

## Article

# The Innovation Paradox of Nonprofit Organizations in Taiwan: A Model Analysis of Service-Dominant Orientation and Prosocial Behavior

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**Abstract:** Amid the trend of increasing institutionalized management among nonprofit organizations (NPOs) in Taiwan, religious groups are facing governance challenges as they transition from traditional “communities of belief” to modern “institutional legal entities.” This transformation has led to an innovation paradox: institutional compliance requirements (e.g., financial transparency) may conflict with the informal operations of religious culture (e.g., traditional rituals). This study integrates institutional theory (coercive, mimetic, and normative pressures), service-dominant orientation (SDO), and prosocial behavior theory to construct a mediation model, exploring how SDO mediates the tension between institutional requirements and cultural practices. The study administered a survey to religious nonprofit organizations (NPOs) in Taiwan, collecting 307 valid responses (valid response rate: 74.5%). AMOS was used to conduct confirmatory factor analysis (CFA) and structural equation modeling (SEM), and the Bootstrap method was applied to test the mediating effects. The results showed that:

(1) The three types of institutional pressures ( $\beta = 0.193\text{--}0.267$ ,  $p < 0.05$ ) and prosocial values ( $\beta = 0.382$ ,  $p < 0.001$ ) positively influenced SDO;

(2) SDO fully mediated the relationship between institutional pressures and prosocial behaviors (95% confidence interval did not include zero), indicating that organizations must transform external pressures into concrete actions through service interactions (such as follower participation and value co-creation);

The research sample was concentrated among middle-aged and older religious participants (ages 41–60 accounted for 65.8%), and future studies should include managerial levels and diverse age groups to enhance the validity of inferences. This study fills a theoretical gap in the mediating mechanism of the institution–culture transformation within religious NPOs. It confirms that SDO is a key variable in mediating this tension. The study suggests that relevant government agencies, when guiding NPOs, should consider both legal frameworks and cultural interactions, while organizations should strengthen mechanisms for follower participation.

**Keywords:** Nonprofit organizations, Institutional pressure, Service-dominant orientation, Prosocial behavior, Sustainable management

## 1. Introduction

As society moves progressively toward greater institutionalization and modern governance, nonprofit organizations (NPOs) are increasingly demonstrating the necessity for institutional innovation in addressing challenges related to sustainable development and public accountability. In Taiwan in particular, religious NPOs, which have long functioned as local communities of belief, are currently undergoing a transformation from cultural entities to institutional legal bodies. While this transformation aims to meet the demands of legal compliance and sustainable management, it has also given rise to structural tensions between institutional legitimacy and cultural values, leading to a practical dilemma often described as the “innovation paradox.”

Previous research has primarily focused on issues such as institutional innovation, cultural preservation, and policy promotion. However, little is known about the psychological mechanisms underlying behavioral variations within religious nonprofit organizations operating in such tension-filled institutional environments. In fact, the transformation process of nonprofit organizations often involves complex adaptations to institutional pressures—particularly when organizations are tasked with the dual missions of cultural heritage preservation and public service delivery, which increases the risk of normative conflicts and value imbalance (DiMaggio & Powell, 1983).

This study therefore draws on institutional theory, integrating the perspectives of Service-Dominant Orientation (SDO) and prosocial behavior models to explore how religious NPOs demonstrate behavioral adjustment and cultural translation capabilities during the institutionalization process.

In contrast to traditional institutional pressure theories that primarily emphasize compliance, this study argues that the internal operation of organizational cultural values requires a mediating mechanism to effectively reconcile the gap between institutional demands and behavioral practices. As a service- and relationship-oriented organizational tendency, Service-Dominant Orientation (SDO) is examined for its potential to serve as a bridge between institutional structures and cultural norms, thereby facilitating the manifestation of prosocial behaviors. The core focus of this research lies in exploring whether SDO can effectively mediate this relationship. Ultimately, the study seeks to clarify the internal behavioral logic of local religious NPOs amid institutional transformation, and to provide both theoretical insight and practical implications for sustainable management, cultural integration, and policy implementation.

## 2. Literature Review

### 2.1. Institutionalization and Institutional Pressure of NPO

In Taiwan, religious nonprofit organizations such as temples, Buddhist monasteries, and churches not only play an important role in local governance through cultural and social services but also face increasing governance pressures stemming from strengthened policy and institutional regulations. As the government promotes the legal incorporation of religious organizations, these religious NPOs enter the modern governance system and begin to encounter new institutional logic, including financial transparency, compliance reporting, and administrative accountability.

