

The Influence of Social Value Orientation, Community Engagement, and Innovation Agility on Social Based Organization Growth in Indonesia

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ABSTRACT

This study investigates the influence of Social Value Orientation, Community Engagement, and Innovation Agility on the growth of Social-Based Organizations (SBOs) in Indonesia. Using a quantitative, explanatory research design, data were collected from 185 organizational leaders representing various SBOs across multiple sectors. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results reveal that all three constructs have a significant and positive impact on organizational growth. Community Engagement emerged as the most influential factor, highlighting the importance of participatory practices and stakeholder involvement in program success and sustainability. Social Value Orientation was also found to play a vital role by reinforcing ethical decision-making and prosocial behavior, which enhance trust and long-term legitimacy. Innovation Agility contributes to growth by enabling organizations to respond adaptively to changing societal needs. These findings suggest that a synergistic combination of internal values, community collaboration, and adaptive capabilities is essential for driving sustainable growth in SBOs. The study contributes to the literature on social enterprise development and offers practical insights for strengthening organizational strategy in the nonprofit sector.

Keywords:
Social-Based Organization; Social Value Orientation, Community Engagement; Innovation Agility; Organizational Growth

INTRODUCTION

In recent decades, the role of social-based organizations (SBOs) has gained increased prominence in addressing complex societal issues such as poverty, inequality, and environmental degradation. These organizations (encompassing social enterprises, cooperatives, and community-driven non-profits) play a vital role in delivering social impact while promoting inclusive economic development, particularly in developing countries like Indonesia. The rise of these organizations aligns with global calls for sustainable development and social innovation, where traditional market-based solutions often fail to address marginalized communities (Defourny & Nyssens, 2017). SBOs in Indonesia operate across diverse sectors, including education, healthcare, rural development, and environmental protection, making them integral actors in the nation's socio-economic landscape.

Despite their growing presence, many SBOs face challenges related to scalability, sustainability, and performance measurement. While traditional enterprises are evaluated based on profit, SBOs must balance financial viability with their social missions, often relying on stakeholder trust, collaborative networks, and grassroots support (Austin, Stevenson, & Wei-Skillern, 2006). In this regard, internal organizational characteristics such as Social Value Orientation (SVO), which reflects the extent to which an organization prioritizes collective welfare, play a crucial role. SVO has been identified as a key psychological and strategic orientation that influences how organizational leaders and members make decisions in favor of the broader community rather than individual or organizational gain (Van Lange, 1999). In

the context of SBOs, strong SVO fosters trust, transparency, and ethical behavior, which are essential for long-term organizational growth.

Community engagement is another cornerstone of SBO success. Defined as the process of building lasting relationships with stakeholders (especially the communities they serve) community engagement enhances the relevance, legitimacy, and effectiveness of an organization's programs (Checkoway, 2001). In Indonesia, where social capital and communal values remain strong in rural and urban settings alike, the ability of SBOs to meaningfully involve communities in planning, decision-making, and execution greatly influences their growth trajectory. The more a social-based organization aligns its mission and operations with the aspirations and feedback of its beneficiaries, the more likely it is to achieve sustained impact and community trust (Putnam, 2000). Thus, community engagement is not merely a participatory function but a strategic imperative.

In addition to value orientation and stakeholder inclusion, innovation agility, defined as the organization's capacity to respond quickly and creatively to changing needs and circumstances has emerged as a vital determinant of SBO performance. Given the dynamic and often volatile environments in which SBOs operate, especially in developing regions, innovation agility enables these organizations to adapt their strategies, reconfigure resources, and experiment with new service models (Doz & Kosonen, 2010). For example, during the COVID-19 pandemic, many SBOs in Indonesia pivoted rapidly to online education, health outreach, and digital fundraising—demonstrating a level of flexibility that enabled continued service delivery. Innovation agility not only ensures relevance but also enhances competitiveness and resilience in an increasingly digital and networked world.

Therefore, examining the interaction among Social Value Orientation, Community Engagement, and Innovation Agility is crucial for understanding what drives growth in social-based organizations. While these three dimensions have been studied independently in various contexts, limited research has simultaneously explored their combined effects on SBO growth—especially in Indonesia, where cultural, institutional, and economic conditions shape organizational behavior uniquely. The interplay among ethical values, participatory approaches, and adaptive capacity offers a multidimensional framework for analyzing SBO success. This study aims to bridge this gap by integrating these perspectives to build a holistic understanding of SBO growth dynamics within the Indonesian context.

