

# Effect of Servant Leadership, Job Satisfaction and Policy Governance to Nonprofit Organizations Performance in Indonesia

Yvonne Augustine<sup>a</sup>, Susilawati Muslimah<sup>b</sup>

<sup>a,b</sup> Department of Economics, Faculty of Accounting, Trisakti University, Jakarta, Indonesia  
Corresponding author: susi\_astuce@yahoo.co.id

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**Abstract: Purpose** - This study is aimed at the development of the theory of non-profit organizations (team-base) in Indonesia. Empirically testing and analysis on the effect of servant leadership, job satisfaction, and policy governance to organizational performance.

**Design/methodology/approach** - The sample was escort team national community empowerment program, in 21 provinces and 89 City/Regency. With stratified sampling method and survey carried out by on-line through the web-site program. Performance was measured with a input-impacts model, while servant leadership and job satisfaction using the OLA (Organizational Leadership Assessment). Measurement Policy Governance Models is used IPGA 2014. All measurements using a Likert type scale interval with a 7-point format and hypothesis testing used SEM-Partial Least Square (PLS).

**Findings** - This study provides empirical evidence effect of servant leadership and policy governance on performance. However, it is not able to support the effect of job satisfaction on performance.

**Limitations** - The limited number of samples can be tested in future research. In addition, job satisfaction measurements possible with Minessota Satisfaction Questionnaire. Testing the pattern structure more complex relationship (with moderating or mediating variables) and the disclosure of other contextual variables are also possible, such as the other leadership style, intellectual capital, the level of work stress, or aspects of knowledge organization to improve robustness.

**Implications** - Results of this study can be considered government in analyzing the performance of other programs, and measure program impacts with the pattern of assistance, including the implementation of Law No. 6/2014 of the village. For KNKG is possible to consider the principles of policy governance in the review of the general guidelines GPG (good public governance).

**Authenticity/value** - Based on a review of previous studies, this research as a new test of variables of servant leadership, performance (performance) with input-impact approach, and policy governance models of the non-profit organization in Indonesia.

**Keywords:** leadership style, job satisfaction, Governance, servant leadership

## Background

Nonprofit organizations face significant to the crush of demand for result-based accountability, transparency, and quality of service that must be realized for all stakeholders (Campbell, 2002). If it focus on results at the project level means performance indicators achieved, the risk of failing to meet the demands for accountability to publish values, and vice versa. The results of the study Frayer, Antony, and Ogden (2009) found a less significant performance improvement, accountability, transparency, quality of service, and financial organizations, as expected. Suspected culture change and performance management can be an alternative solution. Therefore, non-profit organizations are categorized in performance with unique characteristics, particularly with regard to the structure of governance, the legal and financial status, cultural differences, and the values on which to base their social objectives and (Tucker, 2010).

Armstrong & Baron (1998) shows some important factors that influence the control of non-profit organizations in achieving organizational performance, including personal factors, leadership, teamwork, systems, and other

contextual factors. These factors confirm the view of Lawrence and Lorch (1967) that the organization as a system of interconnected people's behavior in carrying out different tasks in the various subsystems to achieve system performance. In its development, the concept of the theory of organizational is understood as one of the foundation contingency theory, which states that the factors contingencies organizational in the concept of open systems, of which determined the nature of the task, the formal relations, reward, control, and ideas of how it should conduct member the organization was well received (Lawrence & Lorsh, 1967). Therefore, there will be a continuous interaction in the organization and its environment (never constant) for their transfer and transformation of dynamic (Jablin, 1986).

Unfortunately, in the literature, there is no agreement performance measurement tool which will be used to measure organizational accountability and impacts (Ebrahim & Rangan, 2010; Moxham, 2009). Epstein and Buhovac (2009) fills the gap by formulating performance measurement pattern nonprofit organization called inputs-impacts models and stated that the appropriate models to be applied to non-profit organizations, in particular the category of service delivery. The model measures the performance of organizational inputs to the organizational impacts, so that it can be seen in a comprehensive process of embodiment organizational accountability and impacts.

Chenhall (2003, 2007) to scrutinize the development of research-based MCS contingency period of the last 20 years, the results are surprising because it is still a relatively small number of studies that consider the compatibility between organic structures with MCS. Similarly, studies that examined the association organizational culture with MCS design. Recommended to do research through the system model, including coordination, performance evaluation and reward system in contemporary organizations team-based, in order to obtain lessons regarding MCS relationship with the management of human resources (Chenhall, 2003, 2007).

Human resource be functioning as active steering in achieving organizational performance of contemporary public sector (Sotriako & Zeppou, 2005). For example working groups, both in terms of ratings and empowerment, in addition to positively impact their share knowledge and conduct joint monitoring of mutual benefit, also provide opportunities collusion (negative impact) among team members who may pose a significant problem in the control of the organization (Atkinson et al. 1997). Therefore, the human factor is possible to be one of the factors that affect achievement of organizational performance.

Research Abernethy, Bouwens, and Lent (2010) provide evidence of the importance of leadership in explaining the behavior of the organization, for understanding the characteristics of top management leadership and operational context can affect the design and use of MCS. As competency framework CGMA (The Chartered Global Management Accountant) in 2014 states that it takes other skills (Business skills, People skills, Leadership skills) in addition to technical skills (technical skills) at senior levels and advance. Thompson (2010) also showed leadership role in communicating the process of planning and control, building interpersonal relationships to achieve project success. The results of the study Thompson (2010) supports research at Cambridge University's School of Business and Economics, which concluded that 80% of projects fail due to the lack of leadership (Zhang & Faerman, 2007). Likewise, the results of research Auxier (2013), Hannigan (2008), Irwing (2005), Melchar and Bosco (2010), and Nuijten (2012), showed a positive influence.

