The Impact of Reward and Punishment on Employee Performance (Case Study MSIB PT. Telkom Akses Kota Bima)

Abdul Malik¹, Sri Wahyulina², Armi Sulthon Fauzi³

¹,² University Of Mataram
³STAHN Mataram

ABSTRACT: The study is conducted in conjunction with the activity of MSIB (a certified independent study apprentice) in the PT. Telkom Akses Kota Bima. The purpose of the study is to find out and analyze the relationship between reward and punishment for employee performance, both individually and simultaneously. The study uses a quantitative method. The subject of this study is PT. Telkom Akses Kota Bima employees with samples of as many as 32 employees who are willing to participate in the study. Data collection methods include observation, interviews, questionnaires, and documentation. The selected analysis model is a linear regression with version 23 of IBM SPSS. Research results indicate that reward has a positive effect on an employee's performance. Whereas punishment doesn't affect employee performance. Reward and punishment together have a positive effect on employee performance. This suggests that the combination of the two strategies is optimal. Reward can provide positive reinforcement and motivation, while punishment can serve as a deterrent to behaviors that would harm the company.

KEYWORDS: Reward, Punishment, Employee Performance

INTRODUCTION

In today's rapidly expanding millennial era, the global economy is experiencing unprecedented growth, driven by unprecedented advances in science and technology. This dynamic landscape poses a major challenge for the business world, particularly in the industrial sector, which must adapt to changing market demand and disruptive technology. In the center of that complexity, the complexity of a company depends greatly on the quality and effectiveness of its human resources. Human resources play a leading role in promoting operational efficiency and achieving organizational goals. Their ability to manage and analyze data in vast numbers, make appropriate decisions, and adapt to changing circumstances is essential to any company's success. After all, the effectiveness of management functions is directly proportional to human resource skills. It can contribute to increased productivity, innovation, and customer satisfaction, resulting in a sustained competitive advantage. To harness the full potential of human resources, an organization must invest in a comprehensive talent management strategy. Covering various aspects and creating a positive work environment as well as supporting workers to feel appreciated and empowered, one is by administering reward and punishment.

A good company gives high priority to the improvement in the performance of human resources. As a result, skilled resources play a key role in maximizing employee performance and will eventually have a significant impact on corporate performance. On the way to achieving optimal performance, reward and punishment play a leading role in motivating and shaping employee behavior (Zelika Desastra et al., 2023). These two components are part of a management control system, particularly in outcome control, in which employees are rewarded for their gratifying achievements. Appreciation is essentially a positive reinforcement that recognizes and appreciates employee achievement. When employees reach a predetermined standard they are rewarded. This aims to strengthen positive behavior, encourage goal-oriented action, and create a sense of recognition. On the other hand, punishment is viewed as a negative consequence, having the goal of preventing unwanted behavior and encouraging adherence to the norms and policies of the organization. When employees commit an inappropriate act or break the rules set out, they will face consequences such as reproof, warning, or in a severe case work disconnection. The effectiveness of reward and punishment in enhancing employee performance has been empirically supported by extensive research. Research conducted by Pramesti et al (2019), Apriilia et al (2023), and Ramadanita et al. (2021) indicates that the reward and punishment systems have a positive and significant impact on employee performance.
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PT. Telkom Akses is a leading subsidiary of Telkom Indonesia, this state-owned company has implemented a comprehensive reward and punishment system at the Bima City Telecommunication Regional Office. Telkom Akses operates in the field of providing telecommunications services, especially in developing telecommunications infrastructure in Indonesia. This company focuses on developing telecommunications network infrastructure, including the development of fiber optic networks and high-speed access networks. The implementation of a reward and punishment system in this company is of particular concern to management. Management makes this system a mainstay tool to motivate its employees to be motivated to provide better work services to clients or customers who use the internet network. In general, employees are expected to meet service, sales, and digital product improvement targets proactively. Service targets can include installing new networks, repairing/maintaining networks that experience problems, and maintaining network infrastructure. To achieve this, the company applies this system approach consistently and relevantly. The rewards given are in the form of praise from superiors, compensation, and bonus increases. Then punishment is given in the form of a warning from superiors for neglecting work duties, warning letters, salary cuts, and job termination.

