

## The Influence of Organizational Justice and Ethical Leadership on the Innovation Behavior of Employees of PT Bukit Asam TBK

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### ABSTRACT

*The decline in employee participation in the Bukit Asam Innovation Award (BAIA) at PT Bukit Asam Tbk (PTBA) signals the need to explore factors influencing innovation behavior. This study focuses on the role of organizational justice and ethical leadership in shaping employees' innovative actions. A quantitative method was employed, using descriptive and causal approaches. Data were gathered through structured questionnaires distributed to 325 employees selected via stratified random sampling. Structural Equation Modeling based on Partial Least Squares (PLS-SEM) using SmartPLS 4.0 was applied to analyze the data. Descriptive analysis shows that organizational justice is perceived as "very high," ethical leadership as "very good," and innovation behavior as "good." The hypothesis test results confirm that both organizational justice and ethical leadership significantly and positively influence innovation behavior, with a combined contribution of 72.1%. This demonstrates that a fair organizational climate and ethical leadership practices are essential drivers of innovation. The research provides practical implications for PTBA, especially in evaluating and enhancing policies related to fairness and leadership to foster a more innovative organizational culture. Moreover, the study contributes to the literature by empirically supporting the relationship between organizational justice, ethical leadership, and innovation behavior. It is recommended that future research explore similar variables in different company or industry contexts to validate and expand the findings.*

**Keywords:** Organizational Justice, Ethical Leadership, Innovation Behavior

### INTRODUCTION

PT Bukit Asam Tbk (PTBA), which is a member of the mining SOE holding MIND ID, has prepared targets and strategies to realize its vision of becoming a world-class energy company that cares about the environment. Following the President's direction, PTBA also supports the Net Zero Emissions (NZE) target in 2060 and will increase its contribution to support national energy security. PTBA has set a destination to become an energy-based industry by 2030, with a target of income from the energy business line of 50% and the coal business of 50%. PTBA has also renewed its portfolio of new and renewable power-based power plants, coal downstream, and chemical industry development by preparing a special economic zone located in Tanjung Enim, South Sumatra, as a business development integration zone with the goal of reducing carbon in PTBA's mining operations through a carbon management program.

To realize the company's vision and targets, PTBA has also set a strategic theme for corporate culture transformation, which is manifested in employee behavior, namely ACTION. BERAKSI is an acronym for Accountability, Sustainability, Synergy, and Innovation. Innovation will play an important role in the transformation of the company, as it allows the company to create new products, increase efficiency and productivity, lead to the formation of a more effective organization, change the business model, and provide added value for stakeholders as well as competitiveness for the company through employee innovation behavior (Chen et al., 2018; Dearing, 2021; Kahn, 2018; Rajapathirana & Hui, 2018). Innovation behavior is individual behavior that intentionally generates and implements useful innovative ideas, designed to benefit an individual, team, or organization. In organizations, employees' innovative behaviors can increase

long-term competitiveness through the exploration of solutions and opportunities, enabling companies to adapt in a competitive market (AlEssa & Durugbo, 2022; Bos-Nehles & Veenendaal, 2019; S. Hosseini & Haghghi Shirazi, 2021; Liu et al., 2020; Srirahayu et al., 2023).

In an effort to foster and develop innovation behavior in the company, *PTBA* has carried out a routine program every two years through an innovation competition called the *Bukit Asam Innovation Award (BAIA)*. The *BAIA* program is also a form of the company's concern for employee innovation and gives awards to employees who contribute to the development of innovative ideas, with the following implementation details:

**Table 1. BAIA Membership**

No	Categories Innovation	2018	2021	2023
1	Implementation Category (Business System)	67	30	15
2	Implementation Category (Mining System)	50	59	68
3	Conceptual Category (Business System)	52	56	57
4	Category Conceptual (Mining System)	135	107	74
Number of Innovations		304	252	214
Number of Employees		2122	1827	1561
Percentage of Number of Innovations and Number of Employees		14,3%	13,8%	13,7%

Source: PTBA Internal, 2023

The *BAIA* program is attended by employees with innovation categories including conceptual innovation, which is the category of innovation that is possible to be applied in the company environment, and the implementation category, which is the category of innovations that have been applied in the company within the scope of Mining and Business System. From the *BAIA* membership data, the implementation of the *BAIA* program has decreased compared to the previous period. Data shows a decrease in innovation, namely in the 2018 period by 14.3% to 13.8% in 2021 and in the 2023 period to 13.7%, although several categories show an increase. The decline in innovation raises questions about the attributes that are able to influence innovation behavior in the organization. On the other hand, innovation behavior is an important component in building a sustainable competitive advantage for the company. In a dynamic business environment, organizations that are unable to innovate will be left behind and find it difficult to adapt to rapid change. Innovation not only drives organizational growth but is also an important factor that provides a sustainable competitive advantage.

One of the main drivers of innovation in organizations is the innovative behavior of employees, where organizational fairness plays a crucial role in facilitating the behavior of such innovations. Furthermore, according to K & Ranjit (2021), the organization's commitment to building organizational justice affects the behavior of employee innovation implemented in the organization. Thus, when organizational justice is applied properly in the organization, employee innovation behavior will be realized and provide benefits and success in the organization (Gohar Nadeem & Dr. Qamar Afaq Qureshi, 2023; Kim & Park, 2017; Tran Pham, 2023).

