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The Effect of Compensation and Workload on Employee Ethical Behavior at PT. XYZ in Jakarta

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Abstract

Background: PT. XYZ is a national energy management and distribution company that applies Good Corporate Governance principles to ensure transparent and ethical operations. Despite improved employee compensation, the increasing number of ethical violation complaints over the past three years indicates ongoing challenges in maintaining employees' ethical behavior.

Objective: This study examines the effects of compensation and workload on employees' ethical behavior at PT. XYZ using Equity Theory and the Job Demands–Resources Model to explain how compensation fairness and the balance between job demands and organizational resources influence ethical behavior.

Methods: This study employs a quantitative method with a causal design, collecting data through Likert scale questionnaires distributed to 124 permanent employees of PT. XYZ. The variables analyzed include compensation and workload as independent variables, and employees' ethical behavior as the dependent variable. Data analysis is conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) to test the partial and simultaneous effects among the variables studied.

Results: The SEM-PLS analysis revealed that compensation has a positive and significant effect on employee ethical behavior (path coefficient = 0.655; T-statistic = 15.173; $p < 0.05$), while workload has a negative and significant effect (path coefficient = -0.480; T-statistic = 10.414; $p < 0.05$). Simultaneously, both variables explain 79% of the variation in employee ethical behavior (R^2 = 0.790), demonstrating a strong predictive model (SRMR = 0.037).

Conclusion: These findings confirm that fair compensation strengthens employee integrity, while excessive workload undermines ethical conduct. Organizations are advised to optimize compensation schemes and restructure workload distribution to cultivate a professional, ethical, and high-performance work environment.

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INTRODUCTION

Employee ethical behavior has become a critical concern in global organizational governance. According to the Association of Certified Fraud Examiners, organizations worldwide lose an estimated 5% of annual revenue to occupational fraud and unethical conduct, with a median loss of USD 145,000 per case. In the Asia-Pacific region, internal fraud and ethical violations account for 22% of all reported corporate misconduct cases, reflecting systemic challenges in workplace integrity management (Lavion, 2022). Against this backdrop, a company

is an organization that plays an important role in driving economic activity and contributing to community welfare. Every company aims to achieve optimal performance, which depends not only on business strategy and operational systems but also on the quality of its human resources (Kavitha, 2025). In organizational contexts, human resources are not only operational actors but also key determinants of organizational effectiveness, adaptability, and ethical conduct (Mukti & Dudija, 2015).

Saleem (2024) argue that a company's success depends heavily not only on business strategy but also on the ethical behavior of its employees, which affects overall organizational welfare and performance. Armoti (2022) add that employees' ethical behavior not only reflects compliance with business ethics principles but also contributes to increased trust, loyalty, and productivity, while creating a fair, transparent, and conducive work environment for organizational growth.

One factor that can influence employee ethical behavior is compensation. According to Prasetyo (2021), compensation includes all income in the form of money, direct or indirect goods, received by employees as a reward for services provided to the company. The company considers this salary as an appreciation for employees who work well. A compensation system that is fair, decent, and commensurate with job responsibilities encourages employees to work honestly and with character, while compensation perceived as inadequate can create dissatisfaction that triggers unethical behavior, such as seeking personal gain outside company rules (Zayed et al., 2022). Farooq (2021) also emphasize that incentives, monitoring, training, and organizational support can encourage expected employee behavior in the workplace.

Additionally, workload also influences employee ethical behavior. Workload refers to the obligations employees must handle within a specific period, and imbalance in work volume or difficulty can affect their physical and mental condition (Chenarboo et al., 2022). Excessive workload may create stress and psychological pressure that encourage employees to neglect ethical norms, whereas proportional workload supports positive work behavior (Clercq & Pereira, 2024). Similarly, Kristinawati (2025) explain that uneven workload distribution can overburden employees, underutilize resources, and reduce operational efficiency; therefore, proper workload management is important for employee well-being and workplace behavior.

However, in reality, not all employees are able to maintain ethical behavior in the workplace. Various pressures and working conditions can influence employees' moral decisions. One such case occurred at PT. XYZ, where the company showed evidence of unethical behavior by some employees who took over company vendors for personal gain, even though this collaboration should have been managed by the company. This action not only violated internal policies but also financially harmed the company and reduced management's trust in employees. Norina (2025) show that ethical leadership can strengthen leader trust and employee engagement, indicating that trust is an important element in shaping positive employee behavior. Thus, ethical problems in the workplace may also reflect weaknesses in trust, supervision, and ethical leadership.

Based on complaint data at PT. XYZ, it appears that the number of complaints has increased significantly over the past three years. New complaints increased from 4 cases in 2022 to 12 cases in 2023, then increased again to 14 cases in 2024. Furthermore, the number of unresolved complaints from the previous year also shows an increasing trend, so the total complaints managed or followed up by the company continues to increase each year, from 4 cases in 2022 to 17 cases in 2023, and rising again to 19 cases in 2024.

According to Baljija (2023), the number of complaints or violation reports in a company is one of the main indicators for assessing the level of integrity, the effectiveness of the ethical system, and employees' ethical behavior within the organization. Baljija (2023) also affirm that the increasing or decreasing trend in the number of complaints can reflect the level of employee trust in the reporting system, ethical culture, and the effectiveness of whistleblower protection in the work environment.

Based on data on PT. XYZ's total employee compensation, it appears that compensation has increased consistently over the past three years. In 2022, total compensation reached approximately 66 million USD, then increased to 75 million USD in 2023, and rose again to nearly 87 million USD in 2024. This increase shows the company's effort to improve employee welfare

by providing greater compensation year after year.

According to research results by Núñez (2024), total compensation data is a main indicator in the company's compensation system. An increasing total compensation not only reflects better compensation policies but also plays an important role in increasing employee motivation, engagement, and performance. Núñez (2024) affirm that an integrated and strategically managed compensation system, both financial and non-financial, can have a positive impact on employee welfare and support the achievement of sustainable organizational goals.

