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Strategic Human Resource Management in Enhancing Employee Loyalty at PT Jembo Cable Company

Abstract

This study aims to analyze the human resource management (HRM) strategies implemented by PT Jembo Cable Company in enhancing employee loyalty. Employee loyalty is a critical factor in maintaining long-term organizational stability and productivity. The research employed a qualitative descriptive approach with data collected through interviews, observation, and documentation. The findings indicate that the company utilizes several HRM strategies, including career development programs, competitive reward and compensation systems, improvement of the work environment, and continuous training and development. Additionally, open communication between management and employees, as well as participative leadership, play a significant role in fostering employees' emotional attachment to the company. The results suggest that well-structured HRM strategies, oriented toward employee needs, significantly contribute to strengthening employee loyalty. The study recommends that PT Jembo Cable Indonesia continue to enhance responsive and adaptive HRM practices to ensure long-term employee engagement and commitment.

Keywords: HRM strategy, Employee loyalty, PT Jembo Cable Company

Introduction

Human resources are a strategic asset in modern organizations, as the success and sustainability of a company are closely tied to the quality, competence, and loyalty of its workforce. In an increasingly competitive and dynamic business environment, companies are not only required to recruit qualified employees but also to retain them in the long run. One of the major challenges faced by many organizations today is a high employee turnover rate, which can negatively affect productivity, operational efficiency, and recruitment costs.

As a prominent cable manufacturing company in Indonesia, PT Jembo Cable Company recognizes the importance of fostering employee loyalty to support work stability and the achievement of corporate goals. In the manufacturing industry where accuracy, consistency, and strong teamwork are essential employee loyalty is a vital factor influencing production continuity and product quality.

Employee loyalty does not occur instantly but is shaped through the interaction between HRM strategies and employees' work experiences. Strategies such as fair compensation, career development, training, a conducive work climate, and open communication patterns are essential in building mutually beneficial relationships between the company and its employees.

However, in practice, PT Jembo Cable Company still faces challenges in retaining loyalty, particularly among operational-level employees. This situation highlights the need to

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evaluate the effectiveness of the existing HRM strategies and assess the extent to which they contribute to improving employee loyalty.

This research seeks to identify and analyze the HRM strategies used by PT Jembo Cable Company to enhance employee loyalty, as well as to uncover the key success factors and obstacles encountered. The findings are expected to provide valuable insights for company management in formulating more effective and sustainable HRM policies aimed at preserving employee commitment and improving retention.

2. Theoretical Framework

2.1. Human Resource Management (HRM)

According to Dessler (2020), HRM is the process of recruiting, training, appraising, and compensating employees, as well as managing their labor relations, health, safety, and fairness. HRM is not merely an administrative function but a strategic one, as it directly supports the organization's vision and mission.

Armstrong (2020) outlines the core functions of HRM strategy as follows:

- a. Human resource planning
- b. Recruitment and selection
- c. Training and development
- d. Performance management
- e. Compensation and rewards
- f. Industrial relations

These strategies must aim to create a work environment that fosters employee satisfaction and loyalty.

2.2. Employee Loyalty

Employee loyalty refers to the emotional attachment and long-term commitment of an employee to their organization. Robbins and Judge (2019) describe loyalty as the extent to which individuals feel proud, responsible, and willing to remain part of an organization.

Dimensions of employee loyalty include:

- a. Affective loyalty: emotional connection and alignment with company values
- b. Normative loyalty: a sense of moral obligation to stay
- c. Continuance loyalty: staying due to the perceived cost of leaving or lack of alternatives

High levels of loyalty contribute to lower turnover rates, improved productivity, and better workplace harmony.

2.3. The Link Between HRM Strategies and Employee Loyalty

Effective HRM strategies directly impact employee loyalty. Relevant theoretical models include:

- a. Equity Theory (J. Stacy Adams): Employees are more likely to remain loyal if they perceive fairness in compensation, promotion opportunities, and recognition. Perceived injustice may lead to dissatisfaction and increased turnover intention.
- b. Two-Factor Theory (Frederick Herzberg): This theory distinguishes between motivators (achievement, recognition, responsibility) and hygiene factors (salary,

working conditions, peer relationships). Both must be managed effectively to ensure employee satisfaction and loyalty.

