

Unlocking Innovative Work Behavior Through Ethical Leadership: The Role of Thriving at Work Among Coffee Shop Employees in Yogyakarta

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Article Info	ABSTRACT
Article history: Received, 09-07-2026 Accepted, 31-08-2026 Published, 10-09-2026	This study examines the influence of Ethical Leadership on Innovative Work Behavior through Thriving at Work as a mediating variable among coffee shop employees in Yogyakarta. This study used a quantitative approach with a purposive sampling method with 133 respondents. Data were analyzed using the Smart-PLS 4.0 application. The results show that Ethical Leadership has a positive and significant influence on Innovative Work Behavior. In addition, Thriving at Work mediates the influence of ethical leadership on innovative work behavior, which is accepted and has a positive direction of influence. This study provides empirical evidence regarding the mediating role of Thriving at Work in strengthening the influence of Ethical Leadership on Innovative Work Behavior, especially in the context of the coffee shop industry. The results of this study can be used as an illustration and guideline for decision considerations to be taken by companies or managers. The development of ethical leadership has a positive influence on innovative work behavior and thriving at work.
Keywords: Ethical Leadership, Innovative Work Behavior, Thriving at Work	

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1. Introduction

Every company or organization requires someone to lead its members, yet leadership practices often fail to meet employees' expectations. Leaders sometimes see themselves merely as superiors and their employees as subordinates, a view that contradicts the true

concept of leadership. In response, many contemporary leaders have adopted ethical leadership, defined as a leadership style in which leaders act in accordance with moral standards that can be emulated by their subordinates (Albdareen et al., 2024). Leaders who practice ethical leadership are able to create a fair and safe workplace while fostering employee trust and commitment, and recent studies show that ethical leadership helps establish an innovative work climate (Pourshafei & Jafari, 2024).

An innovative climate created by leaders can encourage innovative work behavior (IWB) within organizations, generating proactive behavior and new ideas that benefit the company (De Jong & Den Hartog, 2010). However, prior studies indicate that a psychological mechanism bridges the relationship between ethical leadership and IWB, namely thriving at work, a psychological state in which employees feel vitality and continuous learning at work (Kleine et al., 2019). Thriving at work reflects an individual's success in developing personally and professionally, and employees who thrive tend to display more innovative behavior because they feel more motivated and empowered to create positive change (Rehman et al., 2025).

This issue is particularly relevant in Yogyakarta, which currently records the highest concentration of coffee shops in Indonesia. Industry data reported at Jogja Coffee Week indicate that the number of coffee shops in the Special Region of Yogyakarta grew from approximately 3,000 outlets in 2022 to around 3,500 outlets in 2025, far exceeding neighbouring cities such as Semarang and Surakarta, while other industry reports place the figure at roughly 3,700 outlets when street coffee formats are included (Jogja, 2024; Jogjavibes, 2025; Kumparan, 2022). This density creates intense competitive pressure in which coffee shops can no longer compete on price or location alone, but must continuously renew their menus, service concepts, and customer experience. Because most outlets are small and medium-sized enterprises with flat structures and no formal research and development function, innovation depends almost entirely on the daily initiative of frontline

employees, particularly baristas who interact directly with customers and observe shifting preferences first-hand.

At the employee level, however, this innovation demand is not always matched by supportive leadership. Preliminary observations and informal interviews with baristas at several coffee shops in Yogyakarta reveal three recurring conditions. First, owners or store managers demand new menu ideas without articulating clear standards or providing feedback, so employees are unsure what kind of innovation is expected. Second, employees who do submit ideas rarely receive recognition, so ideas are seldom carried through to implementation. Third, the industry is characterised by short tenure and high turnover, which discourages employees from investing effort in improvements whose benefits they may not remain to enjoy. These conditions indicate that the willingness of employees to explore, generate, champion, and implement new ideas is closely tied to whether leaders behave ethically, that is, fairly, transparently, and with genuine concern for employees, and to whether employees experience vitality and learning in their work. This phenomenon forms the empirical basis for examining ethical leadership, thriving at work, and innovative work behavior in the coffee shop industry in Yogyakarta.