Based on data on the target and realization of PT. XYZ's production output over the past three years, there are differences in production achievements each year. In 2022, the production output target was 1,077 Billion British Thermal Units per Day (BBTUD), but the production realization only reached 896 BBTUD. In 2023, production achievement showed a significant increase, where output realization of 977 BBTUD almost matched and even slightly exceeded the target of 964 BBTUD. However, in 2024, production output realization decreased again to 852 BBTUD, while the production target remained high at 954 BBTUD. This condition indicates fluctuations in production achievement, suggesting the need for evaluation of factors affecting work effectiveness and achievement of company targets.

According to Teshome (2024), discrepancies between targets and production realization can cause workload imbalance, bottlenecks, idle time, and excessive work pressure on employees. If targets set are too high while output realization is not achieved, employees will face pressure to meet company expectations, which can ultimately lead to stress, fatigue, and decreased productivity. Conversely, achieving realistic and balanced targets with work capacity will create a proportional workload and support optimal performance.

This phenomenon shows that the dynamics of human resource management at PT. XYZ still face major challenges in creating a work environment that supports employees' ethical behavior. The increase in complaints, rising compensation, and fluctuating production achievements indicate that the company's efforts to increase compensation are not yet fully aligned with workload management and target achievement, impacting the moral stability and integrity of employees. Previous research indicates that fair compensation and transparent management systems can increase employee motivation and behavior, but this positive influence can be eroded because excessive workload and pressure to achieve high targets still open the potential for unethical behavior within the company (Chenarboo et al., 2022). Therefore, this study aims to provide comprehensive insight into the effect of compensation and workload on employee ethical behavior at PT. XYZ. Thus, the author decided to conduct research entitled "The Influence of Compensation and Workload on Employee Ethical Behavior: A Study at a National Energy Company in Jakarta."

Research Objectives: This study aims to: (1) analyze the condition of compensation, workload, and employee ethical behavior at the company; (2) determine the partial effect of compensation on employee ethical behavior; (3) determine the partial effect of workload on employee ethical behavior; and (4) determine the simultaneous effect of compensation and workload on employee ethical behavior.

Theoretical Benefits and Implications: This research contributes theoretically to the development of human resource management literature by empirically validating Equity Theory Adams (1963) and the Job Demands–Resources (JD-R) Model Demerouti (2001) within an Indonesian energy sector context. The findings provide new empirical evidence supporting the joint application of both theoretical frameworks in explaining employee ethical conduct. Practically, this study offers actionable insights for organizational management in designing performance-linked compensation systems and implementing evidence-based workload management strategies to reduce ethical violations and strengthen employee integrity.

This study discusses the effect of compensation and workload on employee ethical behavior at PT. XYZ. The research problem is motivated by the increase in complaints related to ethical violations, rising compensation, and fluctuations in targets and production realization that potentially affect employee integrity. This study aims to analyze the condition of compensation, workload, and employee ethical behavior, as well as to determine the effect of compensation and workload, both partially and simultaneously, on employee ethical behavior at PT. XYZ. The research results are expected to provide a theoretical contribution to the development of human

resource management science and serve as practical consideration for the company in formulating compensation and workload management policies to improve employee ethical behavior.

METHOD

Type of Research

This study applies a quantitative method with a causal research design. Sugiyono (2023) explains that the quantitative method is a research approach based on the philosophy of positivism, applied to study a population or sample, usually carried out randomly, collecting data through research instruments and quantitative or statistical data processing to test pre-formulated hypotheses. Sekaran (2016) state that causal research aims to determine the causal relationship between independent and dependent variables through hypothesis testing. In this research, the quantitative method is applied to examine the effect of compensation (X_1) and workload (X_2) on employee ethical behavior (Y) at PT. XYZ. The collected data is in numerical form obtained through structured questionnaires, then analyzed using statistical methods to test the research hypotheses. The choice of this method is based on the need to obtain objective, measurable, and generalizable results for the population studied.

Population and Sample

Research Population

The population is the generalization area consisting of objects or subjects with certain qualities and characteristics determined by the researcher to be studied and then concluded (Sugiyono, 2023). Sekaran (2016) explain that the population refers to the entire group of people, events, or things of interest that the researcher wants to investigate. The population in this study is all permanent employees of PT. XYZ who were actively working during the research period. Based on PT. XYZ's employment data as of December 2024, the number of active permanent employees is 178 people spread across various divisions and work units.

Research Sample

Because the population size in this study is quite large, the researcher cannot study all population elements due to limitations in funds, energy, and time, so a sample is used as a representation of the population (Sugiyono, 2023). This study uses a non-probability sampling strategy with convenience sampling technique, i.e., selecting respondents based on ease of access and willingness to participate in the research (Sekaran & Bougie, 2016). This technique was chosen because it is more efficient and suited to the research limitations, yet remains relevant to the research objectives. The sample size was determined using the Slovin formula with a margin of error of 5% or a 95% confidence level. Based on calculations from a population of 178 people, the minimum sample size obtained was 124 respondents, considered able to represent the population in this study.

Common Method Bias (CMB) Assessment: Since all data in this study were collected from the same source using self-reported questionnaires, potential common method bias was assessed using Harman's Single Factor Test. The results show that the largest single factor explains only 38.7% of the total variance, which is below the 50% threshold, indicating that common method bias is not a significant concern in this study (Podsakoff et al., 2003). Additionally, full collinearity assessment using Variance Inflation Factor (VIF) scores was conducted for all constructs. All VIF values were below 3.3, further confirming the absence of common method bias (Kock, 2015). These procedural and statistical controls strengthen the validity of the research findings.

