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Jakarta, 22 Januari 2025

DEKAN FAKULTAS EKONOMI DAN BISNIS



Dr. Yayan Hendayana, S.E., M.M.


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Tembusan:

- Arsip.

The Impact of Resilience, Commitment, and Psychological Well-being on Sustainability with Performance as a Mediating Variable: An Organizational Study

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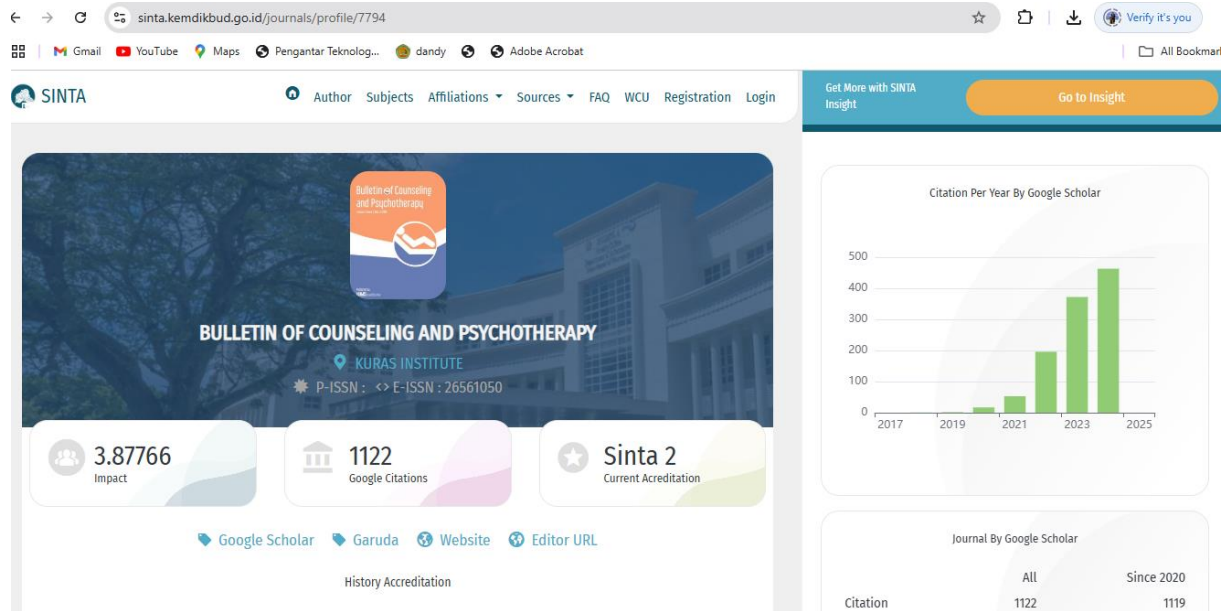
<p>Revised: 2024-09-04</p> <p>Published: 2024-09-21</p> <p>Keywords: Organizational Resilience, Organizational Commitment, Psychological Well-being, Organizational Performance, Organizational Sustainability</p> <p>Copyright holder: © Author/s (2024)</p> <p>This article is under:</p>  <p>How to cite: Zen, A., Ali, H., Sastrodiharjo, I., & Hidayat, W. W. (2024). The Impact of Resilience, Commitment, and Psychological Well-being on Sustainability with Performance as a Mediating Variable: An Organizational Study. <i>Bulletin of Counseling and Psychotherapy</i>, 6(2). https://doi.org/10.51214/002024061090000</p> <p>Published by: Kuras Institute</p> <p>E-ISSN: 2656-1050</p>	<p>ABSTRACT: In a dynamic and competitive era of globalization, organizational sustainability has become a primary focus for various organizations, including Micro, Small and Medium Enterprises (MSMEs). Organizational sustainability involves an organization's ability to continue operating and growing over the long term, despite facing various challenges and uncertainties. This study aims to examine the impact of organizational resilience, organizational commitment, and psychological well-being on organizational sustainability, as well as the role of organizational performance as a mediating variable in the context of MSMEs in Jakarta, Indonesia. The study employs a quantitative approach utilizing SEM-PLS methodology to explore the interrelationships among relevant variables. The research was conducted on 100 MSMEs in Jakarta, Indonesia, using an online questionnaire as the data collection tool. This research found that organizational resilience, reflected in adaptability, innovation, recovery, preparedness, and effective communication, has a positive and significant impact on the sustainability of MSMEs. Additionally, organizational commitment, measured through affective, continuance, and normative commitment, along with employees' psychological well-being characterized by autonomy, environmental mastery, personal growth, positive relationships, life purpose, and self-acceptance also significantly contributes to organizational sustainability.</p>
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INTRODUCTION

In an increasingly competitive and dynamic era of globalization, the challenges faced by organizations, particularly Micro, Small, and Medium Enterprises (MSMEs), are becoming more diverse and complex. Organizational sustainability has now become a primary focus for many business operators aiming to maintain their business presence and achieve long-term growth (Hermundsdottir & Aspelund, 2021). Organizational sustainability involves the ability to continue operating amidst market uncertainties and requires rapid adaptation to external changes such as regulatory shifts, technological advancements, and economic conditions. In this context, organizational resilience, organizational commitment, and employee psychological well-being play a crucial role in ensuring this sustainability. Organizational performance is considered a mediating variable that can bridge the influence of these factors on business sustainability, making it a key element to consider in MSME management strategies.


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INTRODUCTION

In an increasingly competitive and dynamic era of globalization, the challenges faced by organizations, particularly Micro, Small, and Medium Enterprises (MSMEs), are becoming more diverse and complex. Organizational sustainability has now become a primary focus for many business operators aiming to maintain their business presence and achieve long-term growth (Hermundsdottir & Aspelund, 2021). Organizational sustainability involves the ability to continue operating amidst market uncertainties and requires rapid adaptation to external changes such as regulatory shifts, technological advancements, and economic conditions. In this context, organizational resilience, organizational commitment, and employee psychological well-being play a crucial role in ensuring this sustainability. Organizational performance is considered a mediating variable that can bridge the influence of these factors on business sustainability, making it a key element to consider in MSME management strategies.

International phenomena shows that organizational resilience is becoming increasingly relevant amidst diverse global challenges, including the COVID-19 pandemic, climate change, and disruptive technological advancements. A study notes that resilient organizations are better able to endure and even thrive during crises, with high adaptability and maintained operational efficiency (Shepherd & Williams, 2023). This resilience is evident in an organization's ability to face challenges and maintain employee productivity and motivation. A study by Lee & Kim (2023) emphasizes the critical role of organizational commitment and employee psychological well-being in fostering innovation and productivity, which in turn supports organizational sustainability. Effective management commitment and positive psychological well-being among employees are shown to boost loyalty, lower turnover rates, and promote a more collaborative and innovative workplace environment.

