–20 years	3	6.98
	21–25 years	3	6.98

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Characteristics	Category	Frequency	Percentage (%)
	26–30 years	2	4.65
	31–35 years	5	11.62

Source: Processed research data (2026).

The respondents were predominantly female, representing 62.79% of the total sample, while male employees accounted for 37.21%. Most respondents were between 26 and 35 years old (37.21%), followed by those aged 46–55 years (34.88%), indicating that the workforce is largely composed of employees in their productive working age. Regarding tenure, the largest proportion of respondents had worked for 6–10 years (25.58%), followed by 11–15 years (20.93%), suggesting that most employees possess considerable organizational experience and familiarity with the operational characteristics of Village Credit Institutions (LPDs).

Descriptive Statistics

Descriptive statistics were used to describe respondents' perceptions regarding work–life balance, employee commitment, employee satisfaction, and employee performance. The interpretation of mean scores followed a five-point Likert scale, where scores between 3.41 and 4.20 indicate a good category.

Table 2. Descriptive Statistics of Research Variables

Variable	Mean	Category
Work–Life Balance	3.81	Good
Employee Commitment	3.93	Good
Employee Satisfaction	3.93	Good
Employee Performance	3.93	Good

Source: Processed research data (2026).

Overall, all research variables achieved mean values within the good category, indicating positive employee perceptions regarding organizational practices and working conditions. Among the variables, employee commitment, employee satisfaction, and employee performance obtained the highest mean score (3.93), whereas work–life balance recorded a slightly lower mean (3.81). Although still categorized as good, this finding suggests that work–life balance remains an area with greater potential for managerial improvement compared with the other constructs. At the indicator level, the highest mean score within the work–life balance construct was found in satisfaction balance (3.93), indicating that employees generally perceived organizational policies as supportive of balancing work and personal life. Conversely, involvement balance (3.71) obtained the lowest score, implying that some employees still experienced difficulties balancing work responsibilities with personal activities. Employee commitment was primarily reflected through affective commitment (4.00), demonstrating that employees were proud to be part of their organizations. Meanwhile, normative commitment (3.84) recorded the lowest average, suggesting opportunities to strengthen employees' sense of moral responsibility toward the organization.

Regarding employee performance, work quantity (4.00) received the highest rating, while work timeliness (3.84) showed the lowest mean, indicating that completing tasks efficiently remains a challenge for some employees. For employee satisfaction, working environment (4.00) was rated highest, reflecting employees' positive perceptions of workplace conditions. In contrast, career development and promotion opportunities (3.81) received the lowest evaluation, suggesting that employees expect greater opportunities for professional growth.

Measurement Model Assessment (Outer Model)

Times New Roman, 12 pts, single space, justify alignment.Times New The measurement model was evaluated by assessing convergent validity, discriminant validity, and construct reliability. The results indicate that all measurement criteria satisfied the recommended thresholds for Partial Least Squares Structural Equation Modeling (PLS-SEM).

Convergent validity

Convergent validity was assessed using outer loading values. As shown in Table 3, all indicators exceeded the recommended threshold of 0.70, with values ranging from 0.705 to 0.951. Therefore, all measurement indicators were considered valid and adequately represented their respective latent constructs.

Table 3. Outer Loading Results

Variable	Range of Outer Loading	Interpretation
Work–Life Balance	0.785–0.897	Valid
Employee Commitment	0.943–0.951	Valid
Employee Performance	0.705–0.836	Valid
Employee Satisfaction	0.740–0.913	Valid

Source: Processed research data (2026).

Discriminant validity

Discriminant validity was evaluated using the Average Variance Extracted (AVE). All constructs achieved AVE values greater than 0.50, confirming adequate discriminant validity.

Table 4. Average Variance Extracted

Variable	AVE
Work–Life Balance	0.724
Employee Commitment	0.897
Employee Performance	0.593
Employee Satisfaction	0.658

Source: Processed research data (2026).