In order to support the phenomenon of organizational justice having a role in innovation behavior, *PTBA* evaluates human resource management through the *Human Capital Maturity Assessment (HCMA)* Survey conducted by the Ministry of SOEs. The respondents in this survey are representatives of the Head of the Work Unit, the Human Capital Function of the Head Office, and the Human Capital Function of the Work Unit, with a total of 15 respondents. The findings in the survey for the scores received by *PTBA* are still below *Inalum* and *MIND ID*. For reward and recognition indicators, which are part of the implementation of the company's systems and policies given to employees, a score of 3.63 is obtained. In-depth regarding the role of organizational justice is reflected through reward and recognition indicators; this is also supported by the opinion of Robbins & Judge (2018) that distributive justice, which is part of organizational justice, is reflected in the awards and recognition received by employees. In the *HCMA* survey, it was concluded that the company already has a policy that regulates the rights and obligations of

employees, the company has focused on providing remuneration based on employee operational activities in accordance with the description of their duties, and the remuneration scheme given to employees has accommodated non-financial recognition of employee contributions as one of the reward strategies. As for the survey, *PTBA* is advised to explore more deeply related to potential improvements that focus on best *Human Capital* practices while still aligning with the company's strategy.

Furthermore, based on the results of in-depth interviews conducted on January 20–21, 2025, with 10 people consisting of 2 General Managers, Head of Work Units, 2 Vice Presidents, and 6 functional employees, the respondents understand the importance of innovation for the company and they expect employee innovation to increase. From the results of the interview, information was obtained that there is still a perception among employees who feel that their achievements and contributions are not properly appreciated when providing innovations in the company, even though the company has given appreciation. Some employees even said that the appreciation given sometimes felt inappropriate or disproportionate to the effort and risk they had taken in innovating. In addition, there is still a perception among employees who feel that they do not have support from their superiors to participate in innovation because there are work targets that still need to be achieved and become a top priority. Employees feel that they are stuck in a hectic daily work routine and don't have the time or opportunity to think, propose, or implement new ideas. Instead of being encouraged to innovate, they feel burdened by strict targets and lack of flexibility, so innovating is considered secondary.

For this reason, it is important to indicate the role of organizational justice to be deepened in relation to innovation behavior. Organizational fairness can be understood as an employee's perception of equality and fairness in various aspects in the workplace. Organizational justice, according to Greenberg & Colquitt (2013), consists of three main dimensions: first, distributive justice, related to what employees perceive about the results or rewards they get and their conformity with the contributions that have been given; second, procedural fairness, which includes fairness in the processes and methods used in decision-making, as well as how transparency and consistency are applied; and third, interactional fairness, which focuses on the quality of relationships and interpersonal treatment, i.e., how employees are treated and valued in daily interactions. These three dimensions are interrelated and contribute to employees' overall perception of fairness within the organization. When employees feel fair in the workplace, they tend to be more motivated to engage in innovative behaviors because they feel valued and recognized by the organization.

Organizational fairness alone is not enough to maximize the innovation potential of employees. Research conducted by Khaola & Coldwell (2019) shows that the influence of organizational fairness on employees' innovative behavior is influenced by various factors, one of which is leadership style. The contribution of leadership style also has an impact on innovation behavior. Leaders play an important role in facilitating how employees innovate in the workplace. Furthermore, according to E. Hosseini & Ferreira (2023), ethical leadership styles can influence innovation behavior in an organization. Leaders who adhere to the principles of ethical leadership not only focus on the application of justice, but also on creating a climate of trust that supports innovation so that employees feel safe and supported to contribute with new ideas within the organization.

In the *HCM* survey followed by *PTBA*, there are also leadership indicators. The score achieved by *PTBA* is 3.50, with the score still below *Inalum* and *MIND ID*. The results related to *PTBA*'s leadership indicators are considered to have a standard leadership succession strategy and are implemented consistently. The company has a leadership competency development program for each level and is run on an ongoing basis as a condition for position and succession in accordance with applicable policies. The implementation of leadership in the form of sharing sessions related to culture has been carried out by the company to provide inspiration for employees. There is a *Leader as a Coach Program* which is part of the Development program. From the results of the survey, it is also suggested for *PTBA* to make potential improvements in leadership aspects in accordance with the best *Human Capital* practices while still aligning with the company's strategy. From this, the role and contribution of leadership in creating an organizational environment needs more attention for the continuity of the company. Leaders can create an organizational environment that supports innovation by providing direction, support, and motivation to

employees. Conversely, unsupportive leaders can stifle innovative behavior even if organizational fairness has been well implemented.

As for the results of interviews with 10 people consisting of 2 General Managers, Head of Work Units, 2 Vice Presidents, and 6 functional employees related to the role of leaders in company innovation, respondents understand that leaders have a very important role in company innovation, but the role of leaders is still not optimal because real efforts to support the progress and potential of employees have not been carried out regularly. This can be seen from how leaders rarely facilitate informal and formal discussions regarding employees' ideas. In addition, there are still leaders who tend to be resistant to change because of the potential risk of new ideas or new innovations given. In the context of innovation, respondents argued that the role of leaders should be guided by the company's business behavior and ethics. The role of leadership in the relationship between superiors and subordinates related to innovation has been stipulated in the clause of the employee ethical behavior guide regarding the aspect of mutual respect for ideas and differences of opinion conveyed, although in practice the resource person also said that the ethical behavior guidelines that have been implemented are still not carried out optimally.

In the scope of innovation behavior, ethical leadership becomes increasingly relevant because the company has established ethical guidelines in leadership that must be guided. Ethical leadership is a leadership style that emphasizes moral and ethical principles, including justice, transparency, and social responsibility. Then, according to Wen et al. (2021), ethical leaders act on moral values in daily interactions with employees that will help create a fair work environment and support innovation. Ye et al. (2023) stated that the role of ethical leadership is very important because it influences employee innovation behavior. Leaders who practice ethical leadership not only ensure that principles of fairness are applied, but also create a climate of trust where employees feel empowered to innovate. Historical studies related to leadership styles on employees' innovative work behaviors in previous research have focused on conventional leadership styles such as transformational leadership. Therefore, testing various contemporary leadership styles such as ethical leadership is needed to explore its relationship with innovation attitudes.

