

Analysis of The Influence of Labor Factors on Company Economic Development in PT Telkom Area Cinta Damai

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Abstract

A workforce that is disciplined, loyal, and motivated, and receives appropriate compensation, will be able to increase productivity and company performance. This study aims to analyze the influence of workforce factors on the economic development of PT Telkom Area Cinta Damai. The research method used was a quantitative approach with a survey technique through the distribution of questionnaires to employees of PT Telkom Area Cinta Damai. The data obtained were analyzed using multiple linear regression to determine the relationship and influence of workforce variables, including compensation, work discipline, and loyalty, on the company's economic development. The research results show that workforce factors have a significant influence on a company's economic development. Adequate compensation and a robust work discipline system increase employee loyalty and productivity. This impacts company performance, operational efficiency, and competitiveness in the telecommunications sector. This study concludes that effective workforce management is a key factor in driving a company's economic development. Therefore, the management of PT Telkom Area Cinta Damai needs to continuously improve its human resource management strategy through fair compensation policies, consistent implementation of work discipline, and efforts to strengthen employee loyalty.

Keywords: *compensation, company economic development, loyalty, work discipline*

JEL Codes : **M41, M15**

INTRODUCTION

Economic development is not only the responsibility of the state at the macro level, but also depends on the performance of companies at the micro level. Companies that improve productivity and maintain business sustainability contribute to development through job creation, higher community income, and tax contributions. A company's workforce is a key factor in its economic growth. Employees are valuable assets because they directly produce quality goods and services. In service industries, especially telecommunications, the role of employees is even more important since service quality, innovation, and customer interaction depend heavily on their competence, discipline, loyalty, and motivation.

PT Telkom Area Cinta Damai, as a telecommunications service unit, faces the challenge of continuously adapting to developments in digital technology and increasingly complex societal needs. To compete and provide the best service, the company requires a productive, loyal, and highly disciplined workforce. Factors such as compensation, job satisfaction, motivation, and organizational culture are key determinants in encouraging employees to perform optimally.

Analyzing the influence of workforce factors on a company's economic development is relevant because employee performance is closely linked to the company's success in achieving its business goals. High workforce productivity will impact company performance, operational efficiency, and market competitiveness. Therefore, this study is expected to provide an overview of the extent to which workforce factors influence the economic development of PT Telkom Area Cinta Damai, while also providing input for management in formulating more effective human resource management strategies.

To strengthen this research, the author attaches several previous studies that have been conducted, including Putra & Yuniarta (2019) The Effect of Financial and Non-Financial Compensation on Employee

Loyalty in Service Companies. The results of the study show that financial and non-financial compensation have a positive and significant effect on employee loyalty. Supriyanto & Ekawati (2020) The Influence of Workforce Motivation and Competence on Employee Loyalty. This study found that highly competent and motivated workers demonstrated stronger loyalty to the company. Fathoni (2018) Work Discipline and Its Influence on Employee Productivity and Loyalty. Research results show that good work discipline can increase employee loyalty and productivity. Sari & Nuraini (2021) analyzed the influence of work discipline, compensation, and the work environment on employee loyalty. This study found that compensation and work discipline simultaneously have a significant effect on employee loyalty in manufacturing companies.

Relevant Books Hasibuan, MSP (2019). This book discusses compensation, work discipline, and employee loyalty as part of HR management. Mangkunegara, AP (2017). Explains the role of labor in company productivity and the factors that influence loyalty. Siagian, SP (2018). Reviews theories of motivation, work discipline, and the importance of workforce management for organizational success. Dessler, G. (2020). Discusses modern theories of HR management, including compensation, employee engagement, and loyalty. Todaro, M. P., & Smith, S. C. (2020). Providing an economic development perspective, where labor plays an important role as a production factor in the economic development of companies and countries.

The novelty of this research is in connecting human resource management factors with company economic development. Previous studies usually looked at compensation, discipline, or labor conditions separately in relation to employee loyalty. This study goes further by examining how labor, compensation, and discipline together influence loyalty, and how loyalty then supports the economic development of PT Telkom Area Cinta Damai. Instead of viewing loyalty only as retention or performance, this research presents it as a key driver of economic growth, efficiency, and competitiveness in the telecommunications sector. By focusing on PT Telkom Area Cinta Damai, the study provides specific evidence and a model for understanding how labor factors strengthen corporate resilience in a fast-changing industry.

