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The Role of Altruism in Enhancing Organizational Performance: Evidence from Social Welfare Institutions in Indonesia

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Abstract

This study examines the influence of transformational leadership on organizational performance, with organizational commitment serving as a mediating variable and altruism functioning as a moderating factor. The research was carried out at A-certified Child Welfare Institutions (LKSA) in Indonesia, involving a sample of 185 respondents. A descriptive research design was applied, and data were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) 3.0 software. The results indicate that altruism, when interacting with organizational commitment, does not significantly enhance organizational performance, even though it contributes to promoting the welfare of others without direct personal gain. Ideally, altruistic individuals act out of genuine concern and a willingness to assist others without expecting reciprocity. Additional findings reveal that transformational leadership produces stronger performance outcomes when accompanied by high levels of altruism. Overall, altruistic behavior, when aligned with leadership norms, has the potential to significantly strengthen organizational performance.

Keywords: Transformational leadership, Altruism, Organizational performance, Organizational commitment

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Introduction

A surprising observation is that only 185 out of 2,735 LKSA units received A-level accreditation. Despite this, many other institutions remain well-accredited. Earlier research by “Save the Children” and the Indonesian Ministry of Social Affairs (2006–2007) highlighted that many LKSA managers lack sufficient knowledge about the needs of children in their care. National standards for child care emphasize that high-quality care must be provided and properly accepted by children (Ministry of Social Affairs RI, 2011).

Organizational performance is influenced by multiple factors, including technology, input quality, physical environment, organizational culture, and human resource management aspects such as compensation, promotion, and employee balance. Psychological factors, ability, and motivation also play crucial roles [1, 2]. Non-profit organizations, including LKSAs, often face performance challenges due to functional stagnation [3].

Transformational leadership practices can positively impact organizational performance [4-6]. From a non-profit perspective, leadership transformation is critical for organizational success [7-9]. This study proposes a model linking transformational leadership to organizational performance, offering practical insights for leaders to enhance relationships, maximize organizational effectiveness, and develop their leadership capabilities.

Policy frameworks, including the 1945 Constitution, regulate leadership in child welfare institutions, ensuring state care for neglected and impoverished children. Despite these policies, human resource limitations and stagnation in LKSA functions



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hinder performance [2, 3]. Leadership plays a critical role in guiding employees to meet organizational standards and goals, and continuous improvement and knowledge acquisition are necessary for organizations to adapt to dynamic conditions.

Literature Review

Organizational performance

Employee performance is closely tied to organizational performance. Organizational goals rely on the effective management of resources by employees who act as key agents in achieving these goals. Strong individual contributions collectively enhance overall organizational outcomes. Organizational performance reflects the cumulative achievement of employees, with higher individual performance leading to higher overall performance. Moreover, effective organizations continuously strive to improve their capacity to meet goals efficiently (Nasucha).

Transformational leadership

Transformational leadership is characterized by intrinsic motivation, charisma, and the ability to transform organizations toward shared goals [10, 11]. Key features include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Compared to transactional leadership, which motivates through contingent rewards and self-interest, transformational leadership encourages employees to exceed standard performance levels. Transactional leadership often fails to fully engage subordinates, resulting in lower satisfaction and commitment.

Organizational commitment

Becker (1960s) explains organizational commitment as the result of “side bets” made by individuals. Members remain committed because they have invested resources—time, effort, or other valuable contributions—into the organization, which they risk losing if they leave. The greater the investment, the stronger the individual’s commitment. Commitment also develops when employees recognize the rewards and benefits they would forfeit by leaving, even if similar opportunities are unavailable elsewhere.

Altruism

Altruism refers to selfless actions intended to benefit others without expecting personal gain [3, 12, 13]. True altruistic behavior is motivated purely by concern for others, such as a stranger risking their life to save someone without seeking recognition [14]. The term derives from the French *altruisme*, meaning “for others” (Comte), reflecting a moral obligation to promote the welfare of others [15].

Hypotheses

Transformational leadership and organizational performance

Transformational leadership inspires followers to act ethically, mobilizes resources, and motivates engagement toward organizational reform [16]. Based on this, the first hypothesis is proposed:

H1: Transformational leadership positively influences organizational performance.

Transformational leadership and organizational commitment

Transformational leaders combine competencies and vision to align members toward shared goals [17]. Clear communication of an organization’s mission fosters greater employee satisfaction, loyalty, motivation, and commitment, ultimately enhancing productivity [18].

