Punishment and Reward: Does It Affect Employee Performance?

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Abstract: Companies often ignore punishment and rewards for their employees because they consider this difficult to implement. This research aims to determine the effect of punishment and rewards on employee performance. Data was collected by questionnaires to employees of IBM company as a samples. The research analysis technique uses multiple regression, simultaneously test, partial tests and determination tests. The results of the research show that there is a positive influence of punishment and reward on employee performance. The F test is shows that there is a significant influence about the topic. This is supported by the determination test, which shows that punishment and reward make a good contribution to employee performance. The partial test are show punishment or reward have a significant effect on performance. It can be concluded the company must pay attention and provide appropriate policies on this matter so that the company's goals are achieved.

Keywords: Human resources; sanction; simultaneous; recognition; reward.

1. Introduction

The concept of industrial revolution 4.0 accompanied by Society 5.0 describes the movement of life activities centered on humans and technology which really requires a balance of progress in various fields and the resolution of social problems that occur. This revolutionary condition had a very high impact in Indonesia, the positive impact was seen from an economic perspective; renewable energy, technology and innovation; efficiency and effectiveness also in the implementation of work (Gandasari et al., 2020). In a company that implements 4.0 technology, it will have an impact on a shift in operational activities, which will be a factor that causes success in the future and can create performance that can be achieved (Yüksel, 2022). Another impact of this condition is that there are several demands with various applications as strategies for managing performance of human resources in the company. These applications include determining policies with strategic value, making employees valuable assets, creating support staff, strengthening mutual commitment, strategic integration, communicating effectively, decentralizing HR empowerment, creating an adaptable and flexible environment, being creatively innovative, and focusing on the quality produced by the company (Misbah & Budiyanto, 2020). Explains the meaning of performance, namely as a form of implementing the responsibilities of employees by achieving work results according to the quantity and quality within a company (Hustia, 2020). Performance can also be understood as an employee's work achievement in carrying out each job in accordance with the requirements of conformity with certain criteria that

must be applied in the job (Lestari et al., 2016). The importance of employee performance in a company will be an important requirement for achieving company goals (Hustia et al., 2021).

Competition in the industrial world has become a phenomenon that requires companies to operate optimally and have high employee performance. The IBM company which operates in the field of goods distribution is also in this competition. Companies must implement policies and regulations that lead to improving the performance of employees in their company, including policies regarding the provision of sanctions and rewards to their employees. This policy strategy in management is very important because it is a form of effort to motivate employees to create the best performance (Pawenang, 2018). Basically, this punishment is avoided by many companies because this policy is something that employees don't like. This punishment is still carried out to provide a deterrent effect for employees who commit violations, through this, employees can work regularly and according to mutually agreed provisions (Arsadi, 2020). Providing reward provisions through compensation or remuneration, whether given directly or indirectly, has been proven to stimulate employee performance (Martono et al., 2018). The basic aim of giving rewards is the company's strategy to provide positive consequences for contributions to the performance desired by the company (Ranjan & Mishra, 2017). These punishments and rewards are often given due to self-interest, in this case the company (Chen et al., 2023).

Previous research has been carried out by several studies by (Putra & Damayanti, 2020) (Firmansyah et al., 2021) stated in their research that both punishment and reward can significantly influence employee performance achievement goals. Based on this background, this research is aimed at finding out whether punishment and reward can influence employee performance.