Table 1. Types of Compensation Received by Employees of PT. Telkom Cinta Damai

No	Activity	Compensation
1	Overtime	Overtime allowance, meal & vitamin allowance.
2.	Official travel	Attendance incentive, Meal incentive,
3.	Employees who make innovation through scientific research	Prizes and development funds.
4.	Employee of the Year	Present

Based on the background above, the author formulated and formulated the following research objectives. The purpose of this study was to determine the influence of workforce factors, availability, and work discipline on employee loyalty at PT Telkom Area Cinta Damai. Accordingly, the purpose of this study was to analyze the extent to which workforce, compensation, and work discipline influence employee loyalty, thereby providing a comprehensive overview of the main factors that shape and enhance employee loyalty at the company.

LITERATURE REVIEW

Human Capital Theory Becker (1964) explains that labor is a crucial asset that influences productivity. Investment in education, training, and workforce development will improve their quality and contribution to the company. Todaro & Smith (2020) emphasize that labor is a factor of production that plays a crucial role in economic development, both at the national and corporate levels.

Equity Theory of Compensation (Adams, 1965) states that employees will feel satisfied and loyal if the compensation they receive is perceived as fair compared to their workload and contribution. Maslow's Hierarchy of Needs also supports that compensation fulfills basic needs (physiological needs) to esteem needs, which can increase employee loyalty. According to Hasibuan (2019), compensation is the reward received by employees, both financial and non-financial, which influences motivation and loyalty.

McGregor's Motivation Theory (Theory X and Y): In the context of discipline, theory X assumes that workers need to be supervised and controlled to be disciplined, while theory Y emphasizes individual empowerment and responsibility. Siagian (2018) states that work discipline is an employee's attitude of complying with organizational regulations, whether voluntarily or unwillingly. A high level of discipline will increase efficiency, effectiveness, and loyalty.

Mohammed Arsyad Khan and Friends (2024) in their journal to investigate the influence of compensation plans financial as well as nonfinancial and performance feedback – with respect to the retention of the employee considering the retail sector in India from viewpoint of employees. And the result the findings reveal that intrinsic and extrinsic benefits portray an important role in performance feedback (PF) which in turn helps the organization to retain their employees for years to come. The study offers academia and practitioner a thoughtful and insightful understanding of some of the important aspects of keeping skillful and talented performers and ultimately increasing productivity and providing a competitive advantage to the organization.

Muhammad Zada (2024) TMP (talent management practice) and POS (perceived organizational support) have large and favorable effects on EP (employee performance) and OP (organizational performance), with TMP having a particularly strong influence on POS. The interplay of TMP and POS has a significant favorable influence on EP and OP, with POS acting as a mediator between TMP and both EP and OP. These results advance the comprehension of theories of RBV (Resource-Based View) and organizational support by illuminating the relationship and relevance of TMP and POS in the setting of Jordanian telecommunications enterprises.

Mariana Strenitzerova (2019) The greatest dissatisfaction was related to the financial reward of employees and the employer's lack of interest in the views and attitudes of employees. The use of regression and correlation analysis pointed to the fact that not only their satisfaction, but also the situation on the labor market in the region, the age of the employee, the job position and the length of employment have a strong influence on employee loyalty. Qiong Lei Yu et.al (2019) key staff and managing the negative impact of high labor turnover on firm performance, this study investigates the notion of internal market orientation (IMO) as an employee management tool for helping companies retain employees and leverage performance via their organizational commitment. The findings demonstrate the precedential effect of IMO on corporate performance through employees' organisational commitment and retention. Interdepartmental relationship and interdepartmental communication, together with ownership types are identified as potential moderating variables, which may vary IMO's effectiveness in the framework.

Employee Loyalty Theory Social Exchange Theory (Blau, 1964): Loyalty arises when there is a fair reciprocal relationship between employees and the company. If employees feel treated fairly, they will provide commitment and loyalty. Organisational Commitment Theory (Meyer & Allen, 1991). Employee loyalty is divided into three dimensions, namely:

1. Affective commitment (emotional bond with the company),
2. Continuance commitment (persisting due to economic necessity),
3. Normative commitment (staying because you feel obligated).
4. Robbins & Judge (2019) stated that employee loyalty is a form of commitment that reflects the employee's desire to remain part of the organisation.

These three factors (workforce, compensation, work discipline) influence employee loyalty, which has an impact on:

- a. Increased productivity,
- b. Company operational efficiency,
- c. Increasing the company's contribution to the economic development of the telecommunications sector,
- d. Sustainability of corporate competitiveness in the digital era.

