

I. INTRODUCTION

1.1. Background

Based on data from the 2022 BPS Sekernas, it is recorded that 15 to 20% of workers in Indonesia with an age range of 15-64 years experienced a job change within one year. Reviewing the number of workers in that year, which reached 137 million workers, it can be estimated that around 27 million individuals have moved workplaces. Entering 2023, the condition of the workforce in Indonesia has decreased in quality, the results of a survey conducted by the BPS Sakernas show that around 70-75% of workers are able to survive more than one year in the same workplace. This condition represents a decrease from 2021, which was originally 80% to 70-75%. This means that around 18% of workers out of a total of 141 million workers have moved jobs in the last 1 year, up 5% from 2022 (Central Statistics Agency, 2022). The Ministry of Manpower (Kemnaker) also reported that in 2023 around 2.5 million workers will experience partial termination of employment (PHK). This condition also encourages most workers to look for new job opportunities, resulting in the level of loyalty in small and medium-sized companies decreasing by up to 65%.

Referring to the 2022-2024 National Medium-Term Development Plan (RPJMN) updated by Bappenas, the labor transfer rate is projected to remain in the range of 15-20% annually until 2024, with the average survival period of workers in a job of around 2.5 years. The phenomenon that is currently occurring reflects the level of labor loyalty that tends to be low, especially in the informal sector which still absorbs more than half of the workers in Indonesia with a percentage value of 56% (Employment Planning and Development Agency, 2024). The main factor for

workers to leave the workplace is because they feel that these workers are able to have a better career path compared to the previous workplace. The main reasons that underlie workers decide to *resign* from their workplaces include several factors including 30% influenced by the absence of social security such as insurance, 20% influenced by limited career development opportunities and position promotions, 35% due to too low wage levels and 25% influenced by inadequate working environment conditions (Directorate of Population and Employment Statistics, 2023).

Referring to the data above, the phenomenon of low employee retention rates shows that employee loyalty in the workplace has decreased, this is due to the lack of emotional connection between employees and the company where the employees work, resulting in employees looking for new opportunities out there. This phenomenon also has an impact on the work environment which creates a sense of uncertainty and also decreases employee morale. The high turnover rate can also disrupt the dynamics of the company's organization as a whole, this is because the loss of quality employees can disrupt the balance of the existing team. This situation also applies to state-owned companies (SOE) in Indonesia, the retention rate can affect the overall operational stability which will trigger difficulties in maintaining work continuity and cause an overall decrease in productivity.

The low employee retention condition is also experienced by Perum Perhutani as one of the strategic SOEs that has great responsibilities and responsibilities in the management of forest resources in Indonesia. According to data from the Ministry of Life and Forestry (LHKH) as of 2024, Indonesia has a forest area of 95.5 million hectares. The total forest area owned by Indonesia

certainly has a million potentials stored and will bring various benefits if it can be managed optimally. This management is also regulated in the law, namely in Government Regulation No. 72 of 2010 concerning State Forestry Public Companies (Perum) which states that Perum Perhutani has the right to manage the establishment of duties, functions and forest management in Indonesia. More than that, it is also clearly stated in this regulation that Perum Perhutani is also obliged to manage business activities which include planting, maintenance, harvesting of forest products, forest processing, marketing of forest products and managing strategies to increase forest productivity in Indonesia.

Perhutani divides several work areas called regional divisions as an effort to manage forests in Indonesia. The regional division is a work unit tasked with managing the business line of forest resource utilization in the area that covers the region, one of the regional divisions under the auspices of Perum Perhutani, namely the East Java regional division. Like the duties of other regional divisions, the East Java regional division certainly plays a role as a controlling holder in the regulation and management of forest ecosystems in East Java. Based on data from the Central Statistics Agency or BPS, the area of forest plains in East Java is 1,357,640 hectares, where the forest area is an important asset that requires proper management in order to be able to become a productive asset (Central Statistics Agency, 2025). Talking about forest management carried out by Perum Perhutani, especially the East Java regional division, of course, it depends on the people or workers who are directly involved in these activities.

Perum Perhutani as one of the State-Owned Enterprises that has an important role in forest management in Indonesia not only focuses on aspects of business management and environmental sustainability, but is also required to carry

out sustainable human resource management. As a company that carries out the mandate of managing very vital state assets, Perum Perhutani is required to have competent, highly dedicated, and long-term human resources as shown in table 1.1. below.