In the work environment of PT. Telkom Akses Kota Bima approaches reward and punishment fairly and openly. Rewards are generally given if you meet the standard target of 100% or more. This reward is given during the briefing at the beginning of the working morning. Rewards can be in the form of direct cash to bonus goods. Personal rewards are given to sales employees with the highest achievements, field technicians with the highest productivity, and breakdown technicians with the highest work-ticket productivity. Meanwhile, punishment is given by eliminating transportation money for sales teams who do not reach the minimum target, even revoking their sales ID if they do not produce results for 3 consecutive months. Then there was no travel support for PSB technicians (installing new connections) with the lowest installation progress. As well as eliminating support for troubleshooting technicians with below-average productivity.

Based on observations by the author during the MSIB program at PT. Telkom Akses Kota Bima found that in 2023 there would be a decline in employee performance as evidenced by the company's achievement of business targets in the form of KM (key metrics) being below 50%, the percentage decreased compared to last year (2022) which reached above 90%. This is due to the implementation of organizational transformation from July to December 2023. Other indications were the phenomenon of several employees resigning from work, late attendance and employees temporarily disappearing from work. This phenomenon results in hampered company performance in fulfilling incoming work-order (WO) service tickets and affects customer satisfaction.

According to the description given, the author plans to conduct an in-depth study on "The Effect of Rewards and Punishment on Employee Performance at PT. Telkom Akses Kota Bima". The main objective of this research is to determine the effect of rewards and punishments on overall employee performance in the organization. This research aims to investigate the effect of rewards on employee performance, including the most successful types of rewards, such as monetary incentives, promotions, or recognition for good work. Likewise, this research also aims to examine the effect of punishment on employee performance, including the type of punishment that is most effective in encouraging better performance, such as verbal warnings, written warnings, or suspension. Furthermore, this research aims to determine the effect of a combination of reward and punishment on employee performance to determine whether the combination of the two is more effective than just reward or punishment alone.

LITERATURE REVIEW

Human resource management (SDM) is a special kind of management the management of the staff in performing the jobs needed to effectively accomplish the goals of the organization or company. Bambang Tri Cahyono (A. Sihotang, 2006) states that the management of human resources and personnel management are two disciplines that focus on the management of individuals who participate in organizations and are actively involved in achieving organizational goals. However, its approach, perspective, and function are different. If human resource management is viewed from a macro perspective, then personnel management is viewed from a micro perspective. Managing human resources is an important process that includes pulling, selecting, developing, sustaining, and using human resources to achieve personal and organizational goals (Handoko, 2001). This process is crucial in creating relationships between individuals and organizations. Furthermore, Hadi Nawawi (2011) describes the management of human resources as treating employees mercifully to optimize their physical and mental potential to achieve an organization's goals. Human resources management guarantees the efficient use of staff in the workplace.

John M. Ivancevich (Sofiat, 2021) defines human resource management as a strategy that affects organization staff, and personnel management as an operation that facilitates the effective use of workers to achieve organizational and individual objectives.

Management of human resources has a crucial role in building positive, productive relationships between individuals (employees) and companies. Effective management of an organization depends largely on the efforts of the manager in arranging for people to assume the responsibilities of each individual according to the company's will. In reality, human management is an
activity to recognize the essential human component as a vital primary asset in any organization. It is, therefore, necessary to make progress to enable the contributions made by employees to be maximum and to impact both organizational and personal goals toward achieving. According to Flippo (in Susan, 2019), human resource management includes planning, organizing, directing, and controlling supply, development, compensation, integration, maintenance, and termination of workers, to benefit people, employees, and society. The development of human resources is an important field for companies because ideas for innovation, quality, and sustainable improvement, as well as other important input needed to compete in this field of the modern and highly competitive business world, are derived from humans and not from machines (Juani Swart, et al. 2005).

From the foregoing definitions, it may be concluded that the management of human resources is the total of processes, strategies, and efforts created to manage the needs of individuals or employees to achieve a variety of good goals of individuals, societies, governments, and organizations. Human resource management includes all the work that is linked to human resources in organizations. The functions of human resources (according to Sihotang A. 2006) are as follows:

1. The managerial function:
   a. Planning; Designing strategies and programs to meet the needs of people in the future, including projected labor needs, recruits, and development.
   b. Organization; Structured an effective organizational structure to place resources in place of their expertise and responsibilities.
   c. Direction; Provides guidance, motivation, and leadership to employees to accomplish organizational goals.
   d. Coordinating; Align and integrate human activity with other departments to achieve the organization's overall goals.
   e. Oversight; Monitor human resources performance, evaluate the effectiveness of human resources programs, and make needed corrections.