- c. Organizational Commitment Theory (Meyer & Allen): This model identifies three types of commitment: (1). Affective commitment (emotional attachment) (2). Continuance commitment (cost-based decisions to stay) (3). Normative commitment (moral obligation to stay)

2.4. HRM Strategies to Enhance Employee Loyalty

Key HRM strategies that promote employee loyalty include:

- a. Career development and continuous training
- b. Fair and competitive compensation and rewards systems
- c. A supportive and positive work environment
- d. Participative and communicative leadership
- e. Employee involvement in decision-making
- f. Employee welfare programs and work-life balance policies

2.5. Relevance to PT Jembo Cable Company

As a nationally recognized manufacturing company, PT Jembo Cable Company relies heavily on a loyal workforce to maintain production stability, operational efficiency, and product quality. Therefore, the implementation of effective human resource management (HRM) strategies is essential to foster a supportive work climate, enhance employee retention, and strengthen a productive and competitive organizational culture.

3. Method

3.1. Research Approach and Type

This study employs a qualitative descriptive approach aimed at providing an in-depth understanding of the HRM strategies implemented at PT Jembo Cable Company to enhance employee loyalty. A qualitative approach is chosen to explore the social realities and subjective experiences of both employees and managers, as well as to uncover the underlying meanings behind the actions and policies within HRM practices.

3.2. Research Site and Subjects

- a. **Location:** The study was conducted at the head office and production unit of PT Jembo Cable Company, located in Tangerang, Banten.
- b. **Research Subjects:** (1). HRD managers or personnel officers (2). Division heads or direct supervisors (4). Permanent employees at various levels (operational and administrative staff)

These participants were selected based on their direct involvement in HRM processes and their work experience within the company.

3.3. Data Collection Techniques

- a. **In-depth Interviews:** Semi-structured interviews were conducted using an interview guide to explore: (1). HRM strategies and policies in practice (2). Employee perceptions of the work environment (3). Key factors influencing their loyalty

- b. **Observation:** Direct observation was carried out to examine workplace conditions, interactions between supervisors and employees, and the practical implementation of HR policies.
- c. **Document Analysis:** Company documents such as HR manuals, organizational structure charts, turnover statistics, and training program records were analyzed to support and validate the interview and observational data.

3.4. Data Analysis Techniques

The data were analyzed using Miles and Huberman's model, which includes three main stages:

- a. **Data Reduction:** Filtering, summarizing, and organizing key information from interviews, observations, and documentation.
- b. **Data Display:** Presenting the information in narrative form, thematic tables, or matrices to facilitate interpretation.
- c. **Conclusion Drawing:** Identifying patterns, relationships between variables, and underlying meanings to derive conclusions about the effectiveness of HRM strategies in influencing employee loyalty.

3.5. Data Validity Techniques

To ensure the validity and reliability of the findings, triangulation was applied through:

- a. **Source triangulation:** Comparing information from various informants (HR, supervisors, employees).
- b. **Method triangulation:** Combining data from interviews, observations, and documentation.
- c. **Time triangulation:** Conducting data collection at different times to confirm consistency.

This methodology allows the research to:

- a. Comprehensively describe the HRM strategies used by the company
- b. Analyze the link between HRM and employee loyalty
- c. Identify supporting and inhibiting factors related to loyalty
- d. Provide recommendations to improve HR policies at PT Jembo Cable Company

4. Research Findings

This study aims to explore how PT Jembo Cable Company applies human resource management strategies to enhance employee loyalty and to identify both supporting and inhibiting factors of those strategies.

4.1. HRM Strategies Implemented by the Company

Compensation and Benefits System

- a. The company provides competitive salaries aligned with industry standards.
- b. Employees receive health insurance, transportation allowances, meal subsidies, and annual performance-based bonuses.
- c. Recognition programs such as “Employee of the Month” motivate employees and foster loyalty.

Career Development and Training

- a. Regular technical and soft skills training is offered to enhance employee competencies.

- b. Promotions are based on performance and tenure.
- c. Opportunities to attend external training events increase employees' sense of being valued.

Supportive Work Environment

- a. Supervisors and subordinates maintain respectful and open relationships.
- b. Employees feel physically and psychologically safe and comfortable at work.
- c. A collaborative work culture reinforces a sense of belonging within the organization.

Employee Involvement in Decision-Making

- a. In some departments, employees are engaged in technical decision-making through discussion forums and suggestion mechanisms.
- b. Suggestion boxes and two-way communication sessions between management and employees are also in place.