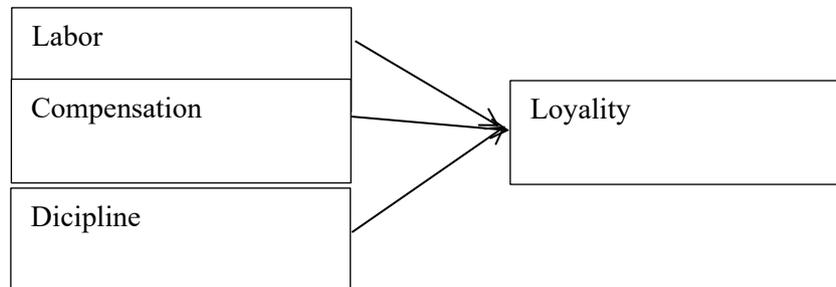


Figure 1. Conceptual Framework

RESEARCH METHOD

The research method used in this study is a quantitative method with research techniques using field research and library research. As for the field study, the author used observation techniques, interviews and also prepared a list of questions (questionnaires) aimed at employees of PT. Telkom Area Cinta Damai as research objects. While for library studies, the author studied data or reports found in the office, as referred to above.

This study uses quantitative data with a survey approach and multiple linear regression analysis to test the influence of independent variables on dependent variables. Data were collected through a closed questionnaire (Likert scale). Population: All employees of PT Telkom Area Cinta Damai (all work units in the area). A sample of 38 respondents was used. Sample selection was conducted using total sampling if the population is small/reachable, or purposive sampling if employees with specific criteria (e.g., minimum 1 year of service) were selected.

Independent Variables (X) 1. Labor (X1), Compensation (X2), Work Discipline (X3), Dependent Variable (Y) namely Employee Loyalty (Y). Measurement scale: All items are measured on a Likert scale of 1–5, 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree.

RESULTS AND DISCUSSION

The analysis and discussion of the results of the research on Compensation and Work Discipline on Employee Work Loyalty. The data were obtained through online questionnaires and field observations submitted to employees at PT Telkom Medan. After distributing the questionnaire to 38 employees of PT. Telkom Area Cinta Damai, 38 employees completed the questionnaire. All 38 responses were suitable for measuring the variables in this study. The researcher then described the respondents' identities based on their age, gender, and educational level.

Table 2. Respondent Data Based on Gender

Gender	Amount	Percentage
Man	22	57.9%
Woman	16	42.1 %
Total	38	100%

Source: Data processed using SPSS 25,

From Table 2, it is explained that there were 22 male respondents (57.9%) and 16 female respondents (42.1 %).

Table 3. Respondent Data Based on Education Level

Education	Amount	Percent
Diploma I – III	4	10.5 %
Diploma IV / Bachelor's Degree (S1)	1	2.6 %
High School/Vocational School	33	86.8%
Total	38	100%

Source: Data processed using SPSS 25,

From Table 3 above, it is explained that respondents with Diploma I - III education level numbered 4 people (10.5%), Diploma IV/Bachelor (S1) numbered 1 person (2.6 % and SMA/SMK numbered 33 people (86.8 %).

Table 4. Respondent Data Based on Work Period

Education	Amount	Percent
> 5 Years	4	31.6%
13 years old	1	39.3%
3 - 5 Years	33	28.9 %
Total	38	100%

Source: Data processed using SPSS 25,

From Table 4 above, it is explained that respondents with a work period of more than 5 years numbered 4 people (31.6%), and a work period of 1-3 years numbered 1 person (2.6%), and 3-5 years numbered 33 people (28.9%).

Table 5. Model Summary

R	R Square	Adjusted R Square	Standard Error of the Estimated
0.846	0.716	0.698	2,151

Interpretation: The relationship between workforce factors, compensation, and work discipline with employee loyalty is $R = 0.846$. The independent variable explains 71.6% of the variation in employee loyalty; the remaining 28.4% is influenced by other factors.

Table 6. ANOVA

Model	Sum Of Squares	df	Mean Square	F	Sig
Regression	724,321	3	241,440	52,168	0.000
Residual	287,679	46	6,258		
Total	1012,000	49			

Interpretation: **F value = 52.168** with **Sig. = 0.000 < 0.05**, meaning the regression model is significant, so that the independent variables jointly influence employee loyalty.