Based on the previous description, organizational fairness and ethical leadership are important aspects in building employee innovation behavior. This is also related to previous research evidence that exposes its influence on employee innovation behavior. In previous research, organizational fairness has been shown to affect employee innovation behavior. Research conducted by Jaboob et al. (2024) emphasizes that fairness in the workplace is very important to encourage innovation; when employees feel treated fairly, then they will be more motivated, creative, and dare to share ideas so that it will benefit the organization as a whole. Furthermore, according to Tran Pham (2023), organizations need to ensure that employees feel treated fairly in order to create an innovative work environment. Based on previous research, it shows that ethical leadership has an influence on innovation behavior. In the opinion of Hosseini and Ferreira (2023), ethical leadership is the key to building innovation behaviors in organizations. The application of ethical leadership makes employees feel valued and this feeling encourages employees to be more innovative.

Based on this, this study aims to analyze the influence of organizational fairness and ethical leadership on employee innovation behavior. This research is expected to contribute to the development of human resource management, especially in efforts to increase employee innovation through the application of organizational justice and ethical leadership.

## **METHOD**

This research employs a quantitative approach, utilizing numerical data collection and analysis. The study targets all permanent employees at PT *Bukit Asam* Tbk with more than two years of service, totaling 1,689 people. Using probability sampling with stratified random sampling based on position levels, and applying the Slovin formula, a sample of 325 employees was selected.

The data sources consist of primary data, collected directly from respondents through questionnaires, and secondary data, obtained from PT *Bukit Asam* Tbk's internal documents and external

sources such as theses and previous research journals. Data collection was conducted via a survey using a questionnaire distributed to the 325 selected employees through Google Forms.

For data analysis, the study used descriptive analysis and hypothesis testing with *Structural-Partial Least Square Modeling Equation (SEM-PLS)*. The analysis process involved preparing and processing the data to answer the research questions and evaluate the results.

## RESULTS AND DISCUSSION

### Research Results

#### Descriptive Analysis of Respondent Statistics

In this section, descriptive statistics are used to organize and explain the data and make it more concise and provide an understanding of the characteristics of research data as described by Iba and Wardhana (2023). Specifically, this study will present the profile of organizational justice variables, ethical leadership, and employee innovation behavior whose data was obtained through the distribution of questionnaires to 325 employees of PT. The scores generated from the questionnaire will be grouped into categories based on the criteria set in the previous chapter and visualized using a continuum line.

#### a. Respondents' Responses to Organizational Justice

##### 1. Respondents' responses to the dimension of distributive justice

Based on the respondent's response, each item in the dimension of distributive justice can be described as follows:

- a) Item 1, namely "My work schedule is fair", has a percentage of 87.07%, which means that based on the interpretation of the score of item 1, organizational fairness is categorized as Very High.
- b) Item 2, namely "I feel my salary level is fair", has a percentage of 63.63%, meaning that based on the interpretation of the score of item 2, the organization's fairness is categorized as Medium.
- c) Item 3, namely "I consider my workload to be quite fair", has a percentage of 89.72%, meaning that based on the interpretation of the score of item 3, organizational fairness is categorized as Very High.
- d) Item 4, namely "Overall, the reward I received is quite fair" has a percentage of 65.29%, meaning that based on the interpretation of the score of item 4, organizational fairness is categorized as Moderate.
- e) Item 5, namely "I feel that my job responsibilities are fair", has a percentage of 89.47%, meaning that based on the interpretation of the score of item 5, organizational fairness is categorized as Very High.

The description above shows item 2, namely "I feel my salary level is fair" has the lowest percentage score (63.63%). The overall distributive justice dimension has a percentage score of 87.04% with a Very High category.

##### 2. Respondents' responses to the procedural justice dimension

Based on the respondents' responses, each item in the procedural justice dimension can be described as follows:

- a) Item 6, namely "Job decisions are made by superiors in an objective way", has a percentage of 85.78%, meaning that based on the interpretation of the score of item 6, organizational fairness is categorized as Very High.
- b) Item 7, namely "My boss ensures that all employee concerns are heard before job decisions are made", has a percentage of 85.72%, meaning that based on the interpretation of the score of item 7, organizational fairness is categorized as Very High.
- c) Item 8, namely "To make job decisions, my boss collects accurate and complete information" has a percentage of 64.00%, meaning that based on the interpretation of the score of item 8, organizational fairness is categorized as Medium.
- d) Item 9, namely "My boss clarifies the decision and provides additional information if requested by the employee", has a percentage of 63.63%, meaning that based on the interpretation of the score of item 9, organizational fairness is categorized as Moderate.

- e) Item 10, namely "All employment decisions are applied consistently to all affected employees", has a percentage of 89.72%, meaning that based on the interpretation of the score of item 10, organizational justice is categorized as Very High.

The description above shows that item 9, namely "My boss clarifies the decision and provides additional information if requested by the employee", has the lowest percentage score (63.63%). The overall procedural justice dimension has a percentage score of 85.77% with a High category.