In the coffee shop industry specifically, leaders who apply honesty, fairness, and appreciation for diversity can build a work environment that encourages innovation and creativity, which is essential for an industry that depends heavily on new products and services to attract customers (Özsungur, 2020). Nevertheless, prior findings on the relationship between ethical leadership and IWB remain inconsistent. Febriyanti & Nugroho, (2023); Supriandi et al., (2022) found a significant positive effect, whereas (Gustika et al., 2021) found a negative effect, and (Riani & Harsono, 2024) found no significant effect at all. Field observations further reveal that leaders in the coffee shop sector often pressure employees to continuously innovate without providing clear guidance, leaving employees confused about what kind of innovation is expected and reluctant to contribute. Leaders with clear principles and high ethical standards, by contrast, tend to inspire employees to take new

initiatives (Bui et al., 2022; Hoang et al., 2023). Ethical leadership has also been shown to shape employees' psychological well-being at work (Rehman et al., 2025; Yasir & Javed, 2024), while thriving at work itself has been found to encourage innovative behavior because comfortable and supportive work conditions allow employees to grow and contribute new ideas (Kim et al., 2023) (Nguyen & McGuirk, 2022).

Several studies have positioned thriving at work as a mediator between ethical leadership and IWB (Alwahhabi et al., 2023; Bunkaewsuk et al., 2024), showing that thriving increases employees sense of being valued and relevant, which in turn drives new initiatives. Based on these inconsistent findings and the phenomena observed in the coffee shop industry, this study replicates and modifies the model developed by (Iqbal et al., 2020), examining the effect of ethical leadership on innovative work behavior through thriving at work as a mediating variable among coffee shop employees in Yogyakarta.

Beyond these inconsistent results, a synthesis of prior studies reveals three unresolved issues. First, studies reporting a positive effect and those reporting a negative or non-significant effect rarely test a psychological mechanism capable of explaining why the direct effect varies across settings. Second, studies that do position thriving at work as a mediator were largely conducted in large organisations, public institutions, or non-Indonesian contexts, whose formal structures differ sharply from the small, flat, and highly competitive coffee shop businesses that dominate the Indonesian creative-service sector. Third, few studies examine industries in which product and service innovation is a daily operational requirement rather than an occasional strategic project. Table 1 summarises these prior findings and the resulting research gap.

Table 1. Summary of Prior Studies and Research Gap

Author (Year)	Main Finding on Ethical Leadership – IWB	Mechanism Examined	Identified Gap
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(Ahmed et al., 2020; Iqbal et al., 2020)	Positive and significant, both directly and indirectly	Thriving at work and individual attributes as mediators	Tested outside Indonesia and outside the coffee shop industry; the mediating mechanism has not been examined in creative-service SMEs
(Febriyanti & Nugroho, 2023; Supriandi et al., 2022)	Positive and significant	Thriving at work, LMX, and self-efficacy	Consistent results, but the conflicting evidence in micro-scale service settings remains unresolved
(Gustika et al., 2021)	Negative effect	No psychological mechanism tested	Contradicts the dominant findings and signals a missing mediating mechanism
(Riani & Harsono, 2024)	Not significant	Perceived organisational support, proactive personality, psychological safety	The insignificant direct effect suggests that ethical leadership may operate indirectly through employees' psychological state
(Alwahhabi et al., 2023; Bunkaewsuk et al., 2024)	Positive and significant	Thriving at work (including moderated mediation)	Conducted in public-sector and large-organisation contexts outside Indonesia, where innovation is not a daily operational demand

Source: Synthesised from prior studies (2025)

This study therefore differs from previous research in four respects. First, in terms of context, it examines coffee shop employees in Yogyakarta, the region with the highest density of coffee shops in Indonesia, a setting in which the ethical leadership thriving

innovative work behavior model has not previously been tested. Second, in terms of theoretical positioning, it responds to the contradictory evidence of (Gustika et al., 2021; Riani & Harsono, 2024) by proposing thriving at work as the psychological mechanism through which ethical leadership is translated into innovative behavior, rather than assuming a purely direct effect. Third, in terms of the model, it replicates and modifies (Iqbal et al., 2020) by removing individual attributes and retaining thriving at work as a single mediator, so that the strength of the mediating mechanism can be estimated more precisely. Fourth, in terms of measurement and interpretation, ethical leadership is operationalised through the moral person and moral manager dimensions, thriving at work through vitality and learning, and innovative work behavior through the four sequential stages of idea exploration, generation, championing, and implementation, allowing the findings to be interpreted at the dimensional level rather than only at the construct level.