Data Collection and Data Sources

This study uses quantitative data, i.e., numerical data obtained from measuring research variables using a Likert scale (Sugiyono, 2023). Data sources in the research consist of primary and secondary data. Primary data was obtained directly through distributing questionnaires to PT. XYZ employees as research respondents. The questionnaire was structured as closed-ended statements using a 5-point Likert scale, ranging from Strongly Disagree to Strongly Agree, to measure the variables of compensation, workload, and employee ethical behavior. Questionnaires

were distributed online via Google Forms and offline by handing out questionnaires directly to respondents at their work locations. Before filling out the questionnaire, respondents were given an explanation of the research objectives, data confidentiality, and how to fill out the questionnaire.

In addition to primary data, this study also uses secondary data obtained from company documents, reference books, scientific journals, previous research, and official publications of PT. XYZ related to company profile, compensation system, and human resource policies. Secondary data collection was conducted through a literature study to strengthen the theoretical foundation and support research analysis related to human resource management and organizational behavior.

Data Analysis Technique

This study uses descriptive analysis to describe the data obtained from respondents without drawing general conclusions. Research data was obtained by distributing questionnaires to PT. XYZ employees using a five-point Likert scale, ranging from strongly disagree to strongly agree. Descriptive analysis is used to determine the overview of compensation, workload, and employee ethical behavior based on specific assessment categories. Additionally, this study also uses the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method to analyze the relationships between research variables. This method was chosen because it can simultaneously test the measurement model and structural relationships and is suitable for research with complex models. The analysis stages include testing the validity and reliability of the instrument, testing the structural model, and hypothesis testing to determine the effect of compensation and workload on employee ethical behavior at PT. XYZ.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

The research results and analysis of respondent data at PT XYZ in Jakarta show diverse workforce characteristics based on years of service, last education, and position. The majority of respondents have a tenure between 4-6 years, indicating that most employees have significant work experience and understand the company's work environment well. In terms of education, most respondents are Bachelor's degree graduates, followed by Diploma graduates, reflecting that the workforce at PT XYZ is dominated by employees with medium to high education levels that support work competence and productivity. Meanwhile, based on position, the majority of respondents work as technicians and staff, indicating that the company's workforce structure is more dominated by operational and support employees compared to managerial positions. Overall, these respondent characteristics illustrate that PT XYZ has a relatively stable, experienced workforce supported by adequate educational backgrounds to support work effectiveness and employee ethical behavior within the company.

Descriptive Analysis

Descriptive analysis is used to describe respondents' responses to the variables of compensation, workload, and employee ethical behavior based on the results of processing questionnaire data from 124 respondents at PT XYZ in Jakarta. The score interval for each variable is categorized according to the provisions explained in Chapter III, and the results are presented in continuum form.

Descriptive Analysis of Compensation Variable

Based on data processing results, the compensation variable obtained an average score of 369.37 with a percentage of 59.58% and falls into the sufficient category. All compensation dimensions show sufficient category, with the Administrative Reliability dimension scoring slightly lower than the Equity Compensation dimension. Details of respondent responses for each dimension and indicator are presented in Table 1.

Table 1. Total Score of Compensation Variable

No	Compensation Dimension	Score	Percentage	Category
1	Equity Compensation	368.75	59.48%	Fair
2	Administrative Reliability	370.00	59.68%	Fair
	Average	369.37	59.58%	Fair

Source: Data Processed by Author (2026)

In detail, the compensation variable consists of two dimensions, namely Equity Compensation and Administrative Reliability, both of which fall into the sufficient category. Based on descriptive analysis results, the equity compensation dimension obtained an average percentage of 59.48% and falls into the sufficient category. This result indicates that respondents perceive the compensation received as sufficiently fair, both compared to other companies, colleagues in similar positions, and based on workload and living needs. Furthermore, the administrative reliability dimension obtained an average percentage of 59.68% and also falls into the sufficient category. This indicates that respondents perceive the company's compensation policies as implemented quite consistently and that compensation payments, including overtime and allowances, are made with reasonably good timeliness. Overall, both dimensions show that the compensation system at PT XYZ is functioning reasonably well, although there is still room for improvement so that employees can experience more optimal fairness and certainty of compensation.

Descriptive Analysis of Workload Variable

Based on data processing results, the workload variable obtained an average score of 372.50 with a percentage of 60.08% and falls into the sufficient category. All workload dimensions show sufficient category, with the quantitative workload dimension scoring slightly lower than the qualitative workload dimension. Details of respondent responses for each dimension and indicator are presented in Table 2.

Table 2. Total Score of Workload Variable

No	Workload Dimension	Score	Percentage	Category
1	Quantitative Workload	370.75	59.80%	Fair
2	Qualitative Workload	374.25	60.36%	Fair
Average		372.50	60.08%	Fair

Source: Data Processed by Author (2026)

Based on respondent responses, the workload variable at PT XYZ in Jakarta is generally in the sufficient category with an average percentage of 60.08%. This indicates that employees experience a relatively balanced workload, although there are still several aspects that the company needs to pay attention to. In the quantitative workload dimension, the average percentage of 59.80% indicates that the number of tasks, time pressure, and demands to complete several tasks simultaneously are felt to be quite high by respondents. Meanwhile, the qualitative workload dimension obtained an average percentage of 60.36%, also falling into the sufficient category, illustrating that job complexity, difficulty understanding work procedures, and the fit between abilities and job demands are still felt at a moderate level. Overall, these results indicate that PT XYZ employees face work demands that are quite good in terms of both quantity and quality of work, so the company needs to continue paying attention to workload management so that it does not develop into excessive work pressure that could potentially affect employee productivity and work behavior.

Descriptive Analysis of Employee Ethical Behavior Variable

Based on data processing results, the employee ethical behavior variable obtained an average score of 537.25 with a percentage of 86.65% and falls into the very good category. All dimensions show very good category, with the compliance and integrity dimension scoring slightly lower than the responsibility and personal fairness dimension. Details of respondent responses for each dimension and indicator are presented in Table 3.