### **3. Respondents' responses to the interactional justice dimension**

Based on the respondents' responses, each item in the interactional justice dimension can be described as follows:

- a) Item 11, namely "My boss provides adequate justification for the decisions made about my work", has a percentage of 65.09%, meaning that based on the interpretation of the score of item 11, organizational fairness is categorized as Moderate.
- b) Item 12, namely "When decisions are made about my work, my boss treats me well and considerately" has a percentage of 89.47%, meaning that based on the interpretation of the score of item 12, organizational fairness is categorized as Very High.
- c) Item 13, namely "When decisions are made about my job, my boss treats me with respect and dignity" has a percentage of 85.78%, meaning that based on the interpretation of the score of item 13, organizational justice is categorized as Very High.
- d) Item 14, namely "When decisions are made about my job, the boss is sensitive to my personal needs" has a percentage of 85.72%, meaning that based on the interpretation of the score of item 14, organizational fairness is categorized as Very High.
- e) Item 15, namely "When decisions are made about my job, my boss is honest with me" has a percentage of 85.78%, meaning that based on the interpretation of the score of item 15, organizational fairness is categorized as Very High.
- f) Item 16, namely "When decisions are made about my job, the boss considers my rights as an employee" has a percentage of 85.72%, meaning that based on the interpretation of the score of item 16, organizational fairness is categorized as Very High.
- g) Item 17, namely "Regarding decisions made about my work, the employer discusses the implications with me", has a percentage of 84.00%, meaning that based on the interpretation of the score of item 17, organizational fairness is categorized as High.
- h) Item 18, namely "When making decisions about my work, my boss gave me a reasonable explanation" has a percentage of 63.61%, meaning that based on the interpretation of the score of item 18, organizational fairness is categorized as Moderate.
- i) Item 19, namely "My boss explains very clearly every decision made about my work" has a percentage of 89.72%, meaning that based on the interpretation of the score of item 19, organizational fairness is categorized as Very High.

The description above shows that item 18, namely "When making decisions about my job, my boss gives me a reasonable explanation" has the lowest percentage score (63.61%). The overall interactional justice dimension has a percentage score of 86.13% with a Very High category.

### **b. Respondents' Responses to Ethical Leadership**

#### **1. Respondents' responses to the Honesty dimension**

Based on the respondent response table above, each item in the Honesty dimension can be described as follows:

- a) Item 20, namely "The boss acts according to the values he expresses", has a percentage of 85.29%, meaning that based on int=interpretation, the score of item 20 of ethical leadership is categorized as Excellent.
- b) Item 21, namely "When the boss promises something, I believe it will happen" has a percentage of 89.48%, meaning that based on the interpretation of the score of item 21, ethical leadership is categorized as Excellent.

- c) Item 22, namely "The boss does the job according to what he says", has a percentage of 86.89%, meaning that based on the interpretation of the score of item 22, ethical leadership is categorized as Excellent.
- d) Item 23, namely "The boss shows the same priorities as he conveys." has a percentage of 65.29%, meaning that based on the interpretation of the score of item 23, ethical leadership is categorized as Quite Good.

The description above shows item 23, namely "The boss shows the same priority as he conveyed." has the lowest percentage score (65.29%). The Honesty dimension overall has a percentage score of 86.74% in the category of Excellent.

## 2. Respondents' responses to the trust dimension

Based on the respondent response table above, each item in the Trust dimension can be described as follows:

- a) Item 24, namely "Superiors care about my career" has a percentage of 89.48%, meaning that based on the interpretation of the score of item 24, ethical leadership is categorized as Very Good.
- b) Item 25 i.e. "I often share new ideas with my boss" has a percentage of 85.78%, meaning that based on the interpretation of the score of item 25, ethical leadership is categorized as Excellent.
- c) Item 26, namely "I am open to my boss's suggestions regarding my work", has a percentage of 85.72%, meaning that based on the interpretation of the score of item 26, ethical leadership is categorized as Excellent.
- d) Item 27, namely "I work based on my own preferences", has a percentage of 84.00%, meaning that based on the interpretation of the score of item 27, ethical leadership is categorized as Good.

The description above shows that item 27 i.e. "I work based on my own preferences" has the lowest percentage score (84.00%). Dimension Trust overall has a percentage score of 86.25% with Excellent.

## 3. Respondents' responses to the Power-Sharing dimension

Based on the respondent response table above, each item in the Power-Sharing dimension can be described as follows:

- a) Item 28, namely "Superiors make decisions based on the suggestions of group members", has a percentage of 83.63%, meaning that based on the interpretation of the score of item 28, ethical leadership is categorized as Good.
- b) Item 29, namely "Superiors provide responsibility opportunities to all group members" has a percentage of 89.72%, meaning that based on the interpretation of the score of item 29, ethical leadership is categorized as Excellent.
- c) Item 30, namely "Superiors carry out decisions collectively", has a percentage of 83.63%, meaning that based on the interpretation of the score of item 30, ethical leadership is categorized as Good.
- d) Item 31, namely "Superiors encourage group members to convey ideas" has a percentage of 89.72%, meaning that based on the interpretation of the score of item 31, ethical leadership is categorized as Excellent.

The description above shows that item 28, namely "Superiors make decisions based on the suggestions of group members" and item 3, namely "Superiors carry out decisions collectively", have the lowest percentage score (83.63%). The overall Power-Sharing dimension has a percentage score of 86.68% in the category of Excellent.

## c. Respondents' Responses to Innovation Behavior

### 1. Respondents' Responses to the Idea Generation Dimension

Based on the respondent response table above, each item in the Idea Generation dimension can be described as follows:

- a) Item 32, namely "I try new ways of doing something at work", has a percentage of 85.78%, meaning that based on the interpretation of the score of item 32, innovation behavior is categorized as Excellent.

- b) Item 33, namely "I prefer jobs that require original thinking", has a percentage of 85.72%, meaning that based on the interpretation of the score of item 33, innovation behavior is categorized as Excellent.
- c) Item 34, namely "I try to find a new solution when there is a problem at work", has a percentage of 84.00%, meaning that based on the interpretation of the score of item 34, innovation behavior is categorized as Good.