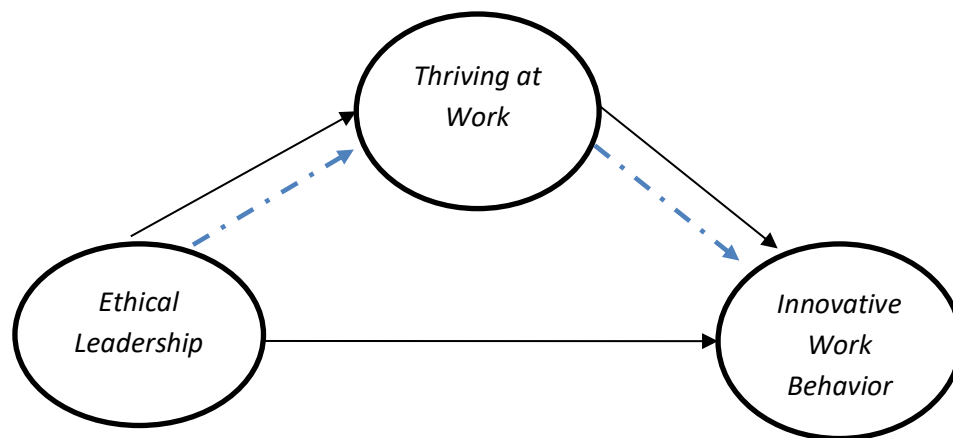


Figure 1. Research Model

Hypothesis Development

The relationship between ethical leadership and innovative work behavior can be explained through social learning theory (Bandura, 1977), which holds that individuals acquire attitudes and behaviors by observing and imitating credible role models in their

environment. Within organisations, the leader occupies the most salient role-model position, and ethical leaders establish credibility through two dimensions: as a moral person, demonstrating honesty, fairness, and concern for employees, and as a moral manager, communicating ethical standards and rewarding conduct consistent with them (Brown et al., 2005; Egbiki et al., 2024). When employees repeatedly observe their leader acting consistently and fairly, they interpret the workplace as psychologically safe, so that proposing untested ideas is not perceived as a threat to their position. Empirically, ethical leadership has been shown to increase service innovation behavior (Özsungur, 2020), to strengthen innovative work behavior through psychological safety and work engagement (X. Liu et al., 2023), and to encourage innovative behavior through work group cohesiveness (Tran Pham, 2026), with comparable findings reported in Indonesia (Febriyanti & Nugroho, 2023; Supriandi et al., 2022). Although (Gustika et al., 2021; Riani & Harsono, 2024) report contrary results, the weight of evidence points to a positive relationship, particularly in service settings where innovation originates from frontline employees. Accordingly, the following hypothesis is proposed:

H1: Ethical leadership has a positive and significant effect on innovative work behavior.

The influence of ethical leadership on thriving at work is explained by the socially embedded model of thriving (Spreitzer et al., 2005), which posits that contextual features such as trust, respect, information sharing, and discretion in decision-making generate agentic work behaviors that in turn produce vitality and learning. Ethical leaders create precisely these conditions: they allocate tasks and shifts fairly, explain the reasoning behind their decisions, and treat employees as partners rather than subordinates, so that employees feel energised and are given room to develop their competence. Recent studies confirm this relationship, showing that ethical leadership enhances thriving at work through psychological safety (Rehman et al., 2025), improves employees psychological condition and job satisfaction in the restaurant industry (Yasir & Javed, 2024), and raises thriving and moral self-efficacy in public service (Nguyen, 2025), while comparable effects of value-based

leadership have been reported in Indonesia (Suryani et al., 2023). In coffee shops, where working hours are long and customer interaction is intense, the fairness and appreciation shown by leaders are decisive in determining whether employees experience their work as energising and developmental. Accordingly, the following hypothesis is proposed:

H2: Ethical leadership has a positive and significant effect on thriving at work.

Thriving at work is a psychological state comprising two inseparable dimensions: vitality, the feeling of being energised at work, and learning, the sense of acquiring and applying new knowledge and skills (Islam & Idris, 2025; Kleine et al., 2019). From the perspective of the socially embedded model of thriving and the conservation of resources logic that underpins it, employees who thrive hold surplus psychological resources that can be allocated to discretionary activities such as generating and testing new ideas, whereas depleted employees reserve their remaining resources for core tasks alone. Vitality supplies the energy required to champion and implement ideas, activities that demand persuasion and persistence, while learning supplies the cognitive material for exploring problems and generating alternatives. Empirical studies support this reasoning: thriving increases innovative work behavior (Liu et al., 2020), mediates the effect of knowledge sharing on innovative behavior (Wang, 2025), and drives innovative behavior in SMEs and the hospitality sector (Kim et al., 2023; Nguyen & McGuirk, 2022) Accordingly, the following hypothesis is proposed:

H3: Thriving at work has a positive and significant effect on innovative work behavior.