Unfortunately, in the accounting literature, how the style of leadership allows explain the usefulness of planning and control systems as well as performance measurement system differently, less and almost no attention (Abernethy et al., 2010) and a bit of literature presents its interpretation and how to ensure leadership and culture supports public sector performance management (Fraye et al., 2009). Nonetheless, the competency framework CGMA (2014) to ensure that leadership skills are a prerequisite and asset expertise that must exist at all organizational levels. In fact, leadership skills otherwise increased in accordance with the highest levels of management so that requirements on the executive level, which serves to define, formulate and maintain the implementation strategy of the organization. (CGMA, 2014).

Another factor that may affect the performance is job satisfaction. Harmonization of formal relations (leader and follower) can be reflected in the quality of relationships and psychological climate (in the form of trust and openness) (Dierendock, 2011). Harmonization of formal relationship could potentially affect individual attitudes followers which eventually lead to job satisfaction, both overall and intrinsic (Herbert 2003), as well as determining the psychological health of employees (Rivkin, Diestel, and Schmidt, 2014). Research McCann, Graces, and Cox (2014) was able to describe emotional reactions follower recognition, awards, and job responsibilities as factors that affect job satisfaction which in turn can affect the level of performance.

Governance structure is another factor that affects organizational performance. Arsjah (2005) proved that corporate governance significant positive effect on performance, as well as research Suprayitno et al. (2005). Biswan and Buiyan (2009) did a review a number of studies that examine the effect of governance on performance, results of the study concluded that a number of mutually reinforcing governance significant effect on performance. However, within the scope of nonprofit organizations require other considerations in determining governance. Research Grill (2001) have shown that the determination governance approach takes more than just choosing the alternatives that already exist. Other factors such as the size and complexity, ownership structure, personal agenda and organizational traditions determine how power is executed, how the interests of stakeholders expressed, how decisions are made, and how decisions implemented needs attention and consideration (Grill, 2001).

In practice, the perspective of governance are widely used (company or corporation) is based on two major theories that is stewardship theory and agency theory (Daniri, 2014). However, nonprofit organizations need proper governance perspective with unique characteristics within their organization. Carver (2000) introduced another perspective called policy governance models (PGM) and affirmed the right to apply the perspective of governance in nonprofit organizations. The principles that form the PGM universal, so it is applicable and conceptually sensible, even when compared to the previous perspective (stewardship theory and agency theory). Gordon (2000) successfully demonstrated that the effectiveness of policy governance is equal to the previous governance.

### **The Research Problems**

Non-profit organizations in particular categories of service delivery, have a responsibility to realize the performance that includes accountability and publication of values. Therefore, the type of the organization is not allowed to be measured only in terms of finance, but should be thoroughly covers all aspects of the inputs to the program impacts.

Expertise leadership as a driver of achievement of organizational performance (non-profit). Leadership expertise to work for team building, coaching and mentoring, encouraging the achievement of performance, motivate and inspire, as well as change management. The characteristics of servant leadership enable the comforts and leadership skills. In addition, job satisfaction is also a determinant of achievement of organizational performance. Recognition, awards, work and responsibility felt by followers and is reflected in the form of job satisfaction into aspects of job satisfaction that can affect the level of organizational performance. Another factor that determines the performance is the appropriateness of the selection of a governance perspective. PGM perspective offers a model that categorized effective to apply to non-profit organizations.

In connection with efforts to provide empirical evidence and confirm the contingency approach in the context of SPM and performance testing, the study was conducted. Research questions posed as follows. 1) how servant leadership influence on the performance of nonprofit organizations ?, 2) how the effect of job satisfaction on the performance of nonprofit organizations ?, and 3) how to influence policy governance on the performance of non-profit organizations?

### **Objectives and Research Excellencies**

This study aims to provide empirical evidence of the effect; servant leadership on performance, job satisfaction on performance, and governance policy on performance. In other words, this study tested the effectiveness of internal control and management of organizational performance based on a contingency approach, filling the gap literature (factor of leadership in MCS), as well as complementary research needs contingency approach in nonprofit organizations (the category of contemporary structure) The basic provisions that distinguish this study with prior research including; use of inputs-impacts models in organizational performance measurement, use the construct of servant leadership in a team-based organization, and testing policy governance perspective so that it can provide additional empirical evidence, particularly on the scope of non-profit organizations.

### **Literature Review**

#### **Contingency Theory**

Contingency theory states there is no one overall organizational design exactly the same, because of environmental heterogeneity organization has its own dynamics and stability (Lawrence and Lorch, 1967). Development of contingency theory is popular is influenced organizational theory. The standpoint of organizational theory to explain that kind of relationship in the organization depends on the nature of work being done, the formal relationship, respect, control, and ideas about how it should be members of the organization received good treatment. Organization is defined as a system of behavior organizational members are interconnected in carrying out different tasks in a variety of different subsystems to achieve the system performance. While the task is defined as a complete

cycle of the input-output-transformation which includes design, production or execution, and distribution of goods or services. (Lawrence & Lorch, 1967).

In practice, the structure of contingency theory framework became the basis for the design of MCS researchers, so that they can identify and confirm that the contextual variables potentially indicate the effectiveness of the system design. Even the development of the theory through a nonprofit organization contemporary structure (team-based) is also possible, for example by linking the objectives of MCS, MCS elements, as well as the meaning and measure of contextual variables. The basic assumption of researchers is MCS is built to help managers achieve various results or desired organizational goals and design an appropriate MCS (fit) is influenced by the context in which the organization operates. (Chenhall, 2003; 2007).

### **Servant Leadership**

Vroom and Jago (2007) explains that there is still much debate about the term leadership, who's the leader and who is not, and even the leaders who are effective and ineffective. Defining leadership in general has a viewpoint that leadership involves influence, though not all affect the ability of the leadership. Based on the review of the leadership definition, Vroom and Jago (2007) concluded that leadership as a process to motivate others to work together collaboratively to achieve the best results. So, leadership is a process, not a person's property. In the process involves a certain pattern to influence called motivating, along with the consequences in the form of collaboration. Therefore, the leader and the follower must have the same mindset "achieve the best results".