2. Literature Review

2.1. Employee performance

According to Maier (in As'ad) Performance or also called work achievement is a point of success in carrying out a job carried out by a person(Puspitasari & Adam, 2019). According to Kasmir performance is the result of work and work behavior that has been achieved in completing tasks and responsibilities given in a certain period (Kasmir, 2016). In line with Mangkunegara's opinion, performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Iskamto, 2021). These various meanings mean that performance evaluation can be the main key to employee development. (Kuswati, 2020)

2.2. Punishment

Sanctions (punishment) are sanctions received by an employee because of his or her inability to carry out and carry out work as ordered. Punishment, which has become a social dilemma, has been proven to increase efficiency according to decentralized punishment standards (Alventosa et al., 2021). According to Mangkunegara, punishment is the threat of punishment which aims to improve the performance of employees who violate, maintain applicable regulations and provide lessons to violators (Muhammad et al., 2021). According to Ivancevich, Punishment is a bad or undesirable consequence of this behavior (Umar et al., 2021). Punishment is implemented with the aim of maintaining applicable regulations so that all duties and responsibilities are carried out well. In line with Hasibuan's opinion, one of the important roles of punishment is maintaining employee discipline (Hasibuan, 2022). The more severe the punishment, the more employees will be afraid to violate company rules,

and will reduce disciplinary attitudes and behavior. However, punishment must be applied based on logical, reasonable considerations and clearly informed to employees.
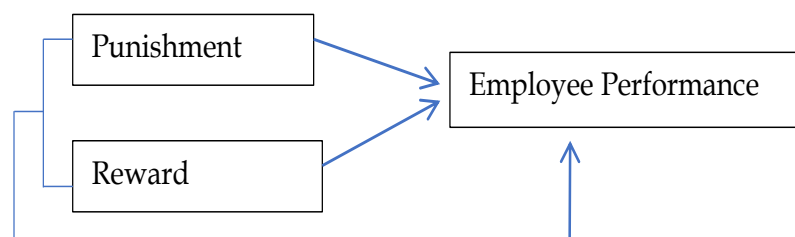
2.3. Reward

Rewards include many of the stimuli provided by organizations to employees as part of the psychological contract. Indicators of rewards can be salaries, wages, incentives, allowances, interpersonal awards, and promotions (Siswanto et al., 2021). Rewards can make an employee always feel ready to spend their time, skills, abilities and efforts to be able to work optimally according to the company's expectations (Hasanudin et al., 2018). Thomson said that giving rewards plays an important role in influencing an organization's ability to maintain employee performance to remain high and as motivation to achieve even better performance (Abugre et al., 2018). Therefore rewards are very important to maintain human resources. In the process of giving rewards, it will be felt to be fair if the design and management process is designed procedurally (Brata & Juliana, 2014). Furthermore, according to Handoko rewards are a form of appreciation for efforts to get professional workers in accordance with the demands of the position required balanced development, namely an effort to plan, organize, use and maintain workforce so that they are able to carry out tasks effectively and efficiently (Handoko, 2003). As a concrete step in coaching, rewards are given to employees who have demonstrated good work performance. Rewards can also foster a feeling of being recognized in the work environment.

3. Research Methods

This research uses associative research, namely research to determine the relationship between two or more variables, in this case the influence of punishment and reward on the performance of IBM company employees. The object of the research is employees of the IBM Company. The populations in this research were all 116 employees who worked at the IBM Company. A total of 54 employees were used as samples representing the entire population. A questionnaire in the form of a questionnaire containing statements was used in data collection and then distributed to the entire research sample.

As explained in the research objectives, the following analytical framework and research hypotheses were created:

Figure 1. Analysis framework

Figure 1 can explain that this research carried out 3 hypotheses, namely:

Hypothesis 1: is there an influence of punishment and reward on employee performance
Hypothesis 2: is there an effect of punishment on employee performance
Hypothesis 3: is there an influence of rewards on employee performance

The data analysis technique used in this research is Multiple Linear Regression Analysis with the help of the Statistical Product and Service Solutions (SPSS) Version 23.00

for Windows program. The multiple linear regression analysis equation is:

$Y = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

Y = Employee Performance
α = constant
β1 = Regression coefficient for the punishment variable
β2 = Reward variable regression coefficient
X1 = punishment variable
X2 = reward variable
ε = error term

The tests carried out to explain the hypothesis are carried out simultaneously (F test) and partial test (t test). A simultaneous test (F test) was carried out to test the influence of punishment and reward on employee performance, while a partial test (t test) was carried out in the research for 2 hypothesis tests, namely first, testing the influence of punishment on employee performance. Second, test the influence of rewards on employee performance. Testing in the research was also carried out to assess the contribution made by the punishment and reward variables to employee performance by means of a determination test.

