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## THE INFLUENCE OF REWARDS AND PUNISHMENT ON EMPLOYEE PERFORMANCE THROUGH WORK DISCIPLINE

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### Abstract:

Improving the quality of employee performance is one of the main objectives of human resource management in government agencies, including the East Luwu Regency Personnel and Human Resources Development Agency (BKPSDM). Observation results reveal that despite the implementation of various policies, obstacles persist in achieving optimal levels of performance. Employee discipline deficiencies and ineffective punishment and reward implementation often contribute to this problem. This research aims to analyze the effects of punishment and rewards on the quality of employee performance, with discipline as an intervening variable. The research method used is a quantitative approach. The population was BKPSDM employees of East Luwu Regency using a saturated sampling method so that the entire population was sampled as 105 respondents. The data collected was analysed using inferential statistical techniques to test the relationship between the variables studied with the help of the SmartPLS statistical tool. The results of this research show that rewards have a positive and significant effect on work discipline and employee performance, and punishments have a positive and significant effect on work discipline but are not significant on employee performance. Rewards and punishment have a positive and significant effect on employee performance through work discipline.

### Keywords:

Reward, Punishment, Work Discipline, Employee Performance

## Introduction

The quality of employee performance in an organization is one of the key factors that determine the success and effectiveness of carrying out tasks and achieving organizational goals. In government environments, such as at the East Luwu Regency Personnel and Human Resources Development Agency (BKPSDM), the quality of employee performance plays a crucial role in

ensuring optimal and professional public services. However, there are many challenges faced in efforts to improve the quality of performance, one of which is the problem of inadequate work discipline.

Work discipline is an essential element that reflects the extent to which employees comply with the rules and procedures set by the organization. Lack of work discipline often becomes an obstacle in achieving the expected performance (Simorangkir et al., 2021). To address this issue, the implementation of a policy that provides both punishment and rewards serves as a strategy to foster increased work discipline. Punishment is given as a consequence for violations or non-compliance, while rewards are given as a form of appreciation for good performance and compliance with rules.

Despite various efforts to improve employee performance through punishment and rewards, the results at BKPSDM East Luwu Regency remain inadequate. Some employees still display low levels of work discipline, which has a negative impact on the quality of public services and the achievement of organizational goals. This phenomenon raises questions regarding the effectiveness of punishment and reward policies in improving work discipline and the quality of employee performance.

Based on the aforementioned phenomena, a number of research problems require further analysis. Firstly, the question arises as to whether imposing punishments can significantly enhance employee work discipline. Second, to what extent can the given rewards motivate employees to work more effectively and adhere to the established rules? Thirdly, how does the work discipline that results from punishment and rewards relate to the quality of employee performance? Fourth, can work discipline serve as a moderating factor that amplifies the impact of punishments and rewards on the caliber of employee performance?

Previous research has extensively explored the relationship between punishment, rewards, work discipline, and employee performance. Several studies show that giving strict punishment can improve work discipline and employee performance (Wu et al., 2022). Conversely, research has proven that appropriate rewards can boost employee motivation and performance (Anriani et al., 2022; Yusuf et al., 2021). However, these studies tend to focus only on one aspect, namely punishment or rewards, without comprehensively examining the interaction between the two policies.

Apart from that, research on the role of work discipline as an intervening variable in the relationship between punishing and rewards and performance quality remains inconsistent. While several studies demonstrate the potential of work discipline as a significant mediator, the empirical evidence supporting this claim remains limited (Azainil et al., 2021). Therefore, this research aims to comprehensively examine the influence of punishment and rewards on performance quality, using work discipline as an intervening variable for East Luwu Regency BKPSDM employees.

## **Literature Review**

### ***Reward***

Awards are a form of recognition and appreciation given by an organization to its employees for certain contributions, performances, or achievements. According to Pradhan (2022),

rewards are anything that employees want in return for their contributions to the organization. Rewards can be intrinsic or extrinsic. Intrinsic rewards are ones obtained from within the individual, such as feelings of pride and satisfaction with achievements. Meanwhile, extrinsic rewards are ones that come from outside the individual, such as bonuses, salary increases, or promotions. Manzoor et al. (2021) state that appreciation is an important element in human resource management because it can motivate employees to improve their performances and achieve organizational goals. Effective rewards must be fair, transparent, and relevant to the performance or contribution made by employees.