Leadership style that developed starting from the leadership that focuses on the nature or character, behavioral, contingency theories, to the contemporary approaches including the theory of servant leadership (Hannay, 2010). Style of leadership as transformational leadership or transactional leadership is more focused on the organization (Patterson, 2003), on the contrary, servant leadership is a leadership that focuses on followers (Patterson, 2003, Patterson, Russell, & Stone, 2004), serve the other party in advance (Greenleaf, 2002), and a way of dealing with others (Spear, 2010).

Servant leadership for the first time initiated by Robert K. Greenleaf in 1970, offering the prospect of ethical leadership theory "servant leadership," thus allowing their practices on a knowledge-based organization manager century 21. Servant leadership is defined as follows.

*The servant-leader is servant first. It begins with the natural feeling that one wants to serve. Then conscious choice brings one to aspire to lead. The best test is: do those served grow as persons: do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society; will they benefit, or, at least, not be further deprived? (Greenleaf, 2002:27)*

The concept of servant leadership emphasizes that the role of a leader as a "steward". Its main focus is to empower or give other people the opportunity to develop as an individual and not on the power and position himself. In other words, the main purpose of servant leadership is to "growth" members of the organization and develop teamwork and involvement of all members. In detail servant leadership includes 10 characteristics or attributes; (1) listening, (2) empathy, (3) healing, (4) awareness (consciousness), (5) persuasion, (6) conceptualization, (7) foresight, (8) stewardship (ministry), (9) commitment to the growth of people, and (10) building community. (Greenleaf, 1977, 2002; Spears, 1995, 2010)

Nevertheless, it does not mean lack of proper implementation of servant leadership in Indonesia, because it is basically a common ideology embraced by the people of Indonesia is the idea of parental (Danisworo, 2010). Parental leader called the paternalistic leadership is a leader who sees himself as a parent than as a leader. This view shows that the role of leader by righteousness so as to generate a response from his followers as a child. Laub (1999) proved paternalistic leadership can be used to describe the servant leadership. Therefore, servant leadership is possible to be tested in Indonesia.

### **Job Satisfaction**

The concept of job satisfaction has long been part of the empirical research, especially with regard to behavioral research. Job satisfaction, as constructs, is a variable that is very complex because many of the behaviors in the workplace that may affect job satisfaction (Johnson, 2008). According to Wofford (2003) there are more than 3,000 articles and research that focuses on the construct of job satisfaction and some framework of the theory developed to explain job satisfaction. However, there are various definitions of job satisfaction. Defining the job satisfaction has been conducted since 1962 (Wofford, 2003). However, according to Hoppock (in Ding et

al. 2012) concept of job satisfaction has even been introduced since the 1930s and is expressed as a reflection of a feeling of physical and psychis against sistuasi work. Seashore and Taber (1975) mentions the basic framework of the components of job satisfaction includes three aspects: environmental, personal, and relationships. Environmental aspects include the macro to the micro-environment, the personal aspect is the condition of a person of very stable to less stable, and personal and environmental aspects are influenced by the relationship, include; causal, relationship, contingencies, interaction, and others. In other words, job satisfaction is strongly influenced by the connection or relationship one person to another in the organization, such as the leaders with followers, follower the follower, and leaders with the leaders.

### **Policy Governance Models (PGM)**

Some researchers and academics assume that "governance" is not a new concept, but it is as old as human life. Briefly governance can be defined as rules to carry out the mandate in an honest and fair. Therefore, governance can be interpreted in context. In the context of combating corruption governance is defined as the implementation of state clean of corruption, the context of democratization is defined as the organizers give space for participation (outside organizers), sharing the role and power (between the State, civil society, market mechanisms) (General Guidelines GPG, KNKG 2008 ).

A governance perspective that is widely used in practice (companies or corporations) are generally based on two major theories, namely stewardship theory and agency theory (Daniri, 2014). Stewardship theory perspective to position the board as an advisor is to coach the CEO, reviewing, advising and generally happens for controlling shareholder, the family company, and joint ventures. While the agency theory perspective, the board is positioned to play a role among the owners and operators, to act as a watchdog and inspections, so that the dominance of this perspective is right for the corporation. (Oliver, 2009). A nonprofit organization requires a different governance perspective and according to the unique characteristics of the organization. Carver (2000) introduced the policy governance perspective asserts that the true owner of servant leadership organization has competence to govern on their behalf. Therefore, the perspective of PGM enables the comprehensive empowerment of the staff, while the control mechanism is still needed to ensure accountability (Carver and Carver, 2001).

Both the perspective of governance (stewardship theory and agency theory) are categorized as traditional governance perspective when compared to PGM (Hough, 2002). The principles of forming PGM universally applicable, so that the PGM is very applicable and conceptually sensible, even when compared to models with traditional perspectives (Hough, 2002). The results of empirical studies demonstrate the effectiveness of PGM equal with the effectiveness of traditional governance (Gordon, 2000).

PGM is defined as the theory of governance generally -that is a paradigm of the principles and concepts (not the structure) are interrelated conceptually (Carver, 2004). As a system arrangement of conceptualization, run the organization, and adhere to the assignment is done through the board. Therefore, in the perspective of PGM role of board governance - as a servant leader, shareholders, the public, members (or any other party, the owner, or the equivalent of the owners) - to ensure that the organization is able to achieve the stated goals of the board governance and run their own with honesty. This model is intended to assist the board of governance capable of achieving organizational goals as efficiently and effectively as possible. (Oliver, 2009).

PGM contains ten principles that apply universally, so that the model is very applicable and conceptually sensible, and certainly prepared with a basis that reflects the common goal of good governance. Those principles include; 1) ownership, 2) board position, 3) board holism, 4) end policies, 5) board means policies, 6) executive limitations policies, 7) policy size, 8) clarity ang coherence of delegation, 9) any reasonable interpretations, and 10) monitoring. (IPGA, 2014).

