The Effect of the Implementation of Reward, Incentive, and Punishment Methods on Employee Performance at PT. Anugerah Alam Berastagi

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Abstract

The purpose of this research is to find out whether the application of the reward, incentive, and punishment methods affect the performance of employees at PT. Anugrah Alam Berastagi. This research approach is based on a quantitative approach. The population in this sample in this study consists of 53 employees. Data collection techniques used questionnaires, interviews, and documentation studies. The use of data analysis will use multiple linear regression analysis. The results of the partial hypothesis testing obtained a t-count > t-table or 4.380>2.009 and a significance of 0.000 < 0.05, so partially the reward has a positive and significant effect on the performance of PT. Anugrah Alam Berastagi employees. The results of the partial hypothesis testing obtained a t-count > t-table or 2.226 > 2.009 and a significance of 0.000 < 0.05, so partially the incentive has a positive and significant effect on the performance of PT. Anugrah Alam Berastagi employees. The results of the partial hypothesis testing obtained a t-count > t-table or 4.478 > 2.009 and a significance of 0.000 < 0.05, so partially it can be concluded that punishment has a positive and significant effect on the performance of PT. Anugrah Alam Berastagi employees. The test results obtained an F-count (28.486) > F-table (2.79) and a significance probability of 0.000 < 0.05 means that simultaneously rewards, incentives, and punishment have a positive and significant effect on the performance of PT. Anugrah Alam Berastagi employees.

Keywords: *Reward, Incentive, Punishment, Employee Performance.*

1. Introduction

Human resource management is a field of management that specifically studies the relationship and role of humans in a company. The success of a company is largely determined by the human resources within it (Prasetyo et al., 2022). With the increasing development of the business world, the level of competition in business is also increasing, not least in the service sector. With these developments, the problems faced by PT. Anugerah Alam Berastagi are becoming more complex because the company is facing more competitors. Given the importance of human resources which include roles, management, and utilization of employees to spur work spirit, employees must meet several criteria through the application of concepts and techniques of human resource management (Setyaningrum et al., 2023), one of which is through the provision of rewards, incentives, and punishment. The existence of a reward, incentive, and sanction (punishment) system

becomes a trigger for low company performance (Ekhsan et al., 2020). According to Asmirin(2018), a reward is a form of appreciation for an achievement that is given in the form of material or speech.

Table 1. Rewards Given by the Company to Employees at PT. Anugerah Alam Berastagi

No	Types of Rewards	Period
1.	Annual Bonus	Once a year
2	Incentives	When there are high-performing employees
3	Recognition (salary increase, promotion)	When achievements are made

Table 1 can be concluded that the reward given by the company to employees who have every need, and it is explained in giving this reward the company's aim is to give encouragement to employees to be able to improve their performance (Ekowati et al., 2023). According to Mangkunegara (2009:89), an incentive is an award in the form of money given by the leader of the organization to employees so that they work with high motivation and perform in achieving the goals of the organization or in other words, work incentives are giving money outside of wages by the organization's leader as recognition of work achievement and employee contribution to the organization (Fahlevi et al., 2022). This incentive reward system is a way to increase enthusiasm for work for employees, so that employees will have a persistent spirit in work because of the motivational drive from the company with the provision of incentives. The company must pay attention to the provision of incentives to employees. The enthusiasm of employees to work can also be caused by the size of the incentives received. If the incentives received by employees are not commensurate with the sacrifices given at work then the motivation possessed by employees decreases in work. Punishment is an unpleasant or unwanted consequence given by a superior for a certain behavior that has been done (Rizki 2019). In the provision of punishment or punishment is a common activity, because punishment aims to discipline each employee. Punishments applied at PT. Anugerah Alam Berastagi include reprimands from superiors to employees who have made mistakes, through warning letters and wage deductions (Mushtaq et al., 2022). Based on the research process that has been carried out, the author found a phenomenon that occurred in PT Anugrah Alam Berastagi's employees, such as many employees who took leave beyond the limit set by PT Anugrah Alam Berastagi. So this violation becomes one of the obstacles for employees to get Rewards as well as Incentives.

2. Literature Review

Reward Theory

According to Rosabeth Moss Kanter (2001), a reward is a special return, a reward for those who work beyond the minimum job description standard. Another definition suggests that an employee's Reward (recognition) for their hard work is a crucial issue to maintain motivation so that they continue to work as best as they can (Kenneth Blanchard). The role of rewards in the company is very important because it can encourage employees to work better and increase enthusiasm and motivate employees. According to Kadarisman (2012:43), there are five reward measurement indicators: salary, recognition, praise, leave, and allowances.