2. The operational function consists of:
   a. Procuring; Finding, pulling, and selecting qualified candidates to fill job openings in organizations
   b. Selection and filter test; Conducts an objective and measurable selection process to select the best candidates based on the organization's qualifications and needs.
   c. Duty before training; Provide training to new employees to prepare them for their duties and responsibilities well.
   d. Job analysis; Analyzing tasks, responsibilities, and skill requirements for each job position in the organization.
   e. Placement; Putting an employee in a job position that is consistent with his or her expertise, experience, and interests.
   f. Compensation; Setting out and providing employees wages, benefits, and other benefits as a token of appreciation for their contributions.
   g. Development; Provides opportunities for employees to improve their skills and knowledge through training, education, and career development.
   h. Integrating; Helping new employees to adapt to the organization's culture and work environment.
   i. Maintenance and compensation; Maintain a harmonious relationship between employees and organizations through open communication, conflict resolution, and appreciation for performance.
   j. Release of human resources or separation; Managing the process of disconnecting work with employees, either because of withdrawal, retirement, layoff, or for other reasons, in a professional way, and by statute regulations.

A. Performance

Performance is a result of productive activities obtained by a worker who is carried out with full responsibility, joy, and skill without any external or internal burdens and provides quality output according to the time standardized by the company. Performance (according to Hasibuan, 2013) is defined as the output produced by an employee in carrying out the responsibilities given to him. Kurisyanto (2011:41) says employee performance is a comparison of the results achieved by the role and workforce within a certain time. Meanwhile, Mangkunegara (2007:67) said that employee performance is the result of work in terms of quality and quantity achieved by an employee in carrying out the responsibilities given to him. According to Al Umar et al. (in Adityarini, 2022), the following indicators are used to measure performance:

1. Work quality: This indicator can be measured by the level of thoroughness, compliance with standards, and minimum errors in work.
2. Quantity: This indicator can be measured by the amount of output produced, the speed of completing tasks, and targets achieved.
3. Timeliness: This indicator can be measured by the percentage of tasks completed on time, discipline, and employee time management.
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4. Effectiveness: This indicator can be measured by the ratio between output and input (resources), cost per unit of output, and efficiency level.

5. Independence: This indicator can be measured by the ability to complete tasks without requiring assistance, initiative and proactivity, decision-making, and responsibility.

B. Rewards

In the English dictionary, reward is defined as reward or appreciation (Ansory, 2018:301). Rewards are positive consequences given to someone to strengthen a desired behavior or action. Rewards can be in the form of money, prizes, promotions, or intangibles such as praise, recognition, and opportunities for development. Effective rewards are usually timely, specific, meaningful, and consistent. Rewards can motivate employees, improve performance, increase job satisfaction, and reduce turnover. According to Wijaya (2021), the reward system reflects the company's goals and is related to various dimensions that will encourage individual and overall organizational performance. Rewards can be an effective stimulant tool to boost employee performance so that they are more motivated to carry out their work diligently and produce the quantity and quality desired by the company. Rewards can be a friendly medium for encouraging employees to maintain their performance results or can even be a motivational tool to provide better performance.

Employees should receive fair and appropriate compensation if they do a good job. This type of reward does not only consist of wages and salaries but also includes various types of complementary compensation, such as insurance and recreation (Handoko, 2001). According to Wijanarko (2017), awards or rewards are all types of payments received by employees as compensation for their services to the company. According to Nawawi (2009:93), rewards are positive assessments of employees to motivate and maintain high performance. Irham Fahmi (2016: 64) said that compensation (reward) is a way to give appreciation to employees for their achievements at work, both financially and non-financially. According to Kadarisman (2012: 122), compensation indicators consist of two things:

1. Salary, which is stipulated in the employment contract and is given periodically to employees.
2. Incentives, are encouragement and motivation given beyond the expected results to encourage other people to do the same.
3. Alimony, is money given regularly for certain purposes.
4. Interpersonal Awards, are awards given to individuals or groups for their abilities in a particular field.
5. Promotion, is the transfer of an employee to a higher position with more responsibilities, facilities, and opportunities.

