

***THE EFFECT OF WORK MOTIVATION AND WORK DISCIPLINE ON  
EMPLOYEE PERFORMANCE WITH REWARD AND PUNISHMENT  
AS INTERVENING VARIABLES  
(CASE STUDY : PT SALIM IVOMAS PRATAMA KOTA PEKANBARU)***

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**ABSTRACT**

*The era of globalization where every company must compete to maintain and develop its existence, including PT Salim Ivomas Pratama. The main activities of PT Salim Ivomas Pratama start from research, seeding, processing to marketing, the complexity of all activities at PT Salim Ivomas Pratama must be supported by qualified employees and good human resource management. . One of the important elements to improve employee performance is motivation and work discipline. While the reward and punishment system plays a role in maintaining the motivation of high-performing employees. The study aims to determine the effect of work motivation and work discipline on employee performance with reward and punishment as mediation variables. Quantitative research using SEM-PLS analysis with the help of SmartPLS application version 3.0. The research instrument was in the form of a questionnaire with a total of 132 respondents. The results of the study found that reward and punishment variables mediate work motivation variables on employee performance by providing a positive and significant influence shown through calculated values of  $2.441 < 1,979$  tables and  $p$ -values of  $0.015 < 0.05$ . Furthermore, reward and punishment can mediate between the variability of work discipline on employee performance positively and significantly indicated by a calculated value of  $4.323 < 1,979$  ttable and  $p$ -value  $0.000 < 0.05$ .*

**Keyword: Work Motivation, Work Discipline, Employee Performance and Reward And Punishment**

**INTRODUCTION**

In today's era of globalization, where the linkage between the world economy and culture is growing rapidly, companies everywhere must compete to maintain and develop their existence. This is what makes the existence of human resources very important for the survival of the company so that it must be managed professionally. Quality human resources shown with extensive and skilled knowledge will have a positive impact on the company. Therefore, employees who are good at work and behave are every company's dream (Nurlaely et al., 2022). Human resources in the company will be managed through human resource management (HRM). HRM needs to pay attention to several factors to improve company performance. One of the important elements to improve employee performance is motivation and work discipline. Company leaders and employees who are in HR positions must be able to instill motivation that can

encourage the recall of performance productivity in employees and make them work disciplined.

Motivation as one of the important elements that affect employee work productivity. Motivation provides encouragement for employees to achieve the goals and targets set by the company, therefore every company wants to utilize human resources as optimally as possible. Employees who have been motivated will make it easier for the company to achieve its goals, this is because employees work voluntarily and with the greatest possible commitment, even without guidance from superiors. Companies can also improve business by providing professional training to employees. Training will provide a way for employees to develop themselves and improve quality. Knowledge, skills and abilities of employees in the workplace can be improved through training (Hanaysha, 2016); (Nurlaely et al., 2022); (Lusri & Siagian, 2017).

Employees play a role in providing energy, thinking, talent, creativity and commitment to an institution or organization. Each agency or organization strives to involve employees in organizational activities, or the agency or organization can provide work performance in the form of the highest possible labor productivity to achieve the specified goals (Harcang et al., 2021). Discipline is also very important to improve employee performance in a company or organization. If employees and managers lack discipline, then the performance of employees in the company or organization will decrease. For example, if employees arrive late, it means that the work that should be done is not completed because there is no discipline in the company or organization (Panjaitan & Panjaitan, 2021). This shows that employees with work discipline perform much better because they feel responsible for achieving organizational goals. Therefore, every organization must uphold discipline when carrying out every job that has been assigned.

Improving employee performance can be achieved by the way the company implements a *reward* and *punishment* system. Giving rewards when employees are able to achieve goals, then giving sanctions (*punishment*) when employees are careless in their work. Companies can use *rewards and punishments* to always motivate their employees to do the best performance for the company. The purpose of this *reward and punishment* system is to maintain the motivation of high-performing employees (Wijaya, 2021). The form of rewards can be in the form of financial external rewards (salaries and wages), employee benefits (pension funds, vacation and hospital care), and bonuses / incentives and non-financial extrinsic rewards including interpersonal rewards and promotions. While intrinsic rewards include completion, achievement, and autonomy (Ivancevich et al., 2006). *Punishment* can be categorized into light sanctions, moderate sanctions, and severe sanctions (Veithzal, 2005).