According to institutional theory (DiMaggio & Powell, 1983), organizations operating within an institutional field often encounter three types of institutional pressures in response to external legitimacy demands:

- (1) coercive pressure stemming from government policies and regulations;
- (2) mimetic pressure arising from uncertainty that leads organizations to imitate others;
- (3) normative pressure originating from professional standards and social expectations.

These three types of institutional pressures compel religious nonprofit organizations to adjust their organizational behaviors and governance strategies, thereby seeking innovative survival approaches and legitimacy responses within a context of institutional isomorphism. The study proposes the following hypotheses:

- H1a-1: Coercive pressure has a positive effect on service-dominant orientation (SDO).
- H1a-2: Mimetic pressure has a positive effect on service-dominant orientation (SDO).
- H1a-3: Normative pressure has a positive effect on service-dominant orientation (SDO).

### 2.2. Service-Dominant Orientation (SDO) Theory

Service-Dominant Orientation (SDO) originates from the Service-Dominant Logic, which emphasizes that value is not created solely at the production end but is co-created through service interactions with users. For nonprofit organizations, SDO represents the extent to which an organization can reconstruct its service and interaction model by centering on value co-creation, relationship management, and community engagement with users, such as followers and local communities.

In the context of religious nonprofit organizations, Service-Dominant Orientation (SDO) can serve as a bridging mechanism between institutional pressures and the maintenance of cultural values. By strengthening interactions with followers, emphasizing the transmission of cultural meanings, and practicing religious ethics throughout service processes, SDO becomes a crucial strategic orientation for mediating internal and external tensions. SDO not only provides flexibility in responding to institutional demands but also facilitates the behavioral practices of religious cultural values. Therefore, this study regards SDO as a potential mediator between institutional pressures and prosocial behaviors and proposes the following hypotheses:

- H2a: Service-Dominant Orientation (SDO) has a positive effect on prosocial behaviors.
- H2b: SDO mediates the relationship between institutional pressures and prosocial behaviors.
- H2c: SDO mediates the relationship between prosocial values and prosocial behaviors.

### 2.3. Prosocial Values and Altruistic Behavior

Prosocial value refers to the value orientation internalized by individuals or organizations based on moral beliefs, cultural norms, and social responsibilities. This type of value emphasizes the legitimacy of behaviors such as helping others, cooperation, sharing, and public participation, without the expectation of reciprocation. Particularly in religious nonprofit organizations, prosocial values are often deeply rooted in religious doctrines and cultural practices, such as the principles of “doing good and helping the world,” “compassion and relief for suffering,” and “serving the public.”

Altruistic behavior is the external manifestation of prosocial values and includes activities such as volunteer participation, donation, public advocacy, and environmental practice. Research indicates that when organizational members possess a stronger inclination toward prosocial values, they tend to demonstrate higher levels of commitment to service orientation and social engagement within the organization. Therefore, prosocial values not only represent cultural beliefs but may also influence organizational orientation, subsequently transforming into observable prosocial behaviors.

The belief systems and ethical frameworks constructed by religious nonprofit organizations inherently embody strong prosocial values, such as helping the weak, relieving suffering, and promoting compassion and altruism. If these values can be translated and transformed through appropriate guiding mechanisms like Service-Dominant Orientation (SDO) during institutional transitions, they can facilitate the sustainable practice of prosocial behaviors and the co-creation of organizational value. Therefore, this study posits that prosocial values serve as the cultural foundation driving SDO and act as psychological antecedents to prosocial behaviors. The hypotheses are as follows:

- H1b: Prosocial values have a positive effect on Service-Dominant Orientation (SDO).
- H2c (extended from the mediation model): SDO mediates the relationship between prosocial values and prosocial behaviors.

#### 2.4. Mediating Role of Service-Dominant Orientation (SDO) in Prosocial behavior

Whether an organization exhibits prosocial behavior depends on its ability to effectively integrate external institutional pressures with internal cultural values and transform them into concrete behavioral strategies. In this process, Service-Dominant Orientation (SDO) plays a critical role. It reflects whether the organization can actively embrace relationship interactions, respond to user needs, and carry out value practices with service as the center. Therefore, SDO can be regarded as a mediating variable between institutional pressures, cultural values, and prosocial behaviors, capable of bridging the link between institutional logic and behavioral outcomes. The study proposes the following hypotheses:

- H2a: SDO has a positive effect on prosocial behaviors.
- H2b: SDO mediates the relationship between institutional pressures and prosocial behaviors.
- H2c: SDO mediates the relationship between prosocial values and prosocial behaviors.