4.   Results and Discussion

4.1.   Results

4.1.1   *Punishment, Reward and Employee Performance*

This research was conducted to find out whether punishment and rewards will affect performance. The first thing done in this research was to look for the relationship between punishment and reward on performance. This result can be seen from the results of multiple regression analysis, which is an analysis carried out to determine a linear relationship which has 1 dependent variable and 2 independent variables (Uyanık & Güler, 2013). The results of multiple linear regression can be seen in table 1:

Table 1. Multiple Linear Regression Analysis Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	2.848	1.649	
	Punishment	.334	.113	.290
	Reward	.577	.090	.629

a. Dependent Variable: performance

Based on table 1, the multiple linear regression equation was obtained:

$Y = 2{,}828 + 0{,}334 X_1 + 0{,}577 X_2$

The results of the research that has been carried out show that the constant value is 1.727 (positive), indicating that if the punishment and reward variables do not exist (value 0) then the employee performance value remains and is constant at 1.727.

The coefficient value on the punishment variable is 0.334 (positive), indicating that the punishment variable will have a positive influence of 0.334 on employee performance, meaning that with punishment, employee performance will increase by 0.334.

The coefficient value of the reward variable is 0.577 (positive), indicating that the reward variable is positive for employee performance. This means that the better the rewards received by employees will cause an increase in employee performance by 0.727.

4.1.2 The Influence Of Punishment And Reward On Employee Performance

The analysis has been carried out to answer the research objectives stated in the title, namely whether punishment and rewards affect employee performance. To answer the objectives of this research, testing was carried out simultaneously, known as the F test. The influence of independent variables together (simultaneously) on changed in the value of the dependent variable is carried out through testing the magnitude of changed in the value of the independent variables, for this reason it was necessary to carry out an F test. The results of the F Test (Simultaneous Test) can be seen in table 2:

Table 2. Hypothesis Test 1: F Test (Simultaneous Test)

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	971.339	2	485.670	65.158	.000[a]
	Residual	380.142	51	7.454		
	Total	1351.481	53			

a. Predictors: (Constant), punishment, reward

b. Dependent Variable: Performance

Determine the Ftable value with a 95% confidence level with the formula Ftable = (k ; n– k). Where: k is the number of independent variables or X while n is the number of research samples. Thus, the calculation is k = 3; n–k = 54– 3 = 51. So, Ftable value = 2.79. Research shows that for hypothesis 1 the results can be seen that the Fcount value is 65.157 > Ftable 2.79 with Sig. F 0.000 < 0.05; then Ho is rejected and Ha is accepted. This means that there is an influence of punishment and reward on the performance of IBM Company.

4.1.3 The Influence Of Punishment On Employee Performance

In this research, after knowing the influence of the variables studied, this research tested each independent variable on the dependent variable. Research was conducted to determine the effect of punishment on performance

This test is used to determine whether two unrelated samples have different means. The t test is carried out by comparing the difference between two average values with the standard error of the difference in the averages of two samples. The results of the t test (partial test) can be seen in table 3.

Table 3. Hypothesis Test 2: t Test (Partial Test)

Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.848	1.649		1.727	.000
Punishment	.334	.113	.290	2.953	.005

a. Dependent Variable: performance

Determine the ttable value with an error rate (α) of 5% = 0.05 and the ttable value is determined by the formula t_{table} = α/2; n–k–1. Where: α = 0.05, k is the number of independent variables or X while n is the number of research samples. Thus, the calculation is α/2 = 0.05/2 = 0.025; n–k–1 = 54–3–1 = 50. So, Ftable value= 2.00. Based on the calculations above, it can be seen that:

Testing hypothesis 2 can be seen that the tcount value for punishment is 2.953 > ttable 2.00 with a Sig level. t 0.005 < 0.05 (Significant), then Ho is rejected. This means that there is a significant influence of punishment on the performance of employees of IBM Company.