In Indonesia, the impact of the COVID-19 pandemic has been deeply felt in the MSME sector, which is the backbone of the national economy. According to data from the Ministry of Cooperatives and MSMEs, over 50% of MSMEs in Indonesia reported a decline in revenue during the pandemic (Ausat & Suherlan, 2021). This underscores the vulnerability of MSMEs to external shocks. Organizational resilience and strong commitment among MSME managers are crucial for surviving in this uncertain economic environment. However, a survey conducted by (Siti et al., 2024) shows that employee psychological well-being in MSMEs is often neglected, negatively affecting performance and business sustainability. The lack of attention to psychological well-being can be a barrier to enhancing productivity and innovation, which are vital for long-term organizational sustainability.

MSMEs in Jakarta, as the economic hub of Indonesia, face intense competitive pressures and high economic uncertainty, testing their organizational resilience. Data from the Jakarta Central Statistics Agency (BPS, 2023) indicates that only about 40% of MSMEs have managed to survive over the past five years, demonstrating that many are unprepared for rapidly changing market dynamics. In addition to these external challenges, internal issues such as low organizational commitment and inadequate attention to employee psychological well-being also pose significant barriers. High employee turnover, as revealed by the study of Aqsa Fadillah et al. (2024), is often caused by weak commitment and neglected psychological well-being, which in turn lowers organizational performance and threatens business sustainability.

In this context, strong organizational resilience alone is insufficient without support from optimal organizational commitment and employee psychological well-being. Data from research by Bachtiar and Anshori (2024) shows that low psychological well-being among MSME employees in Jakarta correlates with decreased productivity and increased turnover, negatively impacting business stability. Therefore, MSMEs in Jakarta need to implement management strategies that integrate organizational resilience with enhanced commitment and employee well-being to ensure solid organizational performance and better business sustainability amidst increasingly complex challenges. This research will examine how the interaction between these three factors contributes to MSME sustainability in Jakarta, with organizational performance as a mediating variable.

Research by Lengnick-Hall et al. (2011) shows that organizational resilience has a strong positive relationship with organizational performance. They argue that resilient organizations are better at managing crises, adapting to changes, and seizing opportunities amidst threats, ultimately enhancing their performance. However, a study by Hamel and Välikangas (2003) presents different findings. They discovered that organizational resilience does not always correlate positively with performance. According to them, organizations overly focused on resilience may become less innovative and prone to stagnation, as they tend to rely on existing strategies rather than exploring new approaches. This can lead to suboptimal performance, particularly in highly dynamic environments. This contradiction suggests that organizational resilience may not always yield positive results for organizational performance. Contextual differences, such as industry, organizational size, and environmental uncertainty, can influence this relationship.

Several prior studies have examined the effects of organizational resilience, organizational commitment, and psychological well-being related to organizational sustainability. Research by Meyer et al. (1993) reveals that organizational commitment, especially affective commitment, has a positive relationship with organizational performance. Employees with high affective commitment tend to be more motivated, contribute more, and be more productive, ultimately enhancing organizational performance. Conversely, research by Angle and Perry (1981) shows that not all dimensions of organizational commitment contribute positively to performance. For example, normative commitment (a sense of obligation to remain with the organization) can sometimes lead to decreased performance, especially if employees feel trapped in roles they do not enjoy. Employees with high normative commitment may stay with the organization out of obligation rather than genuine motivation to perform well. This difference indicates that the type of commitment employees have towards the organization can affect their performance in various ways.

Wright and Cropanzano (2000) discovered in their research that there is a strong positive relationship between employee psychological well-being and organizational performance. Employees who are psychologically healthy are generally more productive, more creative, and experience greater job satisfaction, all of which lead to enhanced organizational performance. However, research by van Dierendonck et al. (2004) suggests that psychological well-being does not always align with organizational performance. They found that, in some cases, employees with high psychological well-being might become too comfortable and less motivated to exert more effort, especially if there are no incentives or challenges pushing them. This contradiction indicates that psychological well-being may not always lead to improved organizational performance. Other factors, such as organizational culture, reward systems, and job challenges, need to be considered to understand this relationship more comprehensively.

Referring to the previous research results, it must be acknowledged that while many studies have discussed factors influencing organizational sustainability, research specifically examining the impact of organizational resilience, organizational commitment, and psychological well-being on organizational sustainability with organizational performance as a mediating variable in the context of MSMEs in Jakarta remains limited. This study aims to fill this gap by exploring how these factors contribute to organizational sustainability and how organizational performance can mediate this relationship.

Next, to clarify the variables used in this study, the author employs three theories that support the relevance of the study topic. First, the Organizational Resilience Theory emphasizes an organization's ability not only to survive crises but also to thrive amidst uncertainty and complex challenges. This concept is increasingly relevant in the era of globalization, where rapid market changes, technological disruptions, and global crises like the COVID-19 pandemic demand organizations to be more adaptive and resilient. Weick & Sutcliffe (2007), in their book "Managing the Unexpected: Resilient Performance in an Age of Uncertainty" (2007), introduce key principles on how organizations can develop resilience through preparedness, sensitivity to operations, and learning from past experiences. They argue that resilient organizations are those that manage shocks and crises through continuous monitoring of their environment and rapid adaptation to change. The indicators of organizational resilience used include:

Adaptability refers to an organization's ability to quickly adjust its strategies and operations in response to changes in the external environment. A clear example of this is seen in MSMEs that adapted their business models during the pandemic by leveraging digital technology. Innovation is another key trait of resilient organizations, as they continuously seek new and creative ways to tackle challenges, whether through the development of new products and services or by streamlining business processes. Recovery describes an organization's capacity to bounce back after facing difficulties or crises, such as restoring normal operations after disruptions caused by natural disasters. Preparedness is crucial for an organization's ability to handle potential threats, which includes

contingency planning and ensuring employees are trained for emergency situations. Lastly, effective communication is essential during crises, as quick and accurate communication helps ensure all members of the organization understand their roles and responsibilities, maintaining a smooth flow of information.

Second, the Organizational Commitment Theory, introduced by Meyer & Allen (1991), emphasizes the critical role of employee commitment to their organization. They define organizational commitment as a psychological bond that ties employees to their organization, influencing retention, performance, and overall success. The theory divides organizational commitment into three key components: affective commitment, continuance commitment, and normative commitment. Each of these components explains different factors that motivate employees to remain with an organization and how this loyalty supports the achievement of organizational objectives. The indicators of organizational commitment used include:

Affective commitment refers to the emotional bond that employees develop with their organization. Employees with high affective commitment feel proud to be part of the organization and have a strong sense of ownership. For instance, those who are emotionally invested in the company's vision and mission tend to be more loyal and motivated to perform at their best. Continuance commitment, on the other hand, reflects employees' perception of the potential costs or losses they would face if they were to leave the organization. Employees may stay because they find it challenging to secure similar opportunities elsewhere or because they have invested significant time and effort in the current organization. Finally, normative commitment relates to the sense of obligation employees feel to remain with the organization, believing it is the morally right thing to do. This type of commitment is often shaped by personal values and an organizational culture that emphasizes loyalty and ethical responsibility.