### **Nonprofit Organizational Performance**

The challenges of managing nonprofit organizations different from for-profit sector, in particular on its performance characteristics. In addition, there is no agreement on the criteria that should be used for performance measurement in the literature nonprofit organizations. The range of stakeholder non-profit organizations are also very broad, covering; funding government and non-government organizations, donors, volunteers, employees, users and beneficiaries (Moxham, 2009).

There are two performance measurements focus on nonprofit organizations that accountability and impact (Ebrahim & Rangan, 2010). Accountability describes the transparency of resource management entrusted by

donors, taxpayers and the entire constituency in which the non-profit organization operates. While the impacts describes the results that can be realized in dealing with complex issues such as service delivery, addressing poverty and injustice.

From the period of measurement, non-profit organization's performance can be measured in the short term or who may soon be seen emergence. On the other hand, long-term performance or benefit for the much broader constituency that often transcend the boundaries of non-profit organizations that are generally difficult to imagine measurements and anticipation. Therefore, a less precise performance measurements enable hidden unethical behavior that led to the massive loss values such as reputation, donations, and trust, including a mismatch of financial reporting and misappropriation to stakeholders.

One typology is a nonprofit organization focused on the social sectors poverty alleviation. This typology divided into three categories, namely emergency relief interventions, service delivery, and policy and advocacy rights. Ebrahim prepositions and Rangan (2010) states only category of service delivery that is ready to be measured from the inputs to the final impact is based on the logic chain -on the scale and the scope of service delivery.

Based on the preposition, Epstein and Buhovac (2009) developed a performance measurement inputs-impacts models or the result chain (Ebrahim and Rangan, 2010; Parsons et al., 2013). The basic framework of the model consists of inputs, activities (processes or implementation), outputs (output external and internal), outcomes (results) and impacts. The mechanism of performance measurement inputs-impacts models according to the order of the preparation of the design strategy of the organization, shaped pattern of cause-effect relationship, focus on the social impact, a member of the organization, and others aspects (non-financial). So, inputs-impacts models measure the success of the strategy that had been developed for the articulation of the mission.

### **Conceptual Framework**

Servant leadership with regard to the virtues which build a person's character thus increasing his lead. By combining the virtues theory and empirical evidence, then construct of servant leadership behaviors described as a plurality of six key characteristics. A servant leader has indicators: (1) empowering and developing people, (2) demonstrate humility, (3) completely, (4) accepting people as they are, (5) provide guidance, and (6) serve anyone who has worked for the benefit of all. (Dierendonck, 2011). Therefore, servant leadership should be the character of the organization's culture to produce many benefits. In a number of tests showed that servant leadership affect the achievement of organizational performance.

The nonprofit organization typology of service delivery, performance focused on the impact of the program in providing positive social change and or benefits (impacts) for the members, also provide insight into the direction of change (Epstein and Buhovac, 2009). Behavior of servant leadership can affect organizational performance allows direct. Good relationship servant leaders and followers that it is possible to determine the success achievement of organizational performance

Psychological aspects, both overall and intrinsically, indicating recognition, respect, and responsibility for the job becomes other important factors that could potentially affect the job satisfaction and the other determining the achievement of organizational performance. In addition, the creation of an organization's environmental climate also use the policy governance is critical to the organization. Based on the explanation, the conceptual framework of this study are presented as Figure 2.1.

Next page

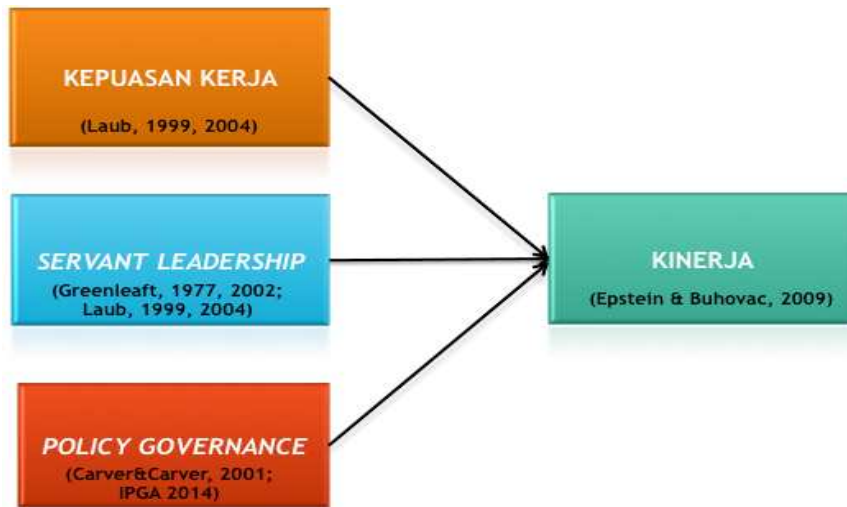


Figure 2.1. Conceptual framewor

### Development Research Hypothesis

#### Effect of Servant Leadership on Non-profit organizations Performance

The role of leadership in the organization have received less attention in the accounting literature, although there is some significant evidence of the importance of leadership in explaining organizational behavior (Abernethy et al., 2010). Style of leadership is a significant predictor in the planning and control systems, as well as the use of performance measurement system. In other words, leadership affects the choice of control systems (formal interaction) and communications (interactive informal) to the follower, in addition to getting feedback from followers.

Servant leadership behavior influence on organizational financial performance, due to factors such as developing and empowering others, authentic leadership and visionary leadership are factors predictive right to affect the performance (Choudhary et al., 2013). In team-based organizations, indicated the presence of servant leadership on the performance and effectiveness of the team (Thompson, 2010), as well as in non-profit organizations (Hannigan, 2008; Jacobs, 2011).

Servant leadership is recognized as a model that can contribute in addressing these challenges, offering an alternative stimulation and increased life for leadership, and created a culture with high ethical standards and lower corruption. Results of research on business or nonprofit organization, servant leadership construct a significant impact on performance. Based on these discussions, the proposed hypothesis is as follows.