Incentive Theory

According to Martoyo (2000:135-136), an incentive is an additional wage (bonus) due to an excess of achievement that distinguishes it from others intended to improve employee productivity and retain high-performing employees in the organization (company). Based on the opinions of the experts above, it can be concluded that incentives are an encouragement for someone to want to work well and to achieve a higher level of work performance. According to Hasibuan (2013), the indicators of incentives are: performance, length of service, needs, seniority, job evaluation.

Punishment Theory

According to Dian Rustandi (2020:4), Punishment is a sanction received by an employee due to their inability to perform or carry out work as ordered. If used effectively it can suppress behavior within the organization, in other words, punishment should be given after careful and objective consideration of all aspects relevant to the situation that occurred. From the above opinion, it is concluded that punishment is an unpleasant act in the form of punishment or sanction consciously given to employees when a violation occurs so as not to repeat it. Some indicators of punishment are:

- Light punishment, with types: Verbal reprimand to the concerned employee, Written reprimand, Expression of dissatisfaction informally
- Moderate punishment, with types: Postponement of a planned salary increase as for other employees. Delay of promotion or promotion
- Severe punishment, with types: Dismissal from position. Termination of employment as an employee in the company.

Employee Performance Theory

According to Mangkunegara (2009:67), the term performance comes from the word job performance or actual performance. Performance is the result of work in terms of quality and quantity achieved by an employee in carrying out their duties according to the responsibilities given to him. Performance is a state that shows an employee's ability to perform tasks in accordance with the standards set by the organization to employees in line with their job description. According to Wilson (2012:233), employee performance can be assessed with several indicators, namely: Job quality, punctuality, attendance, ability to work together.

Conceptual Framework

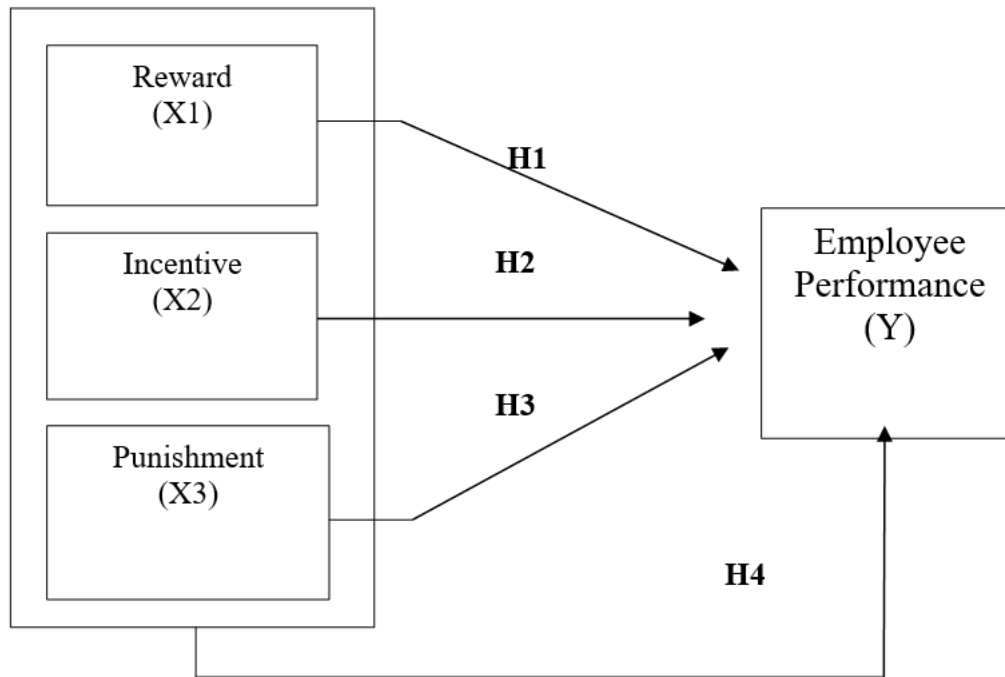Based on the background and literature review, the researcher can create the following conceptual framework:

Figure 1. Conceptual Framework

Research Hypotheses

- H1: Rewards influence the performance of employees at PT. Anugerah Alam Berastagi.
- H2: Incentives influence the performance of employees at PT. Anugerah Alam Berastagi.
- H3: Punishment influences the performance of employees at PT. Anugerah Alam Berastagi.
- H4: Rewards, Incentives, and Punishment all influence the performance of employees at PT. Anugerah Alam Berastagi.