Lastly, the Psychological Well-being Theory, developed by Ryff (1989), provides a comprehensive perspective on individual well-being, which is not limited to happiness or the absence of stress but also includes various deeper and more meaningful aspects. Ryff identifies six dimensions of psychological well-being that reflect overall quality of life. These dimensions encompass various aspects of a person's life, including how they manage their environment, their social relationships, and their feelings about themselves. High psychological well-being is important not only for individual mental health but also for their performance at work, which in turn affects organizational performance and sustainability. The indicators of psychological well-being used in this study include:

Autonomy refers to an individual's ability to regulate their own life and make decisions freely. Employees who experience autonomy in their work tend to report higher levels of satisfaction and productivity. Environmental mastery involves the capacity to manage and effectively utilize one's surroundings, including making decisions that impact both personal and professional life. Personal growth signifies an individual's recognition of ongoing self-development, along with a desire to continuously learn and seek new experiences. Positive relations with others are also essential to psychological well-being, as they involve the ability to establish and maintain supportive relationships, both in the workplace and in personal life. Purpose in life provides individuals with a clear sense of direction and meaning, which is fundamental for overall psychological well-being. Lastly, self-acceptance refers to having a positive view of oneself, embracing both strengths and weaknesses. Individuals with high self-acceptance tend to be more resilient to stress and exhibit better overall well-being.

Study Aim and Hypothesis

This study will develop hypotheses to provide tested predictions about the relationships among the variables under investigation, based on theory, relevant previous research and to help determine the direction and focus of the research. Organizational resilience plays a crucial role in supporting organizational sustainability, as identified by Lengnick-Hall et al. (2011), who found that resilient

organizations are able to adapt and thrive amidst crises. This is supported by Hamel and Välikangas (2003), who emphasized that the ability to innovate and adapt quickly enables resilient organizations to leverage changes as opportunities, ultimately enhancing organizational sustainability.

H1: *Organizational resilience has a positive and significant impact on organizational sustainability.*

Organizational commitment has been shown to enhance organizational stability and sustainability. Meyer et al. (1993) found that employees' affective commitment fosters high loyalty, which is crucial for organizational sustainability. This finding is supported by Mowday et al. (1982), who demonstrated that organizational commitment strengthens employee engagement in achieving long-term goals, thereby supporting organizational sustainability.

H2: *Organizational commitment has a positive and significant impact on organizational sustainability.*

Employee psychological well-being significantly contributes to organizational sustainability. Wright and Cropanzano (2000) discovered that high psychological well-being among employees improves individual performance, which contributes to organizational success. Diener and Seligman (2004) also showed that good psychological well-being creates a positive and collaborative work environment, which is essential for organizational sustainability.

H3: *Psychological well-being has a positive and significant impact on organizational sustainability.*

Organizational resilience enhances organizational performance, which then acts as a mediator in supporting sustainability. Sutcliffe and Vogus (2003) demonstrated that resilient organizations maintain high performance amidst challenges, while Hitt et al. (1998) emphasized that high performance under uncertainty is a key factor in organizational sustainability.

H4: *Organizational performance mediates the relationship between organizational resilience and organizational sustainability.*

Organizational commitment significantly enhances performance, supporting sustainability. Allen and Meyer (1990) found that employees with high commitment tend to contribute more towards achieving organizational goals, which enhances organizational performance. Steers (1977) added that high commitment increases employee motivation and productivity, leading to improved performance and supporting organizational sustainability.

H5: *Organizational performance mediates the relationship between organizational commitment and organizational sustainability.*

High psychological well-being among employees improves organizational performance, which ultimately supports organizational sustainability. Harter et al. (2003) found that high psychological well-being is correlated with increased organizational performance. Diener and Seligman (2004) further emphasized that a work environment that supports psychological well-being fosters better performance, which is essential for organizational sustainability.

H6: *Organizational performance mediates the relationship between psychological well-being and organizational sustainability.*

High organizational performance directly contributes to organizational sustainability. Richard et al. (2009) found that high-performing organizations have a greater chance of surviving in a competitive environment. Kaplan and Norton (1996) also highlighted that performance measured through tools such as the Balanced Scorecard provides a holistic view of organizational health, which is crucial for long-term sustainability.

H7: *Organizational performance has a positive and significant impact on organizational sustainability.*

Given the explanations above, this study aims to examine the impact of organizational resilience, organizational commitment, and psychological well-being on organizational sustainability, as well as the role of organizational performance as a mediating variable in the context of MSMEs in Jakarta. This research is expected to provide a deeper understanding of the factors contributing to organizational sustainability and strategies that can be used to enhance performance and resilience of MSMEs in facing future challenges.

