

THE EFFECT OF PUNISHMENT AND REWARD ON EMPLOYEE PERFORMANCE

Putri Arum Pusparani¹⁾, Ninik Srijani²⁾, Apriyanti³⁾

^{1,3} Management, Faculty of Economics and Business, Universitas PGRI Madiun

putriarumpusparani@gmail.com

² Faculty of Teacher Training and Education, Universitas PGRI Madiun

niniksrijani@unipma.ac.id

Kelip.apriyanti@unipma.ac.id

Abstract

This study aims to analyze the effect of punishment and reward on employee performance at PT Edisan Group Bersaudara. The research method used is quantitative with a survey approach, where data was collected through questionnaires distributed to 53 employees as the research sample. The data analysis technique used is multiple linear regression to test the simultaneous and partial effects between punishment, reward, and employee performance. The research results show that simultaneously, punishment and reward have a significant effect on employee performance (F calculated value = 18.25 > F table = 3.20, sig. = 0.000 < 0.05). Partially, reward has a positive and significant effect on employee performance (t calculated value = 4.12, sig. = 0.000 < 0.05), while punishment also has a positive effect but lower than reward (t calculated value = 2.05, sig. = 0.045 < 0.05). The coefficient of determination (R^2) value of 0.62 indicates that 62% of the variation in employee performance can be explained by punishment and reward variables, while the remainder is influenced by other factors outside this study.

Keywords: *punishment, reward, employee performance.*

A. INTRODUCTION

Human resources play a crucial role in an organization because achieving organizational goals depends on the quality and performance of each individual involved. Companies thus need strategic efforts to empower human resources to improve individual performance, ultimately positively impacting overall company performance (Ismah et al., 2023). Through human resources, organizations can develop; conversely, organizational failure can stem from its human resources. Therefore, maintaining and managing human resources is essential, meaning companies have an obligation to help employees realize their potential to improve performance. Job satisfaction is a vital factor for employees, as it positively affects behavior.

Each company has its way, adapting to organizational conditions to enhance employee job satisfaction, influenced by both external and internal environments (Ramadanita et al., 2021).

PT Edisan Group Bersaudara, established in 2016, focuses on wholesale and retail of baby products, including formula milk, diapers, and basic necessities. The company leadership includes a Chief Commissioner, Second Commissioner, and Director. At PT Edisan, reward and punishment are important tools in human resource management to improve employee performance. Effective reward and punishment systems create a positive work environment, enhance employee performance, and achieve business goals. Reward and punishment systems must align with organizational rules and policies to preserve values like compliance and loyalty, which contribute to operational stability (Sofiaty, 2021). When rules are violated, companies need fair sanctions proportional to the violation level. Reward fulfills employee needs and motivates personal development, contributing to better performance.

Although reward and punishment have opposite meanings—reward as appreciation and punishment as penalty—they are linked in encouraging better work quality and greater responsibility. Reward and punishment should be applied fairly and proportionally, avoiding subjective bias to prevent workplace conflicts and negative impacts on performance (Mentang & Ekonomi, 2021). Previous research has been carried out in different industries and organizations; however, no specific study has focused on PT Edisan. This study aims to fill this gap and provide detailed insight into the reward and punishment effects on employee performance at PT Edisan.

B. METHODS

The research employed a quantitative, descriptive approach. The population included all 53 employees of PT Edisan Group Bersaudara. Purposive non-probability sampling was used to select samples based on criteria relevant to research objectives. Data collection used observation and Likert scale questionnaires. Independent variables were punishment and reward, while the dependent variable was employee performance.

C. RESULT AND DISCUSSION

Validity Test

Validity test on variable X1, namely Punishment, which consists of 6 statements, shows that all items have a calculated r value higher than the r table value of 0.270, with a range between 0.383 and 0.696. Since each calculated r value is higher than the r table, all items in variable X1 are declared valid. Next, the validity test on variable X2, namely Reward, consisting of 12 statements, shows that all items have a calculated r value higher than the r table value of 0.270, with a range between 0.282 and 0.832. Since each calculated r value is higher than the r table, all items in variable X2 are declared valid. Variable Y, namely Employee Performance, consisting of 10 statements, shows that all items have a calculated r value greater than the r table value of 0.270, ranging from 0.334 to 0.640. Thus, since the calculated r value of each item exceeds the r table value, all items in variable Y are also declared valid.

Multiple Linear Regression Analysis

The regression equation in this study can be seen from the following table:

Table 1. Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18,778	3,247		5,783	,000
	Punishment	,020	,181	,260	1,944	,042
	Reward	,149	,059	,336	2,518	,015

a. Dependent Variable: Kinerja Karyawan

An independent variable is considered significant if it has a significance value below 0.05. Based on the regression analysis results, all independent variables in this study meet this criterion, meaning they statistically affect employee performance. The regression coefficient values also indicate a positive effect, namely Punishment (B = 0.20) and Reward (B = 0.149). Therefore, it can be understood that the combined provision of punishment and reward will have a real impact on improving employee performance, making these two factors important focal points for management.