According to Thneibat & Sweis (2022), rewards are any form of compensation given to employees in recognition of their contribution to the organization. These rewards can be financial (such as salaries and bonuses) or non-financial (such as verbal rewards, certificates, or public recognition). Experts conclude that rewards whether in the form of compensation or verbal recognition—serve as recognition for employees' contributions to the organization.

Wu et al. (2022) proposed several indicators among others to measure the effectiveness of rewards in organizations, Justice includes aspects of distributive justice (fairness in the distribution of rewards) and procedural justice (fairness in the process of rewarding rewards), relevance relates to the level of relevance of rewards to employee needs and preferences. Relevant rewards are more likely to motivate employees than irrelevant rewards, clarity of reward criteria for receiving rewards are clear and understood by all employees. Clarity of criteria aids employees in comprehending their responsibilities and the methods to attain these rewards, frequency this indicator gauges the frequency of awarding rewards (Junaidi, 2024; Serang et al., 2023). Rewards given regularly and consistently can help maintain employee motivation and performance, and satisfaction This indicator measures the extent to which employees are satisfied with the rewards they receive. This satisfaction can reflect the effectiveness of rewards in motivating and improving employee performance.

### ***Punishment***

Employees who violate regulations or fail to meet predetermined performance standards receive punishment in an organizational context. Allo et al. (2023) define punishment as a form of negative feedback that an organization uses to reduce or eliminate undesirable behavior. Punishment aims to maintain discipline and ensure that each employee complies with existing policies and procedures. Wibowo et al. (2022) define punishment as actions taken by management in response to rule violations or failure to meet work standards. Punishment can take the form of a written warning, demotion, salary reduction, or even dismissal, depending on the level of the violation committed.

According to Pan et al. (2022), an organization uses punishment as a corrective measure to address noncompliance and ensure that all employees act in accordance with the organization's values and goals. Punishment functions as a tool to enforce discipline and maintain a productive and harmonious work environment. The explanation above leads us to the conclusion that an organization administers punishments or actions to individuals who violate established work standards.

Pan et al., (2022), punishment are corrective steps taken by an organization to address non-compliance and ensure that all employees act in accordance with the organization's values and goals. Punishment function as a tool to enforce discipline and maintain a productive and

harmonious work environment. Based on the explanation above, it can be concluded that punishment are a form of punishment or action given by an organization to people who commit violations or do not meet established work standards. Sanction indicators used to measure the effectiveness of punishment include procedural justice, distributive justice, clarity of rules, consistency of application, and impact on behavior (Limpo & Junaidi, 2023; Orji et al., 2024). Procedural justice indicator includes clarity of rules, consistency of implementation, and openness in the decision-making process, distributive justice indicator assesses whether the punishment given is commensurate with the level of violation, clarity of rules covers the extent to which the rules and consequences of violations are known and understood by all employees, thereby preventing violations and making it easier to apply punishment, implementation consistency include how punishment is applied consistently regardless of who commits the violation and impact on behavior *indicator includes reducing negative behaviors and increasing compliance with rules.*

### **Work Discipline**

Discipline is a condition where a person complies with applicable rules and norms and acts in accordance with standards set by an organization or institution. Alhempri et al. (2024) assert that management uses discipline as a tool to modify employee behavior and enhance performance, aligning it with organisational objectives. Discipline requires each individual to comply with mutually agreed rules and regulations. Pereira (2023) defines discipline as a person's attitude of willingness and readiness to obey and carry out the norms of the system that applies around him. Good discipline in an organisation is characterised by members' obedience to organisational regulations and the high level of awareness of organisational members in carrying out their duties and responsibilities.