Based on the references that have been given, there are several theories that support the development of research models on the effect of work motivation and work discipline on employee performance with *reward and punishment* as intervening variables. One relevant theory is *Malcolm Baldrige Criteria for Performance Excellence* (Sudarmanto et al., 2022). This theory emphasizes the importance of creating a conducive work environment and maintaining work discipline to improve employee performance. This suggests that by increasing work motivation, which can be affected by reward and punishment systems,

employees tend to show higher levels of performance.

Another relevant theory is the *theory of Total Performance* (Muizu et al., 2019). This theory combines organizational and individual factors to measure performance. It recognizes the role of motivation in driving employee performance and highlights the importance of creating a motivating work environment. Reward and punishment systems can be used as tools to increase motivation and ultimately improve performance. In addition, Maslow Nadhifah & Susilawati's (2022) motivation theory is relevant to the research model. Maslow's hierarchy of needs suggests that individuals are motivated by different levels of needs, such as physiological, security, social, self-esteem, and self-actualization needs. By understanding and addressing these needs, organizations can create a motivating work environment that improves employee performance. Reward and punishment systems can be used to meet higher-level needs and motivate employees to do their best.

Furthermore, the theory of knowledge sharing in the workplace Zhang et al. (2020) can also be relevant to the research model. The theory explores the impact of punishment and reward systems on knowledge-sharing behavior. This suggests that punishment can hinder knowledge sharing, while rewards can incentivize and encourage knowledge sharing among employees. In the context of the research model, reward and punishment systems can affect employee motivation, which ultimately affects their performance. In summary, theories that support the development of research models on the effect of work motivation and work discipline on employee performance with reward and punishment as intervening variables include Malcolm Baldrige's Criteria for Performance Excellence, Total Performance Theory, Maslow's Hierarchy of Needs, and the theory of knowledge sharing in the workplace.

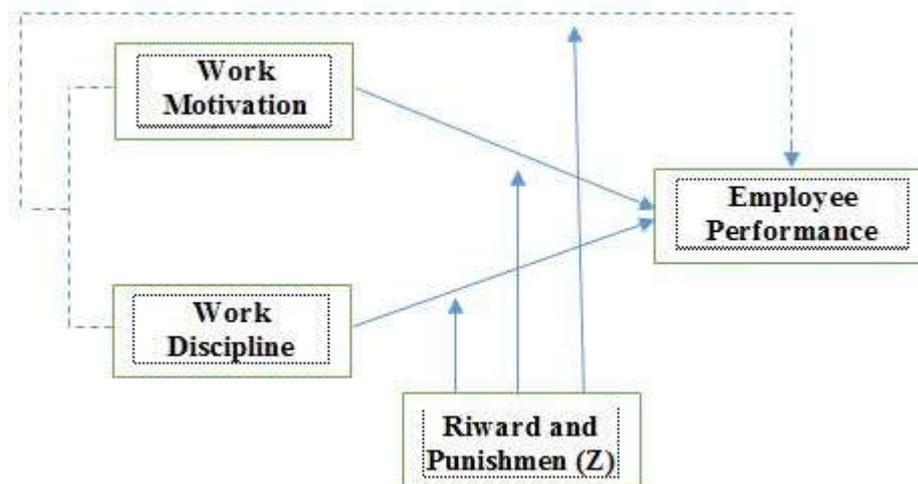
PT Salim Ivomas Pratama was established in 1992 diversified and vertically integrated in Indonesia. The main activities of PT Salim Ivomas Pratama are supply from research and development, seed breeding, cultivation and processing of oil palm to the production and marketing of cooking oil products (Sitoresmi, 2022). The complexity of all activities at PT Salim Ivomas Pratama must be supported by qualified employees and good human resource management. Work motivation and work discipline as important elements to improve employee performance. While *rewards and punishments* applied by companies

generally aim to maintain employee motivation at its highest condition. Moderation variables are variables that can magnify or minimize the influence between independent variables and dependent variables. Therefore, researchers are interested in examining the effect of work motivation and work discipline on employee performance with reward and punishment as moderation variables