The description above shows that item 34, namely "I try to find a new solution when there is a problem at work" has the lowest percentage score (84.00%). The overall Idea Generation dimension has a percentage score of 85.17% in the Excellent category.

## 2. Respondents' Responses to the Idea Search dimension

Based on the respondent response table above, each item in the Idea Search dimension can be described as follows:

- a) Item 35, namely "I am trying to get new ideas from colleagues or business partners", has a percentage of 62.28%, meaning that based on the interpretation of the score of item 35, innovation behavior is categorized as Quite Good.
- b) Item 36, namely "I am interested in how things are done elsewhere to acquire new ideas", has a percentage of 69.32%, meaning that based on the interpretation of the score of item 36, innovation behavior is categorized as Good.
- c) Item 37, namely "I am looking for new ideas from others to try to apply the best" has a percentage of 80.06%, meaning that based on the interpretation of the score of item 37, innovation behavior is categorized as Good.

The description above shows that 35 items, namely "I am trying to get new ideas from colleagues or business partners", have the lowest percentage score (62.28%). The overall Idea Search dimension has a percentage score of 70.55% with the Good category.

## 3. Respondents' Responses to the Idea Communication dimension

Based on the respondent response table above, each item in the Idea Communication dimension can be described as follows:

- a) Item 38, namely "When I have a new idea, I try to persuade colleagues to engage in discussions" has a percentage of 78.52%, meaning that based on the interpretation of the score of item 38, innovation behavior is categorized as Good.
- b) b.Item 39 i.e. "When I have a new idea, I try to get support from management" has a percentage of 85.72%, meaning that based on the interpretation of the score of item 39, innovation behavior is categorized as Excellent.
- c) c. Item 40, namely "I try to show the positive side of new ideas to my colleagues", has a percentage of 84.00%, meaning that based on the interpretation of the score of item 40, innovation behavior is categorized as Good.
- d) d.Item 41 which is "When I have a new idea, I try to involve people who can collaborate with me" has a percentage of 82.28%, meaning that based on the interpretation of the score of item 41, innovation behavior is categorized as Good.

The description above shows that item 38, namely "When I have a new idea, I try to persuade colleagues to engage in discussions" has the lowest percentage score (78.52%). The overall Idea Communication dimension has a percentage score of 82.63% with the Good category.

## 4. Respondents' Responses to the Implementation Starting Activities dimension

Based on the respondent response table above, each item in the Implementation Starting Activities dimension can be described as follows:

- a) Item 42, namely "I am planning for the implementation of new ideas", has a percentage of 79.32%, meaning that based on the interpretation of the score of item 42, innovation behavior is categorized as Good.

- b) Item 43, namely "I prepare capital for the implementation of new ideas", has a percentage of 80.06%, meaning that based on the interpretation of the score of item 43, innovation behavior is categorized as Good.
- c) Item 44, namely "For the implementation of new ideas, I am looking for new technologies, processes or procedures" has a percentage of 78.52%, meaning that based on the interpretation of the score of item 44, innovation behavior is categorized as Good.

The description above shows that item 44, namely "For the implementation of new ideas, I am looking for new technologies, processes or procedures" has the lowest percentage score (78.52%). The Implementation Starting Activities dimension as a whole has a percentage score of 79.30% with the Good category.

#### 5. Respondents' Responses to the Involving Others dimension

Based on the respondent response table above, each item in the Involving Others dimension can be described as follows:

- a) Item 45 i.e. "When problems arise during the implementation of ideas, I leave them to people who can solve them" has a percentage of 85.72%, meaning that based on the interpretation of the score of item 45 innovation behavior is categorized as Excellent.
- b) Item 46, namely "I try to involve key decision-makers in the implementation of an idea", has a percentage of 84.00%, meaning that based on the interpretation of the score of item 46, innovation behavior is categorized as Good.
- c) Item 47, namely "When I have a new idea, I look for people who are able to encourage the idea to be implemented" has a percentage of 83.63%, meaning that based on the interpretation of the score of item 47, innovation behavior is categorized as Quite Good.

The description above shows that item 47, namely "When I have a new idea, I look for people who are able to push the idea to be implemented" has the lowest percentage score (83.63%). The Involving Others dimension overall has a percentage score of 84.45% in the category of Excellent.

#### 6. Respondents' Responses to the Overcoming Obstacles dimension

Based on the respondent response table above, each item in the Overcoming Obstacles dimension can be described as follows:

- a) Item 48, namely "I persistently overcome obstacles when implementing an idea", has a percentage of 89.72%, meaning that based on the interpretation of the score of item 48, innovation behavior is categorized as Very Good.
- b) Item 49, namely "I never give up in realizing ideas", has a percentage of 85.29%, meaning that based on the interpretation of the score of item 49, innovation behavior is categorized as Very Good.
- c) Item 50, namely "My idea is implemented in the organization", has a percentage of 89.48%, which means that based on the interpretation of the score of item 50, innovation behavior is categorized as Very Good.
- d) Item 51, namely "During the implementation of the idea, my work also went well" has a percentage of 85.78%, meaning that based on the interpretation of the score of item 51, innovation behavior is categorized as Very Good.

The description above shows that item 49, namely "I never give up in realizing ideas" has the lowest percentage score (85.29%). The Overcoming Obstacles dimension overall has a percentage score of 87.57% in the category of Excellent.

