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# The Effect Of Reward And Punishment On Employee Performance Through Work Motivation In PT. Haleyora Power, Zone 1 And Zone 2 In Pasuruan Area

Moch. Rizky Firmansyah, Sina Setyadi, Tanto Gatot Sumarsono

**Abstract:** BUMN is a business entity owned by the state. BUMN also has a subsidiary. To loan a company performance, a qualified human resource is needed. There are several factors or variables that affect the performance of a company, such as this study, namely variable reward, punishment, work motivation and employee performance. This research took place at PT. Haleyora Power, Zone 1 and Zone 2 in Pasuruan Area. This study had a sampling of 134 people. There are 4 hypothesis tests in this study. The first hypothesis shows that reward and punishment variables have an effect on work motivation, the second hypothesis shows that reward and punishment variables have an effect on employee performance.

**Index Terms :** reward, punishment, work motivation, employee performance.

## 1 INTRODUCTION

PLN as a state-owned company engaged in the energy sector has a subsidiary that supports the company's performance and services, namely Haleyora Power. To support the achievement of a company performance, quality resources are needed. According to (Amstrong, 2014) human resources are a comprehensive and coherent approach to people who work in organizations and human resource development. (Sopiah & Etta, 2018) said that human resource management is an activity that regulates how to procure labor, develop, provide compensation, maintain and segregate labor through management processes in order to achieve organizational goals. According to (Bernardin & Rusel, 1998) performance is the result obtained from a certain job or activity within a certain period. PT. Haleyora Power highly appreciates the achievement of its human resources performance targets, namely rewards or awards. (Byars & Rue, 2000) the reward system is one of the tools to motivate its personnel to achieve company goals by behaving as expected by the company. PT. Haleyora also punishes human resources if they do not achieve performance targets, are not disciplined and also commit other serious violations. (Purwanto, 2007) punishment was given intentionally by someone after an incident. The main objective of this research is to determine the direct and indirect effect of reward, punishment, work motivation and employee performance.

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## 2 THEORETICAL BACKGROUND

### 2.1 Rewards

(Natasya & Piter, 2018) Awards are satisfying employees' needs for work-related work behavior. (Edy, 2009) argues that rewards are remuneration given to companies. (Rendra, et al, 2016), (Ozutku, 2012) and (Njaja, et al, 2013) rewards are applied because there is an assumption that by giving rewards to employees for their work, employees will work more optimally. The results of the study (Suparmi & Vicy, 2019) entitled "Rewards and Punishment as Triggers for Employee Performance at PT. The World of Original Food and Clothing IV Unggaran" found a positive and significant effect of reward on employee performance. Based on the description above, the reward variable in this study uses 2 indicators, namely extrinsic reward and intrinsic reward (Ivancevich, Konopaske & Matteson 2006).

### 2.2 Punishment

Punishment is given so that offenders are deterred and do not repeat it again. (Suparmi & Vicy, 2019) punishment aims to maintain applicable regulations and provide lessons for offenders. (Winda, Herman & Susenohadi, 2018) punishment is a form of motivation if it is given appropriately and wisely according to applicable norms. Research (Rendra, Mochammad & Gunawan, 2016) entitled "The Effect of Reward and Punishment on Performance (Study on Employees of PT. Telkom Indonesia Witel Jatim Selatan Malang)" There is a significant effect of the punishment variable on employee performance. Based on the description above, the punishment variable has 3 indicators, namely light punishment, moderate punishment and severe punishment (Rendra, Mochammad & Gunawan, 2016).

### 2.3 Work motivation

(Kreitner & Kinicki, 2007) motivation is to decide the effort to exert effort in certain situations. (Cion, Tinneke and Sandra, 2018) every employee expects praise and behavior from the company. Research (Sindi & Alini, 2014) entitled "The Influence of Work Motivation on Employee Performance in the North

West West Java (Witel Bekasi) Telkom Region" shows the results of work motivation variables have a positive influence on employee performance. Based on the description above, the work motivation variable has 5 indicators, namely physical needs, needs for security and safety, social needs, the need for appreciation and needs for self-realization (Hashibuan 2008).

## 2.4 Employee performance

Employee performance is an achievement of the hard work of a human resource in an organization or company. (Cion, Tinneke & Asaloei, 2018) stated that employee performance is the level of achievement of an activity in realizing the goals, objectives, vision and mission that have been stated in the scheme of an organization. (Mangkunegara, 2009) performance is a quantity and quality achieved by an employee in carrying out his responsibilities. Research (Silfia, 2014) shows a significant effect of reward and punishment variables on employee performance. Based on the description above, the employee performance variable has 3 indicators, namely the quantity of work results, quality of work results and timeliness (Hashibuan, 2008).

## 3 METHODOLOGY

### 3.1 Sample

The population in this study were employees at PT. Haleyora Power as many as 200 people. The sampling technique used was the Slovin formula, and the number was 134 people. The research instrument used a questionnaire with a Likert scale of 1 sd. 5. Types of data obtained from the distribution of questionnaires are interval data. This study uses path analysis.