According to Rifa'i (2023), "discipline" is defined as "attitudes, behaviors, and actions" that are in accordance with organizational regulations, both written and unwritten. Employees demonstrate workplace discipline by consistently arriving on time, completing tasks within deadlines, and adhering to organizational regulations without strict supervision. The explanation above leads us to the conclusion that discipline refers to an individual's commitment to adhering to the rules and regulations that govern behaviour within an organization (Ramlawati et al., 2023). The following indicators are used to measure the level of discipline in an organization: According to Rivaldo & Nabella (2023), the presence indicator measures consistent and punctual attendance, which indicates a high level of discipline. Regulatory compliance measures the level of employee compliance with organisational regulations and procedures; productivity measures work output and target achievement; responsibility measures the level of employee responsibility in completing their tasks; and time use measures the efficiency of using working time in making the best use of working time and not wasting time.

### **Employee Performance**

Performance is a term that describes the work results achieved by a person or group of people in an organization in accordance with the responsibilities and tasks assigned. According to Sitepu et al. (2022), performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given. Meanwhile, Li et al. (2021) define performance as the result of the work process carried out by employees, which shows how well tasks have been carried out and goals have been achieved. Hirschi & Spurs (2021) define performance as the level of achievement for a task or job that is

measured based on work results, productivity, and efficiency in achieving predetermined goals. Kim et al. (2022) posit that performance refers to the extent of results individuals or groups within an organization can attain, measured against pre-established work standards. The explanation above shows that performance is an employee's accomplishments based on his duties and responsibilities.

Some studies have demonstrated that factors such as ability, motivation, the work environment, job satisfaction, organizational commitment, and training influence employee performance. Performance indicators used to measure employee performance levels include work quality, work quantity, time efficiency, initiative, and responsibility (Gupta et al., 2022). Work quality indicator includes the accuracy, perfection, and reliability of work results, work quantity indicator includes the volume of work completed and employee productivity, time efficiency indicator includes the ability to meet deadlines and work speed, initiative indicator includes creativity, proactiveness, and the ability to find solutions to problems that arise, and responsibility indicator includes the level of reliability and trust given to employees.

## **Hypothesis Development**

### ***There Is A Connection Between Rewards And Work Discipline.***

Jonker et al. (2022) conducted research suggesting that external rewards, such as monetary rewards or public recognition, can temporarily increase motivation to comply with rules. However, such rewards do not always lead to long-term sustainable behavioral changes that comply with the rules. Chand et al. (2022) discovered that delivering consistent rewards in a timely and consistent manner can reinforce desired discipline behaviour. This can help form better habits in obeying the rules.

### **H1: Rewards have a positive and significant influence on work discipline.**

### ***Relationship between Punishment and Work Discipline***

Wu et al.'s research from 2022 demonstrates that clear and consistent punishment can serve as an effective deterrent against rule violations. The real threat of punishment can encourage individuals to comply more with the rules in order to avoid negative consequences. Wibowo et al. (2022) emphasize the significance of maintaining consistency in the application of punishments. Applying punishment fairly and consistently for rule violations can reinforce disciplinary norms in an environment or organization.

### **H2: Punishment has a positive and significant effect on work discipline.**

### ***There Is A Connection Between Workplace Discipline And Employee Performance.***

Prasetyo et al.'s research from 2021 demonstrates that strong work discipline can boost employee productivity and performance. Research by Rivaldo & Nabella (2023) revealed that work discipline has a significant relationship with employee performance. This research revealed that employees with high work discipline typically outperform those with low work discipline. Ikhida et al.'s research from 2022 also demonstrates the positive impact of work discipline on employee performance.

### **H3: Work discipline has a positive and significant influence on employee performance.**



***The Relationship Between Rewards And Employee Performance***

Numerous studies have explored the impact of rewards on employee performance. Jonker et al. (2022) conducted one of the relevant studies, finding that extrinsic rewards can boost employee motivation and performance in the short term. Wu et al. (2022) found that rewards significantly influence employee performance. This study found that financial rewards, such as bonuses and incentives, as well as non-financial rewards, such as recognition and promotions, can significantly increase employee motivation and performance. Research by Noorazem et al. (2021) shows that giving rewards fairly and consistently can increase employee trust in the organization, which in turn can improve performance.

