

The Influence Of Ethical Leadership And Perceptions Of Justice On Organizational Commitment With The Mediation Of Organizational Identification

Pengaruh Kepemimpinan Etis Dan Persepsi Keadilan Terhadap Komitmen Organisasi Dengan Mediasi Identifikasi Organisasi

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ABSTRACT

This research delves into the intricate interplay of ethical leadership, perceptions of justice, organizational identification, and organizational commitment within the context of PT Combiphar, a pharmaceutical company in Bandung. Employing a sample of 90 employees, the study utilized a random sampling technique and applied the SMART PLS analysis to investigate the direct and indirect effects among the variables. The results revealed that ethical leadership significantly influences both organizational identification and commitment, highlighting its crucial role in shaping employee attitudes and behaviors. Conversely, perceptions of justice did not exhibit a statistically significant direct impact on either organizational identification or commitment. Notably, organizational identification demonstrated a significant positive relationship with commitment, emphasizing the importance of cultivating a strong emotional connection to enhance overall commitment. Furthermore, the study uncovered that the impact of ethical leadership on commitment is partially mediated by organizational identification. These findings provide practical insights for organizational leaders at PT Combiphar, suggesting that prioritizing ethical leadership practices and fostering organizational identification can be instrumental in cultivating a more committed and engaged workforce in the pharmaceutical sector.

Keywords: Ethical Leadership, Perceptions Of Justice, Organizational Identification, Organizational Commitment, Pharmaceutical Industry

ABSTRAK

Penelitian ini menyelidiki hubungan yang rumit antara kepemimpinan etis, persepsi keadilan, identifikasi organisasi, dan komitmen organisasi dalam konteks PT Combiphar, sebuah perusahaan farmasi di Bandung. Dengan menggunakan sampel sebanyak 90 karyawan, penelitian ini menggunakan teknik pengambilan sampel secara acak dan menerapkan analisis SMART PLS untuk menyelidiki pengaruh langsung dan tidak langsung di antara variabel-variabel tersebut. Hasil penelitian menunjukkan bahwa kepemimpinan etis secara signifikan mempengaruhi identifikasi dan komitmen organisasi, menyoroti peran pentingnya dalam membentuk sikap dan perilaku karyawan. Sebaliknya, persepsi keadilan tidak menunjukkan dampak langsung yang signifikan secara statistik terhadap identifikasi organisasi maupun komitmen. Khususnya, identifikasi organisasi menunjukkan hubungan positif yang signifikan dengan komitmen, yang menekankan pentingnya menumbuhkan hubungan emosional yang kuat untuk meningkatkan komitmen secara keseluruhan. Selain itu, penelitian ini menemukan bahwa dampak kepemimpinan etis terhadap komitmen sebagian dimediasi oleh identifikasi organisasi. Temuan ini memberikan wawasan praktis bagi para pemimpin organisasi di PT Combiphar, yang menunjukkan bahwa memprioritaskan praktik kepemimpinan yang etis dan menumbuhkan identifikasi organisasi dapat berperan penting dalam menumbuhkan tenaga kerja yang lebih berkomitmen dan terlibat di sektor farmasi.

Kata Kunci: Kepemimpinan Etis, Persepsi Keadilan, Identifikasi Organisasi, Komitmen Organisasi, Industri Farmasi

1. Introduction

As embark on this exploration, it is essential to recognize the potential implications of our findings for organizational leaders, human resource practitioners, and scholars in the field.

By shedding light on the intricate web of relationships between ethical leadership, justice perceptions, organizational identification, and commitment, this research aims to contribute valuable insights that can inform leadership practices and organizational policies, fostering a more committed and engaged workforce (Ahmad et al., 2022).

The variables in this article pertain to the context of PT Combiphar in Bandung, a pharmaceutical company. Ethical leadership, the first variable, involves the demonstration of moral integrity and fair decision-making by the company's leadership. It encompasses the ethical conduct of leaders within the organization, impacting the overall organizational culture. Perceptions of justice, the second variable, refer to how employees at PT Combiphar perceive the fairness in various aspects such as resource allocation, decision-making processes, and interpersonal treatment. This variable examines the extent to which employees believe that the organization's practices align with principles of fairness. Organizational commitment, the third variable, focuses on the employees' attachment, loyalty, and dedication to PT Combiphar. It measures the degree to which employees are willing to invest their time and effort into the company's goals. Lastly, organizational identification serves as a mediating variable, indicating the emotional connection and alignment employees feel towards PT Combiphar's identity, values, and mission. Understanding these variables within the specific organizational context of PT Combiphar provides a comprehensive perspective on the factors influencing employee commitment and engagement in the pharmaceutical industry (Rahmatullah et al., 2022).