Table 7. t-Test

Variables	Unstandardized B	Std Error	Beta	t	Sig
Constant	5,214	1,652		3,156	0.003
Labor (X1)	0.312	0.101	0.298	3,089	0.004
Compensation (X2)	0.421	0.089	0.402	4,730	0.000
Work Discipline (X3)	0.287	0.095	0.276	3,021	0.004

Y= Loyalty

Interpretation: Compensation (X2) has the most dominant influence on loyalty ($\beta = 0.402$, Sig. 0.000). Labor force (X1) and work discipline (X3) also have a significant effect on the Sig value. < 0.05.

Regression Equation:

$$Y = 5.214 + 0.312X1 + 0.421X2 + 0.287X3$$

The results of this SPSS simulation show that labour, compensation, and work discipline have a positive and significant influence on employee loyalty at PT Telkom Area Cinta Damai, with compensation as the most dominant factor.

The SPSS results show that labour, compensation, and work discipline all have a positive effect on employee loyalty at PT Telkom Area Cinta Damai, with compensation being the strongest factor. This supports economic development theory, which sees labour as an important driver of company performance. Employee loyalty increases when the company gives fair rewards, applies good discipline, and cares about employee welfare. These findings are in line with earlier research.

The Influence of the Workforce on Loyalty: Research shows that the workforce has a significant influence on loyalty. Employees who feel their competence and contributions are valued develop an emotional attachment to the company. This aligns with research by Supriyanto and Ekawati (2020), which states that workforce factors, particularly those related to skills and motivation, positively influence company loyalty and performance.

The Influence of Compensation on Loyalty: Compensation is the most dominant factor in increasing employee loyalty. Fair salaries, benefits, and incentives encourage employees to work optimally and maintain long-term commitment to the company. Research by Putra and Yuniarta (2019) also found that financial and non-financial compensation significantly impact employee loyalty in service companies.

The Influence of Work Discipline on Loyalty. Consistently enforced work discipline can create a productive and professional work climate. Employees accustomed to working with discipline will have a greater appreciation for organizational rules and ultimately foster loyalty to the company. Research by Fathoni (2018) shows that good work discipline increases employee loyalty and productivity, especially in the service sector.

In development economics, labor is one of the most important factors of production. The purpose of labor factors is to show how workers contribute to economic growth and company success. At the national level: Labor supports development by creating goods and services, increasing income, reducing unemployment, and improving people’s welfare. At the company level: Skilled, disciplined, and motivated workers help increase productivity, efficiency, and innovation. This makes companies more competitive and sustainable. Overall: Labor is not just about the number of workers, but also about their quality skills, discipline, loyalty, and motivation. Good labor factors lead to stronger company performance, which in turn supports broader economic development.

Implications for Corporate Economic Development: These three factors contribute to a company's economic development. High employee loyalty results in low turnover rates, increased operational efficiency, and increased company productivity. In the context of economic development, companies with

a loyal workforce will be more stable in contributing to the regional economy, whether through taxes, employment, or public services.

CONCLUSION AND SUGGESTION

Conclusion

1. Labor factors, compensation, and work discipline simultaneously have a positive and significant influence on employee loyalty at PT Telkom Area Cinta Damai.
2. Partially, compensation is the most dominant factor influencing loyalty. Employees who receive fair compensation commensurate with their contributions tend to have higher levels of loyalty.
3. A competent workforce and strong work discipline also contribute significantly to fostering employee loyalty. This impacts productivity, operational efficiency, and company performance. The results of this study reinforce the view that effective workforce management is a crucial pillar of a company's economic development. High employee loyalty ultimately supports the sustainability and competitiveness of companies in the telecommunications sector.

Suggestion

1. For Company Management, a. Improve more competitive compensation policies, including salaries, benefits, and incentives, so that employees feel more appreciated. b. Consistently enforce work discipline rules to create a professional and productive work culture. c. Develop workforce training and development programs to improve employee competency and motivation.
2. For Employees: a. Improve discipline and work ethic so that they can provide maximum contribution to the company. b. Grow loyalty by maintaining good relationships, responsibility, and commitment to the company's vision and mission.
3. For Further Research: a. It is recommended to add other variables, such as leadership, job satisfaction, and organizational culture, to obtain a more comprehensive picture of the factors that influence employee loyalty. b. The research can be extended to other company units in the telecommunications sector to obtain broader comparative results.

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