

I. INTRODUCTION

1.1. Background

Indonesia has the characteristics of being an agrarian country supported by abundant natural resources, including large forest areas. Based on data from Ministry of Environment and Forestry (2024), Indonesia has 95.5 million hectares of forested land, or about 51.1% of its total land. The existence of these forests not only serves as an ecosystem buffer, but also as a source of income for the community, a provider of industrial raw materials, and a support for climate stability. The strategic role of forests makes Indonesia's agricultural sector not only rely on agriculture and plantations, but also on the sustainable management of forestry resources.

Perum Perhutani is a State-Owned Enterprise that manages most of the forests in Indonesia. This has been written in Government Regulation No. 72 of 2010 which is the main legal basis that regulates the position, duties, and activities of Perum Perhutani as a State-Owned Enterprise engaged in state forest management. Government Regulation No. 72 of 2010 emphasizes that Perhutani is a public company whose entire capital is owned by the state and is not divided into shares. This legal position gives Perhutani a mandate to manage state forest areas professionally and responsibly in accordance with the principles of sustainable forest management, as well as oriented towards the public benefit. The government places Perhutani as a strategic institution that has a big role in maintaining the sustainability of the ecological, economic, and social functions of state forests.

Perum Perhutani divides several working areas or called regional divisions to help manage forest areas in Indonesia. The regional division is a work unit responsible for the management of business lines and the utilization of forest resources in its operational area. One of the divisions under the auspices of Perum Perhutani is the East Java Regional Division. In accordance with the function of regional divisions in general, Perum Perhutani East Java Regional Division has an important role as a controller in the process of regulating and managing forestry activities in the East Java region.

East Java is one of the provinces with large forest areas. According to data on (Central Bodies Statistics 2025), the forest area in East Java reaches around 1.36 million hectares and is an important support for various agricultural, forestry, and natural resource management activities. The existence of this vast forest not only serves as a protector of the ecosystem, but also plays a role in the provision of raw materials, labor absorption, and the development of agroforestry potential in the region.

Most of the forest areas in East Java are state forests whose management is under the responsibility of the state-owned company Perum Perhutani. Until the latest year, Perhutani managed around 1.35 million hectares of forest areas on the islands of Java and Madura, including areas in East Java Province. Perhutani is an important institution tasked with maintaining the sustainability, productivity, and sustainability of forest functions. This management includes area protection, utilization of forest products, partnerships with surrounding communities, and restoration of degraded areas

Perum Perhutani as a State-Owned Enterprise that plays a strategic role in forest management in Indonesia does not only focus on business aspects and environmental sustainability. Perum Perhutani is also required to ensure sustainable human resource management as part of efforts to support optimal organizational performance. Perum Perhutani East Java Regional Division has a fairly large forest area. As a state company mandated by the state to manage a large area of forests, Perum Perhutani East Java Regional Division requires competent, effective, and efficient employee performance. This is in accordance with the research of, Nurdyawati et al. (2020) performance reflects the ability of individuals to express their potential in their field of work and meet work targets effectively and efficiently. This is because optimal employee performance has an impact on the company's success because it shows the extent to which individuals are able to meet job demands or targets effectively.

Employee performance is an important factor for the success of the organization because it determines the level of productivity, quality of work results, and the effectiveness of achieving company goals. At Perum Perhutani East Java Regional Division, employee performance has a strategic role considering that the organization is not only oriented towards achieving business targets, but also responsible for the sustainable management of forest resources. The achievement of optimal performance is influenced by various internal organizational factors, including work discipline, job promotion, work environment, and compensation. In the perspective of Human Resource Management based on the Motivation and Opportunity Theory of Robbins (2013), employee performance will increase when the organization is able to encourage employee motivation, provide good job

opportunities, and create an effective human resource management system. Therefore, it is important to analyze the influence of work discipline, job promotion, work environment, and compensation on employee performance at Perum Perhutani East Java Regional Division.

