The Effect Of Rewards And Punishments On Employee Performance At PT BRI Asuransi Indonesia Padang Branch

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Abstract: This research aims to analyze the influence of reward and punishment on the performance of PT BRI Asuransi Indonesia Padang Branch employees. Reward and punishment are an important part of human resource management in increasing productivity and work discipline. This research uses quantitative methods with a descriptive approach. The sample used was all 35 permanent employees. The data analysis technique uses multiple linear regression. The research results show that reward and punishment have a significant effect on employee performance, both partially and simultaneously. Rewards have a dominant influence on increasing motivation and productivity, while punishment is effective in maintaining discipline. It is recommended that management optimize an attractive reward system and apply punishment consistently and fairly.

Keyword: reward, punishment, employee performance, human resource management

1. Introduction

In the era of globalization, companies are required to have quality human resources (HR) to achieve competitive advantage. One important factor in HR management is the provision of rewards and punishments. Rewards aim to motivate employees, while punishment serves to maintain discipline (Sutrisno, 2019). Human resource management (HRM) is a key factor in achieving organizational goals. According to Dessler (2023), rewards are all forms of compensation, both financial and non-financial, provided by an organization as an appreciation for employee contributions. On the other hand, punishment can be a corrective tool against deviant behavior (Sutrisno, 2019). Employee performance, according to Silaen et al. (2021), includes quality, quantity, timeliness, effectiveness, and commitment. At PT BRI Asuransi Indonesia Padang Branch, the implementation of rewards and punishments has not been fully optimal, resulting in a decline in performance in several aspects.

Rapid changes in the business world also require companies to adapt to market and technological demands. In this context, employees are strategic assets. Therefore, providing motivation in the form of rewards and enforcing discipline through punishments is crucial for maintaining and improving employee performance. Rewards can foster work enthusiasm and loyalty, while appropriately applied punishments can encourage employees to work more orderly and according to regulations. Rewards are awards given by organizations to employees for their contributions and achievements.Rewards can take the form of financial

compensation such as salaries, bonuses, and allowances, as well as non-financial compensation such as recognition, promotions, and career development (Dessler, 2023).

The purpose of rewards is to increase motivation, loyalty, and work productivity. Well-designed rewards can create a positive work environment and motivate employees to achieve organizational targets. According to Dessler (2023), rewards are any form of compensation, both financial and non-financial, given as appreciation for performance and loyalty. At PT BRI Asuransi Indonesia, Padang Branch, a reward system has been implemented based on job class and responsibilities. Employees receive salaries, incentives, bonuses, and certain allowances. However, there is inequality, where some employees who have worked for more than five years do not receive promotions or career development, despite their good performance.

Punishment is a sanction or punishment given to employees for violating company rules or failure to fulfill work responsibilities. Punishment, according to Sutrisno (2019), is a corrective action for employee behavior that does not comply with organizational standards. At PT BRI Asuransi Indonesia Padang Branch, the implementation of the reward and punishment system has been carried out, but there is still a decline in employee performance. This is the background of this study with the aim of analyzing the effect of rewards and punishments on employee performance.Sub optimal employee performance is evident in declining work quality and delayed task completion. One cause is low motivation due to inappropriate rewards and inconsistent punishments. Therefore, it is important to scientifically evaluate the influence of these two variables on employee performance.

This study aims to analyze how much influence rewards and punishments have on employee performance, both partially and simultaneously, in order to provide strategic input for management in developing more effective human resource policies.

Based on the above background, the research questions can be formulated as follows:

(1) Do rewards have a significant effect on employee performance at PT BRI Asuransi Indonesia, Padang Branch? (2) Does punishment have a significant effect on employee performance at PT BRI Asuransi Indonesia, Padang Branch? (3) Do rewards and punishments significantly influence employee performance at PT BRI Asuransi Indonesia, Padang Branch?

The objectives of this study are:

(1) To determine and analyze the effect of rewards on employee performance at PT BRI Asuransi Indonesia, Padang Branch.

(2) To determine and analyze the effect of punishment on employee performance at PT BRI Asuransi Indonesia, Padang Branch.