Table 3. Total Score of Employee Ethical Behavior Variable

No	Ethical Behavior Dimension	Score	Percentage	Category
1	Compliance and Integrity	534.25	86.17%	Very Good
2	Responsibility and Personal Fairness	540.25	87.14%	Very Good
	Average	537.25	86.65%	Very Good

Source: Data Processed by Author (2026)

Based on respondent responses, the employee ethical behavior variable at PT XYZ in Jakarta is generally in the very good category with an average percentage of 86.65%. These results indicate that the majority of employees have applied work behavior in accordance with organizational ethical values, both in terms of compliance with rules, integrity, responsibility, and fairness in work interactions. The compliance and integrity dimension obtained an average percentage of 86.17%, included in the very good category, indicating that employees have a high level of compliance with company regulations, maintain honesty in work, and reject actions that conflict with organizational rules.

Meanwhile, the responsibility and personal fairness dimension obtained an average percentage of 87.14%, also in the very good category. These results reflect that employees have a high awareness to complete work according to standards, are willing to take responsibility for work results, and are able to maintain fair and mutually respectful working relationships with colleagues. Overall, these findings indicate that employee ethical behavior at PT XYZ is already very well established and is an important factor in supporting the creation of a professional, harmonious, and integrous work environment.

Structural Equation Modeling Partial Least Squares (SEM PLS) Analysis

This test was conducted to analyze the effect of compensation and workload on employee ethical behavior at PT XYZ in Jakarta. To analyze the relationships between these variables, this study used the Structural Equation Modelling-Partial Least Squares (SEM-PLS) approach with the help of SmartPLS version 4 software. In the SEM-PLS method, there are two main stages: testing the measurement model (outer model) and testing the structural model (inner model). Based on the estimation results using the PLS approach, an overall structural model was obtained depicting the relationship between compensation, workload, and employee ethical behavior variables as shown in Figure 1.

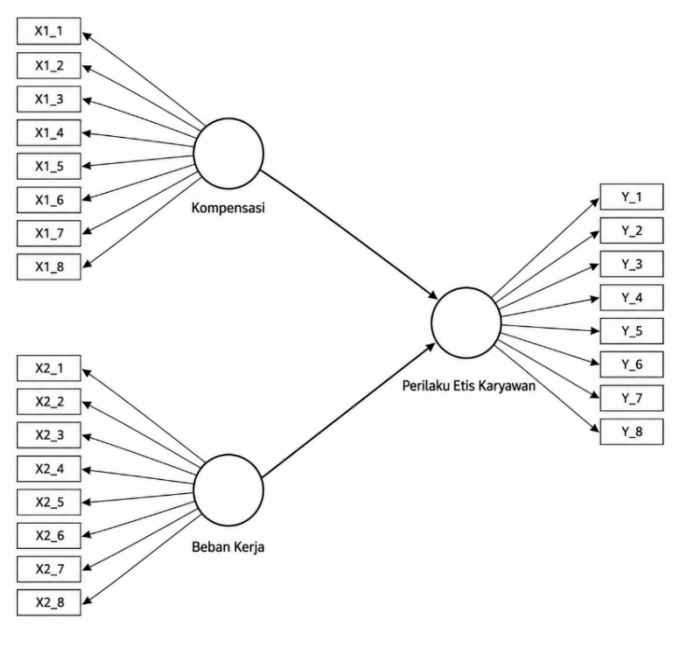

Figure 1. Full PLS-SEM Structural Model
Source: Data Processed by Author (2026)

The structural model in Figure 1 shows the relationships between latent variables analyzed in this study, namely compensation, workload, and employee ethical behavior. The arrows connecting variables indicate the direction of causal relationships tested in the model, where compensation and workload act as exogenous variables, while employee ethical behavior is the endogenous variable. All constructs in this study use a reflective measurement model, where indicators act as reflections of the latent variable they represent.

Measurement Model Testing (Outer Model)

Measurement model testing (outer model) is conducted to ensure that each reflective construct meets the criteria for validity and reliability before structural model analysis. This testing stage consists of convergent validity, discriminant validity, and internal consistency reliability tests.

Convergent Validity Test

The convergent validity test is conducted to assess the extent to which indicators within a variable are able to represent the measured latent construct. Convergent validity is evaluated based on outer loading and Average Variance Extracted (AVE) values. An indicator is declared to meet convergent validity if it has adequate outer loading values, while a construct is declared valid if it has an AVE value greater than 0.50.

Figure 2 presents the initial measurement model (outer model), depicting the outer loading values of each indicator for the compensation, workload, and employee ethical behavior variables. Based on the test results, indicators with outer loading values below the required threshold can be eliminated gradually to improve the measurement model. After the model modification process, a final measurement model that meets the convergent validity criteria was obtained.

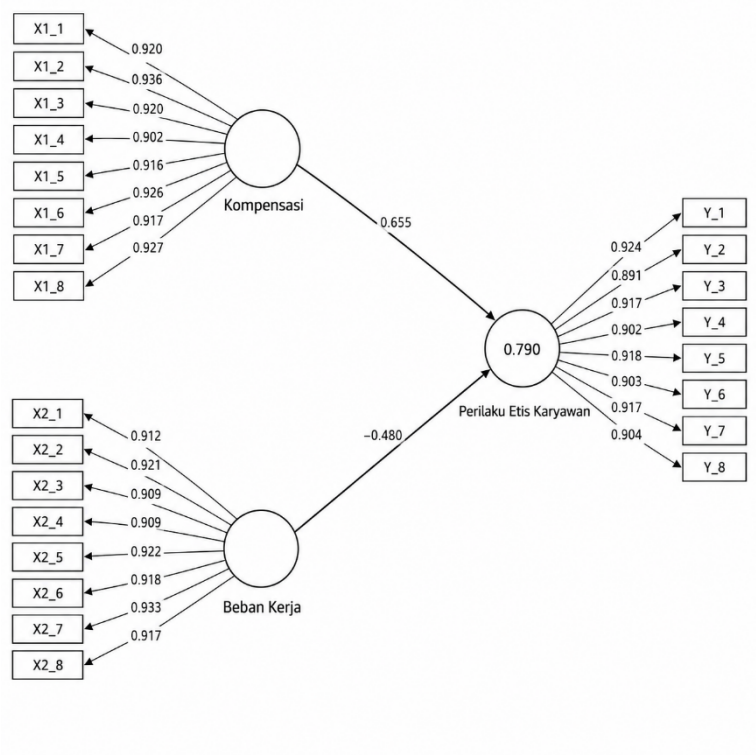

Figure 2. Measurement Model (Outer Model)
Source: Data Processed by Author (2026)

Discriminant Validity Test

In this study, discriminant validity was assessed using several tests: the Cross Loading test, the Fornell Larcker Creation test, and the Heterotrait-Monotrait Ratio of Correlations (HTMT) test.