**H4: Rewards have a positive and significant influence on employee performance.*****The Relationship Between Punishment And Employee Performance***

Research on punishments in organizations has shown various results regarding their effectiveness in improving employee discipline and performance. For instance, Orji et al.'s (2024) research demonstrates that consistent and fair application of punishment can enhance employee discipline and performance. This research underscores the significance of procedural justice in punishment implementation to guarantee equitable treatment for employees. Research by Chen (2023) found that appropriately applied punishment can reduce negative behavior and improve individual performance as a team. This study shows that effective punishment must be based on clear policies and applied consistently. Research by Pan et al. (2022) indicates that applying punishment in a fair and transparent manner can enhance employee compliance with rules and enhance organisational performance.

**H5: Punishment has a positive and significant effect on employee performance.*****The Relationship Between Rewards And Employee Performance Through Work Discipline.***

Research by Calen et al. (2022) suggests that the integration of clear rewards, specific goals, and feedback on performance is the key to improving its quality. Good discipline in maintaining organizational standards and rules is also important for creating an environment that supports high-quality performance. Rifa'i's 2023 research demonstrates that rewarding good performance can enhance an individual's intrinsic motivation to improve their work. When individuals feel rewarded for their discipline and performance, they tend to be more motivated to achieve better results.

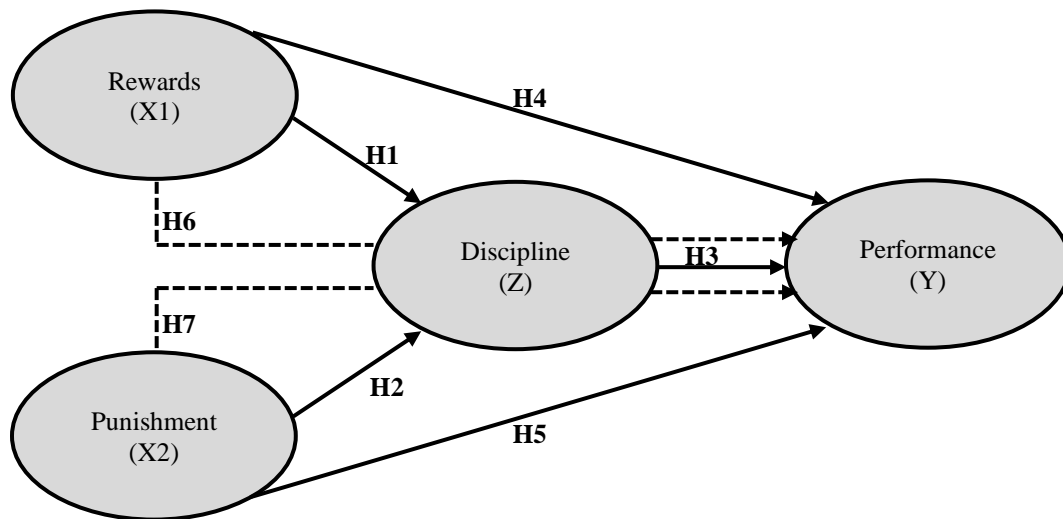
**H6: Rewards have a positive and significant influence on employee performance through work discipline.*****The Relationship Between Punishment And Employee Performance Through Work Discipline***

Wu et al.'s (2022) study underscores the significance of striking a balance between punishing and rewarding employees to enhance performance quality. Employees who feel that the reward and sanction system in their organization is fair and proportional tend to work better toward achieving organizational goals. Organizational culture and policies can influence the effect of punishment on discipline and performance quality, according to research by Wibowo et al. (2022). Organizations that have a clear and integrated punishment system with a culture that encourages compliance will tend to have higher levels of discipline and better-quality performance.

H7: Punishment has a positive and significant effect on employee performance through work discipline.