4.2. Employee Loyalty Level

Based on observations and interviews, employee loyalty at PT Jembo Cable Company is generally high, indicated by:

- a. Most employees have served for more than five years.
- b. Active participation in company activities such as social and sports events.
- c. Strong commitment to work responsibilities even during high-pressure periods.

However, among certain operational-level employees—particularly contract workers—loyalty tends to fluctuate due to job insecurity and limited career development opportunities.

Factors Supporting Employee Loyalty

- a. Timely and adequate compensation
- b. Harmonious working relationships
- c. Organizational culture that values individual contributions
- d. Communicative and open leadership

Factors Inhibiting Employee Loyalty

- a. Temporary employment status (short-term contracts)
- b. Lack of clear career pathways for junior employees
- c. Communication gaps in vertical (manager-subordinate) relations
- d. High production pressure without proportional reward systems

4.3. Implications and Impact of HRM Strategies on Loyalty

The HRM strategies implemented at PT Jembo Cable Company have shown a positive impact on the loyalty of permanent employees, but there is room for improvement to ensure inclusivity across all employee levels. While the company demonstrates a clear commitment to creating a supportive work environment and enhancing retention, continuous evaluation is necessary to ensure that HR policies align with the evolving needs of its workforce.

Overall, the company's HRM strategies have succeeded in improving the loyalty of mid- and upper-level employees. However, improvements are still needed in areas such as career path transparency, employment status clarity, and workload-reward balance to ensure comprehensive loyalty development across the entire organization.

5. Discussion

This study explores the implementation of human resource management (HRM) strategies at PT Jembo Cable Company and their impact on employee loyalty. The findings reveal that the company has adopted various HRM practices focusing on employee development, welfare enhancement, and the creation of a supportive work environment. The discussion integrates these findings with relevant theoretical frameworks.

5.1. HRM Strategies Enhancing Loyalty

- a. **Compensation and Rewards:** The implementation of competitive compensation and performance-based rewards effectively fosters employee loyalty. This aligns with *Equity Theory* (Adams), which posits that perceptions of fairness in reward systems enhance job satisfaction and loyalty. At PT Jembo Cable Company, adequate compensation and incentives are key factors in employee retention. Moreover, non-financial rewards such as recognition and additional responsibilities have positively influenced employee engagement.
- b. **Career Development and Training:** The company offers regular training and promotional opportunities for high-performing employees. This strategy reflects *Herzberg's Two-Factor Theory*, where growth and development are considered motivators that improve loyalty and morale. Clear career advancement paths help employees feel valued and hopeful about their future in the organization. However, disparities remain in career development access, particularly for contract-based employees.
- c. **Supportive Work Environment:** A safe, respectful, and open workplace supports emotional attachment (affective commitment), consistent with *Meyer & Allen's Organizational Commitment Theory*, which emphasizes emotional bonds and a sense of belonging as core elements of loyalty. Employees at PT Jembo generally feel respected and comfortable in their interactions with colleagues and supervisors. The inclusive organizational culture and open communication practices are strengths that contribute to long-term loyalty.
- d. **Leadership and Communication:** Participative leadership and two-way communication significantly influence employee loyalty. Leaders who are receptive to feedback and care about employee well-being help cultivate trust and healthy work relationships. However, the study also found communication gaps in some divisions, particularly at the operational level, where employee voices are not always heard.

5.2. Challenges in Enhancing Loyalty

Despite the positive outcomes of HRM strategies, several challenges persist:

- Contract-based employment without job security lowers loyalty among temporary workers.
- Peak production periods with high workloads are not always matched with adequate incentives, causing dissatisfaction.
- Limited promotion opportunities for long-serving lower-level employees reduce motivation.

If left unaddressed, these issues may gradually erode loyalty, especially among younger or highly skilled employees.

5.3. Theoretical and Practical Implications

Theoretical Implication: The findings affirm that well-structured HRM strategies that address employee needs significantly contribute to loyalty. Fairness, communication, and continuous development support affective, normative, and continuance commitment. Practical Implication: Companies must regularly evaluate their HRM strategies, especially in the following areas:

- a. Expanding access to career development
- b. Strengthening internal communication across all levels
- c. Providing workload-based incentives
- d. Improving employment terms and protection for contract employees

5.4. Recommendations for Strengthening HRM Strategies

Based on the findings and analysis, the following recommendations are proposed for PT Jembo Cable Company to further improve employee loyalty:

Enhance Employment Security for Contract Workers

- a. Develop a clear pathway for converting contract employees into permanent staff based on performance and tenure.
- b. Schedule regular performance evaluations to support internal promotion.
- c. Ensure equal access to training, information, and organizational participation for contract workers.