4.1.4 The Influence Of Reward On Employee Performance

In this research tested each independent variable on the dependent variable. Research was conducted to determine the effect of reward on performance with t test. The results of the t test (partial test) can be seen in table 4.

Table 4. Hypothesis 3: T Test (Partial Test)

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.848	1.649		1.727	.000
Reward	.577	.090	.629	6.402	.000

a. Dependent Variable: performance

Testing hypothesis 3 can be seen that the tcount value for reward is 6.402 > ttable 2.00 with a Sig level. t 0.000 < 0.05 (Significant), then Ho is rejected. This means that there is a significant influence of rewards on the performance of employee IBM Company.

4.1.5 Contribution Punishment, Reward to Employee Performance

The Coefficient of Determination (R Square) measures how much influence the independent variable has on the dependent variable. The Determination Coefficient value uses the R Square value. The results of the Coefficient of Determination (R Square) can be seen in the following table.

Table 4. Determination Coefficient Test (R Square)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848^a	.719	.708	2.730

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848ᵃ	.719	.708	2.730

a. Predictors: (Constant) punishment, reward

Based on the table it can be seen that the coefficient of determination (R Square) is 0.657. This shows that the contribution of all independent variables of punishment and reward to the performance of IBM company employees is 70.8%; the remaining 29.2% can be influenced by other variables not included in the analysis model of this research.

4.2   Discussion

The results of this research showed that the influence of punishment and reward on the performance of IBM company employees was jointly influence employee performance, and also shows that the contribution caused by the punishment and reward variables can caused a change of 70.2% in the performance of IBM company employees.

The research results which showed a positive coefficient on the punishment variable mean that punishment aims to improved employee violations, maintain applicable regulations and provide lessons to violators. The research indicators used are preventive punishment and repressive punishment. Indicators of preventive punishment where this punishment is intended to prevent a violation from occurring, so it is carried out before a violation occurs and indicators of repressive punishment where this punishment is intended to be carried out after a violation or error occurs. Basically, the purpose of giving punishment is so that employees who violate feel deterred and will not repeat it again. It should be noted that the punishment given must be proportional to the mistake committed, the attitude taken must be considered objectively (Zacharias et al., 2021). Punishment that is appropriate to the mistakes made will increase employee performance, namely that employees will be able to carry out their work well in terms of quality, quantity, punctuality, effectiveness and independence. This happens because punishment is a threat of punishment which aims to improve the performance of the violating employee, maintain the applicable regulations and teach the offender a lesson.

Furthermore, the results of the research have shown that rewards have a positive coefficient, meaning that giving rewards to employees can cause employees to work harder to improve or enhance the performance they have achieved, in other words, employees become more determined to improve their performance. The reward indicators used in the research are salary and bonuses, welfare, career development, as well as psychological and social rewards, so employee performance will increase, namely employees are able to carry out their work well in terms of quality, quantity, punctuality, effectiveness and independence. The results of this research show similarities with previous research results that rewards will influence employee performance (Ibrar & Khan, 2015), (Perera & Ruhuṇa,2014)This is also supported by other research which states that giving appropriate rewards can have an effect as a tool to improve performance (Hamukwaya & Yazdanifard, 2014)

5   Conclusion

The results of this research showed that there was an influence between punishment and rewards on employee performance in the company studied (IBM Company) From these

results, it is recommended that companies pay attention to punishment and reward variables and provide fair and appropriate policies so as not to harm either party so that it can be a form of attention and encouragement to employees so that they can produce good performance in accordance with company goals.

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