Cross Loading Test

According to Rahadi (2023), testing the adequacy of discriminant validity is done by comparing the loading value of an indicator on its intended construct with its loading on other constructs, where the largest value should be on the measured construct. The following are the results of the discriminant validity test based on cross-loading values shown in Table 4.

Table 4. Cross Loading Results

	Compensation (C)	Workload (W)	Employee Ethical Behavior (E)
K1	0.912	-0.199	0.717
K2	0.921	-0.229	0.711
K3	0.909	-0.152	0.692
K4	0.909	-0.173	0.705
K5	0.922	-0.205	0.643
K6	0.918	-0.144	0.662
K7	0.933	-0.230	0.676
K8	0.917	-0.185	0.744
B1	-0.226	0.920	-0.578
B2	-0.236	0.936	-0.556
B3	-0.173	0.920	-0.501
B4	-0.208	0.902	-0.546
B5	-0.119	0.916	-0.585
B6	-0.118	0.926	-0.556
B7	-0.193	0.917	-0.622
B8	-0.245	0.927	-0.566
P1	-0.596	0.697	0.924
P2	-0.540	0.674	0.891
P3	-0.552	0.698	0.917
P4	-0.586	0.634	0.902
P5	-0.524	0.713	0.918
P6	-0.540	0.691	0.903
P7	-0.579	0.665	0.917
P8	-0.565	0.719	0.904

Source: Data Processed by Author (2026)

Based on Table 4, the cross-loading test results show that all indicators for the Compensation, Workload, and Employee Ethical Behavior variables have the highest loading values on their original constructs compared to other constructs. Although some indicators for the Compensation and Employee Ethical Behavior variables have negative values against other constructs, this does not reduce discriminant validity because the indicators still represent their intended constructs. The highest loading values on each construct, plus the fact that indicators do not attach to other constructs, indicate the distinctiveness of each construct and the ability of indicators to distinguish themselves from other constructs. Thus, it can be concluded that all indicators in this study meet discriminant validity criteria and are suitable for use in structural model analysis (inner model).

Fornell Larcker Criterion Test

In addition to cross-loading testing, discriminant validity can also be measured using the Fornell Larcker Criterion. According to Rahadi (2023), the Fornell Larcker Criterion measurement compares the square root of a construct's AVE value with its correlation with other constructs. The results of the Fornell Larcker Criterion measurement are shown in Table 5.

Table 5. Fornell Larcker Criterion Results

	Workload	Compensation	Employee Ethical Behavior
Workload	0.918		
Compensation	-0.208	0.920	
Employee Ethical Behavior	-0.616	0.755	0.910

Source: Data Processed by Author (2026)

Based on Table 5, the Fornell Larcker Criterion test results show that the square root of the AVE values for each construct is greater than their correlations with other constructs. The Workload variable has an AVE value of 0.918, Compensation 0.920, and Employee Ethical Behavior 0.910, all of which are higher than their correlations with other constructs in the model. This indicates that each construct has good distinctiveness, can distinguish itself from other constructs, and meets discriminant validity criteria. Thus, the Fornell Larcker Criterion test results reinforce the conclusion that the research model is discriminantly valid, so the indicators can be used for structural model analysis (inner model).

Heterotrait-Monotrait Ratio of Correlations (HTMT) Test

The use of HTMT is recommended by Rahadi (2023) as a more accurate procedure to ensure discriminant validity is met. According to Rahadi (2023), HTMT is an estimate of the correlation between two constructs if both were measured without measurement error. Correlations approaching 1 indicate that discriminant validity is not met. The HTMT test results are presented in Table 6.

Table 6. HTMT Results

Heterotrait-Monotrait Ratio (HTMT)	Value
Compensation <-> Workload	0.210
Employee Ethical Behavior <-> Workload	0.632
Employee Ethical Behavior <-> Compensation	0.775

Source: Data Processed by Author (2026)

Based on Table 6, the HTMT test results show construct correlation values far below the critical threshold of 0.85, namely 0.210 for Compensation with Workload, 0.632 for Employee Ethical Behavior with Workload, and 0.775 for Employee Ethical Behavior with Compensation. These values indicate that each construct is sufficiently distinct from the others, so discriminant validity is met. Thus, all variables in this study, namely Compensation, Workload, and Employee Ethical Behavior, can be statistically distinguished and are suitable for use in structural model analysis (inner model).

Internal Consistency Reliability Test

The internal consistency reliability test is conducted to ensure that the indicators used in this study are consistent in representing their respective latent constructs. This test is important for assessing the extent to which the indicators together are able to measure the same variable and provide stable results. In this study, the test was conducted using two measures, Cronbach's Alpha and Composite Reliability (ρA and ρC), supplemented by the Average Variance Extracted (AVE) value to assess convergent validity. Good reliability values indicate that the construct has adequate internal consistency, making it suitable for use in structural model analysis (inner model).