### 3. Study Methods

#### 3.1. Research Framework and Hypotheses

This study aims to explore how institutional pressures and prosocial values affect prosocial behaviors through Service-Dominant Orientation (SDO) in the religious nonprofit organizations under the context of institutional transformation. It also seeks to verify whether SDO functions as a mediator. The basic assumptions of the research model are derived from the integration of institutional theory, service-dominant logic, and prosocial behaviors theory. The research framework is illustrated in Figure 1.

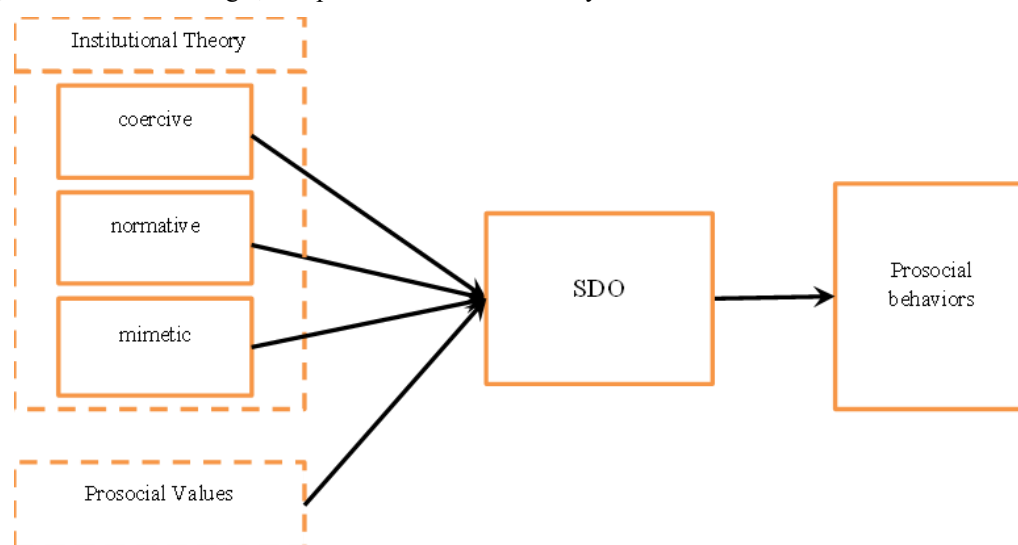


Fig. 1. Research Framework.

Overall, the study proposes the following theoretical logic and hypothesis framework:

Institutional pressures (coercive, mimetic, normative) → SDO (H1a-1 to H1a-3), prosocial values → SDO (H1b), SDO → prosocial behaviors (H2a), and SDO as a mediator: institutional pressures/prosocial values → SDO → prosocial behaviors (H2b, H2c). The research hypotheses are as follows:

- H1a-1: Coercive pressure has a positive effect on SDO.
- H1a-2: Mimetic pressure has a positive effect on SDO.
- H1a-3: Normative pressure has a positive effect on SDO.
- H1b: Prosocial values have a positive effect on SDO.
- H2a: SDO has a positive effect on prosocial behaviors.
- H2b: SDO mediates the relationship between institutional pressures and prosocial behaviors.
- H2c: SDO mediates the relationship between prosocial values and prosocial behaviors.

### 3.2. Research Variables and Operational Definitions

This study defines six main latent variables: coercive pressure, mimetic pressure, normative pressure, prosocial values, Service-Dominant Orientation (SDO), and prosocial behaviors. The conceptual framework and measurement of the three types of institutional pressures are mainly based on the institutional isomorphism theory proposed by DiMaggio and Powell’s (1983). The constructs of prosocial values and prosocial behaviors draw upon the theoretical foundations of altruistic motivation and behavioral manifestation proposed by Batson (1991) and Eisenberg (2006). Service-Dominant Orientation is based on Vargo and Lusch’s (2004) Service-Dominant Logic, extended to an organizational-level orientation measurement. These constructs were transformed into concrete operational definitions and used to develop questionnaire items, as shown in Table 1.