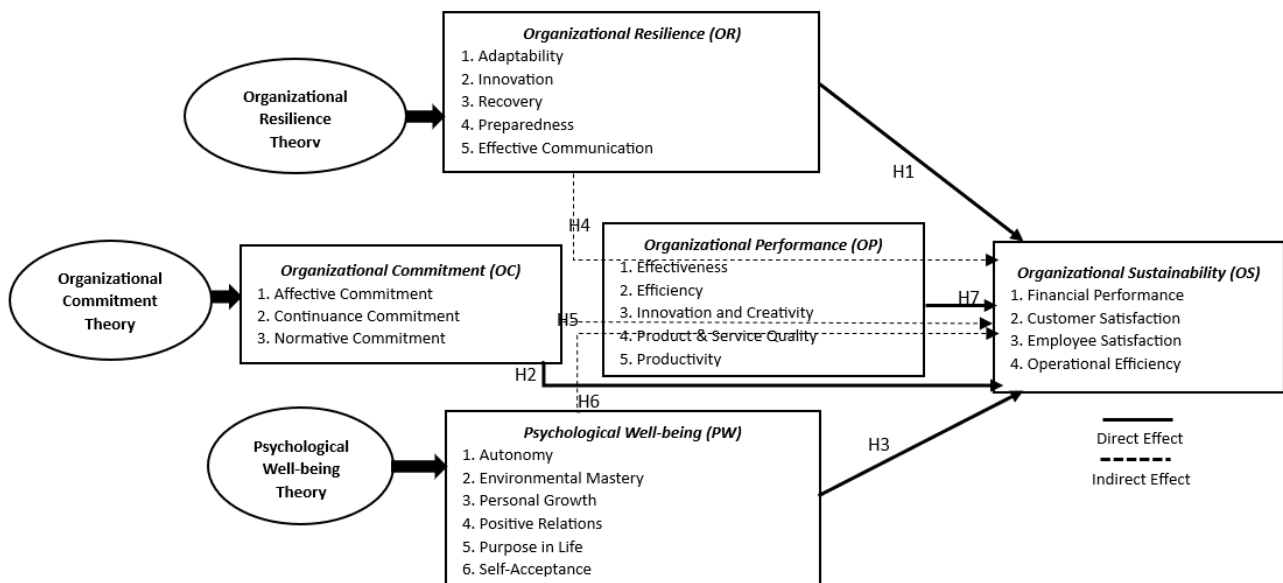


Figure 1. Research Framework

METHODS

Research Design

This research uses a quantitative approach to examine the effects of organizational resilience, organizational commitment, and psychological well-being on organizational sustainability, with organizational performance acting as a mediating factor. The quantitative method was selected because it provides objective, measurable data and allows for detailed statistical analysis to understand the relationships between the study variables. The aim is to produce scientifically valid outcomes that can be applied to similar MSME contexts in Jakarta using quantitative methods. A survey design was chosen for its efficiency in collecting data from a large population in a relatively short time. The survey explores the influence of organizational resilience, organizational commitment, and psychological well-being on organizational sustainability, emphasizing the mediating role of organizational performance. Data was gathered via an online questionnaire distributed through Google Forms, targeting MSME owners and managers in Jakarta. This method was chosen for its cost-effectiveness, efficiency, and ability to reach a geographically diverse sample. A Likert scale was used to gauge respondents' perceptions of organizational resilience, organizational commitment, psychological well-being, organizational performance, and organizational sustainability. This survey design allows for standardized data analysis, aiding in identifying patterns and trends within the sample.

Instruments

The research employed a structured questionnaire as the main tool for data collection, designed to assess key constructs such as organizational resilience, organizational commitment, psychological well-being, organizational performance, and organizational sustainability. Each construct was operationalized using a set of items adapted from previously validated scales in the literature. For example, organizational resilience was measured with items adapted from Weick and Sutcliffe (2007), focusing on an organization's ability to recover from challenges. Organizational commitment was gauged using items based on Meyer and Allen (1991) Organizational Commitment Scale, which evaluates employees' emotional attachment, identification, and involvement with their organization. Psychological well-being was measured using Ryff (1989) Psychological Well-being Scale, which assesses overall mental health and life satisfaction. Organizational performance was evaluated with items adapted from Steers (1977) Organizational Effectiveness, concentrating on aspects such as effectiveness, efficiency, innovation, product and service quality, and productivity.

Lastly, organizational sustainability was measured using items adapted from relevant prior research, focusing on financial performance, customer satisfaction, employee satisfaction, and operational efficiency. All items were rated on a 5-point Likert scale, ranging from "strongly disagree" to "strongly agree." The questionnaire was pilot-tested with a small group of MSME owners and managers in Jakarta to confirm its reliability and validity before conducting the full-scale data collection.

Participants

The research sample consists of MSME owners and managers in Jakarta who actively engage in practices related to organizational resilience, organizational commitment, and psychological well-being as part of their business processes. A purposive sampling technique was employed to ensure that selected participants meet the research objectives' criteria. Inclusion criteria required participants to be MSME owners or managers who actively implement organizational resilience, organizational commitment, and psychological well-being practices and who view organizational performance as a critical factor in their work environment. Exclusion criteria filtered out individuals who do not engage in these practices or do not consider organizational performance relevant. The final sample consisted of 100 participants from an initial pool of 107 respondents who met the inclusion criteria. The purposive sampling technique ensures that the study's findings are pertinent to the context of MSMEs in Jakarta, while also allowing for the generalization of results to similar settings.

Data Analysis

Structural Equation Modeling-Partial Least Squares (SEM-PLS) was utilized for data analysis, with SmartPLS 3.0 software being the tool of choice. SEM-PLS was selected due to its capability to analyze intricate relationships among latent variables and its effectiveness with small to medium sample sizes. This method facilitates the simultaneous evaluation of measurement and structural models, offering comprehensive insights into the interactions between organizational resilience, organizational commitment, psychological well-being, organizational performance, and organizational sustainability. The analysis commenced with an evaluation of the outer model, focusing on convergent validity, discriminant validity, and measurement model reliability. Convergent validity was confirmed by verifying that indicator within each construct had strong correlations, with factor loadings surpassing the recommended threshold of 0.70. Subsequently, the inner model was assessed through R-square and Q-square analyses to gauge the model's explanatory power and predictive relevance. This step is essential for validating the theoretical framework and confirming that the proposed relationships are supported by the data. Hypothesis testing was carried out to verify the presence and strength of relationships among the variables, providing empirical evidence for the study's theoretical claims. Employing SEM-PLS with SmartPLS 3.0 software enhances the precision of the analysis and offers deep insights into the dynamics of MSMEs in Jakarta, thereby increasing the reliability of the findings and laying a solid groundwork for future research in this domain.

RESULTS AND DISCUSSION

Results

The research sample consists of MSME owners and managers in Jakarta who actively engage in practices related to organizational resilience, organizational commitment, and psychological well-being as part of their business processes. The final sample consisted of 100 participants from an initial pool of 107 respondents who met the inclusion criteria. The purposive sampling technique ensures that the study's findings are pertinent to the context of MSMEs in Jakarta, while also allowing for the generalization of results to similar settings.

Table 1. Respondent Characteristics

Demographic		Frequency	Percentage
Firm Age	1-5 years	33	33%
	6-10 years	34	34%
	11-15 years	17	17%
	>15 years	16	16%
	Total	100	100%
Gender	Male	58	58%
	Female	42	42%
	Total	100	100%
Respondents Age	15-25 years	20	19%
	26-35 years	35	31%
	36-45 years	30	36%
	>45 years	15	14%
	Total	100	100%
MSMEs Sector	Culinary	25	25%
	Fashion	20	20%
	Creative Service	15	15%
	Handicrafts	10	10%
	ICT	10	10%
	Retail & Trade	15	15%
	Edu & Training	5	5%
	Total	100	100%
Business Location	Jakarta	100	100%

In Jakarta, the MSME sector is predominantly characterized by businesses that have been operating for 6-10 years, accounting for 34% of the total, indicating that many MSMEs are in a significant growth phase but not yet fully established. The majority of MSME owners or managers are male, representing 58%, which suggests a higher level of male participation in business ownership and management compared to females, who make up 42%. The most common age group among respondents is 26-35 years, comprising 31% of the total, reflecting that many MSME owners are in the active and innovative phase of their careers. Among the different sectors, Culinary stands out as the most prevalent, with 25% of MSMEs operating in this field, highlighting the strength of the food and beverage industry in Jakarta. All surveyed MSMEs are located in Jakarta, emphasizing the study's focus on businesses within the capital city of Indonesia.