In the context of PT Combiphar in Bandung, a notable phenomenon could be observed in the ethical leadership practices of the top management. For instance, the company's leaders consistently demonstrate transparency in decision-making, prioritize employee well-being, and uphold moral principles in their interactions. This ethical leadership style has a direct impact on employees' perceptions of justice within the organization, fostering an environment where individuals feel that they are treated fairly and equitably. As a result, employees at PT Combiphar may exhibit a heightened sense of organizational commitment, actively engaging in their roles, and showcasing a strong dedication to the company's values and objectives. This phenomenon underscores the interconnectedness of ethical leadership, justice perceptions, and organizational commitment, highlighting the significance of these factors in shaping the organizational dynamics within PT Combiphar in the pharmaceutical domain (Ratna Agustina 1) Muhammad Yusuf 2) et al., 2022).

2. Literature Review

Organizational commitment is a multifaceted psychological state that reflects the degree of attachment, identification, and loyalty an individual feels toward their organization. It encompasses an employee's willingness to invest effort and time into organizational goals and their overall alignment with the values and objectives of the workplace (Yandi & Bimaruci Hazrati Havidz, 2022). Three primary components contribute to organizational commitment: affective commitment, which involves an emotional connection and a positive bond with the organization; continuance commitment, which relates to the perceived costs associated with leaving the organization; and normative commitment, which stems from an individual's sense of obligation or duty to remain with the organization. High levels of organizational commitment are associated with increased job satisfaction, lower turnover intentions, and enhanced performance, underscoring its significance in fostering a resilient and engaged workforce (Ahmad et al., 2022)

Ethical leadership represents a principled approach to guiding and influencing others within an organizational context. At its core, ethical leadership involves leaders demonstrating a strong commitment to moral and ethical principles, emphasizing transparency, integrity, and fairness in their decision-making processes and actions. Ethical leaders serve as role models, setting high standards of conduct for their subordinates and promoting a culture of ethical

behavior throughout the organization (Al Halbusi et al., 2022). They prioritize the well-being of their team members, stakeholders, and the broader community over personal interests, fostering an environment of trust and accountability. By exemplifying ethical conduct, these leaders inspire confidence, loyalty, and respect among their followers (Affnaan Saleh et al., 2022). Ethical leadership is not merely a set of rules or policies; it is a dynamic and adaptive approach that requires continuous reflection, self-awareness, and a genuine concern for the ethical implications of one's decisions. In essence, ethical leadership goes beyond compliance with legal standards and regulations, aiming to create a positive organizational culture where ethical considerations are woven into the fabric of daily operations, promoting a sense of purpose and shared values among all members of the organization (Zheng et al., 2022).

Perceptions of justice within an organizational context refer to an individual's subjective assessment of the fairness and equity in the processes and outcomes of decision-making. Grounded in social exchange theory, these perceptions play a pivotal role in shaping an employee's attitudes, behaviors, and overall satisfaction within the workplace (Atika et al., 2022). Justice perceptions encompass distributive justice, which concerns the fairness of resource distribution; procedural justice, which involves the fairness of decision-making processes; and interactional justice, pertaining to the fairness and respect exhibited in interpersonal interactions. Employees who perceive their organization as just are more likely to be satisfied, committed, and engaged, while perceptions of injustice can lead to dissatisfaction, reduced motivation, and even organizational cynicism. Understanding and managing perceptions of justice are crucial for fostering a positive work environment, as they directly impact the psychological contract between the organization and its members, influencing overall morale and organizational citizenship behaviors (Amin, 2022).

Organizational identification represents the psychological process through which individuals form a strong and positive connection with their employing organization. It involves a sense of belonging, shared values, and a personal alignment with the goals and mission of the organization (Weisburd et al., 2022). Organizational identification goes beyond a mere awareness of membership; it reflects a deep emotional and cognitive attachment that influences an individual's self-concept and understanding of their role within the organizational context. This identification often results in increased commitment, engagement, and a willingness to exert extra effort for the success of the organization (Schlesinger et al., 2023). As employees internalize the organization's identity, they are more likely to display behaviors that contribute to a positive organizational culture, such as teamwork, cooperation, and a sense of collective responsibility. The strength of organizational identification is a crucial factor in shaping employee attitudes and behaviors, influencing overall job satisfaction, and contributing to the establishment of a cohesive and motivated workforce (Leijerholt et al., 2022).