**Ha1: There is influences of servant-leadership on the non-profit organizations performance**

#### Effect of job satisfaction on non-profit organizations performance

Job satisfaction is evidenced as other factors that influence performance. Wofford (2003) cited more than 3,000 articles and studies that examine job satisfaction, and various theoretical framework developed to explain job satisfaction. The theories that have supported, for instance; the need hierarchy theory of Maslow outlining the stages of individual needs, theoretical expectations of Vroom which led to the idea that each individual will be motivated to complete the task if the result is possible and desirable, or the theory of two-factor of Herzberg 's about the factors motivators or intrinsic (such as : salary, recognition, responsibility, and interpersonal relationships) and health factors or extrinsic (such as: key aspects of the working environment and directives).

Parvin and Kabir (2011) has found the factors that affect job satisfaction appropriately. Therefore, decision makers and managers should focus on factors that affect job satisfaction of employees, if the organization expects an increase in performance. Research Khan et al. (2012) in medical institutions showed that the factors such as salary, promotion, safety and job security, working conditions, work autonomy, relationships with co-workers, relationship with supervisor, and the nature of work influence job satisfaction and performance. Their research confirmed what has been reported in the studies Parvin and Kabir (2011).

Perceptions of job satisfaction is needed in human resource management. The ability to create a work environment that enhances job satisfaction can be supposed to influence the achievement of organizational goals and be more effective. Unfortunately, in a contingency-based study demonstrate not much available research linking MCS on job satisfaction. (Chenhall, 2003).

Results of research on job satisfaction is not entirely demonstrate consistent results. The internal environment of the organization (formal and informal relationships) influence the level of job satisfaction (Dierrendock, 2011). Individuals may believe that job satisfaction is higher if performing more effectively and will be reduced when performing less well (Fisher, 2003). Based on these discussions, the research hypothesis is stated as follows.

**Ha2: *There is influences of job satisfaction on the non-profit organizations performance***

#### **Effect of Policy governance on non-profit organizations performance**

The study of literature by Biswan and Buiyan (2009) against governance research showing mixed results, partly difficult to describe the influence, and others provide evidence of the significant influence of governance on performance. Several other studies showed a significant positive influence governance factors on the performance (Arsjah, 2005; Suprayitno et al., 2005). While the PGM is a model of governance that has not been extensively tested (Biswan and Buiyan, 2009).

Policy governance is a new way of looking or thinking of the governance concept. Gordon (2000) conducted a study constructs governance policy to assess the effectiveness of the board, showed that the policy model of governance as effective as traditional governance practices. The exception if the CEO with PGM believe that the board of governance more effective in understanding and talking about culture, norms, and values of the organization. Nobbie and Brudney (2003) conducted a study to improve the weaknesses in previous research. Research conducted by the approach of a comparison between the three different groups among the leadership of the board, board members and CEOs showed that the leadership of the board, board members, and the CEO reported to have improved perceptions of the performance of the board after adopting PGM and further influence achievement of objectives.

Based on empirical research PGM can be concluded that enable nonprofit organizations to ensure the principles and policies, at all levels. Each party involved in the organization has to be able to articulate policies or programs in the form of activities in order to achieve organizational goals. Expected perception of their principles of PGM can influence performance significantly. Based on the explanation, the following proposed hypothesis.

**Ha3: *There is influences of policy governance on the non-profit organizations performance***

#### **Research Design**

The design of this study is quantitative descriptive aimed to test the relevance of the MCS uses a contingency approach in nonprofit organizations. This approach was chosen in order to explore the effect that occurred between these variables and expected to reduce the potential bias of the subjectivity study investigators.

#### **Population, Sample and Data Collection Methods**

Polulasi location of this research is a companion team of PNPM Mandiri Inti (Urban and Rural) in Indonesia, covering 34 provinces and 496 City/Regency. Sample locations are determined by stratified sampling is based on the following criteria: 1) companion team at provincial level have assisted the number of  $\geq 10$  City/Regency in territory control, 2) companion team at City/Regency have assisted the number of  $\geq 50$  kelurahan/district. Based on the criteria 1 and 2, obtained samples of 25 and 435 Provincial and City/Regency. In other words, the total units of analysis based on a sample location number 920 (composed of 460 units of analysis of urban and rural analysis unit 460). Obtaining a response is expected at least reach 279 respondents composed of 15 (5%) of respondents from the provincial level and 264 (95%) respondents from city/regency level (based on the formula Slovin) or approximately 30% of the total sample analysis unit sites.

#### **Development Research Instruments**

Research instruments developed based on the the operational definition of each variable of the study (Table 3.1). Especially for the adoption of the questionnaire (the OLA) was developed in English, but due to the Indonesian respondents, the questionnaire was translated into Indonesian through " translation back-translation" with different individuals. The process of "reverse translation" made to ensure that the entire editorial questionnaire meaningless when compared to the original questionnaire.



**Table 3.1.** Operational Definition and Measurement

<b>No.</b>	<b>Research Variable</b>	<b>Type of Variable</b>	<b>Operational Definition</b>	<b>Intrument</b>	<b>Type of Data</b>
1	Performance	Dependent	Organizational performance is an achievement indicators planning steps (inputs), implementation and control (activities), the implementation of the program quality and tiered to produce the program's objectives (outputs) appropriate governance principles (democratic, participatory, accountable, transparent, and independent) so that the perceived benefits (outcomes) and institutionalized (impacts) in the community.	<i>Inputs-impacts models</i> (Epstein dan Buhovac, 2009), adapted to General Guidelines-the logical framework of community empowerment programs in 2012	Interval
2	<i>Servant Leadership</i>	Independent	Servant leadership (individual) is the understanding and practice of leadership individually and collectively that put the interests of serving others first rather than self-interest.  Servant leadership (organizational) behavior is a reflection of organizationally based on the characteristics of servant leadership (individual) that form in the form of a culture or climate overall, assessed and practiced by the leadership and overall organizational elements.	The OLA (Laub, 1999, 2004), adopted	Interval
3	Job Satisfaction	Independent	Job satisfaction is a reflection of the physical feeling and psychis team members on the employment situation at all levels of the recognition of the role performed, compliance, support, trust, and individual assessment team.	The OLA (Laub, 1999, 2004), adopted	Interval
4	<i>Policy Governance</i>	Independent	Policy governance is a perception or belief team members at all levels to the policies that are prepared in writing and confirmed by the board (team advisory-R&D/KMP) together with the owner (PMU-K/L related) related to the mission of the program ("Ends" statement) as the perspective of long-term goals of the program, described in the form of a rational interpretation in writing, and realized in practice and activity routine decision making to	IPGA (2014), adapted to the policy framework of the National Program for Community Empowerment	Interval