Table 7. Internal Consistency Reliability

	Cronbach's Alpha	Composite Reliability (ρA)	Composite Reliability (ρC)	Average Variance Extracted (AVE)
Workload	0.973	0.975	0.977	0.842
Compensation	0.974	0.975	0.978	0.847

Employee Ethical Behavior	0.970	0.970	0.975	0.827

Source: Data Processed by Author (2026)

Based on the test results shown in Table 7, all research variables, namely Workload, Compensation, and Employee Ethical Behavior, obtained Cronbach's Alpha, Composite Reliability (ρA and ρC), and AVE values that exceed the minimum thresholds. The Cronbach's Alpha values for each construct are 0.973 for Workload, 0.974 for Compensation, and 0.970 for Employee Ethical Behavior, all far above the 0.70 threshold. The Composite Reliability values (ρA and ρC) also show similar results, i.e., >0.95, indicating very good internal consistency of the indicators. Furthermore, the AVE values for each construct are also above 0.5, namely 0.842 for Workload, 0.847 for Compensation, and 0.827 for Employee Ethical Behavior, indicating that the variables can explain more than 50% of the variance in their own indicators. These results reinforce the conclusion that all indicators are reliable and consistent in representing their respective constructs, so they can be used for subsequent structural model analysis.

Inner Model Testing

Evaluation of the inner model in this study was conducted by measuring three main indicators: R^2 (coefficient of determination), Q^2 (predictive relevance), and f^2 (effect size), as well as conducting significance tests on path coefficients.

R-Squared Test (R^2)

The coefficient of determination (R^2) according to Rahadi (2023) is an indicator used to assess the extent to which the structural model can explain variation in the endogenous construct, obtained from the squared correlation between the actual values and predicted values of that construct. Thus, R^2 reflects the proportion of variation in the endogenous construct that can be explained by all related exogenous constructs. An R^2 value of 0.67 is categorized as having strong predictive power, a value around 0.33 indicates moderate predictive ability, while a value of 0.19 or lower indicates weak predictive ability (Rahadi, 2023).

Table 8. R-Squared Test Results

	R-Square	R-Square Adjusted
Employee Ethical Behavior	0.790	0.787

Source: Data Processed by Author (2026)

Based on Table 8, the R-Squared (R^2) test results show that the Employee Ethical Behavior variable obtained an R^2 value of 0.790 and an adjusted R^2 of 0.787. This value indicates that 79% of the variation in employee ethical behavior can be explained by the exogenous variables in the model, namely compensation and workload. Thus, the research model has strong predictive ability according to the criteria set by Rahadi (2023), where an R^2 value greater than 0.67 indicates high predictive power. This shows that compensation and workload variables together contribute significantly to explaining employee ethical behavior at PT XYZ in Jakarta.

Effect Size Test (f^2)

The effect size measurement (f^2) according to Rahadi (2023) is used to describe the change in R^2 value of an endogenous construct when one of the exogenous constructs is removed from the model. The f^2 value provides information about how much each exogenous variable contributes to the variation of the endogenous construct. According to Rahadi's criteria (2023), f^2 values of 0.02, 0.15, and 0.35 are interpreted as small, medium, and large effects, respectively, while an f^2 value < 0.02 indicates that the exogenous construct has no measurable effect.

Table 9. f-Squared Test Results

	Workload	Compensation	Employee Ethical Behavior
Workload			1.051
Compensation			1.961
Employee Ethical Behavior			

Source: Data Processed by Author (2026)

Based on Table 9, the f^2 value for Compensation is 1.961 and for Workload is 1.051. Both values far exceed Cohen's (1988) threshold for a large effect ($f^2 > 0.35$), even falling into the category referred to in the SEM-PLS literature as 'extremely large effect' (Hair et al. 2021). The high f^2 values in this study are due to the model structure involving only two predictors with a very weak correlation between predictors (r = -0.208). This configuration causes each predictor to provide an almost independent contribution to the variance of the endogenous construct, thus making each effect size large. The implication is that compensation and workload are two determinants that are relatively non-substitutable in explaining employee ethical behavior, and both must be intervened separately in managerial practice.

Predictive Relevance Test (Q^2)

The Predictive Relevance test (Q^2) according to Rahadi (2023) is used to assess the extent to which the model has predictive capability for the indicators of endogenous constructs. A Q^2 value > 0 indicates that the model has predictive relevance, while a Q^2 value ≤ 0 indicates a lack of adequate predictive ability. According to Rahadi's criteria (2023), a Q^2 value around 0.02 is categorized as weak prediction, 0.15 as moderate prediction, and 0.35 or more as strong prediction.

Table 10. Predictive Relevance Test Results

	Q^2 Predict
P1	0,689
P2	0,611
P3	0,652
P4	0,603
P5	0,647
P6	0,631
P7	0,635
P8	0,690

Source: Data Processed by Author (2026)

Based on Table 10, the Q^2 values for each indicator representing the Employee Ethical Behavior construct range from 0.603 to 0.690. This indicates that all indicators have strong predictive relevance. Overall, the weighted Q^2 value for the Employee Ethical Behavior construct is above the 0.35 threshold, so this research model has good predictive capability for the endogenous variable. Thus, the model used is suitable for predicting employee ethical behavior based on the exogenous variables Compensation and Workload at PT XYZ in Jakarta.

Standardized Root Mean Square Residual (SRMR) Fit

The Standardized Root Mean Square Residual (SRMR) according to Rahadi (2023) is the average covariance residual, calculated based on the transformation of the sample covariance matrix and the covariance matrix predicted by the model. SRMR is used to assess model fit, i.e., how well the estimated structural model represents the actual data. An SRMR value smaller than 0.10 indicates that the model has a good fit.

Table 11. Model Fit Test Results

	Saturated Model	*Estimated Model*
SRMR	0,037	0,037
d_ULS	0,414	0,414
d_G	0,485	0,485
Chi-Square	308,316	308,316
NFI	0,926	0,926

Source: Data Processed by Author (2026)

Based on Table 11, the SRMR value for the estimated model is 0.037, while the NFI value is 0.926. The SRMR value smaller than 0.10 indicates that the structural model of this study has low residuals and can be said to fit the data. Furthermore, the d_ULS, d_G, and Chi-Square values are also within ranges consistent with a good model fit, reinforcing the conclusion that the model used in this study meets the goodness of fit criteria. Thus, the research model can be considered valid and suitable for analyzing the relationships between the variables Compensation, Workload, and Employee Ethical Behavior at PT XYZ in Jakarta.