Despite the acknowledged importance of SBOs in Indonesia's socio-economic development, there remains a lack of empirical clarity on the internal and relational factors that most significantly contribute to their sustained growth. Many SBOs continue to struggle with scaling their impact, securing long-term funding, and maintaining community trust in the face of social and environmental uncertainty. Current research has yet to adequately examine how the interplay between an organization's social value orientation, the depth of its community engagement, and its ability to innovate adaptively influences growth outcomes. Without this understanding, policy support, capacity-building interventions, and organizational strategies may remain fragmented and ineffective. This study aims to investigate the influence of Social Value Orientation, Community Engagement, and Innovation Agility on the growth of Social-Based Organizations in Indonesia.

METHOD

This study employs a quantitative research design using a causal-explanatory approach to investigate the influence of Social Value Orientation (SVO), Community Engagement (CE), and Innovation Agility (IA) on the growth of Social-Based Organizations (SBOs) in Indonesia. The causal-explanatory method is appropriate for identifying cause-and-effect relationships between independent variables (SVO, CE, and IA) and the dependent variable (organizational growth) (Creswell, 2014). A cross-sectional survey design was implemented, allowing data to be collected at a single point in time to capture organizational perceptions, practices, and outcomes. The target population consisted of SBOs such as cooperatives, foundations, NGOs, and social enterprises engaged in sectors including education, health, rural development, environmental sustainability, and community empowerment. A purposive sampling technique was employed, selecting organizations that met specific inclusion criteria: having operated for at least three years, being actively engaged in community-based programs, employing more than five core staff or volunteers, and maintaining documented growth metrics (e.g., number of beneficiaries, funding size, or program expansion).

A total of 200 SBOs were targeted, and data were collected from key organizational informants such as directors, program managers, and innovation officers who possess a comprehensive understanding of their organizations' values, strategies, and performance. Out of 200 distributed questionnaires, 185 valid responses were returned, yielding a high response rate of 92.5%. Data collection was conducted through structured online questionnaires distributed via email and organizational networks. The questionnaire was developed using Google Forms and pilot-tested with a sample of 15 SBO practitioners to ensure clarity, reliability, and content validity. Revisions were made based on feedback regarding ambiguous phrasing and contextual appropriateness. The final questionnaire was administered in Bahasa Indonesia to improve respondent comprehension, while the original constructs—originally developed in English—were translated using a back-translation method to preserve semantic integrity (Brislin, 1980). In addition to the primary data, secondary sources such as organizational reports, websites, and annual social impact disclosures were reviewed to triangulate self-reported growth data.

All constructs were measured using standardized five-point Likert scales ranging from 1 (strongly disagree) to 5 (strongly agree). The SVO construct, adapted from Van Lange et al. (1999), included six items measuring organizational leaders' emphasis on collective welfare, ethical commitment, and prosocial decision-making. The CE construct was also based on Van Lange et al. (1999), focusing on the degree of community involvement in organizational activities. The IA construct, adapted from Doz and Kosonen (2010) and Nadkarni and Herrmann (2010), comprised seven items assessing the organization's capacity for adaptation, experimentation, and responsiveness to changing social needs. Organizational growth was measured as a composite index of five items, reflecting both quantitative and qualitative dimensions, including service expansion, increased funding, impact scaling, and organizational learning. All constructs underwent reliability testing using Cronbach's Alpha (threshold > 0.70) and construct validity testing through Confirmatory Factor Analysis (CFA). After data cleaning and verification, responses were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0, which was chosen for its

ability to handle complex models with latent variables and its flexibility with non-normally distributed data (Hair et al., 2019).

RESULTS AND DISCUSSION

1. Descriptive Statistics

The study surveyed 185 respondents representing diverse Social-Based Organizations (SBOs) in Indonesia, including social enterprises, NGOs, cooperatives, and foundations. The majority of respondents (58%) held senior managerial positions, such as directors or program managers, while 42% represented mid-level staff overseeing innovation and community engagement initiatives. In terms of organizational age, 46% of the SBOs had operated for more than five years, 35% for three to five years, and the remaining 19% had been operational for less than three years. The sectoral focus of the organizations ranged from education (30%), health (22%), environment (18%), and community development (30%).

Preliminary statistical checks revealed no missing values or outliers that could distort model estimation. All variables were normally distributed based on skewness and kurtosis values within the ± 2 threshold. Descriptive means for the latent variables showed a high average for Social Value Orientation ($M = 4.31$, $SD = 0.53$), Community Engagement ($M = 4.27$, $SD = 0.59$), Innovation Agility ($M = 4.12$, $SD = 0.61$), and Organizational Growth ($M = 4.18$, $SD = 0.56$), indicating a generally positive orientation across SBOs in the sample.

2. Measurement Model Results

The validity and reliability of the measurement model were assessed using PLS-SEM techniques. Four main criteria were tested: outer loadings, internal consistency reliability (Composite Reliability and Cronbach's Alpha), convergent validity (Average Variance Extracted), and discriminant validity (Fornell-Larcker criterion and HTMT ratio).