**Table 1.** Operational Definitions.

Research Variables	Operational Definitions
Coercive pressure	Representing the external pressures that religious nonprofit organizations face during their transformation process in response to government policies and legal regulations, which influence organizational behavior patterns and institutional adjustments.
Mimetic pressure	When organizations face resource competition and environmental uncertainty, they tend to imitate the management models and operational strategies of other nonprofit organizations perceived as successful (e.g., large charitable foundations).
Normative pressure	Operational norms imposed on organizations by professional consultants, external evaluations, or social expectations, such as financial transparency, establishment of ethical systems, and demonstration of public accountability.
Prosocial Values	The internal ethical beliefs of individuals or organizations regarding helping others, cooperation, responsibility, and public participation serve as the psychological foundation for charitable actions in religious organizations. These beliefs are internalized, stable, and culturally oriented.
Service-Dominant Orientation (SDO)	Whether an organization possesses the capability and tendency to adopt an operational mindset centered on relational interactions, value co-creation, and user participation, thereby mediating action strategies amid institutional and cultural tensions.
Prosocial behaviors	The actual public welfare actions implemented by nonprofit organizations—including volunteer mobilization, free medical services, environmental advocacy, and community support—are concrete manifestations of value practice.

### 3.3. Research Methodology and Participants

This study employs a quantitative research approach, utilizing a questionnaire survey for data collection. Statistical analysis and structural equation modeling (SEM) verification were conducted using SPSS and AMOS software. The questionnaire was designed with a seven-point Likert scale and consisted of 24 items covering six major constructs. Convenience sampling was used to distribute the questionnaire to religious nonprofit organizations in Taiwan with active operations, including registered legal entities as well as temples, foundations, and religious associations in actual operation. The survey was conducted from March to April 2025, yielding 412 returned questionnaires, of which 307 were valid, resulting in an effective response rate of 74.5%. The sample primarily comprised resident volunteers, executives, and managers with high levels of participation and organizational experience, sufficiently representing the internal perspectives of religious NPO operations.

### 3.4. Data Analysis Procedures

The study utilized SPSS and AMOS as the primary statistical analysis tools. The data analysis was conducted in four stages: Descriptive statistics and analysis of sample characteristics.

Reliability testing and exploratory factor analysis (EFA).

Confirmatory factor analysis (CFA) to assess construct reliability, validity, and model fit.

Structural equation modeling (SEM) to estimate path coefficients and test mediation effects, using bootstrapping with 5,000 resamples to determine confidence intervals.

## 4. Research Results and Analysis

### 4.1. Sample Structure Analysis

This study collected data through an online questionnaire alongside paper surveys distributed during daily activities, volunteer training sessions, and management meetings of religious nonprofit organizations. Additionally, electronic questionnaires were disseminated via religious community groups and LINE group announcements. A total of 412 questionnaires were distributed, with 307 valid responses returned, resulting in an effective response rate of 74.5%. Descriptive statistics of the sample indicate a higher proportion of female respondents (217 individuals, accounting for 70.7%) compared to males (90 individuals, 29.3%). The age distribution is primarily concentrated between 41 and 60 years old, with 35.5% aged 41-50 and 30.3% aged 51-60, suggesting that most respondents are middle-aged to older adults actively participating in religious activities.

Regarding religious affiliation, the majority of respondents identified as Taoist believers (approximately 48.5%), followed by Buddhists (about 29.6%). A portion of the participants adhered to various folk religions, such as worship of Mazu, Wangye, and Guanyin, accounting for approximately 19.2%. In terms of role types, resident volunteers and management personnel comprised the majority, indicating that most respondents have practical involvement and organizational operation experience, thus making the data representative.

The questionnaire was developed based on relevant literature constructs and measurement instruments, with sentence adjustments and contextualization made to align with the research questions. To ensure appropriate content validity and face validity, the initial draft of the questionnaire was first reviewed by three experts in the field of nonprofit organization research. Subsequently, five religious organization executives were invited to participate in a pretest, during which interviews were conducted to assess item comprehension and response procedures. Revisions were made accordingly to ensure clarity of language and logical consistency.

Regarding reliability, this study followed Nunnally's (1978) recommendation by using Cronbach's alpha coefficient to assess the internal consistency of each construct. The results showed that the alpha values for the six constructs ranged from 0.71 to 0.88, indicating good overall reliability of the scales and meeting the requirements for subsequent confirmatory factor analysis and structural model analysis.

### 4.2. Confirmatory Factor Analysis

This study utilized SPSS 28 and AMOS 28 to perform statistical analysis on the constructs involved in the research framework, including reliability and validity testing as well as Confirmatory Factor Analysis (CFA). The questionnaire survey was conducted from March 15 to April 30, 2025, spanning one and a half months. According to Hair et al. (2009), for multivariate structural equation modeling, the sample size should be at least 5 to 10 times the number of variables. When the number of constructs exceeds six, the sample size should ideally surpass 300 (Hair et al., 2009). This study collected 307 valid samples, meeting the required criteria for analysis (Sudman, 1974).