3. Methodology

The research was conducted at PT. Anugerah Alam Berastagi, located at Jl.Tahura Dusun I Desa Lau Gumba, Berastagi District, Karo Regency. The data collection was carried out in the form of interviews and distribution of pre-prepared questionnaires. The research timeline was set from June 16, 2022, and was projected to be concluded in March 2023. The research approach employed was quantitative. According to Sugiyono (2018), a quantitative approach is research based on the philosophy of positivism for studying a specific population or sample, and data collection uses instruments with a statistical analysis to test existing truths. The data was analyzed using a quantitative description, focusing on problem-solving at the time of research or actual and meaningful incidents. A quantitative study aims to provide solutions to a problem and obtain more comprehensive information about a phenomenon using the stages of a quantitative approach (Paramita 2021). The population, consisting of subjects with specific quantities and characteristics defined by the researcher for study, included 53 employees. The sample, a portion of the total characteristics owned by the population, was drawn based on considerations and used a formula of saturated sampling as the whole population was taken.

Data collection techniques were used to obtain required data. These techniques included interviews, questionnaires, and documentation. The research utilized quantitative data, with respondents asked to fill or respond to what was requested by the researcher. Data sources in research are divided into two: primary data, which is collected directly by the researcher in the field, and secondary data, obtained from pre-existing data. The variables, indicators, and measurement scales are clearly defined and tabulated for easy understanding and operational use. Before hypothesis testing was carried out, classic assumption tests were conducted to check for abnormalities. According to Ghozali (2018), to determine the accuracy of the model, tests should be conducted for normality, multicollinearity, and heteroskedasticity.

Normality tests aim to test whether in the regression model, the disturbance variables or residuals have a normal distribution. A good regression model has a normal or near-normal data distribution. Multicollinearity tests check for the presence of perfect or near-perfect correlation between independent variables in the regression model. Heteroskedasticity tests are conducted to check whether there is an error in the variance equality of residuals from one observation to another in the regression model.

This research uses multiple regression analysis to determine the influence of reward, incentive, and punishment methods on employee performance. A multiple regression equation is formed from these variables. The equation, its symbols, and their explanations are presented clearly for the reader's understanding.

4. Result and Discussion

Descriptive Analysis

Table 2. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Reward	53	23	33	29.34	2.710
Incentive	53	25	35	31.32	2.854
Punishment	53	20	33	27.77	3.092
Employee Performance	53	24	32	27.79	2.125

Based on Table 2, it can be discerned that the total number of research samples is 53 people. The following is the descriptive statistical explanation. For the reward variable, the lowest score (minimum) is 23, the highest is 33, with an average score of 29.34, and a standard deviation of 2.710. The incentive variable has a minimum score of 25, a maximum of 35, an average score of 31.32, and a standard deviation of 2.854. The punishment variable exhibits a minimum score of 20, a maximum of 33, an average score of 27.77, and a standard deviation of 3.092. Finally, for the employee performance variable, the minimum score is 24, the maximum is 32, the average score is 27.79, and the standard deviation is 2.125.
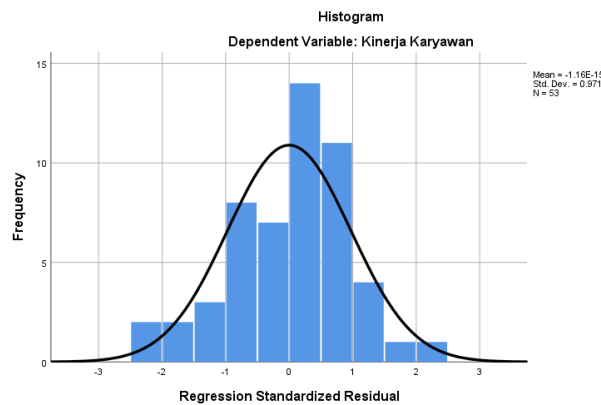
Normality Test

Figure 2. Histogram

Based on the results from Figure 2, it can be seen that the graph does not skew to the right (skewness). Thus, these results indicate that the data distribution is normal.
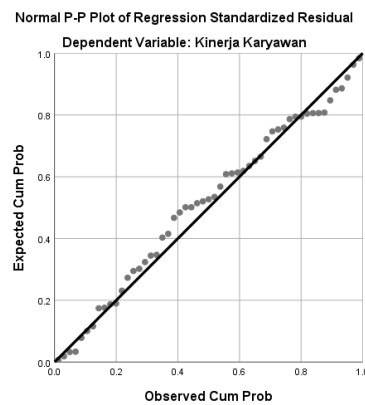

Figure 3. P-Plot

Based on the results from Figure 3, it can be observed that the data is spread close to the diagonal line. Thus, these results indicate that the data distribution is normal.

Multicollinearity Test

The tolerance value for each independent variable is >0.10, and the VIF (Variance Inflation Factor) for each independent variable is <10. Thus, it can be concluded that there is no multicollinearity.