Taken together, the three preceding arguments imply an indirect relationship in which thriving at work functions as the psychological mechanism linking ethical leadership and innovative work behavior. Social exchange theory (Blau, 1964) explains that fair and considerate treatment by a leader creates a felt obligation to reciprocate; however, reciprocation in the form of innovative behavior is only possible when employees possess adequate psychological resources, that is, when they thrive. Ethical leadership therefore supplies the relational conditions, thriving at work converts those conditions into vitality and

learning, and innovative work behavior emerges as the behavioral outcome. This mediating role has been demonstrated by (Ahmed et al., 2020; Iqbal et al., 2020) and confirmed in other contexts by (Alwahhabi et al., 2023; Bunkaewsuk et al., 2024; Dehghanizadeh et al., 2025) Positioning thriving at work as a mediator also offers an explanation for the inconsistent direct effects reported previously, since much of the influence of ethical leadership on innovative behavior may operate through employees' psychological state rather than directly. Accordingly, the following hypothesis is proposed:

H4: Thriving at work mediates the effect of ethical leadership on innovative work behavior.

2. Methods

This study used a quantitative approach with primary data, in which the analysis is centered on data collected directly from respondents through a structured questionnaire and then processed using a statistical model (Sekaran & Bougie, 2020). The survey was distributed online via Google Form to employees working at various coffee shops in Yogyakarta between 19 October and 26 November 2025. The population of this study consisted of coffee shop employees in Yogyakarta, and the sample was determined using purposive sampling with two criteria: (1) active employees working at a coffee shop in Yogyakarta, and (2) a minimum tenure of one year. A total of 133 valid responses were obtained, meeting the minimum sample size recommended for SEM-PLS analysis (Hair et al., 2022).

Three variables were examined: ethical leadership as the independent variable, measured through the dimensions of moral person and moral manager (Egbiki et al., 2024) innovative work behavior as the dependent variable, measured through idea exploration, idea generation, idea championing, and idea implementation (De Jong & Den Hartog, 2010) and thriving at work as the mediating variable, measured through the dimensions of vitality and

learning (Islam & Idris, 2025). All items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS) with the aid of SmartPLS 4 (Ghozali, 2023). The outer model was evaluated through convergent validity (outer loading ≥ 0.7 recommended, ≥ 0.6 tolerated; AVE ≥ 0.5) and discriminant validity (cross loading), while reliability was assessed using composite reliability and Cronbach's alpha (≥ 0.7 recommended, ≥ 0.6 tolerated). The inner model was evaluated through the Variance Inflation Factor (VIF < 5), the coefficient of determination (R-Square), Goodness of Fit (GoF), Standardized Root Mean Square Residual (SRMR), and Normed Fit Index (NFI). Hypotheses were considered accepted when the t-statistic exceeded 1.96 and the p-value was equal to or below 0.05 (Ghozali, 2023).

3. Results

Respondent Profile

A total of 133 questionnaires were distributed and returned, representing a 100% response rate, all of which met the criteria for further analysis. The majority of respondents were male (91 people, 68.4%), aged 24-26 years (56 people, 42.11%), working as baristas (102 people, 76.69%), with a tenure of one year (79 people, 59.4%). The complete respondent profile is presented in Table 2.

Table 2. Characteristics of Respondents

Characteristic	Category	Total	Percentage (%)
Gender	Male	91	68.4
	Female	42	31.6
Age	18-20 years	6	4.51
	21-23 years	55	41.35
	24-26 years	56	42.11

Characteristic	Category	Total	Percentage (%)
Position	> 26 years	16	12.03
	Staff	8	6.02
	Barista	102	76.69
	Kitchen	7	5.26
	Store Manager	12	9.02
Tenure	1 year	79	59.4
	2 years	42	31.6
	> 2 years	12	9.0

Source: Processed primary data (2025)

Measurement Model (Outer Model)

Convergent validity testing showed that all indicators of ethical leadership and innovative work behavior had outer loading values above 0.7, while two indicators of thriving at work (TW4 and TW9) were below the threshold (0.590 and 0.575) and were therefore removed to improve construct validity. After re-estimation, all remaining indicators showed outer loading values above 0.7 with AVE values of 0.634 (ethical leadership), 0.703 (innovative work behavior), and 0.712 (thriving at work), confirming convergent validity. Discriminant validity was also confirmed, as the cross-loading value of each indicator on its own construct was higher than its loading on other constructs.