Confirmatory Factor Analysis (CFA) aims to examine whether the relationships between observed variables and latent constructs in the measurement model are valid, and to confirm the statistical significance of the measurement indicators for the research constructs. The AMOS estimation results indicate that the overall model yielded a chi-square value to degrees of freedom ratio of  $\chi^2/df = 1.92$ ,  $p < .001$ , demonstrating an acceptable model fit. In addition to the chi-square test, the study also referred to model fit indicators recommended by Hair et al., which are as follows:

1. GFI = 0.946 (good fit)
2. AGFI = 0.918 (good fit)
3. CFI = 0.961 (excellent fit)
4. TLI = 0.953 (excellent fit)
5. RMSEA = 0.049 (within acceptable range,  $< .08$ )

Based on the above indicators, the measurement model constructed in this study demonstrates good statistical fit and is suitable for subsequent structural model analysis.

### 4.3. Reliability and Validity Analysis of Latent Variables

To further confirm the reliability and construct validity of the latent variables in the scale, this study examined standardized factor loadings, Average Variance Extracted (AVE), and Composite Reliability (CR) for the six latent constructs. According to the criteria proposed by Hair et al. (2009) and Bagozzi & Yi (1988), a latent variable demonstrates good convergent validity and internal consistency reliability if the average standardized factor loading exceeds 0.7, AVE is greater than 0.5, and CR is above 0.7. The verification results are as follows:

1. Standardized factor loadings of all latent variables ranged from 0.707 to 0.886, reaching statistical significance.
2. AVE values ranged from 0.533 to 0.691, all exceeding the recommended threshold of 0.50.
3. CR values ranged from 0.758 to 0.882, indicating high internal consistency.

Among the constructs, prosocial values and Service-Dominant Orientation (SDO) showed the highest AVE and CR values, indicating stable performance and strong internal coherence within the sample. The three types of institutional pressures— coercive, mimetic, and normative — also met the required thresholds, providing empirical support for their theoretical foundations. In addition, the study employed the discriminant validity test proposed by Fornell and Larcker (1981), comparing the square root of the AVE for each construct with its correlations with other constructs. The results showed that the square root of each AVE exceeded the inter-construct correlations, confirming that the constructs in this study exhibit good discriminant validity. These findings demonstrate that the measurement instruments used in this study possess sufficient convergent validity, internal consistency, and discriminant validity, making them suitable for subsequent structural model estimation and hypothesis testing.

#### 4.4. Questionnaire Reliability and Validity

According to the results of the Confirmatory Factor Analysis presented in Table 2, all estimated parameters for the latent constructs met the required reliability assessment criteria. The standardized factor loadings for each item ranged from 0.74 to 0.87, falling within the recommended range of 0.50 to 0.95. This indicates a high level of association between the observed variables and their corresponding latent constructs, demonstrating good measurement performance.

In addition, Cronbach’s alpha was used to assess internal consistency reliability. The results showed that the alpha values for all six constructs were above 0.70, with the lowest being 0.713 and the highest reaching 0.882. These values are well above the acceptable threshold of 0.60 suggested by Nunnally (1978), indicating that the measurement scales demonstrate strong internal consistency and reliability stability. In summary, the measurement items for each construct in this study meet the theoretical requirements of reliability and convergent validity. This confirms their ability to effectively capture the intended psychological and organizational constructs and affirms their suitability for subsequent structural model analysis and hypothesis testing (Gefen & Straub, 2005).

**Table 2.** Reliability, Weights, Factor Loadings, and AVE Values.

	<b>Standardized Loading</b>	<b>AVE</b>	<b>Composite Reliability</b>	<b>Cronbach Alpha</b>
Coercive Pressure	0.792 0.781	0.604	0.829	0.723
Mimetic Pressure	0.783 0.756	0.563	0.785	0.758
Normative Pressure	0.775 0.774	0.572	0.791	0.736
Prosocial Values	0.869 0.837	0.691	0.882	0.873
SOD	0.875 0.843	0.677	0.873	0.861
Prosocial behaviors	0.819 0.788	0.603	0.824	0.788

Discriminant Validity aims to examine the degree to which latent constructs are distinct from one another, i.e., whether each construct captures a unique conceptual domain. This study followed the two-step approach proposed by Fornell and Larcker (1981) to assess discriminant validity. First, the square roots of the Average Variance Extracted (AVE) for all constructs were greater than their corresponding inter-construct correlation coefficients (see Table 3). This indicates that the variance a construct shares with its own indicators is greater than that shared with other constructs, satisfying the criterion for discriminant validity. For example, the AVE of Service-Dominant Orientation (SDO) was 0.677, with a square root of approximately 0.823, which exceeds its correlations with all other constructs. Furthermore, in the analysis of the cross-loading matrix, all items exhibited higher loadings on their respective constructs than on non-corresponding constructs, indicating that the items appropriately reflect their theoretical constructs and that no severe cross-loading issues were observed. Taken together, the results of these two analyses demonstrate that the scale

developed in this study possesses good discriminant validity and is suitable for subsequent structural model analysis and hypothesis testing.