H2: Transformational leadership positively influences organizational commitment.

Organizational commitment and organizational performance

Organizational commitment affects performance by guiding participation in budgeting and aligning behaviors with organizational culture [19]. Commitment becomes especially crucial in uncertain, globalized environments.

H3: Organizational commitment positively influences organizational performance.

Mediating role of organizational commitment

Research indicates that employees’ commitment significantly contributes to organizational outcomes [2]. Higher commitment levels correlate with improved organizational performance, highlighting its mediating role.

H4: Organizational commitment mediates the relationship between transformational leadership and organizational performance.

Moderating role of altruism

Altruism enhances the effect of transformational leadership by motivating employees to exceed formal job responsibilities, contributing positively to organizational performance [20]. When employees are genuinely committed to helping others, their engagement with transformational leadership practices strengthens performance outcomes.

H5: Altruism moderates the relationship between transformational leadership and organizational performance.

Moderating role of altruism on organizational commitment and performance

Altruism reflects a selfless concern for others and a genuine willingness to help without expecting any personal gain [12, 14, 15, 21]. Altruistic individuals act to improve the welfare of others even when no tangible benefits or reciprocation are expected. Based on this understanding, the following hypothesis is proposed:

H6: Altruism moderates the relationship between organizational commitment and organizational performance.

Research Methodology

Measurement scales

The variables were measured using validated scales adapted from prior studies to suit the characteristics of the sample. Transformational leadership was assessed using Bass [11] and Yukl & Van Fleet [22] with four indicators. Organizational performance was measured with six indicators based on Mahsun (2006) and John Miner (in Sudamanto[23]). Organizational commitment was measured with three indicators from Allen and Meyer [24], and altruism was assessed with three indicators using the Cohen, Sampson, and Watkins scale.

Data collection and analysis method

Data were collected from 185 respondents across A-accredited Child Welfare Institutions in Indonesia certified by the Ministry of Social Affairs. The study employed a causal research design, which is suitable for examining the relationships between variables [25]. Data analysis was conducted using inferential statistics through Structural Equation Modeling (SEM), implemented via Smart-PLS software (version 3.2.9), as illustrated in **Figure 1**.

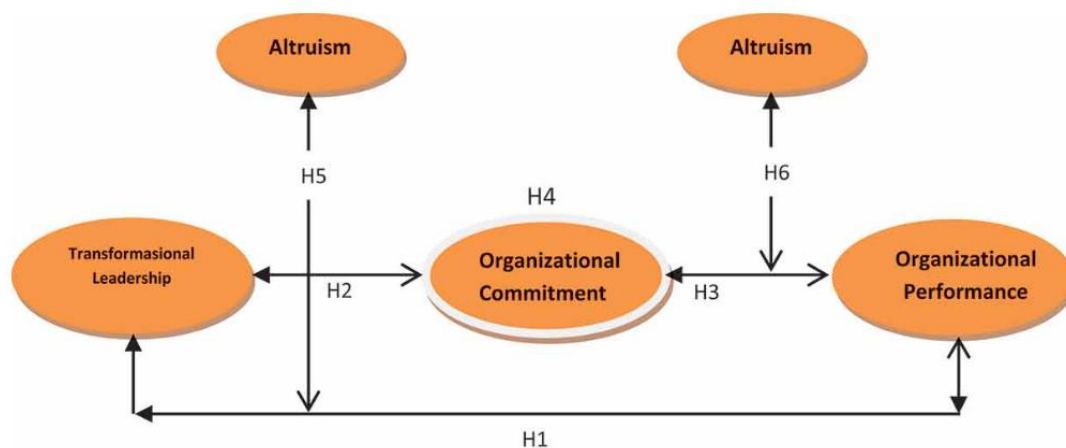


Figure 1. Conceptual framework

Validity and reliability tests

Validity test

Convergent validity was assessed for the measurement model using reflective indicators, based on the correlation between each item score (or component score) and its respective construct score, as calculated through SEM-PLS. According to Ghozali (2014), an indicator is considered highly valid if its loading factor exceeds 0.70, while values between 0.50 and 0.60 are regarded as acceptable. The results of the validity test conducted in this study are presented in **Table 1**.