#### 7. Respondents' Responses to the Innovation Outputs dimension

Based on the respondent response table above, each item in the Innovation Outputs dimension can be described as follows:

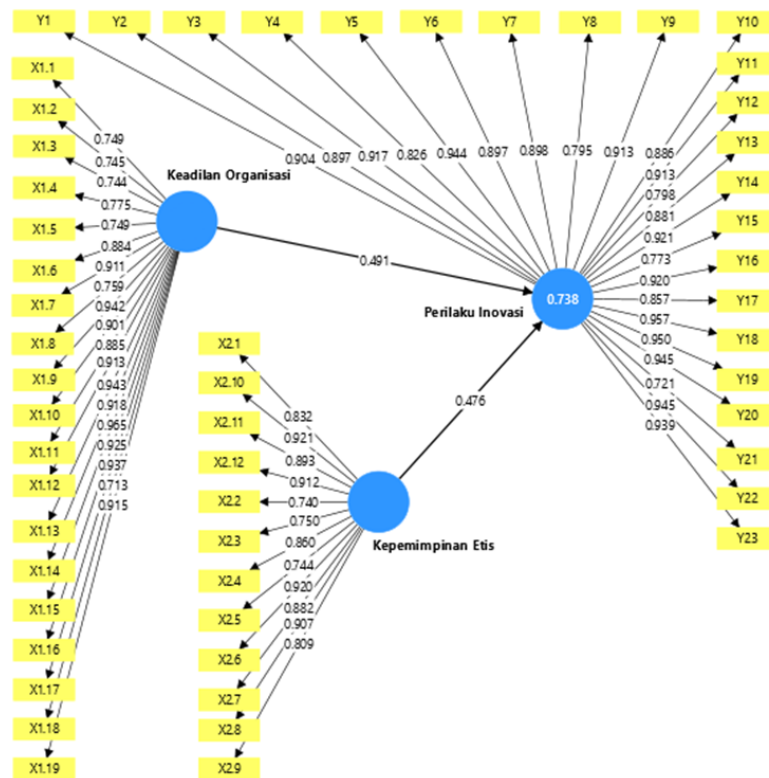
- a) Item 52, namely "I often succeed in implementing my ideas at work", has a percentage of 85.72%, meaning that based on the interpretation of the score of item 52, innovation behavior is categorized as Very Good.
- b) Item 53, namely "Many things I develop are used in the organization" has a percentage of 78.52%, meaning that based on the interpretation of the score of item 53, innovation behavior is categorized as Good.
- c) Item 54, namely "Every time I work, I always make improvements in the organization", has a percentage of 85.72%, meaning that based on the interpretation of the score of item 54, innovation behavior is categorized as Very Good.

The description above shows that item 53 namely "Many things I develop are used in the organization" has the lowest percentage score (78.52%). The Innovation Outputs dimension as a whole has a percentage score of 83.32% with the Good category.

**Aalisis SEM PLS**

In this study, the SEM PLS analysis was used to examine the influence of organizational justice and ethical leadership variables on innovation behavior. Each variable in this study is measured by indicators that are divided into several dimensions, therefore SEM PLS will be carried out using the disjoint two stage approach, where the analysis process is divided into three stages, namely the outer model low order construct (stage 1) testing stage, the high order construct outer model testing (stage 2) and the high order construct inner model testing. Testing the outer model low order construct is used to evaluate the validity of the indicator in measuring the construct, while the outer model high order construct test is used to test the validity of the dimensions in measuring the construct. The internal testing model was used to test the influence of exogenous variables (organizational fairness and ethical leadership) on endogenous variables (innovation behavior).

**a. Outer Model Test - Stage 1**



**Figure 1.** Estimation Results of PLS SEM Model – algorithm  
Source: Researcher's Results, 2025

### 1. Convergence Validity

An indicator can have good validity if it has a loading factor value of  $> 0.7$  and the expected AVE value is  $\geq 0.5$ . The results of the analysis in Table 4.20 show that the construct of Organizational Justice measured by 19 indicators has an AVE of  $> 0.5$  with a loading factor of  $>$  of each indicator of  $0.7$ . Therefore, the loading factor value of all indicators  $> 0.7$  and the AVE construct  $> 0.5$ , it is concluded that the indicator measuring the construct of organizational justice is valid, so that in the next test, the construct of organizational justice will be measured using all of these variables. Furthermore, the ethical leadership construct measured by 10 indicators also has an AVE of  $> 0.5$  and a loading factor of  $>$  of each indicator of  $0.7$ . Therefore, with the loading factor value of all indicators  $> 0.7$  and the AVE construct  $> 0.5$ , the ethical leadership construct measuring indicator is also valid, and this construct will be measured using all variables in the next test. Finally, the innovation behavior construct measured with 23 indicators shows an AVE of  $> 0.5$  and the loading factor of the entire indicator  $> 0.7$ , which means that the innovation behavior construct measuring indicator is valid. Thus, all constructs in this study meet the criteria of convergent validity and can be used for further testing.

### 2. Validity of Discrimination

**Table 2. Fornell Larcker Test Results**

	<b>Organizational Justice</b>	<b>Ethical Leadership</b>	<b>Innovation Behavior</b>
Organizational Justice	0,861		
Ethical Leadership	0,578	0,850	
Innovation Behavior	0,766	0,760	0,889

Source: Source: Researcher's Processed Results, 2025

The results of the discrimination validity test in Table 2 show that the entire construct has a square root value of AVE that is greater than its correlation value with other constructs. The organizational justice construct has an AVE square root value of  $0.861$  with the largest correlation value of  $0.766$ , this means that the square root of the AVE organizational justice construct is greater than its correlation coefficient with other constructs, so that the organizational justice construct is considered to have met the required discrimination validity criteria. Furthermore, the ethical leadership construct has an AVE square root value of  $0.850$  with the largest correlation value of  $0.760$ , which suggests that the ethical leadership construct also meets the criteria for discrimination validity. Likewise, the innovation behavior construct which has the square root value of AVE of  $0.889$  and the largest correlation value of  $0.766$ , so that the innovation behavior construct also meets the required discrimination validity criteria. Thus, all constructs in this research model have met the criteria for discrimination validity.