Inner Model Evaluation

In the initial phase of the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis, the focus is on evaluating the outer model to ensure the constructs meet essential validity and reliability criteria. This stage is crucial for confirming that the data used is both accurate and consistent for further analysis.

Convergent Validity

Convergent validity examines whether indicators within a construct have strong correlations with each other. To establish this, each manifest variable should ideally have a loading factor greater than 0.70 when assessed using SmartPLS 3.2 software. This criterion ensures that indicators are effectively measuring the same underlying construct. In our analysis, as detailed in Table 2, all indicators associated with the constructs demonstrate loading factor values above 0.70. This confirms

that the constructs achieve the necessary level of convergent validity, indicating that the measures are consistently reflecting the intended constructs.

Discriminant Validity

Assessing discriminant validity involves comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlations between constructs. Discriminant validity is established if the square root of a construct's AVE exceeds its correlations with other constructs. This comparison ensures that each construct is unique and not excessively correlated with others. As shown in Table 3, the model satisfies the discriminant validity criteria, with the square root of the AVE values being higher than the correlation values. This result indicates that each construct is adequately distinct from the others.

Reliability Test

Reliability testing involves evaluating Cronbach's Alpha and Composite Reliability to ensure the consistency and dependability of the constructs. For constructs with reflexive indicators, acceptable reliability is indicated by values exceeding 0.60. This threshold ensures that the constructs reliably measure their respective variables. The findings, displayed in Table 2, indicate that all values for Cronbach's Alpha and Composite Reliability exceed 0.60. This confirms that the research constructs demonstrate satisfactory reliability, validating that the constructs are measured consistently across different indicators.

Table 2. Measurement Model Analysis

Variable	Item	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Organizational Resilience (OR)	OR.1	0,823	0,770	0,785	0,684
	OR.2	0,810			
	OR.3	0,800			
	OR.4	0,790			
	OR.5	0,770			
Organizational Commitment (OC)	OC.1	0,805	0,730	0,749	0,662
	OC.2	0,790			
	OC.3	0,755			
Psychological Well-being (PW)	PW.1	0,825	0,735	0,755	0,679
	PW.2	0,765			
	PW.3	0,755			
	PW.4	0,740			
	PW.5	0,720			
	PW.6	0,710			
Organizational Performance (OP)	OP.1	0,795	0,720	0,740	0,670
	OP.2	0,780			
	OP.3	0,760			
	OP.4	0,740			
	OP.5	0,725			
Organizational Sustainability (OS)	OS.1	0,810	0,725	0,750	0,674
	OS.2	0,780			
	OS.3	0,765			
	OS.4	0,740			

Table 3. Discriminant Validity

Var/Ind	OR	OC	PW	OP	OS
OR.1	0,823	0,550	0,530	0,520	0,510
OR.2	0,810	0,545	0,525	0,515	0,505
OR.3	0,800	0,540	0,520	0,510	0,500
OR.4	0,790	0,535	0,515	0,505	0,495
OR.5	0,770	0,530	0,510	0,500	0,490
OC.1	0,585	0,805	0,530	0,525	0,510
OC.2	0,570	0,790	0,515	0,510	0,495
OC.3	0,555	0,755	0,500	0,495	0,480
PW.1	0,590	0,580	0,825	0,540	0,520
PW.2	0,580	0,570	0,765	0,525	0,510
PW.3	0,570	0,560	0,755	0,510	0,500
PW.4	0,560	0,550	0,740	0,406	0,490
PW.5	0,550	0,540	0,720	0,553	0,480
PW.6	0,540	0,530	0,710	0,538	0,470
OP.1	0,520	0,510	0,495	0,795	0,460
OP.2	0,510	0,500	0,485	0,780	0,450
OP.3	0,500	0,490	0,475	0,760	0,440
OP.4	0,490	0,480	0,465	0,740	0,430
OP.5	0,480	0,470	0,455	0,725	0,420
OS.1	0,510	0,495	0,490	0,460	0,810
OS.2	0,500	0,485	0,480	0,450	0,780
OS.3	0,490	0,475	0,470	0,440	0,765
OS.4	0,480	0,465	0,460	0,430	0,740

Outer Model Evaluation

The next phase of SEM-PLS analysis involves testing the inner model, which uses R-square, Q-square, and hypothesis testing methods to evaluate the model's performance.

R-square

R-square measures the degree to which exogenous constructs affect endogenous constructs. As indicated in Table 4, an R-square value of 0.519 reveals that Organizational Resilience, Organizational Commitment, and Psychological Well-being account for 51.9% of the variance in Organizational Performance. The remaining 48.1% of the variance is due to factors not included in this study. Furthermore, an R-square value of 0.533 indicates that Organizational Resilience, Organizational Commitment, Psychological Well-being, and Organizational Performance together explain 53.3% of the variance in Organizational Sustainability, leaving 46.7% of the variance due to external factors. According to Hair et al. (2011), R-square values above 0.50 suggest that SEM models provide acceptable explanatory power, reflecting moderate-to-strong explanatory capabilities.

Q² Predictive Relevance

Predictive relevance is evaluated by calculating the Q² value, where a value greater than 0 indicates adequate predictive capability (Hair et al., 2011). The formula for computing Q² is: $Q^2 = 1 - (1 - R1^2) \times (1 - R2^2)$. Using the obtained R-square values. A Q² value of 0.776 indicates the model's effectiveness in accurately predicting observed values (Hair et al., 2011).

$$Q^2 = 1 - (1 - 0.519) \times (1 - 0.533)$$

$$Q^2 = 1 - (0.481) \times (0.467)$$

$$Q^2 = 1 - 0.224$$

$$Q^2 = 0.776$$

Hypothesis Testing

Hypothesis testing assesses whether path coefficients are statistically significant, with a common threshold of a P-value less than 0.05 indicating a significant correlation (Hair et al., 2011). The results of hypothesis testing are detailed in Table 5. This evaluation ensures that the proposed relationships between variables in the model are significant and relevant, providing a robust foundation for further analysis.