These findings indicate that each construct explains more than 50% of the variance of its respective indicators and is empirically distinct from the other constructs.

Reliability assessment

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Construct reliability was assessed using Composite Reliability and Cronbach's Alpha. As presented in Table 5, all constructs exceeded the recommended threshold of 0.70, indicating satisfactory internal consistency.

Table 5. Composite Reliability

Variable	Composite Reliability	Cronbach's Alpha
Work–Life Balance	0.909	0.904
Employee Commitment	0.963	0.962
Employee Performance	0.774	0.770
Employee Satisfaction	0.835	0.824

Source: Processed research data (2026).

The results confirm that all measurement scales possess acceptable reliability and are suitable for structural model analysis.

Structural Model Assessment (Inner Model)

The structural model was evaluated using the coefficient of determination (R^2) to assess the explanatory power of the proposed research model.

Table 6. Coefficient of Determination (R^2)

Endogenous Variable	R^2	Interpretation
Employee Satisfaction	0.912	Strong
Employee Performance	0.928	Strong

Source: Processed research data (2026).

The model explains 91.2% of the variance in employee satisfaction and 92.8% of the variance in employee performance. According to the commonly accepted interpretation of PLS-SEM, both values indicate a strong explanatory model, suggesting that work–life balance, employee commitment, and employee satisfaction collectively explain a substantial proportion of employee performance among LPD employees.

Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS. Statistical significance was determined based on a t-value greater than 1.96 and a p-value less than 0.05.

Table 7. Hypothesis Testing Results

Hypothesis	Relationship	β	t-value	p-value	Result
H1	Work–Life Balance → Employee Performance	0.416	2.232	0.013	Supported
H2	Employee Commitment → Employee Performance	0.266	2.345	0.010	Supported
H3	Work–Life Balance → Employee Satisfaction	0.762	8.124	0.000	Supported
H4	Employee Commitment → Employee Satisfaction	0.203	2.078	0.019	Supported
H5	Employee Satisfaction → Employee Performance	0.804	5.123	0.000	Supported
H6	Work–Life Balance → Employee Satisfaction → Employee Performance	0.613	4.908	0.000	Supported
H7	Employee Commitment → Employee Satisfaction → Employee Performance	0.163	1.781	0.037	Supported

Source: Processed research data (2026).

The results indicate that all seven hypotheses were supported. Work–life balance and employee commitment significantly improved both employee satisfaction and employee performance. Employee satisfaction also exerted a strong positive effect on employee performance and significantly mediated the relationships between work–life balance and employee performance, as well as between employee commitment and employee performance. Among the direct effects, work–life balance had the strongest influence on employee satisfaction (β = 0.762), whereas employee satisfaction demonstrated the strongest direct effect on employee performance (β = 0.804), emphasizing its central role within the proposed research model.

Effect of Work–Life Balance on Employee Performance

The findings demonstrate that work-life balance has a positive and significant effect on employee performance, supporting the first hypothesis. This result indicates that employees who are able to maintain an appropriate balance between work responsibilities and personal life tend to exhibit higher levels of job performance. A balanced work environment allows employees to reduce work-related stress, maintain psychological well-being, and allocate sufficient time for recovery, ultimately improving their productivity and work effectiveness. These findings are consistent with the theoretical perspective proposed by Badrianto and Ekhsan (2021), who argue that work–life balance enables employees to perform their organizational roles more effectively by minimizing conflicts between work and personal life. Employees experiencing a healthy balance are more likely to remain motivated, focused, and emotionally engaged in their work, thereby producing better performance outcomes.

The empirical findings also support previous studies conducted by Sayekti and Suhartini (2022), which found that work-life balance significantly improves employee performance. Similarly, Dewi et al. (2022) reported that organizations promoting work–life balance experience higher employee productivity because

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employees can better manage work pressure while maintaining their physical and psychological well-being. Within the context of Village Credit Institutions (LPDs), these findings highlight the importance of balancing operational demands with employees' personal well-being. Financial service employees frequently encounter high workloads, particularly during financial reporting periods, which may increase stress and fatigue. Therefore, organizational policies promoting flexible scheduling, equitable workload distribution, and adequate recovery opportunities may contribute substantially to sustaining employee performance. These findings reinforce the strategic role of work–life balance as an important human resource management practice for improving organizational effectiveness.