C. Punishment

The word punishment comes from English which means punishment, sanction, or torture (Ansory, 2018:301). In the work context, punishment refers to negative outcomes imposed on employees who fail to fulfill obligations or engage in behavior that harms the company. As stated by Roestiyah (in Saifullah, 2021), punishment is an unpleasant action carried out by a supervisor against an employee who has violated the rules or committed a crime. The purpose of punishment is to provide punishment or sanctions that are deliberately given to employees when they break the rules, to prevent them from repeating the violation. Punishment according to Mangkunegara (in Michelle Putri Kentjana & Nainggolan, 2018) is intended to maintain applicable regulations, improve the performance of employees who violate them, and teach those who violate them a lesson. Punishment indicators according to Rivai (in Koenkor, 2013), are described as follows:

1. Light punishment, consisting of:
   a. Verbal warning to the employee concerned,
   b. Written warning,
   c. Unwritten statement of dissatisfaction.
2. Moderate punishment, consisting of:
   a. Postponement of previously planned salary increases for other employees,
   b. Postponement of salary increases by company regulations,
   c. Postponement of promotion
3. Severe punishment, consisting of:
   a. Demotion
   b. Release from office
   c. Termination of work at the request of the employee concerned.
   d. Termination of employment as an employee at the company.
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FRAMEWORK OF THOUGHT & HYPOTHESIS

After getting the right framework, the hypothesis can be formulated as follows.
H1: Rewards influence employee performance
H2: Punishment influences employee performance
H3: Reward and Punishment influence employee performance

RESEARCH METHODS

The research method was carried out at PT. Telkom Akses Kota Bima uses quantitative methods. This research obtained a population of 42 employees of PT. Telkom Akses Kota Bima has both contract and permanent status. In this method, researchers took a sample of 32 respondents due to the busy schedules of employees carrying out tasks both in the field and in the office, so the questionnaire was given to employees who had free time and were willing to fill it out. The sampling technique was determined to be accidental sampling. Sugiyono (2014) stated that at least 30 respondents must be involved in testing the validity and reliability of the questionnaire to obtain a distribution of measurement values that is close to normal.

Data collection techniques in this research involve the use of questionnaires, observation, interviews, and documentation. The observed variables were measured using a Likert scale. Furthermore, the analysis model used is multiple linear regression analysis, which is implemented through SPSS version 23 statistical software. This approach was chosen because of its ability to identify and measure the extent to which independent variables, such as reward and punishment, influence the dependent variable, namely performance (Desastra and Susilo, 2023).

RESEARCH RESULTS

Multiple linear regression analysis can be used to determine the impact of the independent variables (reward and punishment) on the dependent variable (performance) both individually and together. This statistical technique helps predict the value of the dependent variable (Y) based on the value of one or more independent variables (X) and relies on the assumption of a linear relationship between the two.

To carry out this analysis, several stages were carried out such as Instrument Test and Classical Assumption Test which produced valid questionnaire data and were appropriate to continue with hypothesis testing. Multiple linear regression testing using SPSS version 23 software. Based on the test results in SPSS version 23, the Multiple Linear Regression equation was obtained as follows: \( Y = 28,442 + 0.415X1 + 0.346X2 \).

Interpretation:

a. The constant value for variable Y (performance) was obtained as 28,442. This means that the average performance score for each employee outside of giving rewards or punishments is 28,442.

b. The regression coefficient value for variable X1 (reward) is 0.415. This means that (1 reward unit = 0.415 performance). When there is a one-unit increase in the reward variable, the employee's performance value will increase by 0.415 units. Meanwhile, if there is a decrease of one unit in the Reward variable, the employee's performance value will decrease by 0.415 units.

c. The regression coefficient value for variable X2 (Punishment) is 0.346. This means that (1 unit of punishment = 0.346 performance). When there is a one-unit increase in the Punishment variable, the employee's performance value will increase by 0.346 units. Meanwhile, if there is a decrease of one unit in the Punishment variable, the employee's performance value will decrease by 0.346 units.

Hypothesis Testing

H1: Rewards influence the performance of employees PT. Telkom Akses Kota Bima
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Based on the t-test analysis, there is a positive and significant relationship between rewards and the performance of employees at PT. Telkom Akses Kota Bima. The significance level of the reward variable is 0.024, lower than the specified significance level of 0.05, which indicates statistically significant results. The t-count value of 2.391 which is a statistical test significantly exceeds the relevant t-table value of 2.045 at a significance level of 0.05. These findings provide strong evidence to reject the null hypothesis (H0) and accept the alternative hypothesis (H1) which states that rewards have a positive and significant effect on the performance of employees at PT. Telkom Akses Kota Bima. This conclusion is by existing literature, which highlights the importance of rewards as a motivational factor that can improve an employee’s performance.