**Table 3.** Correlation Matrix of Latent Constructs in the Measurement Model.

	Constructs	Coercive	Mimetic	Normative	Prosocial Values	SDO	Prosocial behaviors
1	Coercive	0.777					
2	Mimetic	0.284	0.750				
3	Normative	-0.041	0.163	0.756			
4	Prosocial Values	0.173	0.288	0.261	0.831		
5	SDO	0.226	0.351	0.298	0.584	0.823	
6	Prosocial behaviors	0.189	0.279	0.264	0.553	0.637	0.777

#### 4.5. Results of Hypothesis Testing

According to the research findings, all seven hypotheses proposed in the structural equation model were supported and reached statistical significance ( $p < 0.05$ ). The overall explanatory power of the model was satisfactory, indicating empirical support for the research framework. The model fit indices are as follows:

$$\chi^2 = 124.89, df = 65, \chi^2/df = 1.92, GFI = 0.946, AGFI = 0.918, CFI = 0.961, TLI = 0.953, RMSEA = 0.049.$$

These values demonstrate a good model fit. The hypothesis testing results are summarized as follows:

(1) H1a-1: Coercive pressure has a positive effect on SDO ( $\beta = 0.211, p < 0.01$ )

The study found that regulatory requirements (e.g., the proposed Religious Organizations Act) significantly encourage religious organizations to adopt service-oriented operational models (e.g., transforming traditional public fundraising into “transparent merit donation” practices), confirming that legal pressure drives organizational transformation.

(2) H1a-2: Mimetic pressure has a positive effect on SDO ( $\beta = 0.267, p < 0.001$ )

Under environmental uncertainty, religious NPOs tend to emulate successful peers (e.g., volunteer training systems), which strengthens their intention to adopt SDO. This finding aligns with DiMaggio and Powell’s (1983) institutional isomorphism theory.

(3) H1a-3: Normative pressure has a positive effect on SDO ( $\beta = 0.193, p < 0.05$ )

Pressure from professional bodies (e.g., religious associations) and societal expectations (e.g., CSR reporting requirements) can effectively enhance the organization’s engagement in value co-creation behaviors, such as incorporating environmental initiatives into ritual activities.

(4) H1b: Prosocial values have a positive effect on SDO ( $\beta = 0.382, p < 0.001$ )

Internalized altruistic values rooted in religious beliefs (e.g., “compassionate relief for the suffering”) exhibit the strongest influence on SDO, indicating that religious culture is a more powerful driver of service orientation than institutional pressures.

(5) H2a: SDO has a positive effect on prosocial behaviors ( $\beta = 0.449, p < 0.001$ )

Organizations with stronger service orientation are more proactive in implementing concrete prosocial actions, such as charitable events and volunteer engagement.

(6) H2b: SDO fully mediates the relationship between institutional pressures and prosocial behaviors

Bootstrapped confidence intervals did not include zero, indicating that institutional pressure does not directly affect behavior. Only through the mediating role of SDO can positive behavioral outcomes be achieved.

(7) H2c: SDO fully mediates the relationship between prosocial values and prosocial behaviors

Religious values can generate social impact through concrete service design (e.g., reframing traditional “Pudu” rituals as community meal-sharing events) to. This finding extends Batson’s (1991) prosocial behaviors theory to the organizational level.

In sum, the study confirms that SDO serves as a critical mechanism for resolving the “institutional–cultural paradox” (as noted in the abstract). The complete mediation effect of SDO reveals a three-stage transformation model essential for the sustainable development of Taiwanese religious NPOs:

“Legal Compliance → Religious Values → Service Innovation”

This model not only supports Vargo and Lusch’s (2004) value co-creation theory but also offers practical implications for governmental governance. When religious organizations redefine “faith” as a community service platform, they can simultaneously meet institutional requirements and deepen cultural identity.