Multiple Linier Regression

Based on Table 3, the following multiple linear regression equation for this study is obtained:

Table 3. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	3.321	3.365		.987	.329		
Reward	.355	.081	.452	4.380	.000	.697	1.434
Incentive	.152	.068	.204	2.226	.031	.882	1.134
Punishment	.335	.075	.487	4.478	.000	.628	1.593

The output from Table 3 Coefficients above is used to illustrate the following regression equation:

$$Y = 3.321 + 0.355X1 + 0.152X2 + 0.335X3$$

The constant is 3.321, which means if the variables of reward, incentive, and punishment are 0, then the employee performance variable would be 3.321. The regression coefficient of reward is 0.355. This implies that if the reward increases by 1 unit, then employee performance would increase by 0.355 units. The regression coefficient for incentive is 0.152, suggesting that if the incentive increases by 1 unit, then employee performance would increase by 0.152 units. The regression coefficient for punishment is 0.335. This suggests that if punishment increases by 1 unit, then the performance of employees would increase by 0.335 units.

Discussion

The Influence of Reward on Employee Performance at PT. Anugerah Alam Berastagi

Reward partially influences the performance of employees at PT. Anugerah Alam Berastagi, as evidenced by the t-calculated value of 4.380 > t-table 2.009 and the significance value of 0.000 < 0.05. This result aligns with Kenneth Blanchard's theory. Employee reward for hard work is essential to sustain motivation so they continue to perform their best. An increase in reward leads to an improvement in employee performance, as rewards motivate employees to earn more from the company by enhancing their performance. Thus, it can be concluded that rewards can influence employee performance. Rewarding employees is a form of appreciation from the organization or company and aims to boost other employees' motivation to also succeed. A healthy competition creates a more competitive and productive work environment.

The Influence of Incentives on Employee Performance at PT. Anugerah Alam Berastagi

Incentives partially influence the performance of employees at PT. Anugerah Alam Berastagi, as indicated by the t-calculated value of 2.226 > t-table 2.009 and the significance value of 0.000 < 0.05. This result aligns with Martoyo's theory (2000:135-136). Incentives are extra wages (bonuses) given for exceptional performance, aimed to boost employee productivity and retain high-performing employees in the organization (company). Proper incentives make employees feel valued according to their skills and performance. Incentives can also enhance employee work spirit, thus achieving optimal performance. The purpose of incentives is to encourage employees to work harder, show

more achievement, and reach set goals. Additionally, incentives can be a form of appreciation from the company to the employees who have performed well.

The Influence of Punishment on Employee Performance at PT. Anugerah Alam Berastagi

Punishment partially influences the performance of employees at PT. Anugerah Alam Berastagi, as indicated by the t-calculated value of 4.478 > t-table 2.009 and the significance value of 0.000 < 0.05. This aligns with Dian Rustandi's theory (2020:4). Punishment is a sanction received by an employee due to his inability to carry out tasks as ordered. If used effectively, it can suppress behavior within the organization. In other words, punishment should be given after careful and objective consideration of all aspects relevant to the situation. If the punishment is fair and proportionate to the offense committed, employee performance will improve. Employees will be able to perform their jobs well in terms of quality, quantity, timeliness, effectiveness, and independence. This happens because punishment is a threat intended to improve the performance of violating employees, maintain existing rules, and provide lessons to offenders.

5. Conclusions

Based on the t-test results, the t-value and the significance value for the reward variable is 4.380 > t-table 2.009, and the significance value is 0.000 < 0.05. Therefore, it can be concluded that H1 is accepted, which means that reward has a significant partial effect on employee performance. Based on the t-test results, the t-value and the significance value for the incentive variable is 2.226 > t-table 2.009, and the significance value is 0.000 < 0.05. Therefore, it can be concluded that H2 is accepted, which means that incentives have a significant partial effect on employee performance. Based on the t-test results, the t-value and the significance value for the punishment variable is 4.478 > t-table 2.009, and the significance value is 0.000 < 0.05. Therefore, it can be concluded that H3 is accepted, which means that punishment has a significant partial effect on employee performance. Based on the F-test results, the calculated F-value is greater than the table F-value, i.e., 28.486 > 2.79, and the significance value is 0.000 < 0.05. Therefore, it can be concluded that H4 is accepted, which means that the quality of reward, incentives, and punishment collectively has a significant effect on employee performance.

Recommendations for PT. Anugerah Alam Berastagi a. Incentives given should be planned carefully so that they can be utilized effectively by employees, thus truly being effective in achieving company goals. b. Rewards given should be based on facts and in accordance with the employees' achievements. c. Punishment given should be proportional to the employees' mistakes. Arbitrary punishments are unacceptable. Recommendations for future researchers' Future researchers studying employee performance are advised to change the independent variable or combine it with one of the independent variables in this study, such as training, work environment, and job satisfaction.

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