Hypothesis Test (Bootstrapping)

Based on the theories described in the previous chapter, the hypotheses proposed in this study are as follows:

H_1: Compensation has an effect on employee ethical behavior at PT. XYZ.

H_2: Workload has an effect on employee ethical behavior at PT. XYZ.

H_3: Compensation and workload simultaneously have a significant effect on employee ethical behavior at PT. XYZ.

This study uses a significance level of 5%, so the t-table value used is 1.98. To determine the significant effect between the compensation and workload variables on employee ethical behavior, testing was conducted by looking at the path coefficients showing parameter coefficients and t-statistic significance values. The test results are presented in Table 12.

Table 12. Hypothesis Path-Coefficient Results

	Original Sample (O)	**Sample Mean (M)**	**Standard Deviation (STDEV)**	**T Statistic (|O/STDEV|)**	**P Values**
Compensation <-> Employee Ethical Behavior	0.655	0.655	0.043	15.173	0.000
Workload <-> Employee Ethical Behavior	-0.480	-0.481	0.046	10.414	0.000

Source: Data Processed by Author (2026)

Based on Table 12, it is known that: The compensation variable has a positive and significant effect on employee ethical behavior. This is proven by the T-statistic value > T-table (15.173 > 1.98) and obtaining a P-values < 0.05 (0.000 < 0.05), so it can be said that H0 is rejected and Ha/H1 is accepted. The workload variable has a negative and significant effect on employee ethical behavior. This is proven by the T-statistic value > T-table (10.414 > 1.98) and obtaining a P-values < 0.05 (0.000 < 0.05), so it can be said that H0 is rejected and Ha/H2 is accepted.

In this study, simultaneous hypothesis testing did not use the F-test statistic but instead used the evaluation of the R-Squared (R^2) value as an indicator of the model's predictive strength. The data processing results show an R^2 value of 0.790, which indicates that 79% of the change in the Employee Ethical Behavior variable is jointly influenced by the Compensation and Workload variables.

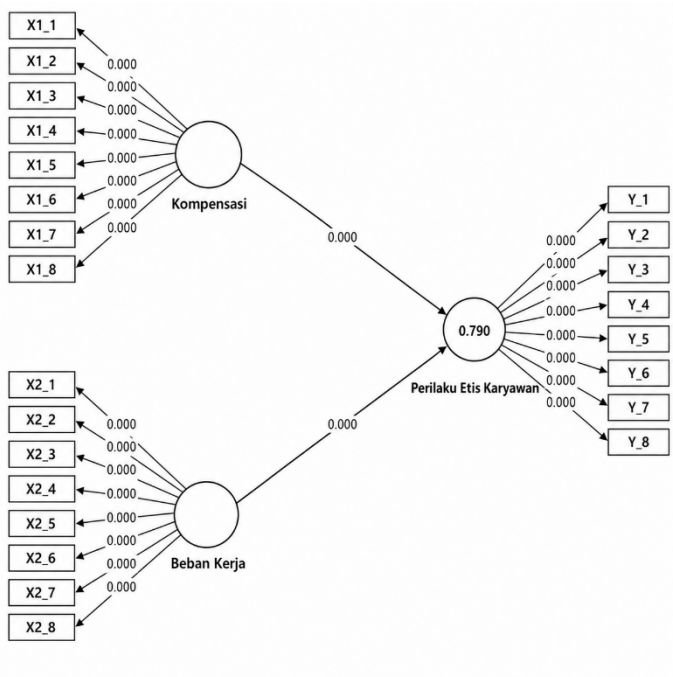

Figure 3. Path Coefficient Model Construction
Source: Data Processed by Author (2026)

Discussion

Analysis of the Effect of Compensation on Employee Ethical Behavior at PT. XYZ in Jakarta

The descriptive analysis results show that the compensation variable at PT. XYZ is in the sufficient category with an average score of 369.37, equivalent to 59.58%. This reality reflects that employees feel the compensation received has met adequate standards, both in terms of salary amount and timeliness of payment. Based on equity theory proposed by Adams (1963), this score indicates a perception of balance between input in the form of work effort and output in the form of compensation received. Furthermore, within the framework of the Job Demands-Resources (JD-R) model by Demerouti (2001), compensation in this company functions as a sufficiently stable job resource to support employees in carrying out their professional responsibilities without feeling financially disadvantaged.

The main finding in the SEM-PLS analysis reinforces these results by showing that compensation has a positive and significant effect on employee ethical behavior, confirming that every improvement in compensation quality will significantly increase work integrity. This proves that compensation fairness is a very strong moral driver for individuals to remain compliant with organizational rules. In line with the view of Cropanzano (2015), distributive justice perceived by employees is the main foundation for the formation of ethical commitment, because individuals who feel fairly valued tend to have higher motivation to avoid deviant actions that could harm the company's reputation.

Within the scope of human resource governance, this positive influence confirms that the compensation system is not merely an operational cost but a strategic instrument to strengthen ethical culture, in line with the controlling function of (Armstrong & Taylor 2013). The use of compensation as a positive reinforcement mechanism is proven effective in guiding employee behavior to align with professionalism standards and moral values. This finding is supported by previous research by Bell (2025) and Jayeoba (2025), which states that providing fair and transparent compensation greatly contributes to increasing employee compliance and moral responsibility. Thus, further optimization of the compensation scheme at PT. XYZ will be a crucial step in building a sustainably high-integrity work environment.