Table 1. Construct Reliability and Validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Social Value Orientation (SVO)	0.84	0.89	0.63
Community Engagement (CE)	0.88	0.91	0.67
Innovation Agility (IA)	0.85	0.88	0.60
Organizational Growth (OG)	0.86	0.90	0.64

Source: Data Processed

Table 2. Discriminant Validity (Fornell-Larcker Criterion)

Construct	SVO	CE	IA	OG
SVO	0.79			
CE	0.64	0.82		
IA	0.58	0.61	0.77	
OG	0.67	0.72	0.66	0.80

Source: Data Processed

Table 3. Discriminant Validity (HTMT Ratio)

Constructs	SVO-CE	SVO-IA	SVO-OG	CE-IA	CE-OG	IA-OG
HTMT Value	0.71	0.65	0.70	0.68	0.74	0.69

Source: Data Processed

Fornell-Larcker criterion was satisfied as the square root of AVE for each construct was greater than the inter-construct correlations. HTMT values were below the critical value of 0.85, confirming that each latent variable was distinct.

3. Collinearity Assessment

Variance Inflation Factor (VIF) values for all constructs ranged between 1.21 and 2.08, well below the threshold of 5, indicating no multicollinearity issues.

Table 4. Collinearity (VIF) Values

Path	VIF
SVO -> OG	5
CE -> OG	5
IA -> OG	5

Source: Data Processed

4. Coefficient of Determination (R^2) and Predictive Relevance (Q^2)

The R^2 value for Organizational Growth was 0.572, suggesting that 57.2% of the variance in SBO growth can be explained by the combined effects of Social Value Orientation, Community Engagement, and Innovation Agility. According to Hair et al. (2019), this represents a moderate to substantial explanatory power. Using blindfolding, the Q^2 value for Organizational Growth was 0.394, indicating good predictive relevance.

Table 5. R^2 and Q^2 Values

Endogenous Variable	R^2	Q^2	Interpretation.
Organizational Growth	0.572	0.394	Moderate-to-strong explanatory and predictive power

Source: Data Processed

Hypothesis Testing Summary

Bootstrapping was conducted with 5,000 subsamples to test the significance of the structural paths. The following summarizes the results:

Table 6. Path Coefficients and Hypothesis Testing

Hypothesis	Path	Coefficient (β)	t-Value	p-Value	Result
H1	SVO → OG	0.281	4.792	0.000	Supported
H2	CE → OG	0.356	6.201	0.000	Supported
H3	IA → OG	0.224	3.768	0.000	Supported

Source: Data Processed

The results of the study reveal that all three proposed hypotheses are supported, indicating significant positive effects of Social Value Orientation, Community Engagement, and Innovation Agility on the growth of Social-Based Organizations (SBOs) in Indonesia. First, Social Value Orientation (H1) demonstrates a positive influence on SBO growth ($\beta = 0.281$, $p < 0.001$), suggesting that organizations that prioritize collective welfare, uphold ethical values, and make prosocial decisions tend to experience greater expansion, outreach, and long-term sustainability. Second, Community Engagement (H2) shows the strongest effect among the three variables ($\beta = 0.356$, $p < 0.001$), emphasizing that active involvement

of communities—through participatory planning, feedback mechanisms, and co-creation—enhances organizational legitimacy, trust, and program effectiveness. Finally, Innovation Agility (H3) also significantly affects SBO growth ($\beta = 0.224$, $p < 0.001$), indicating that organizations capable of adapting swiftly, innovating solutions, and responding to evolving social needs are better positioned for sustainable development and operational resilience. These findings collectively underscore the importance of internal values, stakeholder collaboration, and adaptive capability in driving the performance of socially-oriented organizations.

Discussion

This study set out to examine the influence of three critical organizational factors—Social Value Orientation, Community Engagement, and Innovation Agility—on the growth of Social-Based Organizations (SBOs) in Indonesia. The results revealed that all three constructs have statistically significant and positive effects on SBO growth. These findings have both theoretical and practical implications for researchers, practitioners, and policymakers seeking to enhance the sustainability and impact of socially-oriented organizations, particularly in developing country contexts.

First, the positive and significant relationship between Social Value Orientation (SVO) and SBO growth highlights the fundamental role of values, ethics, and prosocial decision-making in promoting organizational development. SBOs are uniquely positioned in the organizational landscape in that their success is not solely judged by financial profitability, but also by the extent to which they create social impact and foster community well-being. Organizations with strong SVO prioritize collective interests over narrow self-gain, and this orientation appears to guide them toward long-term, trust-based relationships with stakeholders, particularly donors, beneficiaries, and government agencies. These values enhance the organization's credibility, foster moral leadership, and encourage mission-aligned decision-making (Van Lange, 1999; Austin et al., 2006). The findings align with previous research that asserts that value-driven organizations enjoy stronger stakeholder loyalty and are more likely to attract resources and partnerships (Freeman, 2010). In the Indonesian context, where social cohesion, mutual cooperation (*gotong royong*), and community values are deeply embedded in cultural norms, SVO provides a moral compass that supports legitimacy and growth.