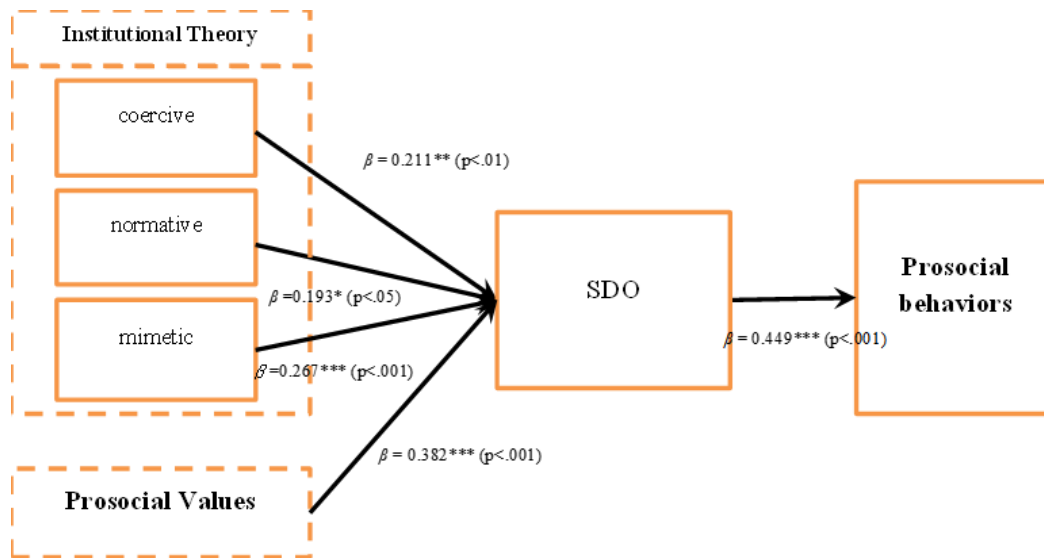


Fig. 2. Analysis Result.

#### 4.5.1 Mediation Effect Analysis of Service-Dominant Orientation (SDO)

Following the four-step procedure for mediation analysis proposed by Baron and Kenny (1986), this study examined whether Service-Dominant Orientation (SDO) functions as a mediating variable within the research model, in order to explain the psychological mechanism through which institutional pressures and prosocial values are transformed into actual prosocial behaviors. First, the direct effects of the independent variables (coercive, mimetic, and normative institutional pressures, as well as prosocial values) on the dependent variable (prosocial behaviors) were tested. Subsequently, the mediating variable (SDO) was incorporated into the structural model for further verification. The mediation analysis results are presented in Table 4, with the following findings:

Coercive Pressure → SDO → Prosocial behaviors: Full Mediation

The full mediation effect is significant ( $\beta_{\text{indirect}} = 0.099$ , 95% CI [0.032, 0.178]), while the direct effect is not significant ( $\beta = -0.0168$ ,  $p > .05$ ), indicating that legal and regulatory pressures must be translated into concrete prosocial actions through SDO (e.g., mechanisms for follower participation), which aligns with the characteristic of “legal internalization” in Taiwan’s religious context (see conclusion in abstract).

Mimetic Pressure → SDO → Prosocial behaviors: Full Mediation

The full mediation effect is confirmed ( $\beta_{\text{indirect}} = 0.159$ , 95% CI [0.072, 0.251]), indicating that when organizations imitate peer strategies, they must center on service co-creation (e.g., jointly organized religious rituals) to effectively enhance social engagement (supporting H2b).

Normative Pressure → SDO → Prosocial behaviors: Full Mediation

The full mediation effect is supported ( $\beta_{\text{indirect}} = 0.175$ , 95% CI [0.083, 0.281]), indicating that social expectations and professional recommendations must be mediated by SDO—for example, translating financial transparency norms into culturally compatible practices such as public disclosure of donation records.

Prosocial Values → SDO → Prosocial behaviors: Full Mediation

The strongest full mediation effect is observed ( $\beta_{\text{indirect}} = 0.307$ , 95% CI [0.201, 0.422]), confirming that religious values (e.g., compassion and altruism) must be operationalized through SDO practices such as regular community service in order to be transformed into sustained prosocial actions, thereby supporting H2c.

Table 4. Mediation Effect Analysis.