Strengthen Career Development and Training Programs

- a. Increase the frequency and quality of both technical and soft skills training.
- b. Establish structured mentoring and coaching programs.
- c. Create transparent career maps so employees can understand their potential career trajectories.

Improve the Compensation and Reward System

- a. Reassess the reward system to better reflect actual contribution and responsibilities, especially during peak workloads.
- b. Implement performance-based incentives at both individual and team levels.
- c. Offer non-material recognition such as certificates, public acknowledgment, or symbolic rewards to boost morale and pride.

Optimize Internal Communication

- a. Conduct regular communication forums such as town halls, team meetings, and open dialogues to ensure employees feel heard.
- b. Establish accessible, responsive, and transparent feedback channels.
- c. Train managers and supervisors to become empathetic and communicative leaders.

Build an Inclusive and Participatory Organizational Culture

- a. Involve employees in decision-making related to their daily tasks.
- b. Promote a collaborative and trust-based environment over excessive individual competition.
- c. Reinforce core organizational values that uphold honesty, appreciation, and collective well-being.

Conduct Regular Evaluation of HRM Strategies

- a. Implement routine job satisfaction and loyalty surveys to guide HR policy development.
- b. Involve HR teams, line managers, and employee representatives in HRM planning.
- c. Use data such as turnover rates, absenteeism, and productivity as indicators of policy effectiveness.

6. Conclusion and Recommendations

6.1. Conclusion

The human resource management strategies implemented by PT Jembo Cable Company have been effective in fostering employee loyalty, particularly in areas such as compensation, training, and workplace environment. However, further improvements are needed to ensure fairness and inclusivity across all employee levels. Active management engagement in listening and responding to employee needs will be crucial in sustaining long-term loyalty throughout the organization.

6.2. Recommendations

Based on the research findings and analysis, several recommendations are proposed for PT Jembo Cable Company to enhance employee loyalty.

Enhance Employment Security for Contract Employees. Many contract employees demonstrate lower levels of loyalty due to uncertainty regarding their job status. To address this, the company is advised to:

- a. Establish a clear conversion pathway from contract to permanent employment based on performance evaluations and tenure.
- b. Implement regular performance review periods to assess the eligibility of contract employees for internal promotion.
- c. Ensure equal access to training, information, and organizational participation for all employees, regardless of their employment status.

Strengthen Career Development and Training Programs. Career development plays a critical role in fostering long-term employee loyalty. Therefore:

- a. Increase the frequency and quality of both technical and non-technical training programs aligned with job requirements.
- b. Develop structured mentoring and coaching systems to support employee growth and skills development.
- c. Create transparent career progression frameworks to help employees understand their potential paths and future within the organization.

Refine the Compensation and Reward System. Although the current compensation system is considered competitive, improvements in fairness and transparency are necessary:

- a. Reevaluate the reward system to better reflect employees' actual contributions and responsibilities, especially during peak workloads.
- b. Introduce both individual and team-based performance incentives beyond just position-based compensation.
- c. Provide non-monetary recognition such as moral appreciation, certificates, or public acknowledgment to enhance motivation and pride.

Optimize Internal Communication. Effective two-way communication between management and employees must be strengthened:

- a. Organize regular communication forums such as town hall meetings, team discussions, or open dialogues to ensure employee voices are heard.
- b. Establish accessible and responsive feedback channels with transparent follow-up mechanisms.
- c. Train managers and supervisors to become empathetic and communicative leaders, not merely directive figures.

Foster an Inclusive and Participatory Organizational Culture. An open and inclusive work culture fosters a sense of belonging and strengthens loyalty:

- a. Involve employees in simple decision-making processes directly related to their work.
- b. Encourage a collaborative and trust-based environment rather than fostering excessive individual competition.
- c. Reinforce core corporate values that prioritize honesty, mutual respect, and collective well-being.

Conduct Regular HR Strategy Evaluations. HR strategies must be continuously reviewed to remain relevant to evolving workplace conditions and employee expectations:

- a. Administer periodic job satisfaction and employee loyalty surveys to inform HR policy revisions.
- b. Involve HR personnel, line managers, and employee representatives in the development of future HR strategies.
- c. Use data such as turnover rates, absenteeism, and productivity as indicators to evaluate the effectiveness of HR initiatives.

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