**Table 3. 20 HTMT**

	<b>Organizational Justice</b>	<b>Ethical Leadership</b>	<b>Innovation Behavior</b>
Organizational Justice			
Ethical Leadership	0,560		
Innovation Behavior	0,757	0,759	

Source: Researcher's Results, 2025

The results of the discrimination validity test in Table 3 show that all constructs in the research model have HTMT below  $0.9$ . The highest HTMT was in the construct of ethical leadership and innovation behavior with a value of  $0.759$ , but still below  $0.9$ . This shows that there is no significant overlap between the constructs. Thus, it is concluded that all constructs in this research model have met the required criteria for discrimination validity. Therefore, the validity of the discrimination between the constructs in this study can be considered fulfilled.

The results of the discrimination validity test through cross loading values showed that all indicators in each construct had the highest cross loading in the construct, not in other constructs. For example, the indicator on organizational fairness has a higher cross loading value on the organizational justice construct compared to other constructs, such as in X1.10 which has a value of 0.901 on organizational fairness and only 0.677 on innovation behavior. Similarly, on the ethical leadership construct, an indicator such as X2.10 shows a value of 0.921 on ethical leadership and only 0.657 on Innovation behavior. This shows that all indicators in each construct have met the required criteria for discrimination validity. Thus, the results of this test prove that there is no indicator that has a higher cross loading value in other constructs, so that the validity of discrimination between constructs has been met.

### 3. Construct Reliability

**Table 4. Construct Reliability**

	<b>Cronbach's alpha</b>	<b>Composite reliability</b>
Organizational Justice	0,980	0,982
Ethical Leadership	0,964	0,969
Innovation Behavior	0,988	0,989

Source: Researcher's Results, 2025

The results of the analysis showed that the entire construct had Cronbach's alpha and composite reliability of more than 0.7. Organizational Fairness has Cronbach's alpha of 0.980 and Composite reliability of 0.982. ethical leadership has Cronbach's alpha of 0.964 and Composite reliability of 0.969. Meanwhile, innovation behavior has Cronbach's alpha of 0.988 and Composite reliability of 0.989. These values show that all constructs in this study model have excellent reliability, as they all meet the required reliability criteria, which is more than 0.7.

## Discussion

### Analysis of Organizational Justice in Employees of PT Bukit Asam Tbk

This study uses the organizational justice variable as an exogenous variable. This research was conducted on PT Bukit Asan Tbk with a total of 325 employees. The variables of organizational justice are measured by 3 dimensions of measurement, namely Distributive Justice, Procedural Justice, and Interactional Justice. From the results of respondents' responses related to organizational justice, the results of the organizational justice variable had an average value of 86.31% with the category on the continuum line being very high.

The organizational fairness variable has 19 statement items. Of the 19 statement items that have been distributed, the Distributive Justice dimension is the dimension with the highest percentage, which is 87.04% with the Very High category. The highest-scoring statement item is "I consider my workload fair enough". It can be interpreted that employees of PT Bukit Asam Tbk feel that the workload given by the company to employees is quite fair. Based on the results of the observations made, it is known that the management of PT Bukit Asam Tbk has made systematic efforts in compiling a workload analysis which is carried out periodically every 2 years and is part of the grading adjustment for a position held by employees through the regulation of the Board of Directors.

Meanwhile, the Procedural Justice dimension is the dimension with the lowest percentage, which is 85.77% with the Very High category. The statement item with the lowest value is "My boss clarifies the decision and provides additional information if requested by the employee". Therefore, superiors or leaders still have the opportunity to clarify and improve the clarification of the results of decisions through formal or informal procedures so that employees feel more involved. This can be done with the participation of leaders or superiors so that employees can understand a decision, with the role of leadership, employees will look for new challenges and opportunities for progress in the organization, further according to the opinion Tran Pham (2023) procedural justice is an important driving force for employee attitudes and work behaviors.

### **Analysis of Ethical Leadership in Employees of PT Bukit Asam Tbk**

This study uses the ethical leadership variable as an exogenous variable. This research was conducted on PT Bukit Asan Tbk with a total of 325 employees. The variables of ethical leadership are measured by 3 dimensions of measurement, namely Honesty, Trust and Power-Sharing. From the results of respondents' responses related to ethical leadership, the results of the ethical leadership variable had a percentage of 86.56% which classified the level of ethical leadership on the continuum line in the Excellent category.

The ethical leadership variable uses 12 question items. Of the 12 question items distributed, the Honesty dimension is the dimension with the highest percentage, which is 86.74% with the Very Good category. There is a question item that has the highest score, namely "When the boss promises something, I am sure it will happen". A high score on this item indicates that employees strongly believe in the integrity and commitment of their leaders. When leaders are consistent in delivering on promises, it not only increases trust but also motivates employees to work better and be more loyal to the organization. It also helps in building a strong organizational environment, where ethical values are upheld and applied in every aspect of operations.

As for the Trust Dimension, it is the dimension with the lowest percentage, which is 86.25% with the Very Good category. There is a question item that has the lowest value, namely "I work based on my own preferences". This means that employees have room to work based on their personal preferences, although on the other hand, employees must work in accordance with rules, procedures, operational standards and objective task demands. According to Hosseini and Ferreira, (2023) in their research reveals that bosses can motivate fellow employees to actively participate and share constructive comments by implementing mutual trust and understanding in the workplace. The level of motivation that individuals have can affect their consistency and compliance in carrying out tasks and complying with organizational rules and procedures. When leaders trust and acknowledge the work done by employees, it will make employees feel important and valuable in the organization.