Table 1. Summary of validity test result

Item	Loading Factor	AVE
“Organizational Commitment”		
OC1. Affective Commitment	0.796	0.641
OC2. Continuance Commitment	0.715	
OC3. Normative Commitment	0.882	

“Organizational Performance”		
OP1. Policy	0.801	0.605
OP2. Planning and Budgeting	0.848	
OP3. Quality	0.632	
OP4. Economy	0.836	
OP5. Equity	0.796	
OP6. Accountability	0.733	
“Transformational Leadership”		
TL1. Idealized influences	0.759	0.602
TL2. Inspirational motivation	0.813	
TL3. Individual considerations	0.703	
TL4. Intellectual stimulation	0.821	
“Altruism”		
ALT1.Empathy	0.823	0.633
ALT2.Desire to give	0.810	
ALT3.Volunteer	0.753	

As shown in **Table 1**, all variables have commonality values and AVE scores exceeding 0.5, meeting the criteria for convergent validity. This indicates that all indicators are valid and suitable for further analysis. To further ensure validity, discriminant validity tests were conducted on the research variables. The results of the reliability assessment are presented in **Table 2**.

Table 2. Summary of discriminant validity test result

	Organizational Commitment	Organizational Learning	Organizational Performance	Transformational Leadership
Altruism	0.801			
Organizational Commitment	0.489	0.768		
Organizational Performance	0.519	0.719	0.777	
Transformational Leadership	0.633	0.442	0.568	0.775

The results of the analysis indicate that the square root of the average variance extracted ($\sqrt{\text{AVE}}$) for each construct is greater than the correlations between constructs in the model. This confirms that all research variables exhibit sufficient discriminant validity and are distinct from one another.

Reliability test

In PLS, reliability can be assessed using either Cronbach’s alpha or Composite Reliability. According to Hair *et al.* (2010), a value above 0.7 is considered acceptable, although 0.6 can be tolerated in exploratory research. The reliability test results for this study are presented in **Table 3**.

Table 3. Summary table of reliability test results

	Cronbach’s Alpha	Composite Reliability
Altruism	0.711	0.838
Organizational Commitment	0.732	0.842
Organizational Performance	0.867	0.901
Transformational Leadership	0.780	0.857

Table 3 indicates that both Cronbach’s Alpha and Composite Reliability values for all components exceed 0.7, confirming that the measurement instruments used in this study are reliable.

Data analysis results: Direct and indirect effects

Following the validity and reliability assessments, the data were analyzed to test the study hypotheses using Structural Equation Modeling (SEM) via Smart-PLS software (version 3.2.8). The results of the SEM analysis are presented in **Figure 2** and **Table 4**.

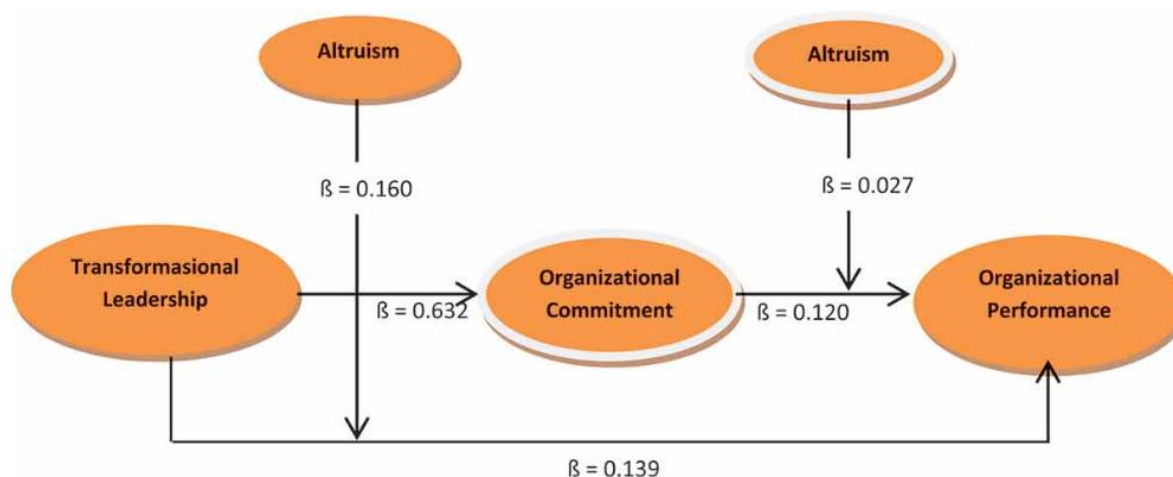


Figure 2. Structural model output

Table 4. The Result of Effect Testing (Table view)