			achieve program results, according to the indicators or key parameters are clear, unequivocal, and writing (Executive Limitation), and is presented in the form of periodic reports.		
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### Research Result

#### Research Response

The results of the research response (Table 4.1) showed amount of 84% from 25 provinces (urban programs) and 72% of the 25 provinces (rural program). While at the city/regency elicits responses 17% of 435 cities/regencies (urban programs) and 17% of the 435 districts (rural program).

**Table 4.1.** List Response Research

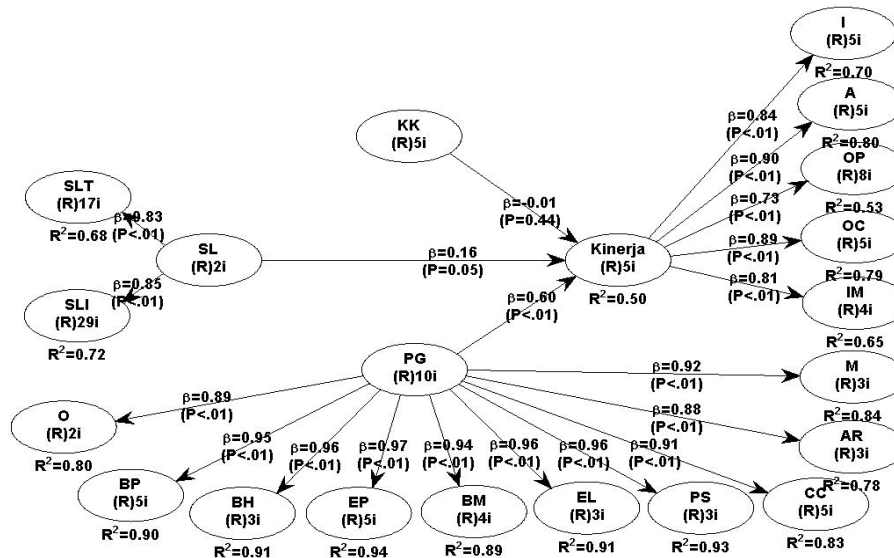
Information	Urban Team		Rural Team		Total
	$\Sigma$	%	$\Sigma$	%	
Location Sample– Province	25		25		50
Location Sample– Regency	435		435		870
<b>Total Location Sample</b>	<b>460</b>		<b>460</b>		<b>920</b>
Province Response	21	84%	18	72%	39
Regency Response	75	17%	76	17%	151
<b>Respon Total</b>	<b>96</b>		<b>94</b>		<b>190</b>
Rejected (Incomplete) Response	4		2		6
Outside (Not the sample location) Respon	3		5		8
<b>Clean Data</b>	<b>89</b>	<b>19,3%</b>	<b>87</b>	<b>18,9%</b>	<b>176</b>

Source: Primary data, be treated

The demographic data of respondents indicated that the average age of the respondents 43 years with the lowest age 28 years and the highest 55 years of age. Gender: Female respondents is 20% and male respondents is 80%. The education level of respondents the majority of undergraduate (S1) is 89% and post-graduate (S2) is 11% respondents. Role in the team at the provincial level 38% (Team Leaders/Korprov) 62% Specialist and in the district level 33% (City Coordinators/Faskab) 66% (Spesialist Ass). The length of time served in the program an average of 10 years and the number of members of the escort team average of 16 people.

#### Hypothesis testing

Hypothesis testing using WarpPLS4.0. The final result of data processing obtained a description of the research model as presented in Figure 4.1. Overall, the hypothesis testing results are presented in Table 4.2. Meanwhile, the coefficient of determination  $R^2$  that describes the contribution of independent variables showed R-squared Coefficient 0.397, nilai Adjusted R squared Coefficient 0.336, dan nilai Q-squared Coefficient 0.533.



Source: *be treated, WarpPLS 4.0*

Figure 4.1. Hypothesis testing

Table 4.2 T Test Results

Variable	Path Coefficients	P-value	Decisions
ServLead --> KINERJA	0.16	0.05	Ha be supported
KepKer --> KINERJA	0.01	0,44	Ha not supported
PolGov --> KINERJA	0.60	<0.001	Ha be supported

Source: *be treated, WarpPLS 4.0*

The test results of Ha1 showed that the Servant leadership has a value P-value of 0.05, while Ha2 showed that job satisfaction has a value P-value of 0.44, and Ha3 showed that policy governance also have value P-value <0.001. Thus, these results reflect the significant effect of servant leadership and policy governance on performance. However, job satisfaction does not reflect the significant the effect on performance. In other words, these results provide support for the statement Ha1 and Ha3, but are not able to support Ha2.

**Discussion**

The development of the theory of MCS with a contingency approach –non-profit organization- obtain empirical evidence in this study. The results of this study complement MCS research associated with human resources, as well as previous studies conducted in hospitals (Abernethy & Brownell, 1999), in the public sector (Gieger & Ittner, 1996), and military (Chenhall & Euske, 2005). Team-based organizational structure, removing the boundaries between work activities, and strong in the aspect of empowerment and participation is explained by this research through contextual variables servant leadership and policy governance. In addition, confirmed the possibility to combine individual and organizational variables (Chenhall, 2003) or the so-called people-environment fit (Deci, 1980) and the organization fit (Kristof, 1996).