The quality of human resource management has a direct influence on fluctuations or consistency in performance achievements. Aspects such as work discipline, compensation, promotion, and work environment have an important role in shaping work behaviors that support the achievement of organizational targets. Irregularities in the management of these aspects have an impact on the decline in the organization's ability to achieve performance indicators consistently. This condition can be seen in Perum Perhutani East Java Regional Division, which shows fluctuations in the achievement of performance indicators in each assessment period. An overview of the dynamics of performance achievements can be seen in Table 1.1 below

Table 1. 1 Perum Perhutani Employee Performance 2025

Yes	Stuttgart	Number of Indicators	Indicators Met	Performance (%)
1.	Quarter I	20	18	90
2.	Quarter II	20	15	75
3.	Quarter III	20	16	80

Source: Perum Perhutani Divre East Java (2025)

Table 1.1 shows the performance of Perum Perhutani East Java Regional Division in 2025 based on the performance of work indicators every quarter. The number of indicators set in each quarter remains as many as 20 indicators, indicators of the company's performance can be seen in appendix 3. Based on table 1.1, the first quarter recorded the fulfillment of 18 indicators with a performance level of 90%, which illustrates the relatively optimal implementation of tasks. The second

quarter experienced a decline with only 15 indicators met, resulting in a performance rate drop to 75%. The third quarter showed a rebound with 16 indicators met and a performance percentage of 80%. These fluctuating changes in achievement show that there are dynamics in the implementation of performance that are not completely stable.

The fluctuating performance achievements at Perum Perhutani East Java Regional Division are ultimately rooted in individual employee performance which can be observed through work behavior and daily work results. Performance appraisal is an instrument to map the extent to which employees are able to produce output according to standards, maintain productivity, and complete work on time, while demonstrating discipline and compliance with work conditions that lead to company performance.

The results of the assessment do not stop as administrative records, but become the basis for decision-making related to human resource management. The level of achievement of employees on the assessment indicators will affect the compensation received because compensation is positioned in return for contributions and performance. The condition of the work environment is also related because the comfort of the facilities, the support of superiors, and the relationship between colleagues can encourage or hinder the fulfillment of targets and the quality of work results. Career development opportunities and job promotions are also considered from the track record of assessment, because organizations tend to see consistency of performance, integrity, and contribution as indicators of readiness to occupy higher responsibilities.

The performance assessment criteria used need to be displayed in a more operational manner so that the focus of the assessment can be clearly understood, starting from the quality of work, quantity of work, punctuality, discipline and compliance, initiative and problem-solving, adaptability, to cooperation and interpersonal impact. The following table 1.2 presents the assessment aspect and the focus of the assessment as a basic overview of employee performance assessment at Perum Perhutani East Java Regional Division.

Table 1. 2 Performance Appraisal Criteria at Perum Perhutani Divre East Java

No.	Assessment Aspects	Assessment Focus
1.	Quality of Work	Minimal errors, results according to predetermined SOPs/standards.
2.	Work Productivity	The output target is achieved the productivity is stable.
3.	Punctuality	Work completed on time, quick response.
4.	Discipline and compliance	Attendance, SOP compliance, work integrity.
5.	Adaptability	Quick learner, flexible when process/target changes.
6.	Cooperation and interpersonal impact	Collaborative, helping colleagues, harmonious communication.

Source: Perum Perhutani (2025)

Table 1.2 shows that employee performance assessments at Perum Perhutani Divre East Java are carried out comprehensively, not only focusing on the final results of work, but also on processes, attitudes, and adaptability in work. The aspect of work quality is assessed from the minimum of errors and the conformity

of the results with the SOPs or standards that have been determined. The aspect of work quantity emphasizes the achievement of output targets and productivity stability. The punctuality aspect assesses the ability to complete work on time as well as the speed of response in carrying out tasks.

The assessment also contains aspects of work behavior, namely discipline and compliance as seen from attendance, compliance with SOPs, and work integrity. The initiative and problem-solving aspects assess the extent to which employees are able to propose improvements and resolve work obstacles that arise. The adaptability aspect emphasizes the ability to learn quickly and flexibly when there are changes in processes and targets. The last aspect, cooperation and interpersonal impact, assesses collaborative attitudes, willingness to help colleagues, and harmonious quality of communication in the work environment.

Company performance and employee performance are basically related to each other. The dynamics of performance achievements that occur in Perum Perhutani East Java Regional Division show that performance consistency is not only determined by individual abilities, but also influenced by the company's internal aspects that regulate the course of operations, especially the organizational structure and work mechanisms implemented. The organizational structure of Perum Perhutani East Java Regional Division is designed to clearly divide roles, authorities, and responsibilities at each level of the position, thus supporting smooth coordination because each division understands the limitations of its functions and responsibilities. The interconnectedness between work units in carrying out operations makes structural clarity an important factor for organizational effectiveness. Sunarno and Wibowo (2023) stating that a well-organized

organizational structure is able to form a directed workflow and provides a solid foundation for improving employee performance.