	Original Sample	T Statistics	P Values	Remarks
Transformational Leadership -> Organizational Performance	0,183	2,858	0,004	positive significant
Transformational Leadership -> Organizational Commitment	0,632	18,286	0,000	positive significant
Organizational Commitment -> Organizational Performance	0,045	0,723	0,470	negative significant
Transformational Leadership → Organizational Commitment → Organizational Performance	Indirect effect	0.076	1.854	Not Significant
Moderating effect_ Organizational Commitment * Altruisme -> Organizational Performance	0.027	0.366	0.714	negative significant
Moderating effect_ Transformational Leadership * Altruisme -> Organizational Performance	0.16	2.291	0.022	positive significant

Discussion

Impact of transformational leadership on organizational performance

The hypothesis testing shows a beta coefficient of 0.274 and a t-value of 4.740. Since the t-value exceeds 1.98 (two-tailed test), it can be concluded that transformational leadership positively influences organizational performance. This indicates that adopting a transformational leadership style in LKSAs enhances organizational outcomes, as leaders clearly communicate the vision and overall goals, enabling the institution to deliver high-quality services.

Impact of transformational leadership on organizational commitment

The results show a beta coefficient of 0.633 and a t-value of 18.890. The t-value greater than 1.98 confirms that transformational leadership positively affects organizational commitment. By articulating the organizational vision and guiding staff toward shared goals, leaders foster stronger commitment among LKSA employees.

Impact of organizational commitment on organizational performance

The beta coefficient is 0.120 with a t-value of 1.873. As the t-value is below 1.98, organizational commitment does not significantly influence organizational performance. Although employees demonstrate responsibility and dedication, the institution relies on other mechanisms to empower and optimize human resources.

Mediating role of organizational commitment

Testing revealed that organizational commitment only partially mediates the relationship between transformational leadership and organizational performance, consistent with the partial mediation framework proposed by Baron and Kenny [26].

Moderating role of altruism on transformational leadership and organizational performance

Altruism was found to function as a pure moderating variable, significantly influencing the relationship between transformational leadership and organizational performance without serving as an explanatory factor. This indicates that altruistic behavior, shaped by normative standards, has the potential to enhance organizational outcomes when combined with transformational leadership.

Moderating role of altruism on organizational commitment and organizational performance

The analysis indicates that altruism does not significantly moderate the relationship between organizational commitment and organizational performance. Thus, it acts as a theoretical or potential moderator rather than a functional one. Nonetheless, strong organizational commitment can still indirectly enhance performance when effectively implemented in LKSAs across Indonesia.

Conclusion

Based on the data analysis and discussion, several key conclusions can be drawn:

1. Non-profit institutions, particularly the Child Welfare Institutions (LKSAs) under the Ministry of Social Affairs of Indonesia, rely heavily on leadership to enhance organizational performance effectively and sustainably. While leaders can consistently apply organizational commitment practices, the institutional structure has not fully fostered a strong sense of belonging among members.
2. Organizational commitment does not mediate the relationship between transformational leadership and organizational performance in LKSAs. Low levels of commitment limit the organization's ability to achieve optimal performance, despite leadership efforts to improve outcomes.
3. Altruism does not moderate the relationship between organizational commitment and organizational performance. This suggests that altruistic behavior alone does not enhance organizational outcomes, even when it promotes the welfare of others without personal gain. However, altruism does moderate the relationship between transformational leadership and organizational performance. The findings indicate that altruistic behavior contributes more positively when transformational leaders themselves demonstrate high levels of altruism, enhancing organizational performance relative to normative expectations.

Implications

This study has both theoretical and practical implications. LKSAs accredited with an A rating benefit from adequate facilities and infrastructure that support leadership effectiveness in line with the National Child Care Standards (SNPA). Leaders must apply their skills to manage institutional activities in accordance with these standards. This highlights the importance of adopting modern organizational commitment strategies rather than relying solely on traditional methods, as effective leadership is crucial for institutional sustainability and performance.

Limitations

This study is limited to Child Welfare Institutions with A accreditation, which restricts the generalizability of the findings to this specific type of institution. Future research could expand the scope to include other types of social welfare institutions under the Ministry of Social Affairs of Indonesia, allowing for broader applicability of the results.

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