MCS effectiveness in nonprofit organizations shows its dependence on contextual factors, although the organizational structure shows different conditions. Organizational theory (Lawrence and Lorsh, 1967) on which the design approach of this study can be confirmed. Behavior of servant leadership is felt by team members in performing their duties so that team members feel mutual trust, understand the primary purpose of the team, mutual respect and maintain a positive working relationship. A nonprofit organization based team with some unique

characteristics (Tucker, 2010) can be tested with proven research model contingencies, so as to provide empirical evidence of the effectiveness of MCS. In addition, capable of providing new issues, including the issue of nonprofit organizational performance with inputs-impacts models approach, the issue of governance structures using policy governance perspective, and the issue of values fundamental achieving goals using servant leadership. Such issues as the form of improvements on previous research through measurement adjustment factors contingencies, such as servant leadership and policy governance in the control system and its environment.

### **Nonprofit Organizational Performance - inputs-impacts models**

Performance measurement on non-profit organizations by using inputs-impacts models (Epstein and Buhovac, 2009) is part of the process of defining new, adapted to the characteristics and organizational environment. Based on these results, performance measurement model for nonprofit organisational obtain empirical support. Measurement of organizational performance traced from inputs to impacts so that the program can explain that whole phase of the program implemented as expected, refer to the guidelines (policies) are prepared, and able to realize nearly all indicators of program performance measures. In other words, measuring the performance of non-profit organizations allows not using a measuring instrument based for-profit organizations. In particular, the non-profit organization with a contemporary structure (team-based) and are in the scope of services delivery is possible using a measurement of performance inputs-impacts models

### **Servant Leadership**

Elements micro-organization in the form of individual attributes of servant leadership is tested within the framework of the contingency, so the results of this study were able to confirm and provide empirical evidence on what is in the competency framework CGMA 2014. At the level of team leaders and program specialist expertise of leadership be crucial, evidenced from a 38% level of team leaders and 62% level program special is in this study stated leadership skills significantly affect the achievement of the program's performance. At the level of leadership expertise that empowers team members to be very decisive (as an active steering) to define the organizational strategic framework, as found by Sotriako and Zeppou (2005).

Servant leadership ideas Greenleaf (1970) was confirmed in this study that the leadership practices for knowledge-based organizations in Abat-21 can be applied in any country, including Indonesia. The concept of servant leadership on this sample showed strong principles to serve others, both to the working team members as well as to the surrounding community, the priorities and the first goal of community empowerment program. In terms of measuring the construct of servant leadership, the results of this study also provides empirical evidence of measurement The OLA (Laub 1999 and 2005), that of servant leadership with regard to the value of people who are within the scope of the leadership of servant leaders, as individuals who strengthen the confidence of the team through the use strength ethics.

### **Servant Leadership on Performance**

Testing the interaction of servant leadership on team performance companion program supports the results Choudhary et al. (2013), Irving (2005), and Thompson (2010) that servant leadership has a significant relationship with performance in the international division of non-profit organizations (program management team). Testing internal factors of individual leaders of the performance, the results of this study support a number of previous studies (Bocarnea and Dimitrova 2010; Choudary et al, 2013; Dennis and Bocarnea, 2005; Dierendonk 2011; Earnhardt, 2008; Han et al., 2010; Hannay 2007; Irving, 2005, Laub, 1999; Waddell, 2006). Similarly, the effect of leadership as teamwork or organizational to the performance, the results of this study support a number of previous studies (Choudary et al, 2013; Dierendonk, 2011; Drury, 2004b; Gromley, 2007; Gupta, 2013; Han et al., 2010; Hannigan 2008; Herman, 2008; Irving, 2005; Irving and Longbotham, 2007; Laub, 1999; Salie, 200).

Servant leadership characteristics affecting the performance teamwork (nonprofit organizations). The role of the team leader or coordinator is able to ensure all phases of community development programs are run in accordance with the policies or guidelines applicable at all levels, either provincial or district levels. Leader or coordinator capable served to increase capacity, motivate, push forward, and trust his team members to work efficiently and effectively embodied in a performance ranging from inputs to the program impacts.

Cultural diversity (multi-ethnic) Indonesia is reflected in the companion program team showed that the servant leader has a significant effect on performance. This research complements the research Butarbutar et al. (2010) in the category of companies LQ45 on the IDX. On the other hand, the population of Indonesia with a Moslem majority, the results of this study confirm Salie (2008) that the servant leadership in the Muslim community center and school. In other words, the construct of servant leadership in non-profit organizations in Indonesia can be measured and tested with the results as tested in other countries.

The need leadership skills among other skills in competency framework CGMA (2014) obtain empirical support, as well as supporting the opinion Sotriako and Zeppou (2005). The role of servant leadership in nonprofit organizations with a contemporary structure (team-based), serves to enabler relating to the development of strategic performance management framework to achieve the level of organizational performance and to create a human resources become active steering in the process.

### **Job satisfaction**

The pattern of the formal relationship between leader and follower tested in this study to complement the contingency-based research through individual attributes. However, the test results of this study are not able to provide support for MCS uses the non-profit organization based on individual attributes. Some determinants of job satisfaction in more detail needed to be identified and measured more thoroughly so that it can be ascertained that these factors exist and as a driver of job satisfaction felt. Thus, it will be described emotional reactions overall job satisfaction on the individual's involvement in work teams.

### **Job satisfaction on Performance**

The results of this study do not support the results of Ahmad et al. (2010), Parvin and Kabir (2011) and Khan et al. (2012) that lead to job satisfaction organizational commitment to becoming better and further foster job satisfaction is higher indicating better performance. Employees who work well expressed as a predictor of organizational performance (Herbert, 2003) and an important motivating factor employee performance (Mak and Sockel, 2001; Mohamed et al., 2011) was not able to be strengthened in this study.