## METHOD

Research with a quantitative approach with SEM-PLS analysis is used in research. PLS (Partial Least Square) analysis is processed using SmartPLS application version 3.0. Structural Equation Modeling (SEM) is a statistical analysis technique that can be used to analyze the relationship between latent variables and their indicators. The Partial Least Squares (PLS) approach does not require many assumptions and the sample size does not need to be large. PLS can also be used when the theoretical basis of the model is still early or the measurement of each

latent variable is new and therefore designed for predictive purposes. The PLS model includes three stages, namely the outer model or measurement model, the inner model or structural model and the weight relation can be estimated latent variable values (Wibisono et al., 2015). The time and location of the study will be carried out from June to July 2023 at PT Salim Ivomas Pratama. PT Salim Ivomas Pratama is located at Jl. Riau Ujung No.5, Air Hitam, Kec. Payung Sekaki, Pekanbaru City, Riau Province. Respondents who contributed to the study were 132 people. The study used a questionnaire instrument with a Likert scale. The independent variables in the study were work motivation (X1) and work discipline (X2), the dependent variable was Karaywan Performance (Y), and the moderation variables were *reward* and *punishment* (Z). The subjects of the study were employees working at PT Salim Ivomas Pratama. The object of this study is work motivation, work discipline, reward and punishment, and employee performance. Figure 1 below shows the conceptual framework used in the study.



**Figure 1.** Conceptual Framework

## RESULTS AND DISCUSSION

### 1. Outer Model Analysis

Outer model or measurement model is a model that describes the relationship between latent variables (constructs) and indicators (Juliandi, 2018). Outer mode can see the reliability and validity of the construct, here is the description:

#### Construct Reliability and Validity

#### 1. Reliability

The data of each latent variable (construct) collected using the questionnaire instrument must be tested for reliability. Reliability testing will show that the data that has been collected is reliable or trustworthy which is shown by respondents who are consistent in answering each question in the questionnaire. Reliability can be seen in *Composite reliability* and *Cornbach's Alpha*. A construct is considered reliable if it has a value of  $> 0.6$  (Sholiha & Salamah, 2015). The following Table 1 displays the results of processing using SmartPLS version 3.0.

**Tabel 1. Cronbach's Alpha dan Composite Reliability**

Variabel	Cornbach's Alpha	Composite Realibility
Work Motivation (X <sub>1</sub> )	0,912	0,931
Work Discipline (X <sub>2</sub> )	0,916	0,957
Reward dan Punishment (Z)	0,943	0,955
Employee Performance (Y)	0,945	0,957

Source : Data SEM-PLS

The variables of work motivation (X<sub>1</sub>), work discipline (X<sub>2</sub>), reward and punishment (Z), and employee performance (Y) have a validity of > 0.9. All variables listed in Table 1 have *Cornbach's Alpha* and *Composite Realibility* values > 0.7. This means that all variables have been declared reliable and can be processed in research.

Validity seen by comparing the root value of *average variance extracted* (AVE) must be higher than the correlation between constructs. The AVE value is at least > 0.5, suggesting that latent variants can account for more than half of the variants of the indicators (Vinzi et al., 2010). Table 2 below shows the results of processing average variance extracted (AVE).

1. Validity

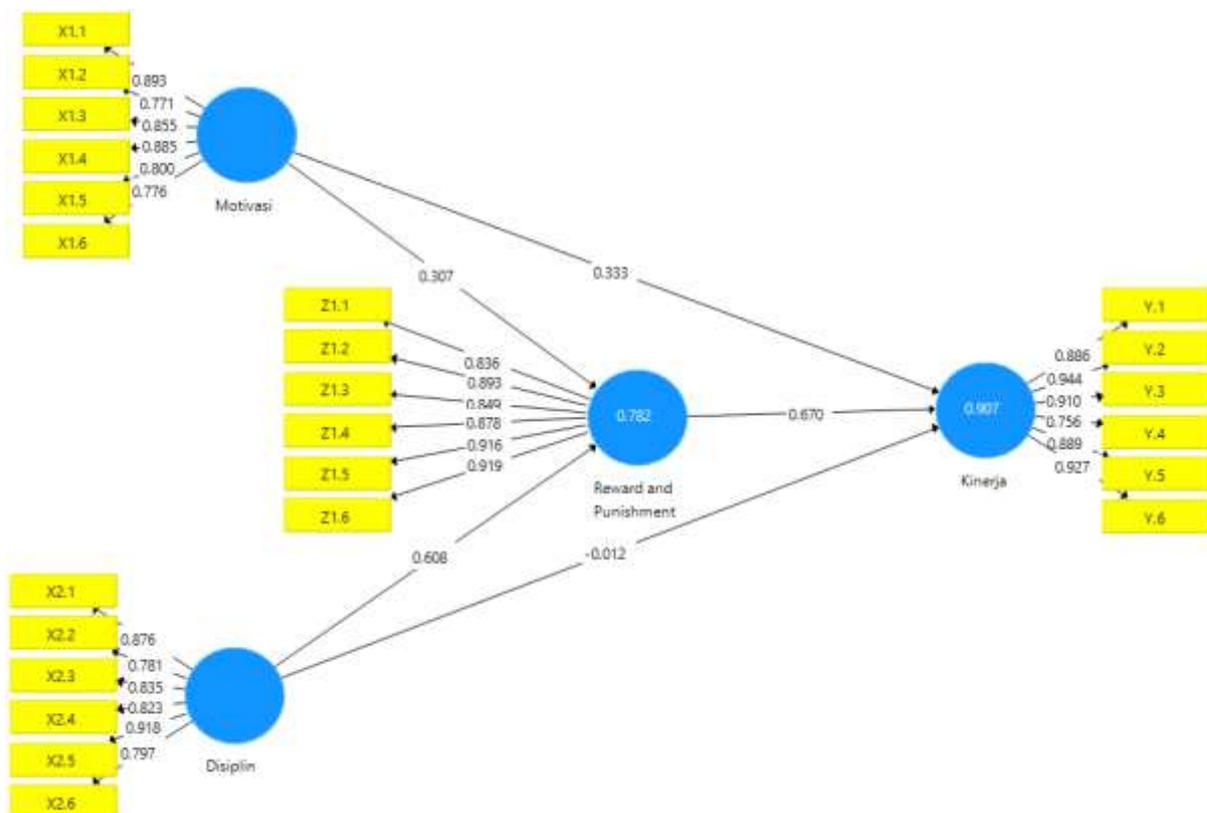
**Tabel 2. Average Variance Extracted (AVE)**