Reliability testing showed Cronbach's alpha values of 0.936 (ethical leadership), 0.953 (innovative work behavior), and 0.941 (thriving at work), with composite reliability values of 0.945, 0.959, and 0.952 respectively, all exceeding the recommended threshold of 0.7. These results confirm that the research instrument is valid and reliable. Figure 2 presents the final measurement model with its outer loading values.

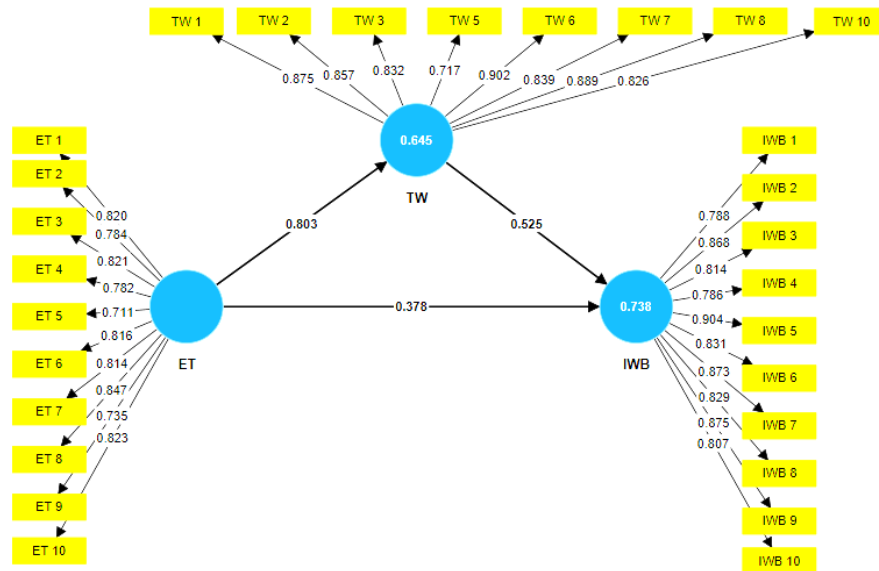


Figure 2. Research Model SEM-PLS

Source: Processed primary data (2025)

Structural Model (Inner Model)

The VIF values for all paths ($ET \rightarrow IWB = 2.818$; $ET \rightarrow TW = 1.000$; $TW \rightarrow IWB = 2.818$) were below 5, indicating no multicollinearity issues. The R-Square values were 0.738 for innovative work behavior and 0.645 for thriving at work, both falling into the moderate category (Hair et al., 2022). The Goodness of Fit (GoF) value of 0.658 indicates a strong model fit, the SRMR value of 0.052 (below the 0.08 threshold) indicates a good model fit, and the NFI value of 0.814 falls into the model fit category (Henseler, 2017).

Hypothesis Testing

Hypothesis testing was conducted using a bootstrapping procedure in SmartPLS 4, with hypotheses accepted when the t-statistic exceeded 1.96 and the p-value was equal to or below 0.05. The results, presented in Table 3, show that all four hypotheses proposed in this study were supported.

Table 3. Hypothesis Testing Results

Hypothesis	Path	Original Sample	T-Statistics	P-Values	Conclusion
H1	Ethical Leadership → Innovative Work Behavior	0.378	4.303	0.000	Accepted
H2	Ethical Leadership → Thriving at Work	0.803	26.189	0.000	Accepted
H3	Thriving at Work → Innovative Work Behavior	0.525	6.314	0.000	Accepted
H4	Ethical Leadership → Thriving at Work → Innovative Work Behavior	0.422	6.200	0.000	Accepted

Source: Processed primary data (2025)