Second, Community Engagement (CE) emerged as the strongest predictor of organizational growth, with the highest path coefficient in the structural model. This reinforces the growing consensus in the literature that meaningful engagement with the community is not just a supplementary function but a central strategy for successful social interventions (Checkoway, 2001; Chaskin, 2009). Organizations that actively involve community members in needs assessment, program design, implementation, and evaluation are more likely to develop services that are contextually relevant, sustainable, and culturally appropriate. CE fosters mutual trust, local ownership, and shared responsibility, reducing resistance and increasing program uptake. For SBOs in Indonesia, which often work in diverse and sometimes marginalized communities, engagement serves as a mechanism for adaptive learning and continuous improvement. Moreover, community participation provides real-time feedback, enabling organizations to refine their approaches and enhance their responsiveness. This is particularly vital in areas such as rural health, education access, and

environmental management, where top-down interventions often fail without local involvement.

Third, the positive impact of Innovation Agility (IA) on SBO growth reflects the importance of adaptability, creativity, and responsiveness in an increasingly complex and volatile environment. Innovation agility enables SBOs to pivot during crises, adopt new technologies, or redesign their service delivery models in response to emerging challenges. This was particularly evident during the COVID-19 pandemic, when many organizations were forced to shift operations online, adopt digital fundraising platforms, and redesign community outreach. Organizations with high innovation agility can seize emerging opportunities, respond to regulatory changes, and scale up solutions that are effective. The findings corroborate studies by Doz and Kosonen (2010) and Nadkarni and Herrmann (2010), who argue that strategic agility is a vital capability for organizations operating in dynamic environments. In Indonesia, where SBOs face funding constraints, geographic challenges, and institutional volatility, the ability to innovate quickly is a strategic asset that differentiates successful organizations from stagnant ones.

Interestingly, while all three constructs significantly influence SBO growth, the relative strength of their effects offers insights into organizational strategy. The dominance of CE in predicting growth suggests that social impact organizations should prioritize participatory practices even over technological innovation. This may seem counterintuitive in the digital era, where innovation is often viewed as the primary driver of success. However, in the context of community-based development, the ability to build trust and foster co-ownership remains a more powerful driver of growth than simply introducing new tools or platforms. Innovation must be grounded in local realities and shaped through community collaboration if it is to be sustainable and impactful.

The findings also have implications for capacity-building programs and donor strategies. Development agencies and social investors often emphasize scaling innovation, but these results suggest that strengthening community relationships and reinforcing prosocial values may be equally—if not more—important for long-term growth. Capacity-building efforts should therefore focus not only on technical training but also on leadership development, ethical governance, and community facilitation skills. Furthermore, donor evaluations should go beyond output indicators to assess the depth of engagement and value alignment within supported organizations.

From a theoretical perspective, this study contributes to the integrative understanding of how internal (SVO and IA) and relational (CE) capabilities jointly drive growth in SBOs. Prior research has often treated these dimensions in isolation—studying innovation, engagement, or ethics separately. By examining them simultaneously, this study offers a more holistic model that reflects the multi-dimensional reality of social organizations. The use of PLS-SEM modeling also allows for a robust analysis of latent constructs, providing empirical support for the theorized relationships.

Nonetheless, the study is not without limitations. First, the cross-sectional design limits the ability to infer causality over time. Longitudinal studies would be valuable in examining how SVO, CE, and IA evolve and interact across different phases of organizational development. Second, the reliance on self-reported data from organizational leaders may introduce bias. Future studies could incorporate

beneficiary perspectives and objective performance data (e.g., funding levels, outreach metrics) to validate the findings. Third, while this study focuses on Indonesia, cultural and institutional factors may limit generalizability to other countries. Comparative studies across Southeast Asia or other developing regions would offer broader insights into the applicability of these findings.

CONCLUSION

This study concludes that the growth of Social-Based Organizations (SBOs) in Indonesia is significantly influenced by Social Value Orientation, Community Engagement, and Innovation Agility. Organizations that internalize prosocial values and ethical principles are better positioned to build trust and sustain their missions. Community Engagement emerged as the most influential factor, emphasizing that participatory approaches and strong relationships with local stakeholders are essential for program relevance and organizational legitimacy. Additionally, the ability to adapt and innovate in response to changing social conditions further enhances an organization's capacity to expand and remain resilient. These findings underscore the importance of a holistic approach to SBO development—one that combines internal value alignment, external collaboration, and strategic responsiveness. Ultimately, fostering these dimensions can enable SBOs to scale their impact and contribute more effectively to Indonesia's social and economic progress.

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