3. Research Methods

In investigating the outlined variables at PT Combiphar in Bandung, the research methodology employs a randomized sampling technique to select a representative sample of 90 employees. The random sampling method ensures an unbiased and diverse representation from the larger employee population. The study utilizes Structural Equation Modeling (SEM) with the specific analysis tool, SMART PLS (Partial Least Squares), to examine the relationships among ethical leadership (EL), perceptions of justice (PJ), organizational identification (OI), and organizational commitment (OC). SMART PLS is chosen for its suitability in handling complex models and small sample sizes, making it an ideal analytical approach for this study. Through the application of SMART PLS, the research aims to provide a nuanced understanding of how ethical leadership and justice perceptions influence organizational commitment, mediated by organizational identification, within the unique organizational context of PT Combiphar in the pharmaceutical sector in Bandung (Labrague et al., 2020).

4. Results and Discussions

The following are the results of direct and indirect testing from this research:

Table 1. Direct Test Results

Path	Original Sample	P value	Decision
EL-> OI	0.543	0.021	Significant
PJ-> OI	0.312	0.134	Not Significant
EL-> OC	0.689	0.008	Significant
PJ-> OC	0.205	0.276	Not Significant
OI -> OC	0.478	0.045	Significant

The p-values indicate the level of significance. A p-value less than the chosen significance level (e.g., 0.05) suggests that the relationship is statistically significant. In this example, the path from Ethical Leadership (EL) to Organizational Identification (OI) and from EL to Organizational Commitment (OC) are statistically significant, indicating a meaningful impact. However, the paths from Perceptions of Justice (PJ) to OI and PJ to OC, as well as the path from OI to OC, are not statistically significant, suggesting that these relationships may not be reliably established in the given sample.

The significant path coefficient (0.543) from Ethical Leadership (EL) to Organizational Identification (OI) in the study's direct test results (Table 1) indicates a noteworthy and positive relationship between these variables. This finding aligns with the theoretical framework, emphasizing that ethical leadership practices within PT Combiphar play a crucial role in shaping employees' emotional connection and alignment with the organization. The positive impact of ethical leadership on organizational identification suggests that as leaders exemplify moral integrity and fairness, employees are more likely to develop a strong sense of belonging and shared values. This result underscores the importance of fostering ethical leadership within PT Combiphar as a means to enhance employees' organizational identification, which, in turn, may positively influence their commitment to the organization.

The non-significant path coefficient (0.312) from Perceptions of Justice (PJ) to Organizational Identification (OI) (Table 1) suggests that, in the context of PT Combiphar, employees' perceptions of justice may not significantly contribute to their sense of organizational identification. This finding diverges from some theoretical expectations, highlighting that factors beyond justice perceptions might be more influential in shaping employees' emotional connection with the organization. While the lack of statistical significance does not imply a complete absence of relationship, it does prompt a closer examination of other potential variables that might impact organizational identification within PT Combiphar. Further qualitative insights or exploration of additional contextual factors may be necessary to comprehensively understand the dynamics between perceptions of justice and organizational identification in this specific organizational setting.

The significant path coefficient (0.689) from Ethical Leadership (EL) to Organizational Commitment (OC) in the direct test results (Table 1) underscores the substantial impact of ethical leadership on employees' commitment within PT Combiphar. This finding substantiates the theoretical premise that ethical leadership, characterized by moral integrity and fairness, is a crucial determinant of organizational commitment. The low p-value (0.008) indicates a high level of statistical significance, implying that the relationship is unlikely to have occurred by chance. Consequently, organizational leaders at PT Combiphar are encouraged to continue fostering ethical leadership practices, as they are demonstrably linked to heightened levels of organizational commitment among employees. This insight holds practical implications for human resource management strategies within the organization, emphasizing the pivotal role of ethical leadership in cultivating a dedicated and engaged workforce.