Table 1. 1. Data on Active and Outgoing Employees at the PerumPerhutani Divre East Java Office 2020-2025

No.	Description	Classification	Quantity	Percentage (%)
1.	Number of current employees	Employees with more than 5 years of service	104	80
		Employees with less than 5 years of service	26	20
2.	Number of employees leaving	Leaving due to retirement	50	83,33
		Leaving for something else	10	16,67

Source: Primary Data, 2025

Table 1.1 explains that Perum Perhutani Divre East Java has a total of 130 employees as of 2025, of which 80% of the workers have a working period of more than 5 years. Based on data for the 2020-2025 period, employees who leave Perum Perum Perhutani East Java Regional Division are mostly caused by retirement factors, which is 83.33%, while those who leave for other reasons are only 16.67%. This condition shows that the majority of employees tend to stay and complete their working period until retirement. This fact can be interpreted as an indication of a high retention rate among employees, because they not only survive in the long term, but also position the company as a stable workplace and able to provide a sense of security for their future.

Through workers who are competent in their fields, the business unit run by a company will certainly be able to achieve the desired goals, it also applies the other way around, if a company hires employees who are less competent in their fields, then it is also more difficult for the company to achieve the desired target.

Reviewing from this, a common thread can be drawn that to realize sustainable forest management, we also need to manage the human resources involved in it, because with maximum human resource management we can create workers who are competent in their fields and able to manage the forestry sector in Indonesia carefully and appropriately. Human resource management or commonly known as HR is a managerial tool used by organizations or companies to plan, manage, and control human resources (Priyono, 2008).

Human resource management is also a recognition of how important HR input is in supporting the success of an organization's performance. Competent human resources will play an important role in contributing to the success indicators set by an organization (Cushway and Lodge, 1996). Sustainable human resources management practices or can be called sustainable human resources management practices are one part of the human resource management strategy, where this aims to make an HR can contribute optimally to achieve financial, social and environmental goals both inside and outside the company and make it able to run for a long time (Abu-Mahfouz et al., 2023). The thing that needs to be focused on in the implementation of sustainable HR practices is that a company implements this to minimize economic risks related to human resource management and increase company profits through improving the company's reputation by managing HR more positively and supporting its employees to be able to develop (Lu et al., 2023).

Sustainable HR practices certainly make considering the welfare of employees in the long term as their priority or main goal, by applying this, employees who work see the company not only as a place to earn rupiah but employees also feel that their presence is appreciated and feel that the company

pays attention to the psychological and emotional condition of its workers. This attention will certainly have an impact on employee loyalty to the company. Employee loyalty is a form of loyalty, trust and also devotion owned by someone to a company that oversees them. Employee loyalty also describes the love and responsibility of employees to give their best to support the sustainability of the company. Employees who have a low sense of loyalty tend to have a negative sense of work life, the employee will foster a negative sense in himself and lead to a feeling of wanting to leave the company (Malanuwa et al., 2023).

Employee loyalty refers to emotional and behavioral commitments that show a person's willingness to continue working and contributing to the organization, despite the fact that it is not always favorable. This loyalty is reflected in a strong emotional attachment to the company, belief in the organization's vision and mission, and a desire to protect the company's reputation and interests beyond formal responsibilities. In line with the statement of Malanuwa *et al.* , (2023), employees who have high loyalty usually show great dedication, are willing to work harder without many complaints, and are an example in terms of work ethics and discipline. Low loyalty will result in a decrease in the performance of the employee, in addition to that it can also have an impact on high late attendance, lack of employee discipline in obeying regulations and the development of employee achievement that tends to stagnate. The long-term impact on employee loyalty will affect the company's performance in achieving targets and realizing the vision and mission that they have determined, resulting in a weakening of the company's competitiveness in competing with similar companies.

The loyalty possessed by employees of Perum Perhutani Divre East Java is certainly inseparable from various factors that affect this feeling. The sense of

loyalty possessed by an employee is a complex thing that can be formed from various types of variables that affect it. Exploration of various things that affect loyalty in the world of work is very important, this will provide insight into how a work environment can support and improve the performance of the company itself. If a company focuses on factors that affect employee loyalty, then the company can certainly optimize the full potential of the workforce they have (Dutta and Dhir, 2025). Some important aspects that are often associated with sustainable HR practices are benefits and awards, work-life balance, and workload if associated with each other, will refer to the existence of sustainable human resources management practices (Lu et al., 2023).

The application of sustainable MSDM practices places the aspect of compensation or benefits as an element that cannot be separated from the organization's commitment to maintaining employee welfare. Allowances are a crucial aspect in the management of human resource management. Basically, the form of allowance or compensation received by an employee is a result of selling their labor to the related company. The provision of compensation can be said to be crucial because an employee will consider the amount of energy and thoughts they want to expend. Compensation that is relatively small will certainly make an employee feel less appreciated so that it will affect their performance and loyalty to the company. It also applies the other way around, if a company is able to provide compensation commensurate with the workload given, employees will feel satisfied with their hard work and increase their loyalty to the company and be motivated to achieve the company's goals and objectives.