4. Discussion

The Effect of Ethical Leadership on Innovative Work Behavior

The results confirm that ethical leadership has a positive and significant effect on innovative work behavior (H1 accepted), consistent with the findings of (Commer et al., 2020; Javed et al., 2020; X. Liu et al., 2023; Supriandi et al., 2022; Tran Pham, 2026). Coffee shop managers in Yogyakarta who make decisions in employees' best interests, treat employees fairly, and maintain balanced decision-making encourage employees to be more creative in developing new menu items, dedicate more effort toward developing the coffee shop, and pay attention to issues beyond their formal duties. Interpreted at the dimensional level, the finding indicates that both dimensions of ethical leadership operate across all four stages of innovative work behavior. The moral person dimension, expressed in honesty, fairness in allocating shifts and tasks, and genuine concern for employees, lowers the perceived risk of voicing untested ideas and therefore supports idea exploration and idea generation, in which employees dare to identify service problems and offer alternatives. The moral manager dimension, expressed in the clear communication of standards, consistency between words and actions, and appreciation of ethical conduct, provides the legitimacy

employees require to champion and implement their ideas, for example by trialling a seasonal menu or revising a service routine. This pattern is consistent with social learning theory (Bandura, 1977), in which employees imitate the standards modelled by a credible leader, and it helps explain why the effect is significant in this study while (Gustika et al., 2021; Riani & Harsono, 2024) found otherwise: in small coffee shop teams the leader is observed directly and continuously, so the role-modelling process operates far more intensively than in large hierarchical organisations.

The Effect of Ethical Leadership on Thriving at Work

Ethical leadership was also found to have a positive and significant effect on thriving at work (H2 accepted), in line with (Nguyen, 2025; Richardson et al., 2025; Siregar et al., 2019; Suryani et al., 2023; Yasir & Javed, 2024). Managers who treat employees fairly and make balanced decisions foster greater vitality and continuous learning among employees, reflected in more service variation, stronger customer relationships, and a more harmonious work atmosphere. This result can be explained through the socially embedded model of thriving (Spreitzer et al., 2005). The moral manager dimension supplies information sharing and clarity of standards, while the moral person dimension supplies trust and respect; together these contextual features enable the agentic behaviors of task focus, exploration, and heedful relating that produce thriving. The effect is visible in both dimensions of thriving: vitality, indicated by employees' energy and enthusiasm during long shifts and peak hours, and learning, indicated by their willingness to master new brewing techniques, recipes, and service standards. The very large path coefficient (0.803) suggests that in coffee shops the leader is effectively the sole source of the work climate, since flat structures provide few institutional mechanisms, such as formal career paths or structured training programmes, capable of generating thriving independently of the leader.

The Effect of Thriving at Work on Innovative Work Behavior

Thriving at work has a positive and significant effect on innovative work behavior (H3 accepted), supporting (Kleine et al., 2019), (Liu et al., 2020), (Nguyen & McGuirk, 2022) (Suryani et al., 2023), and (Wang, 2025), As employees learn more, expand their knowledge and skills, and sharpen their competencies, they become more inclined to generate creative menu ideas, invest effort in developing the coffee shop, and notice problems outside their formal responsibilities. In other words, the higher the level of thriving, the greater the tendency toward innovative behavior. At the dimensional level, the learning component of thriving contributes most directly to idea exploration and idea generation, because employees who continuously acquire knowledge of coffee varieties, brewing methods, and customer preferences possess richer cognitive material from which new ideas can be constructed. The vitality component, in turn, sustains idea championing and idea implementation, which require energy and persistence to convince colleagues and owners and to convert a concept into an operational menu item or service procedure. This finding supports the conservation of resources logic that underpins thriving research (Kleine et al., 2019): innovation is discretionary behavior, so it emerges only when employees hold psychological resources beyond those consumed by routine tasks such as serving customers and closing shifts.

The Mediating Role of Thriving at Work

Finally, thriving at work was found to significantly mediate the relationship between ethical leadership and innovative work behavior (H4 accepted), consistent with (Bunkaewsuk et al., 2024; Dehghanizadeh et al., 2025; Iqbal et al., 2020; Supriandi et al., 2022). Ethical leaders who are fair and considerate cultivate thriving among employees, which then translates into greater innovative behavior. Employees who thrive as a result of ethical leadership feel more prepared to innovate, perceive greater room to experiment with new ideas, and believe their contributions are valued, so the influence of ethical leadership on innovative behavior operates both directly and indirectly through employees' thriving. More precisely, the mediation identified here is partial rather than full, because the direct effect of ethical leadership on innovative work behavior remains significant ($\beta = 0.378$; $p < 0.001$)