### **Policy Governance Models**

Constructs PGM in this study showed a picture perception escort team malalui program implementation of the principles and concepts that are believed and interrelated in order to implement the program. That perception explains the existence of policy governance perspective (Carver and Carver, 2001) and managed to confirm research Grill (2001). A governance perspective on the team different from the companion program governance structures that exist in the corporation, because the organizational structure, size and complexity of the escort team, the ownership structure of the program, personal agenda and organizational tradition escort team in their functions and roles are different. On the other hand, the program statement of the stakeholders' interests, decision-making mechanisms, and how its implementation by the escort team program is also different. The principles contained in the PGM is illustrated in practice, allowing each team a companion program to empower and adhere to the rules of the game (the program guidelines) reflecting subdued accountability for implementing the program.

Measurement construct the policy governance by using the ten principles formulated IPGA (International Policy Governance Association) 2014 can be demonstrated in this study, that the principles perceived PGM conducted and showed the harmony in its application. In addition, the results of this study illustrate that the implementation of the tasks achieve the performance (key success indicators) organization in accordance with the policies established and run by themselves with honesty. The mechanism of achievement of performance in accordance with the concept of policy making in the policy governance. In other words, the results of this study reinforce the policy governance perspective making it possible to apply to non-profit organizations, particularly in the context of organisasi that focus on service delivery.

### **Policy governance on Performance**

The results of this study support previous research (Gordon, 2000; Nobbie & Brudney, 2003), as well as strengthening research Grill (2001) to 20 non-profit organizations, that the choice of approaches governance right is not simply choosing alternatives that already exist, but require consideration of another factors such complexity, as well as the personal agenda and organizational habits.

The results also confirm that the governance policy variable is a proxy that is able to create a climate of responsible and accountable at the organizational environment, because it allows for comprehensive empowerment of the staff, while the control mechanism is still needed to ensure accountability (Carver & Carver, 2001). In addition, the results of this study reflect their adherence to and compliance with regulations (laws, government regulations, and policies other governments) which applies to the level of Senior Management (CGMA, 2014) and reflects that the board governance (Advisory / KMP) has compiled conceptualization, run the organization and adhere to the assignment (Oliver, 2009). The uniqueness of nonprofit organizations obtain the support of empirical evidence, the depiction of MCS with the management of human resources associated with the structure of governance with a contingency approach (Chenhall, 2003), as well as empirical evidence PGM able to assist the board of governance to achieve organizational goals as efficiently and effectively as possible (Oliver, 2009), as well as other governance

perspective. The principles that form the PGM proven universally applicable, so that its presence felt in the organization models and conceptual sense, strengthened by the results of this study.

Overall, these results confirm the success of PNPM Mandiri escort team which has been managed by the principles of leadership that serves others first. Pattern accompaniment conducted by a team escort foster community participation rates as expected program, even able to involve the participation of the poor and the volunteers reached 35% in planning and decision-making (PCR, 2015). The quality of governance is shown by evidence of the independent evaluation team that the level of misuse of funds is very small, even just 1% of the total Bantuan Langsung Tunai (BLM).

### **Conclusion**

Results of testing the effect of servant leadership and governance policy on the performance of nonprofit organizations showed significant influence, but does not show any effect on job satisfaction. Nevertheless, the results of this study complements research contingency approach associated with the system (MCS) with the management of human resources in nonprofit organizations, in a more organic structure or team-based. The organizational structure as the behavior of the system are interconnected in carrying out different tasks, to achieve the system performance significantly confirmed in this study. Thus, the results of this study provide empirical evidence and confirm the theory and method development effort to combine individual and organizational variables or person-organization fit.

### **Research implications**

The results of this study, theoretically able to strengthen linkages MCS and organizational performance, especially strengthening the control system building blocks for nonprofit organizations. From the viewpoint of micro (organization), the results of this study contribute to the factor of human resources management at a senior level within the construct of servant leadership. In particular, given the empirical evidence and reinforce the competency framework CGMA (2014), that leadership skills are increasingly required on a more strategic level function.

In addition, the results of this study reinforce the PGM as an alternative to the perspective of governance in addition to the perspective of stewardship and agency, as well as provide opportunities for academics to conduct research and confirm again the existence of policy governance perspective on the organization (for-profit or nonprofit). PGM is possible to be considered non-profit organizations in implementing the principles of governance so that a new model of governance practices, particularly within government (Kemeterian/ Lembaga) and the regulator, or government-owned enterprises (SOEs or BUMDesa).

Performance measures for non-profit organizations with inputs-impacts models, theoretically can be confirmed and obtain empirical evidence. The program stakeholders can obtain information on program performance of the inputs to the program impacts through performance measurement inputs-impacts models. Funders or donors, for example, can find out a number of activities that are facilitated using certain funding sources that support the effective implementation of the program or not; constituencies/communities can find out the process of implementation of the program and its involvement until after the program. Inputs-impacts models can be used by governments (Kemeterian/Lembaga) to test or measure the performance of the programs, particularly focusing on Poverty Alleviation program in the category of intervention service delivery.

### **Limitations and Recommendations**

The response rate of this study is relatively low, especially at the escort team City/Regency. Therefore, the selection method of data collection can be done with different methods in future research, to increase the amount of research that is more representative response.

Strength variables influence this study reflects the influence of other variables that have not been identified in this study. MCS retesting linkage with the performance of the individual aspect, orgnisational environment, or other technologies is possible. For example, levels of job stress, patterns of other leadership, intellectual capital, or aspects of knowledge organization, and others. Similarly, the structure of interactions between variables (add factors mediating or moderating) in the structure of the model is very possible so as to strengthen MCS theory building for nonprofit organizations. In other words, research will be able to further explore the neighborhood in MCS fit so as to explain the significant factors affecting the nonprofit organizational performance.

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