### **Analysis of Innovation Behavior in Employees of PT Bukit Asam Tbk**

This study uses innovation behavior variables as endogenous variables. This research was conducted on PT Bukit Asan Tbk with a total of 325 employees. Innovation behavior variables were measured with 7 measurement dimensions, namely Idea Generation, Idea Search, Idea Communication, Implementation Starting Activities, Involving Others, Overcoming Obstacles and Innovation Outputs. From the results of respondents' responses related to innovation behavior, the results of the innovation behavior variable had a percentage of 81.86% which classified the level of ethical leadership on the continuum line in the Good category.

The innovation behavior variable uses 23 question items. Of the 23 question items distributed, the Overcoming Obstacles dimension is the dimension with the highest percentage of 87.57% in the Very Good category. There is a question item that has the highest score, namely "I persistently overcome obstacles when implementing an idea". From these items, it indicates that the employees have extraordinary determination and perseverance in facing challenges. The ability to overcome obstacles is key in the innovation process, as every new idea is often faced with a variety of obstacles and resistance. Persistence in overcoming obstacles shows that employees do not give up easily and are always looking for solutions to every problem that arises. This attitude is not only essential for individual success, but also for the overall progress of the organization where new ideas can develop and be implemented.

While the Idea Search dimension is the dimension with the lowest percentage, which is 70.55% with the Good category. There is a question item that has the lowest value, namely "I'm trying to get new ideas from colleagues or business partners". From this, it can be interpreted that there are limited access or opportunities, both formal and informal, in the work environment, especially to interact with colleagues or business partners for the purpose of finding ideas. In line with this, the work environment also plays a role in employee performance. A study conducted by AlEsa & Durugbo (2022) found that innovative behavior can be improved through the support of a work environment that supports innovation.

### **The Influence of Organizational Justice on the Innovation Behavior of PT Bukit Asam Tbk**

The results of the test for the organizational fairness variable on employee innovation behavior at PT Bukit Asam Tbk produced a T-statistical value of 15.151 which is larger when compared to the T-table of 1.96 and for the p-value of 0.000 which is smaller than the significance value of 0.05, the hypothesis is accepted. These findings confirm the first hypothesis of the study, which states that organizational fairness has a positive and significant effect on employee innovation behavior at PT Bukit Asam Tbk.

Thus, this research is also in line with previous researches, organizational fairness has been proven to have a positive and significant effect on employee innovation behavior. The importance of fairness in the workplace as a catalyst for innovation is also emphasized in research by Jaboo et al. (2024) which states that when employees feel justice in the company, the level of motivation, creativity, and participation in innovation will increase, which in turn will have a positive impact on the entire organization. In line with this, research conducted by Tran Pham (2023) suggests that organizations ensure fair treatment of employees as the foundation for an innovative work environment.

### **The Influence of Ethical Leadership on the Innovation Behavior of PT Bukit Asam Tbk Employees**

The test results for the ethical leadership variable on employee innovation behavior at PT Bukit Asam Tbk produced a T-statistical value of 14.246 which is larger when compared to the T-table of 1.96 and for the p-value of 0.000 which is smaller than the significance value of 0.05, the hypothesis is accepted. These findings confirm the hypothesis of the second study, which states that ethical leadership has a positive and significant effect on employee innovation behavior at PT Bukit Asam Tbk.

Thus, this study is also in line with previous studies that have shown that ethical leadership has been shown to have a positive and significant effect on employee innovation behavior. As conveyed by Hosseini and Ferreira (2023) who emphasize the fundamental role of ethical leadership as a foundation for fostering innovative behavior within organizations. Furthermore, according to Wen et al. (2021), it was found that when leaders implement ethical leadership, employees tend to feel more valued and respected. This positive feeling then becomes a driver for employees to contribute new ideas and ultimately show more innovative behaviors at work.

### **The Influence of Organizational Justice and Ethical Leadership on the Innovation Behavior of PT Bukit Asam Tbk Employees**

The results of the determination coefficient test and simultaneous testing of the influence of organizational justice and ethical leadership on the behavior of PT Bukit Asam Tbk employee innovation resulted in that organizational justice and ethical leadership simultaneously had a significant effect on innovation behavior, shown by an F value of 416.061 which is greater than the F table (3.024). The contribution of all these exogenous variables to innovation behavior is R-square 0.721, meaning that 72.1% of the variance of Innovation Behavior can be explained by organizational fairness and ethical leadership, while the remaining 27.9% is explained by other factors not studied in this study.

Thus, the results of this study are in line with previous studies related to the influence of organizational fairness and ethical leadership simultaneously on employee innovation behavior. According to research conducted by Ye et al., (2023) organizational fairness and ethical leadership simultaneously affect employee innovation behavior.

## **CONCLUSION**

This study investigated the levels of organizational justice, ethical leadership, and employee innovation behavior at PT *Bukit Asam* Tbk, as well as the influence of organizational justice and ethical leadership on innovation behavior. Using questionnaires distributed to 325 employees and statistical analysis, the results revealed that organizational justice (86.31%) and ethical leadership (86.56%) are perceived as very high, while employee innovation behavior is rated as good (81.86%). Both organizational justice and ethical leadership were found to significantly and positively affect innovation behavior, explaining 72.1% of its variance. These findings highlight the critical role of fairness and ethical leadership in fostering innovation among employees. For future research, it is suggested to explore additional factors

influencing innovation behavior and to conduct similar studies in different organizational or industry contexts to broaden the understanding of these dynamics.

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