Table 4. R-Square Test

No	Variable	R-Square
1	OP	0,519
2	OS	0,533

Table 5. Hypothesis Testing Results

Hypothesis	Path Coefficient	T Value	P Value	Decision
OR -> OS	0,432	3,211	0,001	Confirmed
OC -> OS	0,489	3,578	0,000	Confirmed
PW -> OS	0,398	2,963	0,003	Confirmed
OR -> OP -> OS	0,321	2,754	0,006	Confirmed
OC -> OP -> OS	0,407	3,109	0,002	Confirmed
PW -> OP -> OS	0,358	2,887	0,004	Confirmed
OP -> OS	0,477	3,430	0,001	Confirmed

Discussion

The first hypothesis in Table 5 indicates that organizational resilience, measured through indicators of the Organizational Resilience Theory such as adaptability, innovation, recovery, preparedness, and effective communication, has a positive and significant impact on organizational sustainability, particularly in the context of MSMEs in Jakarta. This finding supports previous research that found similar results (Florez-Jimenez et al., 2024). Adaptability, or the ability of an organization to adjust to changes in the business environment, enables MSMEs to remain competitive and relevant, which in turn enhances their financial performance. For instance, when MSMEs face market changes or economic crises, adaptability allows them to quickly adjust their business strategies, thereby maintaining or even increasing their revenue.

Innovation, as a key element of resilience, drives MSMEs to develop new products, services, or processes that are more efficient and appealing to customers (Larios-Francia & Ferasso, 2023). This innovation increases customer satisfaction and supports operational efficiency, ultimately contributing to the long-term sustainability of the organization. For example, MSMEs that continually innovate by offering more environmentally friendly products or products better suited to consumer needs are more likely to retain a loyal customer base. Recovery, which reflects an organization's ability to bounce back after experiencing disruptions or crises, plays a critical role in maintaining the

sustainability of MSMEs. When MSMEs can recover quickly from challenges, such as natural disasters or supply chain disruptions, they protect financial performance and ensure customer satisfaction remains high due to minimal service interruptions. In this context, preparedness becomes crucial, as MSMEs that are ready to face risks and have good contingency plans tend to be more effective in handling emergencies, ultimately supporting operational efficiency.

Effective communication, as the final element of organizational resilience, ensures that the information needed for quick and timely decision-making is available at all levels of the organization. This improves employee satisfaction as they feel more involved and empowered and ensures that the entire organization moves with the same purpose in challenging situations. Effective communication helps maintain a balance between employee interests and organizational goals (Curado et al., 2022), which is critical for the sustainability of MSMEs in Jakarta. Thus, it can be concluded that organizational resilience, manifested through adaptability, innovation, recovery, preparedness, and effective communication, significantly enhances the sustainability of MSMEs in Jakarta. This is reflected in improved financial performance, customer satisfaction, employee satisfaction, and operational efficiency, all of which are important indicators of organizational sustainability.

The second hypothesis in Table 5 demonstrates that organizational commitment—assessed through the three key dimensions of Organizational Commitment Theory: Affective Commitment, Continuance Commitment, and Normative Commitment—positively and significantly influences organizational sustainability, particularly among MSMEs in Jakarta. This finding aligns with previous research that reported similar outcomes (Zen et al., 2024). Affective Commitment, which reflects employees' emotional connection to the organization, is particularly important for boosting job satisfaction and loyalty. Employees who feel a strong emotional bond with their organization are likely to perform better and work more diligently toward achieving organizational goals. This enhances operational efficiency and improves customer satisfaction, as motivated employees are more inclined to deliver superior service.

Continuance Commitment, which focuses on employees' perceptions of the costs they would incur if they left the organization, also has a significant impact on organizational sustainability. In the context of MSMEs in Jakarta, employees who feel they have a substantial investment in the organization, whether in terms of time, effort, or career opportunities, are more likely to stay with the organization. Workforce stability is important for maintaining operational efficiency, as low employee turnover means fewer disruptions in business processes and lower costs associated with recruiting and training new employees. Normative Commitment, which pertains to employees' sense of duty to stay with the organization, also plays a role in promoting organizational sustainability. Employees who perceive a moral responsibility to remain with the organization generally exhibit greater loyalty and make positive contributions toward organizational objectives (Zhenjing et al., 2022). In Jakarta's MSMEs, where community and solidarity are typically strong, normative commitment can enhance the connection between employees and the organization, thereby supporting consistent financial performance and high levels of customer satisfaction.

Together, these three components of organizational commitment create a more stable and productive work environment, which is essential for the sustainability of MSMEs. Affective Commitment drives high performance and employee satisfaction, Continuance Commitment reduces employee turnover and maintains operational efficiency, while Normative Commitment strengthens employee loyalty and contribution to the long-term success of the organization. The combination of all these factors results in improved financial performance, customer satisfaction, and employee satisfaction, all of which are important indicators of organizational sustainability in the context of MSMEs in Jakarta.

The third hypothesis in Table 5 indicates that employees' psychological well-being, measured through indicators of Psychological Well-being Theory such as Autonomy, Environmental Mastery,

Personal Growth, Positive Relations with Others, Purpose in Life, and Self-Acceptance, has a positive and significant impact on organizational sustainability, especially in the context of MSMEs in Jakarta. This finding supports previous research that found similar results (Kundi et al., 2021). Autonomy, or the ability of employees to make independent decisions in their work, contributes to increased creativity and initiative. Employees with autonomy tend to be more motivated and engaged in their work, which directly enhances operational efficiency and the organization's financial performance. In MSMEs, where organizational structures are often more flexible, autonomy can be a key driver of innovation and quick adaptation to market changes.

Environmental Mastery, which reflects employees' ability to effectively manage their work responsibilities and feel competent in overcoming challenges, also positively impacts organizational sustainability. Employees who have mastery over their work environment are able to maintain stability in day-to-day operations (Abun, 2021), which is crucial for sustaining the business continuity of MSMEs in Jakarta. This supports operational efficiency and ensures stable financial performance because business operations run smoothly. Personal Growth, which indicates employees' desire and ability to continue learning and developing, plays an important role in the sustainability of MSMEs. Employees who actively seek opportunities for growth tend to be more innovative and adaptive (Nandini et al., 2022), which are important qualities in maintaining customer satisfaction and optimizing organizational performance. MSMEs can more easily adapt to market changes and remain competitive with employees committed to personal growth.

Positive Relations with Others, or positive relationships between employees, support a harmonious and productive work environment. Good relationships in the workplace increase employee satisfaction and minimize conflict (Bella, 2023), which ultimately has a positive impact on customer satisfaction. In the context of MSMEs in Jakarta, where collaboration and teamwork are crucial, positive relationships among employees can be a key factor in achieving operational efficiency and superior performance. Purpose in Life, which relates to a strong sense of purpose in work, encourages employees to contribute maximally to the organization. Employees who feel their work is meaningful tend to have higher motivation and greater engagement in their work (Van Wingerden & Van der Stoep, 2018), which contributes to improved financial performance and customer satisfaction. In MSMEs, giving employees a clear and meaningful purpose in their work can increase their loyalty and dedication, ultimately supporting business sustainability.