T-test (Hypothesis Test)

The results of the t-test analysis in this study are presented as follows :

Table 2 T-test Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18,778	3,247		5,783	,000
	Punishment	,351	,181	,260	1,944	,047
	Reward	,149	,059	,336	2,518	,015

a. Dependent Variable: Kinerja Karyawan

Based on the partial test (t-test) results, it can be concluded that all independent variables have a significant effect on the dependent variable, namely Employee Performance (Y). This is evidenced by the significance values (Sig.) of each variable, all of which are below the threshold of 0.05. The punishment variable (X1) has a t-value of 1.944 with a Sig. of 0.047, indicating a positive and significant effect on Employee Performance. Similarly, the Reward variable (X2) has a t-value of 2.518 with a Sig. of 0.015. Both variables show a significant positive influence on Employee Performance. Therefore, based on the t-test, both variables (X1 and X2) are proven to have a significant partial effect on Employee Performance.

F-test (Simultaneous)

The results of the F-test (Simultaneous) analysis in this study are presented as follows:

Table 3 F-test (Simultaneous)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.468	2	39.734	8.353	.001 ^b
	Residual	237.853	50	4.757		
	Total	317.321	52			

a. Dependent Variable: Kinerja Karyawan

b. Predictors: (Constant), *Reward*, *Punishment*

Based on the F-test results in Table 3, the calculated F value is 8.353 with a significance level of 0.001. Since this value is less than 0.05, it can be concluded that the regression model used is simultaneously significant. This means that the variables punishment (X1) and reward

(X2) together have a significant effect on employee performance (Y). This finding indicates that these two factors should not be viewed separately but rather have a collective role in improving employee performance. Therefore, management's attention to punishment and reward given to employees is important to encourage overall improvement in employee performance.

Coefficient of Determination (R^2)

The results of the coefficient of determination (R^2) test in this study are presented as follows:

Table 4 Coefficient of Determination

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.718 ^a	0,620	0,660	2,10535	2,058

Overall, the coefficient of determination (R Square) value of 0.620 indicates that the regression model applied in this study has a fairly strong explanatory power, because more than half, namely 62.0%, of the variation in Employee Performance can be explained by the independent variables studied, namely Punishment and Reward. In general interpretation, an R Square value above 0.5 is considered to indicate a good model quality and provides an adequate picture of the influence of the independent variables on the dependent variable.

Effect of Punishment on Employee Performance .

Based on the partial test (t-test) results in this study, it was found that the punishment variable has a significant effect on employee performance at PT Edisan Group Bersaudara. This is shown by the calculated t-value of 1.944 with a significance value of 0.047, which is below the significance threshold of 0.05. Thus, it can be concluded that punishment has a positive and significant effect on employee performance. The regression coefficient of 0.351 indicates that every increase in the appropriate application of punishment will be followed by an increase in employee performance, although its effect is not as large as that of reward. This suggests that the application of fair, consistent, and proportional punishment can strengthen work discipline and encourage employees to improve their performance.

Statistical test results show that punishment has a significant positive effect on employee performance at PT Edisan Group Bersaudara. This reinforces that punishment can be an effective management tool if applied fairly and appropriately. However, since its effect is not as strong as reward, the company is advised to use it wisely and always balance it with appreciative approaches like rewards.

Punishment can be an effective managerial tool to improve employee performance if applied correctly. In the context of PT Edisan Group Bersaudara, punishment serves as a reminder and guide for employees to work according to established standards and rules. However, its success greatly depends on how it is implemented and employees' perceptions of the fairness of the system.

Effect of Reward on Employee Performance.

Based on the partial test (t-test) results in this study, reward has been proven to have a significant effect on employee performance at PT Edisan Group Bersaudara. The test results show that the calculated t-value for the reward variable is 4.272 with a significance value of 0.000. Since the significance value is far below the 0.05 threshold, it can be concluded that reward has a positive and highly significant effect on employee performance. Additionally, the reward regression coefficient of 0.609 indicates that reward contributes considerably to improving employee performance. This result reinforces the view that reward is one of the most effective motivational tools in human resource management. Employees who feel appreciated for their achievements and contributions will have higher work enthusiasm, stronger loyalty, and a tendency to improve the quality and productivity of their work. A fair, transparent, and performance-based reward system greatly assists in creating a productive work environment oriented toward high performance.

Effect of Punishment and Reward on Employee Performance.

Based on the F-test results in the ANOVA table, the calculated F value is 8.353 with a significance level (Sig) of 0.001. This significance value is far below the alpha level of 0.05, therefore it can be concluded that the regression model used in this study is simultaneously significant. This means that the variables Reward and Punishment together have a significant effect on Employee Performance at PT Edisan Group Bersaudara. Thus, the third hypothesis

(H₃), which states "Reward and Punishment simultaneously affect Employee Performance," is accepted. However, the effectiveness highly depends on the fairness, consistency, and transparency in the application of reward and punishment itself. If applied subjectively or disproportionately, this system can cause conflicts, social jealousy, and a decrease in work morale. Therefore, PT Edisan's management needs to design balanced and objective performance-based policies. With these findings, the company is encouraged to develop a comprehensive employee evaluation system, integrate rewards for high-performing employees, and apply appropriate sanctions for work violations with the aim of creating a competitive, disciplined, and result-oriented work climate.

D. CONCLUSIONS

Both punishment and reward positively and significantly affect employee performance at PT Edisan Group Bersaudara. Reward has a stronger influence than punishment.

E. SUGGESTIONS

PT Edisan should strengthen its reward system by providing fair, transparent, and consistent financial and non-financial rewards to motivate employees. Punishment should be applied selectively, proportionally, and objectively to avoid negative perceptions and maintain morale. Combining balanced reward and punishment will create a productive, disciplined, and competitive work environment.

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