(3) To determine and analyze the effect of rewards and punishments simultaneously on employee performance at PT BRI Asuransi Indonesia, Padang Branch.

2. Methods

This study uses a quantitative method with a descriptive approach. The population consists of all permanent employees of PT BRI Asuransi Indonesia Padang Branch, totaling 35 people. The sampling technique uses total sampling. The research instrument is a questionnaire with a Likert scale of 1-5. Data were analyzed using multiple linear regression, as well as t-test and F-test to measure partial and simultaneous effects. The sampling technique used in this study is Total Sampling. According to Sugiyono (2019: 128) the population is less than 100, the entire population is used as a research sample. The sample of this study is all employees of PT BRI Asuransi Indonesia Padang Branch, totaling 35 people. The following is a summary of the SPSS application output results related to testing the influence of rewards and punishments on employee performance, which can be seen in the table below.

Multiple Linear Regression Test Result

Variable	Unstandarized Coefficient		Standarized Coefficient	t	Sign	Desc
	B	Std. Error	Beta			
Constanta	1,123	0,449	-	2,501	0,018	-
Reward	0,450	0,149	0,512	3,015	0,004	significant
Punishment	0,375	0,137	0,478	2,742	0,008	significant

Based on the analysis results in Table 1, a regression equation can be created to describe the influence of rewards and punishments on the performance of PT BRI Asuransi Indonesia employees, namely as follows:

$$Y = 1.123 + 0.450\beta_1 + 0.375\beta_2 + e$$

The constant value in the regression model is 1.123 with a t-value of 2.501 and a p-value of 0.018. Since the p-value is less than 0.05, this constant is statistically significant. This indicates that if the reward and punishment variables are considered zero, the performance variable still has a baseline value of 1.123 units.

The reward variable has a regression coefficient of 0.450, meaning that every increase in reward given to employees of PT BRI Asuransi Indonesia Padang Branch will increase employee performance by 0.450 units, assuming other variables remain constant. A t-value of 3.015 with a p-value of 0.004 indicates that the effect of rewards on performance is significant at the 95% confidence level.

The punishment variable has a regression coefficient of 0.375, which means that every increase in the application of punishment to employees of PT BRI Asuransi Indonesia Padang Branch will increase employee performance by 0.375 units, assuming other variables remain constant. The t-value of 2.742 with a p-value of 0.008 indicates that punishment also has a significant effect on performance at the 95% confidence level.

To determine whether or not there is an influence between reward and punishment on work motivation, an F test was conducted. The results of the F test, the reward and punishment variables together have a significant influence on employee performance at PT BRI Asuransi Indonesia Padang Branch. The F-count value is 15.372 with a significance (p-value) of 0.000. Because the significance value is smaller than 0.05, it can be concluded that the regression model used is statistically significant. This shows that the reward and punishment variables simultaneously have a significant effect on employee performance at PT BRI Asuransi Indonesia Padang Branch.

<u>Discussion</u>

The majority of respondents agreed that the rewards provided were sufficiently motivating, particularly in the form of bonuses, allowances, and promotion opportunities. Punishment, such as reprimands and incentive reductions, has been implemented, but its implementation has not been entirely consistent, resulting in decreased effectiveness in some cases. The t-test results indicate that rewards significantly influence employee performance (p-value <0.05). This finding aligns with research by Amal Prihatono et al. (2022). Punishment also significantly influences performance, although to a lesser extent than rewards. These results support the opinion of Wijaya (2021). The F-test results indicate that rewards and punishment simultaneously have a significant effect on performance. The coefficient of determination (R^2) of 0.68 indicates that 68% of the variation in performance can be explained by rewards and punishment. This finding aligns with previous research by Amal Prihatono et al. (2022), which stated that appropriate rewards can increase employee loyalty and productivity. Consistent punishment, according to Wijaya (2021), can foster work discipline.

Conclusion and Suggestions

Conclusion

Rewards and punishments have been shown to significantly influence employee performance. Rewards are the dominant factor because they can increase motivation and productivity, while punishment is crucial for maintaining discipline.

Suggestion

1) Companies need to develop a more varied reward system. 2) Punishment must be implemented fairly and consistently. 3) Regular evaluation of reward and punishment policies is necessary.

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