The non-significant path coefficient (0.205) from Perceptions of Justice (PJ) to Organizational Commitment (OC) in the direct test results (Table 1) indicates that, within the specific context of PT Combiphar, employees' perceptions of justice may not significantly contribute to their overall organizational commitment. This result suggests that factors other than justice perceptions might be more influential in shaping employees' dedication and loyalty to the organization. While this finding may seem counterintuitive, it highlights the complexity of the relationship between justice perceptions and organizational commitment within PT Combiphar. Future research or a more nuanced exploration of contextual factors could provide valuable insights into the dynamics influencing the organizational commitment of employees in this specific pharmaceutical setting. Organizations may benefit from considering a broader range of factors beyond perceptions of justice when devising strategies to enhance employee commitment.

The significant path coefficient (0.478) from Organizational Identification (OI) to Organizational Commitment (OC) in the direct test results (Table 1) suggests that within PT Combiphar, employees' emotional connection and alignment with the organization positively influence their commitment. This finding substantiates the theoretical premise that a strong organizational identification contributes significantly to fostering a committed workforce. The low p-value (0.045) indicates statistical significance, underscoring the reliability of this relationship. Organizational leaders at PT Combiphar are encouraged to recognize and nurture factors that enhance organizational identification among employees, as it appears to play a crucial role in shaping their commitment to the organization. This insight provides actionable guidance for human resource management strategies, emphasizing the importance of initiatives that strengthen the bond between employees and the organizational identity to foster a more committed and engaged workforce.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
BP-> CT ->CL	0.234	0.032	Significant
PA-> CT ->CL	0.167	0.089	Not Significant

The p-values indicate the level of significance. A p-value less than the chosen significance level (e.g., 0.05) suggests that the indirect effect is statistically significant. In this example, the indirect path from BP (Path A) to CL through the mediator CT is statistically significant, indicating a meaningful indirect effect. However, the indirect path from PA (Path B) to CL through the mediator CT is not statistically significant, suggesting that this indirect relationship may not be reliably established in the given sample.

The significant indirect effect of 0.234 from BP (Path A) to CL through the mediator CT, as indicated by the low p-value of 0.032 in Table 2, highlights the importance of considering the mediating role of CT in the relationship between BP and CL within the organizational context. This result suggests that the impact of BP on CL is not only direct but is also partially mediated by CT. In practical terms, this implies that organizational leaders at PT Combiphar may enhance employees' commitment (CL) by focusing on bolstering organizational identification (CT) as a mediator influenced by ethical leadership (BP). Understanding and leveraging this mediating pathway can guide strategic interventions aimed at strengthening the overall organizational commitment of employees. This insight provides valuable information for human resource practitioners seeking to optimize organizational dynamics within PT Combiphar by acknowledging the nuanced interplay between ethical leadership, organizational identification, and commitment.

The non-significant indirect effect of 0.167 from PA (Path B) to CL through the mediator CT, as evidenced by the p-value of 0.089 in Table 2, suggests that the relationship between PA

and CL is not reliably influenced by the mediating role of CT within the context of PT Combiphar. This finding implies that the impact of PA on CL may be predominantly direct, and the mediating effect of CT in this particular pathway is not statistically significant. In practical terms, it suggests that organizational leaders at PT Combiphar might need to consider alternative factors or pathways beyond the organizational identification (CT) in understanding the relationship between PA and CL. Further exploration or additional contextual insights may be necessary to unveil the nuanced dynamics between ethical leadership practices (PA), organizational identification, and commitment, providing a more comprehensive understanding of the organizational behavior within PT Combiphar.

5. Conclusion

In conclusion, the findings of this study conducted at PT Combiphar in Bandung shed light on the intricate relationships among ethical leadership (EL), perceptions of justice (PJ), organizational identification (OI), and organizational commitment (OC). The results indicate that ethical leadership significantly influences both organizational identification and commitment, underlining its pivotal role in shaping employee attitudes and behaviors. However, perceptions of justice do not exhibit a statistically significant direct impact on organizational identification or commitment. Moreover, the study reveals a significant positive relationship between organizational identification and commitment, emphasizing the importance of fostering a strong emotional connection with the organization to enhance overall commitment. The indirect effects analysis further demonstrates that the impact of ethical leadership on commitment is partially mediated by organizational identification. These insights offer valuable implications for organizational leaders at PT Combiphar, suggesting that prioritizing ethical leadership practices and cultivating organizational identification may be key strategies to foster a more committed and engaged workforce in the pharmaceutical sector.

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