Variabel	Average Variance Extracted (AVE)
Work Motivation (X <sub>1</sub> )	0,691
Work Discipline (X <sub>2</sub> )	0,705
Reward dan Punishment (Z)	0,779
Employee Performance (Y)	0,787

Source : SEM-PLS Data

A construct can be declared valid if the AVE value > 0.5. All variables in the study had an AVE value of > 0.6. That is, the construct in this study has

been declared valid and can be used for further testing. Figure 2 shows the outer model of the construct in the study.



**Picture 2. Outer Model**  
(Source : PLS SEM Data)

1. Inner Model Analysis

A structural model is a model that describes relationships between constructs (latent variables). The relationship between constructs is based on certain theories or assumptions (Juliandi, 2018).

*Path Coefficient*

*Path coefficient* shows the significance of parameters that aim to show the relationship between research variables. *The coefficient path* shows the influence between constructs through the *R-square* and *indirect effect*.

1. *R-Square*

The meaning of relationships between constructs is shown in values with the *R-squared model*. Models are obtained from testing structural models and internal models. The structural model is evaluated using the *R-square* of the dependent construct and the *t-test*, and the importance of the parameter coefficients of the structural path. To estimate a model using PLS, start by considering the *R-squared* of each endogenous latent variable. Table 3 shows the *R-square value* of SmartPLS processing results.

**Tabel 3. R-Square**

Variabel	R-Square	R-Square Adj
Employee Performance (Y)	0,907	0,904
Reward dan Punishment (Z)	0,782	0,778

Source : PLS SEM Data

Employee performance variables were affected by 0.907 or 90.7% of reward and *punishment variables*. Furthermore, Table 3 lists a value of 0.782 or 78.2%, which means that *reward and punishment variables mediate work motivation and work discipline variables by 78.2%*.

2. *Indirect Effect*

The indirect effect given by variables is seen from the *probability value* or significance of the *p-value*. If the *p-value* < 0.05 or 5% indicates that the variable has a significant effect, while if the *p-value* > 0.05 it says that the variable has no significant effect. The following Table 4 shows the *p-value* and T-count values of the influence between variables.

**Table 4. Indirect Effect**

Variabel	T Statistics (t/STEDV)	P-Value
Work Discipline -> Employee performance	0,089	0,929
Work Discipline -> Reward and Punishment	6,425	0,000
Work Motivation -> Employee Performance	2,775	0,006
Work Motivation -> Reward dan Punishment	2,476	0,014
Reward dan Punishment -> Employee performance	6,933	0,000
Work Discipline (X <sub>2</sub> ) → Reward dan Punishment (Z) → Employee Performance (Y)	4,323	0,000
Work Motivation (X <sub>1</sub> ) → Reward dan Punishment (Z) → Employee Performance (Y)	2,441	0,015

Source : PLS SEM Data

The independent variable and variable are said to have an effect if they have a calculated value > Ttable and a *p-value* of < 0.05. Table 4 explains that all variables except the relationship of work discipline to employee performance have a positive and significant effect.