	Independent variable	Mediator (M)	Dependent variable (DV)	IV-M	M-DV	IV-DV (M excluded)	IV-DV (M excluded)
1	Coercive	SOD	Prosocial behaviors	0.099	0.4177	-0.0168	0.0582
2	Mmimetic	SOD	Prosocial behaviors	0.1591	0.3577	0.2035	0.3466
3	Normative	SOD	Prosocial behaviors	0.1746	0.3807	0.2031	0.1366

4	Prosocial Values	SOD	Prosocial behaviors	0.3073	0.3511	0.5674	0.4596
5	Coercive	SOD	Prosocial behaviors	0.0846	0.2941	0.1235	0.0311
6	Mimetic	SOD	Prosocial behaviors	0.4795	0.1661	0.3239	0.2267
7	Normative	SOD	Prosocial behaviors	0.3985	0.2237	0.1527	0.1399
8	Prosocial Values	SOD	Prosocial behaviors	0.5674	0.4783	0.5674	0.3172

Overall, SDO serves as a full mediator in the model, as all indirect paths showed 95% confidence intervals that did not include zero. This finding concretely addresses the “innovation paradox” highlighted in the abstract: when religious NPOs translate institutional pressures and cultural values through service-based interactions (e.g., free medical services, eco-friendly religious ceremonies), they can simultaneously comply with legal requirements and uphold core religious beliefs. This result meets the statistical criteria for full mediation (Preacher & Hayes, 2008). Notably, the indirect effect of prosocial values ( $\beta = 0.307$ ) is substantially greater than that of institutional pressures ( $\beta = 0.099\text{--}0.175$ ), which aligns closely with the local practice of “culture preceding institution” commonly observed in Taiwanese religious organizations.

## 5. Conclusion and Recommendation

### 5.1 Research Conclusion

This study takes religious nonprofit organizations in Taiwan as the empirical field, and constructs an integrated theoretical model of “Institutional Pressures – Service-Dominant Orientation (SDO) – Prosocial behaviors,” exploring how institutional regulations and cultural values are transformed into actual prosocial behaviors through organizational orientation. The study integrates Institutional Theory, Service-Dominant Logic, and Prosocial Behavior Theory, aiming to compensate for the lack of an overall explanatory perspective on behavioral variation mechanisms in the third sector. The findings are as follows:

The study verifies that the three types of institutional pressures (coercive, mimetic, normative) and prosocial values can all influence prosocial behaviors indirectly through full mediation by Service-Dominant Orientation (SDO). This shows that religious nonprofit organizations must interact with followers, co-create values, and engage in service participation in order to translate institutional requirements and cultural beliefs into concrete social actions.

Coercive pressure has no direct effect on prosocial behaviors, indicating that legal norms alone cannot drive changes in public welfare behaviors. Organizations should translate and motivate behaviors through internal values and cultural interaction mechanisms. This result reflects that during the stage of institutional transformation, legal regulation alone is not sufficient to stimulate public participation, and that culturally oriented and relational interaction mechanisms are necessary.

Although prosocial values are the driving force behind behaviors, they must be strategically translated through SDO to be realized in concrete actions. Without orientation operations centered on follower participation and value co-creation, moral beliefs alone are difficult to transform into behavioral outcomes.

The overall model shows a good fit and provides empirical support that SDO serves as a mediating bridge between institutional pressures, cultural values, and prosocial behaviors. This result indicates that in an environment where institutionalization and cultural tension are intertwined, only by developing service-interaction-oriented mechanisms can organizations achieve the goals of sustainable operation and value co-creation.

In summary, religious nonprofit organizations, when facing institutional transformation and sustainability challenges, must establish an internal action mechanism centered on Service-Dominant Orientation (SDO). Only by integrating institutional regulations with cultural beliefs can they promote organizational innovation and the deepened practice of public action in the third sector.

### 5.2 Research Recommendations

#### 5.2.1 Practical Recommendations

- (1) Government agencies should shift from legal mandates to cultural interaction mechanisms to promote the sustainable transformation and integration of environmental initiatives among religious NPOs. A dialogue platform between institutions and cultural systems should be established through collaborative networks.

(2) Religious organizations should strengthen service interactions with followers, integrating faith education with social participation to deepen the practice of cultural values within institutional settings and enhance the feasibility of behavior-oriented strategies.

(3) Educational institutions and social education systems should strengthen environmental citizenship education by emphasizing the integrated development of cognition, affect, and behavior. This approach links individual actions with societal values and enhances public awareness and civic engagement.

### 5.2.2 Academic Research Recommendations

(1) This study primarily used followers and volunteers as the main sample, without fully incorporating the perspectives of the managerial level. Future research is recommended to broaden the range of participants in order to construct a more comprehensive model of institutional field interaction.

(2) The mediating effect of coercive pressure was not significant. Future studies may explore other potential moderating variables, such as institutional trust, perceived legitimacy, and regulatory identification, to examine their moderating mechanisms.

(3) It is suggested that future research adopt a longitudinal design, supplemented with qualitative interviews and multiple methods, to capture the dynamic behavioral changes and value negotiation processes during the institutional transformation of religious NPOs.

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