The amount of allowances that the company provides to employees will of course also determine the economic life scale of the employee itself. The control of

allowances given to employees also needs to be considered by a company, just like the provision of allowances that tend to be lacking, the provision of allowances also needs to be done to avoid providing allowances to incompetent employees. Improper and untargeted management of allowances can also trigger the emergence of social jealousy which will affect other workers so that it results in the performance of each employee. Social jealousy felt by an employee will cause employee dissatisfaction, dissatisfaction can be reflected through the behavior of employees who are indifferent to their duties and lack of a sense of responsibility for the company's development. Substantially, this condition shows a low level of employee loyalty which if left unchecked will cause the company's inability to compete in the global market (Hadi et al., 2021).

Another factor that affects employee loyalty is *work-life balance* or can be translated as a balance between work and social life. Changes in work styles and work environments coupled with changes in social views in this era create an imbalance between work and personal life of employees. Increasing demands, increasing levels of mental burden and family life dynamics also make it more difficult for an individual to balance roles in the workplace and their personal life (Hadi et al., 2021). For employees, work-life balance is seen as an effort to manage work obligations as well as fulfill personal responsibilities. From a company's point of view, *work-life balance* is a challenge in supporting building a sustainable work culture that is able to support an employee to focus on their work while in the company's scope (Badrianto and Ekhsan, 2021).

Perum Perhutani East Java Regional Division also pays attention to the balance of employees' roles in work life and their social life, the implementation of work from home (WFH) is a form of program designed by the company to be able

to balance the social life of its employees. The implementation of the WFH program is carried out by a rotating method in each division. Each division in the PerumPerhutani East Java Regional Division office is given a WFH allocation 4 times a month. The fair division of time between work and social life makes employees feel that the company pays serious attention to the welfare of its workers. Work-life balance is not only important for an employee, more than that the company also benefits from the program. With this program, employees can work optimally because the sense of boredom faced by each individual tends to be reduced compared to working directly at a tempo that tends to be monotonous.

Work-life balance is not the only aspect that affects employee loyalty, another aspect that needs to be considered for companies to increase the loyalty of their workers is workload. Workload is an accumulation of work given to an employee to be completed within a certain period of time. Workload is a factor that affects employee loyalty because if the workload given by a company to its employees exceeds the ability of the employees themselves, it will cause *stress*, *burnout*, fatigue and difficulty in balancing work with employees' personal lives. High workload can reduce employees' interest and motivation in completing their work, thus encouraging them to look for career opportunities in other companies. This condition is further exacerbated if workers feel underappreciated or do not receive adequate support from management (Wardani and Indriati, 2023).

The feeling of fatigue and burden can lead to the assumption that the company does not pay attention to their needs well, so there is a tendency to move to another workplace that is considered able to provide conditions that are more in line with expectations. Reviewing from that, companies need to pay attention to the portion of workload provided and provide sufficient support so that employees feel

appreciated and cared for and can get a sense of satisfaction at work (Saputra et al., 2024). Job satisfaction can be understood as the general attitude of the workforce towards their work. In general, job satisfaction is a positive or happy feeling experienced by individuals when carrying out their duties. Factors such as the attractive nature of the job, the existence of opportunities to achieve achievements, opportunities to obtain awards or promotions play an important role in building this satisfaction. Job satisfaction can also be interpreted as an individual's affective response to his work, which arises from a comparison between the conditions felt and the expected conditions (Anifah and FoEh, 2022).

The work environment has a significant contribution to the level of satisfaction. If the work environment conditions are not supportive or inadequate, it can reduce employee motivation and work morale. On the other hand, when individuals feel satisfied with their work, they tend to be happier and able to show more optimal performance. Dissatisfaction usually arises when employee expectations do not match the accepted reality. Some of the factors that often trigger dissatisfaction include the implementation of regulations, the wage system, the availability of facilities and infrastructure, and the quality of relationships between employees (Rahmawati, 2020).

Research on employee loyalty at the PerumPerhutani Divre East Java office has several research gaps and significant differences compared to the existing literature. This fact was obtained that previous research conducted by Abu-Mahfouz et al. (2023), as well as Lu et al. (2023) where they did discuss the relationship between human resource management and employee loyalty, but still in the context of the private sector and industry in general. The research has not highlighted the practice of sustainable MSDM, especially in the forestry sector where there are

special regulations that are regulated in the management of the work rhythm. Not only that, the relationship between organizational factors and sustainable HR practices is still fragmented in academic studies where the discussion between the variables is still separate from each other. Research conducted by Angin and Saragih (2021) shows that there is a positive influence between *work-life balance* on employee performance with the finding that employees who feel a balance are higher and show 25-30% better productivity in private company environments. The shortcomings of this study are limited to the context of big cities and the younger generation, without touching the forestry SOE sector such as Perhutani, where there is government and political intervention in it.