The work mechanism at Perhutani includes the stages of planning, implementation, supervision, and evaluation of work results in a certain period. Employees are required to follow the operational standards that have been set so that tasks can be carried out regularly and consistently. Irregularities in the work mechanism can lead to a decrease in the speed, accuracy, and effectiveness of job completion. According to Putra and Dewi (2021), a work mechanism designed with a clear flow serves as an operational guideline that helps employees work systematically and effectively.

The role of organizational structure and work mechanisms appears in the ability of employees to meet the performance targets that have been set. The accuracy of the division of tasks, the clarity of coordination between units, and compliance with operational procedures are the elements that determine the extent to which the quality of work can be achieved. Fluctuating performance achievements indicate that there are structural aspects and work mechanisms that need to be strengthened to achieve consistency of work results. According to Hidayati (2020), the effectiveness of the organization's internal systems is an important foundation for forming work behaviors that support optimal performance achievement.

The understanding of the role of organizational structure and work mechanisms opens up space to examine other factors in human resource management that also affect employee performance. Some of the main factors that are often associated with employee performance include work discipline, work environment, compensation, and job promotion. These four aspects, when studied in an integrated

manner, provide an overview of the elements that shape the quality of individual performance in the organization (Mangkunegara, 2019). Work discipline is a very crucial aspect because it is a benchmark for employee compliance with the rules and work schedules that have been set (Amin et al., 2022). One of the easiest indicators to observe in assessing discipline is the attendance list. A stable attendance rate and a lack of absenteeism for no reason reflect employees' commitment to carrying out their responsibilities.

High attendance or repeated delays can disrupt the smooth flow of work, hinder team coordination, and decrease operational effectiveness. On the contrary, consistent attendance indicates that employees are able to maintain a work rhythm and adhere to company standards (Bhimanatham and Iyer, 2024). This condition ultimately has a direct impact on the quality of task completion, productivity, and contribution to the achievement of targets, so that work discipline through attendance indicators is an important factor in determining employee performance. This is in accordance with research conducted by (Ningsih et al., 2022), Work Discipline partially has a positive effect on employee performance. Factors regarding employee discipline are supported by the present list in table 1.3.

Table 1. 3 Employee Attendance List in 2023

Month	Total Employees (People)	Total Business Days (Days)	Not Entering Without Permission (People)	Arriving Late (People)
April	88	13	2	3
May	88	22	5	3
June	88	19	4	5
July	88	20	3	2
August	88	22	2	7
September	88	20	3	3

Source: Ningrum and Wahyuni (2024)

Table 1.3 shows the condition of employee attendance from April to September with a consistent number of personnel of 88 people. Variations in the number of working days each month show a difference in workload, but the pattern of absenteeism and tardiness provides a clearer picture of employee work discipline. The highest absenteeism without permission occurred in May as many as 5 people, while other months showed fluctuations between 2 to 4 people. A similar condition can be seen in delays, where the number of employees who arrive late reached its peak in August as many as 7 people.

These fluctuations in absences and delays reflect instability in work disciplines that have the potential to affect the smooth running of operational processes. Absenteeism without permission can disrupt workflow and reduce the effectiveness of team coordination, while tardiness can decrease the rhythm of completing daily tasks. If these conditions continue consistently, the impact will be seen on the achievement of targets, individual productivity, and overall performance assessment. Thus, the attendance pattern in this table is an important indicator that shows that the aspect of work discipline still needs to be strengthened to support the improvement of employee performance.

Work discipline is not the only factor that impacts employee performance. Another aspect that also needs to be considered by companies in an effort to improve performance is the promotion of a clear position or career path for each employee. This is in accordance with research conducted by Siswantoro and Sutarmin (2023), job promotion has a partial effect on employee performance because employee morale and productivity can decrease when rewards for achievements are not given on time and clarity is given to career paths. Career

clarity motivates employees to improve their competencies, perform at their best, and commit to the task at hand. According to Defana et al. (2025), When a company provides transparent and structured promotional opportunities, employees will feel valued and have a definite direction of development. This condition can ultimately increase work morale and contribute directly to improving overall performance.