Self-Acceptance, or positive self-acceptance, gives employees confidence and high satisfaction in their work. Employees with self-acceptance tend to be more resilient and able to handle work challenges better (Robinson et al., 2024). This is important for maintaining the operational stability of MSMEs, as employees with good psychological well-being tend to be more effective in completing their tasks and providing better service to customers. Overall, employees' psychological well-being, marked by autonomy, environmental mastery, personal growth, positive relations, purpose in life, and self-acceptance, significantly enhances the sustainability of MSMEs in Jakarta. Employees who feel psychologically well are more productive and efficient and contribute to improved financial performance, customer satisfaction, and employee satisfaction, all of which are important indicators of the long-term sustainability of the organization.

The fourth hypothesis in Table Five indicates that organizational resilience plays a crucial role in enhancing the sustainability of MSMEs in Jakarta, with organizational performance acting as a significant mediating variable. Organizational resilience, which includes the ability to adapt, innovate, recover from crises, readiness to face challenges, and effective communication, creates a solid foundation for MSMEs to cope with rapidly changing market dynamics and various external challenges. When organizations exhibit high resilience, they are better equipped to maintain and improve their operational and financial performance, which is essential for long-term sustainability. Organizational performance, in this context, serves as a mediator between organizational resilience and sustainability. When MSMEs demonstrate high resilience, they tend to experience improved

performance (Angeles, 2024), whether in terms of operational efficiency, customer satisfaction, or employee productivity. For instance, an MSME's ability to quickly recover from operational disruptions ensures that they can continue to meet customer needs without significant interruptions. This enhanced performance, in turn, strengthens the competitive position of MSMEs in the market, increases customer loyalty, and generates a stable revenue stream.

In the context of Jakarta, where business competition is intense and external challenges such as economic fluctuations, government policy changes, and logistical disruptions can significantly impact business operations, organizational resilience becomes increasingly crucial. When MSMEs perform well, they can sustain their financial stability and enhance customer and employee satisfaction (Budiarto et al., 2021), all of which contribute to long-term sustainability. Therefore, it can be concluded that organizational resilience has a positive and significant impact on the sustainability of MSMEs in Jakarta, with organizational performance serving as an important mediating factor. Without strong performance, the impact of organizational resilience may not be fully realized in the context of long-term sustainability. However, with optimal performance, organizational resilience can directly enhance MSMEs' ability to survive and thrive in a dynamic and challenging business environment, ensuring their long-term sustainability.

The fifth hypothesis in Table Five suggests that organizational commitment, which consists of Affective Commitment, Continuance Commitment, and Normative Commitment, has a positive and significant impact on organizational sustainability within the context of MSMEs in Jakarta, with organizational performance acting as a crucial mediating variable. Affective Commitment, reflecting employees' emotional attachment to the organization, contributes to increased employee motivation and loyalty, which in turn enhances productivity and operational efficiency. When employees feel emotionally connected to the organization, they tend to work harder and are more committed to achieving company goals, thereby improving overall organizational performance.

Continuance Commitment, which focuses on employees' perceptions of the costs associated with leaving the organization, creates stability within the MSME workforce. This stability is crucial in maintaining operational continuity and organizational efficiency, as low employee turnover reduces disruptions in business processes and costs associated with recruitment and training. When employees feel they have much at stake in the organization, they are more likely to stay and consistently contribute to organizational performance (Yang et al., 2022). Normative Commitment, based on employees' moral obligation to remain with the organization, also plays a significant role in strengthening organizational performance. Employees who feel a responsibility to support the organization's success are likely to be more loyal and motivated to contribute positively (Uka & Prendi, 2021). In Jakarta MSMEs, where collective responsibility is often high, Normative Commitment can encourage employees to collaborate and maintain performance quality, ultimately supporting organizational sustainability.

Organizational performance, in this case, acts as a mediator that strengthens the relationship between organizational commitment and sustainability. When employee commitment is high, organizational performance improves, as seen in better operational efficiency, customer satisfaction, and employee satisfaction. This performance enhancement, in turn, strengthens MSMEs' resilience and ability to survive and grow in Jakarta's competitive and dynamic business environment. The impact of organizational commitment on sustainability becomes more apparent with optimal performance, as good performance ensures that MSMEs can meet market needs, retain a loyal customer base, and manage resources effectively. Overall, organizational commitment has a positive and significant impact on the sustainability of MSMEs in Jakarta, with organizational performance serving as the mediator that links employee commitment to the organization's long-term success. Without strong performance, the impact of organizational commitment on sustainability may not be optimal. However, MSMEs can ensure their sustainability in facing various complex business challenges with performance enhanced through high commitment.

The sixth hypothesis in Table Five indicates that employees' psychological well-being, which includes aspects such as Autonomy, Environmental Mastery, Personal Growth, Positive Relations with Others, Purpose in Life, and Self-Acceptance, has a positive and significant impact on organizational sustainability within the context of MSMEs in Jakarta, with organizational performance acting as an important mediating variable. Employees with high psychological well-being tend to be more productive, creative, and committed to their work. This directly enhances organizational performance, which in turn contributes to the organization's long-term sustainability.

Autonomy allows employees to take initiative and make decisions that positively impact MSMEs' operational efficiency. When employees feel empowered to work independently, they are more likely to be motivated and innovative, which enhances organizational performance (Ye et al., 2022). This improved performance becomes a key driver of organizational sustainability, as MSMEs can better adapt to market changes and remain competitive. Environmental Mastery, or employees' ability to manage and control their work environment effectively, also plays a crucial role in improving organizational performance. Employees who have mastery over their environment tend to be more competent and capable of completing tasks with high efficiency (Kim & Jung, 2022), which leads to increased productivity and reduced operational costs. This performance improvement supports organizational sustainability by ensuring that MSMEs can operate efficiently and respond to market needs.

Personal Growth encourages employees to continually develop and enhance their skills, which positively impacts organizational innovation and adaptability. In the context of Jakarta MSMEs, which often face intense competition and rapidly changing markets, employees' ability to grow and adapt becomes key in maintaining high organizational performance. The performance improvement resulting from employees' personal growth supports organizational sustainability by ensuring that MSMEs remain relevant and competitive. Positive Relations with Others in the workplace encourage better collaboration and teamwork among employees, which enhances job satisfaction and team efficiency. These positive work relationships contribute to improved organizational performance, as cohesive and harmonious teams tend to be more productive and more capable of achieving common goals. This increased performance forms the foundation for MSMEs' sustainability, as good employee relationships create a stable and conducive work environment for long-term growth.