### Conceptual Framework

The results of previous research and the relationship between research variables mean that the conceptual framework of this research can be described as follows:



**Figure 1: Conceptual Framework**

### Methodology

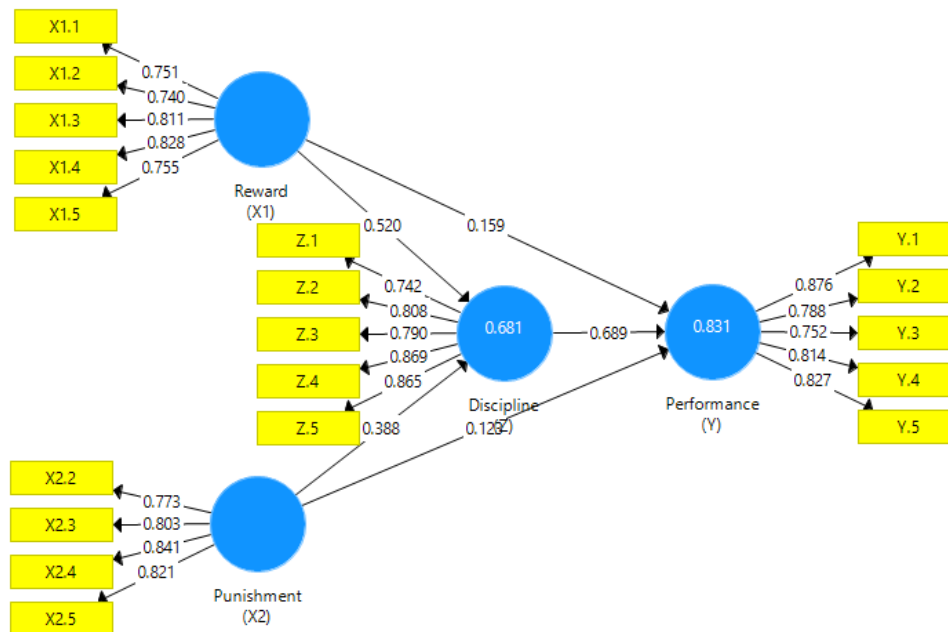
The type of research carried out is explanatory research using a quantitative approach, which uses data in the form of numbers as a tool to analyze information about what you want to know. The population was BKPSDM employees of East Luwu Regency using a saturated sampling method so that the entire population was sampled as 105 respondents. Data was collected by distributing questionnaires to respondents where the questionnaire had been tested for data validity using validity and reliability tests. Data analysis in this research uses the SmartPLS statistical tool.

### Data analysis

#### Validity test

The validity test used to assess the level of validity of the VB-SEM model in this research is convergent validity. There are two ways to determine the validity of the SEM model using convergent validity techniques, namely looking at the outer loading (Loading Factor) value and the Average Variance Extracted (AVE) value.

The required factor loading value is  $> 0.7$ , the results of testing the indicators on the research variables can be seen in the picture below:



**Figure 2: Outer Loading Value**

The test results show that all indicators for each statement item have shown a value of  $> 0.7$  so that it can be stated that the model is valid and can fulfill the outer loading requirements. The value required for average variance extraction is  $> 0.5$ , we can see the test results in the table below:

**Table 1: Average Variance Extracted (AVE) Value**

	Average Variance Extracted (AVE)
Discipline_(Z)	0.666
Performance_(Y)	0.660
Punishment_(X2)	0.657
Reward_(X1)	0.605

Source: Data processed 2024

The test results show that the AVE value of the research variables is  $> 0.5$  so it can be concluded that all variables are valid and can be declared to meet the requirements in the SEM model validity test.

### Reliability Test

Reliability is a measure of an indicator's consistency in measuring its variables. The values used to determine the level of reliability of the SEM model are Composite Reliability and Cronbach Alpha. This type of reliability functions to determine the level of internal reliability of variable indicators. We can see the test results in the table below:

**Table 2: Composite Reliability and Cronbach Alpha values**

	Cronbach's Alpha	Composite Reliability
Discipline_(Z)	0.874	0.909
Performance_(Y)	0.871	0.906



Punishment_(X2)	0.826	0.884
Reward_(X1)	0.837	0.884

Source: Data processed 2024

The standard Cronbach's Alpha value for a variable so that it is declared reliable is  $> 0.6$ , while the standard value for Composite Reliability is  $> 0.7$ . Therefore, based on the table above, it is known that all variables have a Cronbach's Alpha value  $> 0.6$  and a Composite Reliability value  $> 0.7$  so it can be stated that the SEM model analyzed is reliable.

### Bootstrapping

SEM analysis aims to test the magnitude of the influence of the independent variable on the dependent variable. The SEM model results from the analysis of the influence between variables are shown in the image below.