Anifah and FoEh (2022) identified the main drivers of job satisfaction including wages, career advancement, and work atmosphere that are strongly correlated with employee loyalty ($r=0.68$, $p<0.05$), the results were based on a survey of 200 employees in the general sector. These results confirm that dissatisfaction can reduce loyalty by up to 40%, but it remains generic without adaptation to SOEs or vulnerable industries such as forestry, where the extra workload of government policies can exacerbate burnout. Based on previous studies, it can be said that there has been no study that discusses in depth and links all organizational factors, namely job satisfaction, *work-life balance*, benefits and workload to employee loyalty. Reviewing from this, this study is aimed at covering the shortcomings in the previous research and seeing how the relationship of each variable studied will affect employee loyalty.

Research on employee exploration through organizational factors that include job satisfaction, *work-life balance*, Allowances and workload at the PerumPerhutani East Java Regional Division office have a high urgency,

considering that loyalty is a key element in maintaining organizational sustainability in the forestry sector that faces environmental challenges and strict regulations (Febriani et al., 2022). These organizational factors have an important role in building employee commitment, through sustainable human resource management practices, employees will feel more appreciated. The implementation of sustainable HR practices such as balanced workload management and the provision of benefits that support the welfare of Perum Perhutani's employees does not only serve to reduce the level of *Turnover*, but also improve the company's ability to adapt to government regulations.

The human resource management literature explains that organizational stability is determined not only by low *turnover rates*, but also by the quality of employee loyalty that persists within the organization. According to *Social Exchange Theory* Peter Blau (1986), sustainable working relationships are formed through reciprocal exchanges that are perceived to be fair by both parties. When an organization is able to provide support, fairness, and decent working conditions, employees are more likely to maintain their attachment and show stronger loyalty. Conversely, imbalances in human resource management can weaken these mutual relationships and implicate in decreased employee commitment (Eisenberger et al., 1986).

The phenomenon of a relatively high retention rate in the Perum Perhutani East Java Regional Division office shows that around 80% of employees who leave are caused by retirement factors. Although the exit of employees is dominated by retirement factors, this condition still requires organizations to ensure the readiness of replacement human resources so that organizational performance can continue to be maintained. The existence of a trend of employees leaving every year, mostly

due to retirement, raises fundamental questions about the resilience of employee loyalty and the stability of human resources to remain stable and sustainable in the long term. Reviewing from this statement, it is important to identify the human resource management mechanism implemented in the Perum Perhutani Divre East Java office because the mechanism plays a role in forming, maintaining, and strengthening employee loyalty.

This identification is the first step to assess the extent to which existing HR practices are applied to affect employee attitudes and loyalty, as well as the basis for empirically reviewing employee loyalty levels through loyalty measurement or *scoring*. Furthermore, this study has an urgency to examine the role of organizational factors, such as job satisfaction, work-life balance, benefits, and workload, in maintaining employee loyalty and supporting the sustainability of human resource management. Imbalances in organizational factors can have a serious impact on the sustainability of organizations, especially in the forestry sector which demands long-term commitment from its workforce. As a practical implication, the results of this research are expected to be the foundation for organizations in formulating policies that are more targeted, especially related to the preparation of compensation systems, workload management, and strengthening *work-life balance programs*. Reviewing from this description, the researcher raised the title "**Employee Loyalty Through Organizational Factors in Human Resource Management Practices at the Perum Perhutani Divre East Java**".

1.2. Problem Formulation

Reviewing from the background, this study has the following problem formulation:

1. How does the human resource management mechanism at the Perum Perhutani Divre East Java office affect employee loyalty?
2. How does job satisfaction, *work-life balance*, allowances and workload affect employee loyalty at the PerumPerhutani Divre East Java office?

1.3. Research Objectives

Reviewing from the description above, this study has the following objectives:

1. Identify the human resource management mechanism at the Perum Perhutani Divre East Java office that affects employee loyalty.
2. Analyzing the influence of job satisfaction, *work-life balance*, benefits and workload on employee loyalty at the Perum Perhutani Divre East Java office.

1.4. Research Benefits

The results of the study are expected to provide benefits for:

1. For the author, this research is expected to provide knowledge, knowledge and reference materials for research related to human resource management.
2. For the Company, this research is expected to provide input to be able to develop better human resource management.
3. For Higher Education, this research is expected to be a reference and reference for students who will conduct similar research.