Table 1. 4 Class and Rank

Pangkat	Remarks	Number (People)
I/1	Young Juru	6
I/2	Kindergarten I	3
I/3	Juru	4
I/4	Sgt. I	5
II/1	Young Organizer	6
II/2	Young Organizer of Tk. I	3
II/3	Regulator	9
II/4	Regulator Tk. I	10
III/1	Young Stylist	12
III/2	Young Administrator Tk. I	12
III/3	Penata	10
III/4	Pentathlon Tk. I	14
IV/1	Builder	16
IV/2	Pembina Tk.I	4
IV/3	Lead Builder	1
IV/4	Associate Main Coach	1

Source: Perum Perhutani (2025)

Promotion of positions at Perum Perhutani is generally carried out every four years by considering the group held by each employee. Table 1.4 shows the group structure that applies in Perum Perhutani East Java Regional Division, starting from group I to group IV with sequential levels. This classification system is basically designed to provide a clear direction of career development and ensure that the transfer of positions is carried out objectively according to the period of service and performance assessment.

However, in practice, there are often delays in promotion even though employees have met the promotion requirements. This condition can cause

dissatisfaction, reduce motivation, and affect work performance, especially for employees who feel that they do not receive the appreciation commensurate with their contribution. The misalignment between promotion and promotion is one of the challenges in career management at Perum Perhutani East Java Regional Division. The misalignment between class promotion and promotion has an impact on decreasing work morale and hindering the achievement of optimal employee performance (Setyawati et al., 2022).

Another aspect that affects employee performance is the work environment. This is in accordance with research by Estiana et al. (2023), namely the work environment has a positive effect on employee performance. A conducive work environment will create comfort at work so as to increase effectiveness and efficiency in employee performance. However, the budget efficiency imposed by the government on SOEs, including Perum Perhutani East Java Regional Division, has an impact on various operational aspects. The policy affects the physical work environment through limited facilities, workspace conditions, and available supporting facilities. Budget reductions make companies have to maximize the use of resources at the lowest possible cost, so employees are required to continue to work optimally even though the facilities used are not fully adequate.

A non-physical work environment that includes the relationship between superiors and subordinates, communication patterns, organizational climate, and leadership style is also an important factor in maintaining performance stability (Rifhiyah, 2022). The balance between physical and non-physical conditions in the work environment plays a strategic role in supporting the ability of Perum Perhutani

East Java Regional Division to maintain the achievement of performance targets in the midst of the budget efficiency policy implemented by the government.

Another factor that affects employee performance is compensation. Compensation has an influence on employee performance. This is in accordance with research conducted by Yani (2022), which states that compensation plays a role in improving performance. Compensating employees who are balanced with their workloads can motivate them to work more optimally. An imbalance between workload and compensation has the potential to lower employee performance (Purba and Setiyono, 2022). This is in line with fairness theory, which emphasizes that employees assess the extent to which the rewards received are proportional to the effort expended, as well as compare them to other colleagues in the organization (Chen et al., 2023). Therefore, Perum Perhutani East Java Regional Division needs to ensure that the compensation provided is in line with the employee's workload, so that performance remains optimal and organizational goals can be achieved effectively.

The performance of employees at Perum Perhutani East Java Regional Division still shows potential that is not optimal. Factors such as work discipline, job promotion, work environment, and compensation appear to have an important role in determining the level of performance achieved. Disciplinary instability, promotion delays, and less supportive work facilities can reduce employee effectiveness and productivity, as described in previous research. This condition shows the need for a more in-depth analysis to understand how these four variables simultaneously affect performance, considering that previous research has not

examined the combined influence of work discipline, job promotion, work environment, and compensation on employee performance as a whole.

This research departs from the need to comprehensively understand the factors that affect employee performance. The performance conditions that can still be improved make it important to identify internal aspects of the organization to be carried out simultaneously. The results of this research are expected to provide a basis for the management of Perum Perhutani East Java Regional Division in developing a more effective human resource management strategy, encouraging increased productivity, and building a more conducive work environment.

1.2. Problem Formulation

1. What is the organizational structure and work mechanism at Perum Perhutani East Java Regional Division?
2. What are the factors that affect employee performance at Perum Perhutani East Java Regional Division?

1.3. Research Objectives

1. Identify the organizational structure and work mechanism at Perum Perhutani East Java Regional Division.
2. Analyze factors that affect employee performance at Perum Perhutani East Java Regional Division.

1.4. Research Benefits

1. For the author, this research is expected to add insight, knowledge, and become a source of reference in understanding various aspects of human resource management.

2. For the Company, the results of this research are expected to provide useful input in efforts to improve the quality of human resource management.
3. For universities, this research is expected to be a reference and reference material for students who want to conduct similar research