Effect of Employee Commitment on Employee Performance

The second hypothesis is supported, indicating that employee commitment positively influences employee performance. Employees demonstrating stronger commitment toward their organizations tend to exhibit greater responsibility, loyalty, and willingness to contribute beyond formal job requirements. Consequently, organizational commitment serves as an important psychological resource that enhances employee productivity and organizational performance. This finding supports the organizational commitment theory proposed by Astuti (2022), which emphasizes that committed employees are more willing to dedicate their efforts toward achieving organizational goals. Employees with strong affective, normative, and continuance commitment generally demonstrate higher persistence, stronger motivation, and greater willingness to overcome organizational challenges.

The results are consistent with those reported by Rizal et al. (2023), who concluded that organizational commitment significantly enhances employee performance. Likewise, Badrianto and Astuti (2023) found that committed employees consistently demonstrate higher work quality and productivity because they perceive organizational success as their personal responsibility. From a practical perspective, the findings suggest that strengthening employees' emotional attachment to the organization is essential for improving organizational performance. Organizations should therefore foster supportive leadership, transparent communication, fair reward systems, and career development opportunities that reinforce employees' sense of belonging and organizational identification.

Effect of Work-Life Balance on Employee Satisfaction

The results indicate that work-life balance significantly improves employee satisfaction. Employees who successfully balance work and personal responsibilities tend to experience greater psychological comfort and perceive their work environment more positively. Consequently, work-life balance contributes directly to employees' overall job satisfaction. This finding aligns with previous research by Sayekti and Suhartini (2022), who reported that work-life balance positively affects job satisfaction. Similarly, Suhardiman and Saragih (2022) concluded that reducing work-family conflict enhances employees' emotional well-being and satisfaction with their jobs.

The descriptive findings further support this relationship, showing that employees perceived organizational policies supporting work–life balance

positively. Nevertheless, the relatively lower score on involvement balance suggests that workload remains a concern for several employees. This finding indicates that although employees generally appreciate existing organizational support, further improvements in workload management may enhance employee satisfaction even further. These results emphasize that work-life balance should not merely be viewed as an employee welfare initiative but rather as a strategic organizational investment capable of improving employee attitudes and long-term organizational sustainability.

Effect of Employee Commitment on Employee Satisfaction

The fourth hypothesis confirms that employee commitment positively affects employee satisfaction. Employees who possess stronger emotional attachment and loyalty toward their organizations generally experience greater satisfaction because they perceive themselves as valuable organizational members. This finding supports Astuti (2022), who argues that organizational commitment strengthens employees' psychological attachment to the workplace, thereby increasing job satisfaction. Employees who identify with organizational values tend to evaluate their work experiences more positively and remain motivated despite facing organizational challenges.

The findings are also consistent with Badrianto and Astuti (2023), as well as Lestari and Palupi (2023), both of whom reported that organizational commitment significantly enhances employee satisfaction. Committed employees usually perceive greater meaning in their work, develop stronger interpersonal relationships, and experience greater organizational support, leading to higher satisfaction. Within LPDs, maintaining employee commitment is particularly important because organizational success depends heavily on employee trustworthiness, accountability, and community-oriented service. Therefore, strengthening organizational culture, leadership quality, and employee recognition may improve both commitment and satisfaction simultaneously.

Effect of Employee Satisfaction on Employee Performance

The analysis demonstrates that employee satisfaction has the strongest direct influence on employee performance among all relationships examined in this study. This finding suggests that satisfied employees are more motivated, engaged, and willing to exert greater effort in accomplishing organizational objectives. The results support the motivational perspective suggesting that positive emotional experiences at work stimulate higher individual performance. Employees who are satisfied with compensation, work environment, interpersonal relationships, and career opportunities tend to demonstrate stronger organizational citizenship behaviors and greater productivity.