H2: Punishment influences the performance of employees PT. Telkom Akses Kota Bima

Based on the t-test analysis, there is no positive and significant relationship between punishment and the performance of employees at PT. Telkom Access Kota Bima. The significance level of the punishment variable is 0.192, exceeding the specified significance level of 0.05. The t-count value of 1.337, which is a statistical test, is significantly smaller than the relevant t-table value of 2.045 at a significance level of 0.05. These findings provide strong evidence to accept the null hypothesis (H0) and reject the alternative hypothesis (H1) which states that punishment has no positive and significant effect on the performance of employees PT. Telkom Akses Kota Bima.

H3: Reward and Punishment simultaneously influence Employee Performance PT. Telkom Akses Kota Bima

Statistical analysis carried out on the F-test data shows that the significance value obtained is 0.001, which is lower than the previously determined significance level of 0.05. Furthermore, the F-count value of 8.486 is higher than the F-table value, namely 3.320 at a significance level of 0.05. The significance level of this F-table is achieved by calculating the values of degrees of freedom df1 and df2 at the 5% level. The result is that the alternative hypothesis (H3) is accepted, while the null hypothesis (H0) is rejected. Research studies show that the combined impact of reward and punishment has a significant positive influence on the performance of employees working at PT. Telkom Akses Kota Bima. The reward and punishment variables together can explain 36.9% of the variation in performance variables, while the remaining 63.1% is likely influenced by other factors not included in the research.

DISCUSSION

In this research, the reward factor influences employee performance. Rewards received by employees in the form of salaries and bonuses, appreciation, recognition, and consistent support for work will further improve employee performance. The reward system is a motivation for employees to carry out their work correctly and with quality, on time, effectiveness, and strong independence. Rewards are a motivational tool that can be relied upon to move company individuals to be willing to work hard and be enthusiastic about achieving company goals. Rewards are something that employees look forward to both before and after doing work because with rewards employees will act and work with enthusiasm and joy and allow the work to be done repeatedly without any burden. Employees’ enthusiasm for work will be able to achieve goals even beyond the company’s achievement standards. This means that management should always be aware that employees will be willing to work hard by providing appropriate rewards for them because employees are individuals who need to fulfill their lives and desires that must be achieved from the results of their work. This research is in line with previous research conducted by Ramadanita, et al. (2021) stated that rewards have a positive and significant effect on employee performance.

In this research, the punishment variable has no impact on employee performance. This finding is in line with previous research by Bhuwana, et al. (2022) which states that punishment has no impact on employee performance. On the other hand, the results of this research show that reward and punishment variables have a significant influence on performance variables simultaneously. Previous research, such as Pramesti, et al. (2019), Zelika Desastra, et al. (2023), and Adityarini (2022) also found that rewards and punishments influence employee performance.

CONCLUSION

Based on the discussion and analysis of each research variable, the author can reach the following conclusions:

1. Rewards have a positive and significant effect on the performance of employees at PT. Telkom Akses Kota Bima. This means that if rewards increase, employee performance will also increase, and if rewards decrease, employee performance will also decrease.
2. Punishment has no impact on employee performance. Punishment can be overlooked as a way to improve employee performance.
3. The reward and punishment variables simultaneously have a significant positive impact on the performance of employees at PT. Telkom Akses Kota Bima, so that if rewards and punishments increase then employee performance will also increase, conversely if rewards and punishments decrease then employee performance will also decrease.
4. Reward and punishment influence the performance of employees at PT. Telkom Akses Kota Bima is 36.9% of the total.

RECOMMENDATION
Based on these findings, researchers would like to suggest the following:
1. Companies should be consistent in providing rewards to employees so that they can have an impact on employee performance. If high-quality rewards are given, employee motivation will be higher and all staff will be motivated to improve their performance.
2. Management must review the existing punishment system to make it more efficient so that employees can maintain the quality of their work and avoid mistakes that could harm the company.
3. PT. Telkom Akses Kota Bima should be able to maintain and improve systematic reward and punishment so that the company can develop.
4. The contribution of reward and punishment variables to performance is only 36.90%, and there is another 63.10% which is influenced by other factors outside this research. Therefore, researchers suggest using other independent variables that can influence employee performance variables for further research.

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