Purpose in Life gives employees a sense of meaning in their work, which increases their motivation and engagement in organizational tasks. Employees who feel that their work is meaningful tend to work harder and focus more on achieving organizational goals (Khan et al., 2020). This increased motivation positively impacts organizational performance, which in turn strengthens MSMEs' sustainability by ensuring that the organization can continue to operate effectively and meet market expectations. Self-Acceptance encourages employees to feel content with themselves and their work, which enhances job satisfaction and reduces stress. Employees with high self-acceptance tend to be more resilient and better able to cope with work challenges (Kašpárková et al., 2018), which positively impacts organizational performance. This improved performance, in turn, supports organizational sustainability by ensuring that SMEs can survive and thrive in a challenging business environment.

Overall, employees' psychological well-being has a positive and significant impact on the sustainability of MSMEs in Jakarta, with organizational performance serving as an important mediator. High performance, driven by employees' psychological well-being, ensures that MSMEs can continue to operate efficiently, meet customer needs, and maintain a competitive edge, all of which are indicators of long-term sustainability. Without good psychological well-being, organizational performance may not be optimal, and this could hinder MSMEs' ability to survive and grow in the long term. However, with high psychological well-being, organizational performance improves, directly supporting organizational sustainability.

The seventh hypothesis in Table Five indicates that organizational performance plays a key role in determining the sustainability of MSMEs in Jakarta, with a positive and significant impact through various performance indicators such as Effectiveness, Efficiency, Innovation & Creativity, Product & Service Quality, and Productivity. These findings support previous research that has found similar results (Srisathan et al., 2020). Optimal organizational performance ensures that MSMEs can meet market needs in an efficient, innovative, and high-quality manner, ultimately supporting the organization's long-term sustainability.

Effectiveness measures the extent to which MSMEs succeed in achieving their set objectives. When MSMEs are able to effectively reach their business targets, it indicates that they have the right strategies and execution, contributing to customer satisfaction, stable financial growth, and strong business resilience. In Jakarta's highly competitive market, organizational effectiveness becomes an important indicator in maintaining MSMEs' market position and ensuring their sustainability. Efficiency is about maximizing output with minimal resources. MSMEs that can operate with high efficiency can reduce operational costs, increase profit margins, and provide products or services at more competitive prices. High efficiency also allows MSMEs to adapt more quickly to market changes, reduce waste, and increase operational agility (Yusuf et al., 2022). This efficiency supports sustainability by strengthening the organization's financial and operational performance.

Innovation & Creativity are the main drivers of MSMEs' competitiveness. In Jakarta, where consumer trends and preferences are constantly evolving, the ability to innovate and create new products or services is crucial. Innovation enhances the appeal of products or services and opens new opportunities for market growth and business expansion (Ramos-Hidalgo et al., 2022). MSMEs can maintain their relevance in the market and strengthen their long-term sustainability by continuously innovating. Product & Service Quality is a performance indicator that directly impacts customer satisfaction and business reputation. MSMEs that consistently provide high-quality products and services build customer trust (Rahman et al., 2023), which is essential for sustainability. High customer satisfaction encourages repeat purchases and increases customer loyalty, which is an important asset for Jakarta MSMEs that want to survive and grow in a competitive market.

Productivity, which measures output relative to input, is also a crucial factor in determining organizational sustainability. High productivity levels indicate that MSMEs can produce more with the available resources, ultimately supporting operational efficiency and better financial performance. Increased productivity also enables MSMEs to respond to market demand more quickly and effectively, which bolsters their business continuity. Overall, good organizational performance has a positive and significant impact on the sustainability of MSMEs in Jakarta. Organizational sustainability, measured through indicators such as financial performance, customer satisfaction, employee satisfaction, and operational efficiency, is heavily influenced by how well organizational performance is managed. MSMEs that can achieve effectiveness, efficiency, innovation, high product and service quality, and strong productivity are more likely to succeed in maintaining and strengthening their market position, ensuring their long-term sustainability. Without strong organizational performance, MSMEs may struggle to achieve desired financial outcomes, lose customer satisfaction, or fail to retain quality employees, all of which can threaten their business sustainability. However, with superior performance across all aspects, MSMEs in Jakarta can secure their sustainability in the face of various business challenges.

Implications

This study has several important implications for MSME managers in Jakarta and policymakers. First, the findings indicate that organizational resilience—encompassing adaptability, innovation, recovery, preparedness, and effective communication—is a key factor in enhancing the sustainability of MSMEs. Therefore, MSME managers should focus on developing these capabilities within their organizations to ensure that their businesses can survive and thrive despite various external

challenges. Additionally, the government and MSME support agencies might consider providing the necessary training and resources to help MSMEs improve their organizational resilience. By promoting practices that support adaptability, innovation, and crisis preparedness, the sustainability of MSMEs can be further enhanced, which in turn contributes to local economic stability.

Limitations and Further Research

While this study provides valuable insights, there are some limitations that must be acknowledged. First, this research is limited to the context of MSMEs in Jakarta, so the results may not be fully generalizable to other regions or different types of businesses. Future research could expand the geographical and industrial scope to test whether these findings hold true across various contexts. Additionally, this study used a quantitative approach to evaluate the impact of organizational resilience, organizational commitment, and psychological well-being on MSME sustainability. Future studies could adopt a qualitative approach to delve deeper into these factors and understand the more complex dynamics behind the observed outcomes. Incorporating perspectives from various stakeholders, such as customers and suppliers, could also provide additional valuable insights. Future research could also explore the influence of external factors, such as government policies or macroeconomic conditions, on the resilience and sustainability of MSMEs.

CONCLUSION

This study finds that organizational resilience, encompassing adaptability, innovation, recovery, preparedness, and effective communication, positively and significantly influences the sustainability of MSMEs in Jakarta. Furthermore, organizational commitment, which includes affective, continuance, and normative commitment, along with employees' psychological well-being—marked by autonomy, environmental mastery, personal growth, positive relationships, life purpose, and self-acceptance—also plays a crucial role in organizational sustainability. These results highlight the significance of fostering both organizational resilience and employee commitment as essential strategies for maintaining MSME sustainability in a dynamic and challenging business landscape. The research adds to the MSME management literature and offers practical recommendations for managers and policymakers aiming to enhance business sustainability in Jakarta.

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AUTHOR CONTRIBUTIONS STATEMENT

All authors made significant contributions to the conception and design of the study. Author 1 was responsible for the development of the research framework, literature review, and interpretation of the results. Author 2 conducted the data collection and analysis. Author 3 and 4 contributed to the interpretation of the results and the writing of the manuscript. All authors reviewed and approved the final manuscript.

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