These findings are consistent with Khoregia et al. (2023), who found that job satisfaction significantly improves employee performance. Similarly, Sayekti and Suhartini (2022) concluded that satisfied employees demonstrate higher effectiveness, stronger commitment, and improved work quality. Interestingly, descriptive statistics indicate that employees expressed the highest level of satisfaction with their working environment, while career development opportunities received comparatively lower evaluations. This suggests that although LPDs have established supportive working environments, greater

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attention should be devoted to developing transparent promotion systems and long-term career planning to further enhance employee performance.

Mediating Effect of Employee Satisfaction on the Relationship between Work-Life Balance and Employee Performance

The findings reveal that employee satisfaction significantly mediates the relationship between work-life balance and employee performance. This indicates that work–life balance improves employee performance not only directly but also indirectly by increasing employees' job satisfaction. This mediation mechanism suggests that organizational initiatives promoting work-life balance create positive psychological experiences that enhance employees' satisfaction, which subsequently motivates them to perform better. Employees who perceive organizational support in balancing professional and personal responsibilities are more likely to develop positive attitudes toward their organizations, ultimately translating into superior work performance.

These findings support Dewi et al. (2022), who concluded that job satisfaction mediates the relationship between work–life balance and employee performance. Likewise, Sayekti and Suhartini (2022) demonstrated that organizations promoting work-life balance indirectly improve employee performance through enhanced employee satisfaction. Theoretically, these findings extend the work–life balance literature by demonstrating that employee satisfaction functions as an important psychological mechanism linking organizational practices with employee behavioral outcomes. This mediation effect further highlights the importance of considering employee well-being as an intermediate outcome in strategic human resource management.

Mediating Effect of Employee Satisfaction on the Relationship between Employee Commitment and Employee Performance

The final hypothesis demonstrates that employee satisfaction mediates the relationship between employee commitment and employee performance. This finding suggests that organizational commitment contributes to higher performance partly because committed employees experience greater satisfaction with their jobs. Employees who identify strongly with organizational goals generally develop positive work attitudes, perceive stronger organizational support, and experience greater fulfillment from their work. These positive psychological conditions subsequently encourage employees to improve their work performance.

The findings are consistent with Badrianto and Astuti (2023), who reported that employee satisfaction strengthens the influence of organizational commitment on employee performance. Similarly, Lestari and Palupi (2023) concluded that organizational commitment indirectly enhances employee performance through increased job satisfaction. From a theoretical perspective, these findings contribute to the human resource management literature by confirming employee satisfaction as an important mediating mechanism connecting organizational commitment and employee performance. Practically, the results suggest that organizations should not rely solely on strengthening employee commitment but should simultaneously create working conditions that enhance employee satisfaction. Such an integrated approach is more likely to generate sustainable improvements in employee performance, particularly in community-based financial institutions such as LPDs.

CONCLUSION

This study concludes that work-life balance and employee commitment significantly improve employee performance both directly and indirectly through employee satisfaction among employees of Village Credit Institutions (LPDs) in West Denpasar. The findings indicate that employees who experience a better balance between work and personal life and demonstrate stronger organizational commitment tend to report higher job satisfaction, which subsequently enhances their performance. Employee satisfaction also plays a significant mediating role, highlighting its importance as a psychological mechanism linking organizational practices to employee performance. These findings contribute to the strategic human resource management literature by providing empirical evidence from community-based financial institutions and suggest that LPD management should strengthen policies promoting work–life balance, organizational commitment, and employee satisfaction to achieve sustainable improvements in employee performance. Future studies are recommended to involve larger samples from different organizational settings, employ longitudinal research designs, and incorporate additional variables, such as organizational culture, leadership, or employee engagement, to provide a more comprehensive understanding of employee performance.

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