*Work Motivation on Employee Performance*

Work motivation variables have a positive and significant influence on employee performance variables. This is indicated by the Tcalculate value of 2.775 < 1.979 Ttabel and the *p-value* of 0.006 < 0.05. That is, the better the work motivation that employees have, the better the performance of employees. This research is in line with research conducted by (Jufrizen & Hadi, 2021) and (Adha

et al., 2019) which obtained results where work discipline has a positive and significant influence on employee performance.

#### *Work Motivation for Reward and Punishment*

Work motivation variables have a positive and significant influence on *reward and punishment variables*. This is indicated by a calculated value of  $2.476 > 1.979$  Ttable and a *p-value* of  $0.014 < 0.05$ .

#### *Work Discipline on Employee Performance*

Work discipline variables do not affect employee performance variables. This is indicated by a Tcalculate value of  $0.089 < 1.979$  Ttable and a *p-value* of  $0.929 < 0.05$ . This research is in line with research conducted by (Muna & Isnowati, 2022) which obtained the results that employee performance does not have a significant effect on employee performance. However, not in line with research by (Vallennia et al., 2020) and (Ferawati, 2017) which obtained results there was a positive and significant influence of work discipline on employee performance.

#### *Work Discipline towards Reward and Punishment*

The variable of work discipline has a positive and significant influence on the variables of *reward and punishment*. This is indicated by a calculated value of  $6.425 > 1.979$  T<sub>table</sub> and a *p-value* of  $0.000 < 0.05$ .

#### *Reward and Punishment for Employee Performance*

Reward and *punishment* variables have a positive and significant influence on employee performance. This statement is evidenced by the Tcalculate value of  $6.933 > 1.979$  T<sub>table</sub> and *p-value*  $0.000 < 0.05$ . That is, if the application of the *reward and punishment system* is implemented properly, firmly, and committedly, it will improve employee performance. This is in line with research conducted by (Dymastara & Onsardi, 2020) which also obtained the results of *rewards and punishments* have a positive and significant effect on employee performance.

#### *Reward and punishment mediate work motivation on employee performance*

Reward and *punishment variables* have a positive and significant influence on the relationship between work activation variables and employee performance variables. This is indicated by the Tcalculate value of  $2.441 > 1.979$  Ttable and the *p-value* of  $0.015 < 0.05$ . That is, the better

the application of *rewards and punishments* will be directly proportional to the increasing influence of work motivation in improving employee performance.

#### *Reward and punishment mediate work discipline on employee performance*

Reward and *punishment variables* have a positive and significant influence on the relationship between work discipline variables and employee performance variables. This is indicated by a Tcalculate value of  $4.323 > 1.979$  Ttable and a *p-value* of  $0.000 < 0.05$ . This explains that the better the application of *rewards and punishments* to the company will also have an impact on the greater the influence given by work discipline in improving employee performance.

## CONCLUSION

1. Work motivation variables have a positive and significant influence on employee performance variables. This is indicated by the Tcalculate value of  $2.775 > 1.979$  Ttable and the *p-value* of  $0.006 < 0.05$ .
2. Work motivation variables have a positive and significant influence on *reward and punishment variables*. This is indicated by a calculated value of  $2.476 > 1.979$  Ttable and a *p-value* of  $0.014 < 0.05$ .
3. Work discipline variables do not affect employee performance variables. This is indicated by a Tcalculate value of  $0.089 < 1.979$  Ttable and a *p-value* of  $0.929 < 0.05$ .
4. The variable of work discipline has a positive and significant influence on the variables of *reward and punishment*. This is indicated by a Tcalculate value of  $6.425 > 1.979$  Ttable and a *p-value* of  $0.000 < 0.05$ .
5. Reward and *punishment* variables have a positive and significant influence on employee performance. This statement is evidenced by the Tcalculate value of  $6.933 > 1.979$  T<sub>table</sub> and *p-value*  $0.000 < 0.05$ .

## SUGGESTION

1. For Motivation Variables in order to survive, it is recommended that the company pay attention to the motivational tools needed by employees such as incentives with various ways of giving them
2. In order for discipline to be improved, it is recommended to conduct comparative studies to the supervisor level in order to get good examples from companies with

better levels, so that in its application there are guidelines.

3. It is recommended that the company continue to carry out training that is able to improve workers' skills and improve workers' skills in carrying out routine activities that can increase worker productivity.

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