Analysis of the Effect of Workload on Employee Ethical Behavior at PT. XYZ in Jakarta

The descriptive analysis results show that the workload variable at PT. XYZ is in the sufficient category with an average score of 372.50, equivalent to 60.08%. This reality reflects that

employees face work demands at a moderate level, both quantitatively related to task volume and qualitatively related to job complexity. Based on the Job Demands-Resources (JD-R) model by Demerouti (2001), workload is a job demand that, if not balanced with adequate resources, can trigger psychological pressure. The score of 60.08% indicates that the workload at the company is already quite challenging and at a threshold that can affect the stability of working conditions and employee self-control.

The main finding in the SEM-PLS analysis shows that workload has a negative and significant effect on employee ethical behavior at PT. XYZ. This means that any increase in workload will actually decrease employees' tendency to behave ethically in the work environment. The reality of a sufficient score indicates that the existing work pressure has begun to have a counterproductive impact on integrity. This finding aligns with the theory of Robbins (2013), which states that excessive workload can increase work stress, which in turn encourages employees to take shortcuts or ignore standard procedures to meet time targets. High task pressure often obscures employees' moral awareness, so the potential for unethical behavior increases when job demands are perceived to exceed individual adaptive capacity.

From a human resource management perspective, this negative influence confirms that managing workload only at a sufficient level does not guarantee the maintenance of morality in the workplace. According to the views of Luthans (2011) and Velasquez (2011), a disproportionate workload can reduce an individual's ability to make ethical considerations. Therefore, PT. XYZ needs to be vigilant because any slightest increase in workload from the current point is predicted to further weaken their ethical behavior. Restructuring task allocation and providing organizational support is crucial to ensure that work demands do not become a trigger for behavioral deviations but remain within professional limits that employees can consistently perform.

Analysis of the Effect of Compensation and Workload on Employee Ethical Behavior at PT. XYZ in Jakarta

The simultaneous analysis through the R-squared coefficient of determination shows a value of 0.790, which means that the compensation and workload variables together are able to explain 79% of the variation in employee ethical behavior at PT. XYZ. This result is supported by the q-square predict value above the 0.35 threshold and the SRMR value of 0.037, indicating that the research model has strong predictive relevance and a very good model fit level. This figure proves that the level of ethical behavior in the company environment highly depends on how the organization collectively manages financial rewards and task demands.

This finding integrates the Equity Theory from Adams (1963) and the Job Demands-Resources (JD-R) model from Demerouti (2001), where the perception of fairness in providing rewards must be aligned with the management of a proportional workload. In reality, when employees feel that the compensation received is proportional to their sacrifices and the workload given is still within reasonable limits, the motivation to act honestly and responsibly will increase significantly. Conversely, inequality in one of these factors can damage moral integrity, so fulfilling financial welfare and realistic task management are the main foundations for minimizing the potential for ethical violations.

The correlation finding between compensation and workload of -0.208 indicates a very weak negative relationship. This value indicates that employees' perceptions of compensation and workload at PT. XYZ are relatively independent as two different constructs. Theoretically, Equity Theory and the Job Demands-Resources Model allow for a negative relationship between compensation and workload because employees who experience high workload may perceive compensation as less commensurate. However, the results of this study show that this relationship is not strong. This condition can occur because respondents clearly distinguish between perceptions of the reward system and perceptions of work demands. Thus, compensation is more understood as a form of organizational appreciation, while workload is more understood as a job characteristic arising from targets, task volume, and operational complexity.

Within the scope of organizational management, this significant combined influence confirms that company policies cannot be implemented separately but must be viewed as a single

strategic unit. Transparency in the payroll system combined with challenging yet measurable task allocation will create a work climate that supports the deep internalization of moral values. Thus, the synchronization between providing fair rewards and controlling work pressure is a key determinant in strengthening ethical compliance and ensuring the sustainability of a professional work culture at PT. XYZ.

CONCLUSION

Based on the research results, this study concludes that compensation and workload significantly influence employee ethical behavior at a national energy company in Jakarta. Compensation was found to have a positive and significant effect ($\beta = 0.655$; $T = 15.173$; $p < 0.05$), confirming that fairer and more adequate compensation strengthens employees' tendency to act ethically. This finding empirically validates Equity Theory Adams, which posits that perceived reward fairness is the foundation of moral commitment—employees who feel equitably compensated are more motivated to uphold organizational integrity. Workload demonstrated a negative and significant effect ($\beta = -0.480$; $T = 10.414$; $p < 0.05$), confirming that increasing work demands erode ethical conduct.

This aligns with the Job Demands–Resources (JD-R) Model, which explains that when job demands exceed available resources, psychological strain reduces individuals' capacity for ethical deliberation. Simultaneously, both variables explain 79% of the variance in employee ethical behavior ($R^2 = 0.790$), demonstrating strong model fit (SRMR = 0.037). This joint explanatory power confirms that ethical behavior in organizations is not determined by a single factor but by the dynamic interplay between reward systems and task demands. Theoretically, this study extends both Equity Theory and the JD-R Model by demonstrating their complementary explanatory power within a single integrated model in the Indonesian energy sector context.

Based on these findings, it is recommended that the company evaluate and optimize the compensation system to be fairer, more competitive, and performance-based, as well as manage workload more proportionally through task distribution restructuring and periodic workload analysis. The company also needs to provide organizational support, such as stress management training and employee assistance programs, to maintain moral stability and professionalism at work. For future researchers, this study still has limitations, such as using a cross-sectional design, self-report methods, and a research object focused only on one company. Therefore, future research is expected to expand the variables, objects, and research methods to obtain more comprehensive results with stronger generalizability in explaining the factors that influence employee ethical behavior.

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AUTHOR CONTRIBUTION STATEMENT

Lutfi Akbar Fauzi contributed to the conceptualization, literature review, instrument development, data collection, data analysis, and manuscript writing. Didin Kristinawati contributed to supervision, methodological guidance, data interpretation, manuscript review, and final revision. All authors have read and approved the final manuscript.

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