### 3.2 Data Analysis

The data analysis technique used in this study is linear regression. To ensure the accuracy and accuracy of the results of the regression analysis calculations, the SPSS 25 tool is used. The multiple linear regression equation is as follows:

$$Z = \alpha + b_1X_1 + b_2X_2 + b_5Y \quad (1)$$

Description:

$\alpha$  = constant

$b_1, b_2, b_5$  = regression coefficient

$X_1$  = quality of information system

$X_2$  = service quality

$Y$  = user satisfaction

$Z$  = user loyalty

## 4 RESULTS

The results of testing the completeness of the model can be seen in the results of the regression analysis. The results of the analysis are in the form of data in Table 1 which is presented as follows. Based on the results of hypothesis testing in table 1, The reward effect obtain a regression coefficient of 0.303 with a sig value of 0.000. Punishment obtained a regression coefficient of 0.606 with a sig value of 0.000. The magnitude of the coefficient of determination indicated by the  $R^2$  value is 0.706 or 70.6% and the magnitude of the influence of other variables is 29.4%. The contribution of the influence of the reward variable and the punishment

variable to the work motivation variable is 70.6%, while 29.4% of the work discipline variable is influenced by other variables.

**Tabel (1) Summary of the hypothesis model 1**

Variable	Regression Coefficient	T Value	P Value
Rewards	0.303	5,821	0,000
Punishment	0.606	11,267	0,000
Dependent Variable = work motivation			
R	= 0,840		
R square (R2)	= 0,706		

H1 : There is impact the rewards and punishment directly affects work motivation.

**Tabel (2) Summary of the hypothesis model 2**

Variable	Regression Coefficient	T Value	P Value
Rewards	0.337	5,028	0,000
Punishment	0.535	7,976	0,000
Dependent Variable = Employee performance			
R	= 0,779		
R square (R2)	= 0,608		

Based on the results of hypothesis testing in table 2, the value of the beta coefficient of rewards with a value of 0.337 and a t value of 5,028 and a p value of 0.000 is smaller than  $p = 0.05$  ( $\alpha = 5\%$ ), which means that the rewards affects employee performance. The beta punishment coefficient value obtained a value of 0.535 and a t value of 7.796 and a p value of 0.000 smaller than  $p = 0.05$  ( $\alpha = 5\%$ ), which means that punishment has an effect on employee performance. The second hypothesis which states that the rewards and punishment affects employee performance is statistically tested.

H2 : There is impact rewards and punishment directly affects employee performance.

**Tabel (3) Summary of the hypothesis model 3**

Variable	Regression Coefficient	T Value	P Value
Work motivation	0.800	15,427	0,000
Dependent Variable = Employee performance			
R	= 0,800		
R square (R2)	= 0,641		

Based on the results of hypothesis testing in table 3, the value of the beta coefficient of Work discipline obtained a value of

0.800 and a t value of 15.427 and a p value of 0.000 smaller than  $p = 0.05$  ( $\alpha = 5\%$ ), which means that work motivation has an effect on employee performance. The third hypothesis which states that the work discipline affects employee performance is statistically tested.

H3 : There is impact the work motivation directly affects employee performance.

**Tabel (4) Summary of the hypothesis model 4**

Variable	Direct Influence	P Value	Indirect Influence	Information
(X1) to (Y)	0.330	0,000	-	Sig
(X2) to (Y)	0.606	0,000	-	Sig
(X1) to (Z)	0.337	0,000	-	Sig
(X2) to (Z)	0.535	0,000	-	Sig
(Y1) to (Z)	0.800	0,000	-	Sig
(X1) to (Z) through (Y)	0.337	-	0.330 X 0.800 = 0.264	Sig
(X2) to (Z) through (Y)	0.535	-	0.535 X 0.800 = 0.482	Sig

The results of linear regression analysis in table 7 show that the value of the indirect effect is greater (0.601 of the direct effect (0.337), indicating that the work motivation variable has the status as an intervening variable that can mediate the reward variable on employee performance. The effect of punishment on employee performance through work motivation is obtained the total value of (1.02) is greater than the direct effect (0.535).

H6 : There is no impact rewards and punishment on employee performance through on work motivation.

## 5 CONCLUSION

Based on the results of the hypothesis, the conclusions in this study are:

- The results of descriptive analysis show that punishment is formed by light punishment, moderate punishment and severe punishment. The main thing that encourages punishment is the severe punishment of terminating employees' work rights. Reward is formed by extrinsic and intrinsic. The main thing that encourages rewards is the extrinsic factor in the form of awards given. Work motivation is shaped by physical needs, security needs, social needs, reward needs and self-realization needs. The main thing that encourages work motivation is the need for awards in the form of praise from the company. Employee performance is shaped by the quantity of work, quality of work and timeliness. The main thing that encourages employee performance is consistency in doing work.
- Punishment and reward have an effect on work motivation, which means that by imposing punishment for employees who violate the rules, and rewards given to employees who excel, it can increase employee motivation to work better than before.
- Punishment and reward have a significant effect on employee performance. The meaning is that the more employees understand punishment as a punishment which

aims to improve employee offenders, maintain applicable regulations and provide lessons to offenders, supported by the reward given because of the best employee performance, will be able to improve employee performance at PT. Haleyora Power Work discipline which is the awareness of each employee can improve employee performance. The main thing that encourages increasing discipline is the effectiveness of time in completing work. When employees are able to complete work on time, their job responsibilities will be fulfilled, and the employee has achieved maximum performance.

Work motivation has a significant effect on employee performance, which means that the more employees get awards and bonuses from employees and with appreciation shown by praise from their superiors and colleagues, it will further increase the work motivation of employees at PT. Haleyora Power

Punishment and reward on employee performance through work motivation, which means that the role of work motivation has a positive effect or strengthens the effect of punishment and reward systems to improve employee performance. Increasing employee work motivation will provide a very significant increase in employee performance improvement in carrying out their work.

## 6 RESEARCH LIMITATIONS

This research is limited to PT. Haleyora Power by using reward, punishment, work motivation and employee performance variables. This research can be extended to other similar companies and can develop with other variables that have not been studied, such as: work discipline, morale, work performance. so that the results of further research can be felt for other companies.

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