alongside the indirect effect transmitted through thriving at work ($\beta = 0.422$; $p < 0.001$). The indirect effect accounts for approximately 52.8 per cent of the total effect of 0.800, indicating that slightly more than half of the influence of ethical leadership on innovative behavior passes through employees psychological state, while the remainder operates directly through role modelling and the ethical norms the leader establishes. This is consistent with social exchange theory (Blau, 1964): fair and considerate treatment creates a felt obligation to reciprocate, but reciprocation in the form of exploring, generating, championing, and implementing new ideas requires the vitality and learning that thriving provides. Substantively, the result also explains the inconsistency of earlier studies, since where thriving is not measured part of the influence of ethical leadership remains invisible and the direct effect may appear weak or non-significant, as reported by (Riani & Harsono, 2024).

5. Conclusion

This study examined the effect of ethical leadership on innovative work behavior through thriving at work as a mediating variable among 133 coffee shop employees in Yogyakarta. The results lead to four conclusions: (1) ethical leadership has a positive and significant effect on innovative work behavior; (2) ethical leadership has a positive and significant effect on thriving at work; (3) thriving at work has a positive and significant effect on innovative work behavior; and (4) thriving at work significantly mediates the effect of ethical leadership on innovative work behavior.

Theoretical Implications

This study offers three theoretical contributions. First, it extends the application of social learning theory (Bandura, 1977) and the socially embedded model of thriving (Spreitzer et al., 2005) to the creative-service sector of small and medium-sized enterprises, showing that the role-modelling and thriving mechanisms established in large organisations also operate, and indeed operate more intensively, in small teams where the leader is

observed directly and continuously. Second, it clarifies the inconsistency in prior findings on the ethical leadership–innovative work behavior relationship (Gustika et al., 2021; Riani & Harsono, 2024; Supriandi et al., 2022) by demonstrating empirically that the relationship is partially mediated by thriving at work, with the indirect path accounting for approximately 52.8 per cent of the total effect, so that models specifying a direct effect alone risk underestimating the influence of ethical leadership. Third, it refines the model of (Iqbal et al., 2020) by retaining thriving at work as a single mediator and interpreting the results at the dimensional level, namely moral person and moral manager, vitality and learning, and the four stages of innovative work behavior, thereby providing a more precise account of how ethical leadership is converted into innovation.

Managerial Implications

For coffee shop owners and managers in Yogyakarta, the findings translate into four concrete courses of action. First, ethical leadership should be treated as an operational competence rather than a personal virtue: the moral person dimension can be institutionalised through transparent allocation of shifts and tips, consistent enforcement of rules for all employees, and openness to complaints, while the moral manager dimension can be institutionalised through explicit service and quality standards, explanation of the reasoning behind decisions, and public recognition of employees who uphold them. Second, because thriving at work carries more than half of the effect of ethical leadership on innovation, managers should protect employees' vitality through humane shift scheduling and adequate rest during peak hours, and support learning through regular cupping sessions, brewing and latte-art training, and rotation across the bar, kitchen, and service stations. Third, the four stages of innovative work behavior require different forms of support: idea exploration and generation can be encouraged through short pre-shift briefings that invite observations about customers, whereas idea championing and implementation require a simple mechanism, such as a monthly menu trial with a small budget and a clear decision timeline, so that employee ideas do not stop at the discussion stage. Fourth, given the short tenure typical of the industry,

appreciation and involvement in decision-making should be extended early rather than reserved for long-serving employees.

Limitations and Future Research

This study is limited by the need to distribute questionnaires during specific hours to avoid disrupting service, and by the considerable time required to collect complete responses from a single coffee shop, which took up to five hours per location. Three further limitations should be acknowledged. The design is cross-sectional, so the causal ordering among ethical leadership, thriving at work, and innovative work behavior cannot be established definitively; the data are self-reported by a single source, which raises the possibility of common method bias; and the sample is restricted to coffee shop employees in Yogyakarta, which limits generalisation to other regions and industries. Future research is therefore encouraged to expand the sample to broader or different sectors, to adopt longitudinal or multi-source designs in which leader behavior is rated by supervisors and innovative behavior by colleagues, and to test moderating variables such as psychological safety, organisational support, or length of tenure that may strengthen or weaken the hypothesised relationships.

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