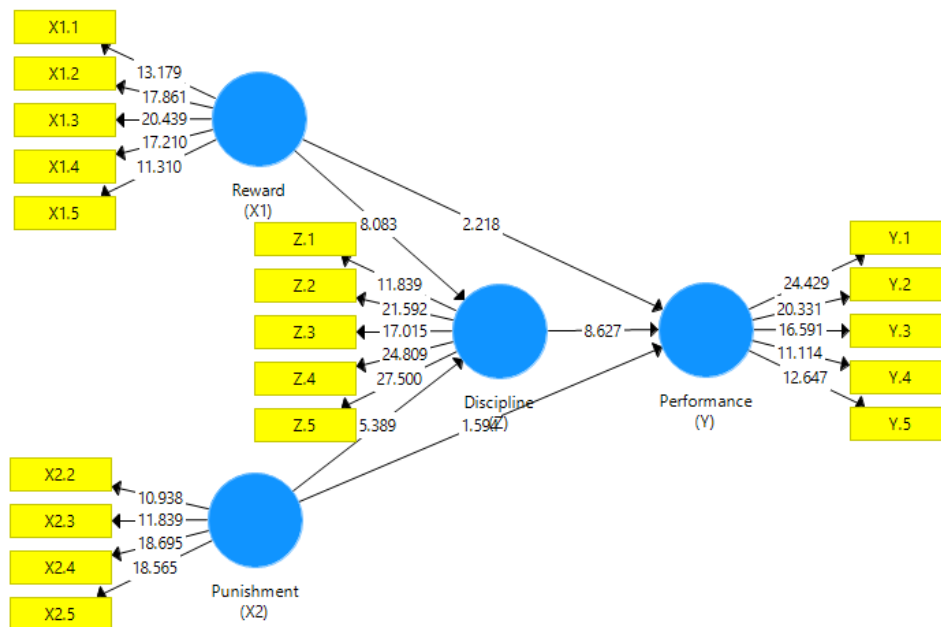


Figure 3: Results of Testing the Effect of Research Variables

### Hypothesis Testing

Analysis of the influence of the variables analyzed in this research is the influence of the variables rewards (X1), punishment (X2), and work discipline (Z) on performance (Y). This analysis is also used to test research hypotheses. The magnitude of the direct influence of these variables is shown in the table below:

**Table 3: Direct Effect**

	<b>T Statistics ( O/STDEV )</b>	<b>T Table</b>	<b>P Values</b>	<b>Cut of Value</b>
Discipline_(Z) -> Performance_(Y)	8,627	1,660	0,000	0.05
Punishment_(X2) -> Discipline_(Z)	5,389	1,660	0,000	0.05
Punishment_(X2) -> Performance_(Y)	1,594	1,660	0.111	0.05
Reward_(X1) -> Discipline_(Z)	8,083	1,660	0,000	0.05
Reward_(X1) -> Performance_(Y)	2,218	1,660	0.027	0.05

Source: Data processed 2024

**Table 4: Indirect Effect**

	<b>T Statistics ( O/STDEV )</b>	<b>T Table</b>	<b>P Values</b>	<b>Cut of Value</b>
Punishment_(X2) -> Discipline_(Z) -> Performance_(Y)	4,658	1,660	0,000	0.05
Reward_(X1) -> Discipline_(Z) -> Performance_(Y)	5,900	1,660	0,000	0.05

Source: Data processed 2024

Based on the table above, hypothesis testing can be carried out as follows:

**First Hypothesis:** The results of the T statistical analysis show that the calculated t value =  $8.083 > t_{table} = 1.660$  with a P value of  $0.000 < \text{Cut off value of } 0.05$ . This means that the reward variable has a positive and significant influence on work discipline, so that the first hypothesis is declared **accepted**.

**Second Hypothesis:** The results of the T statistical analysis showed that the calculated t value =  $5.389 > t_{table} = 1.660$  with a P value of  $0.001 < \text{Cut off value of } 0.05$ . This means that the sanction variable has a positive and significant influence on work discipline, so the second hypothesis is declared **accepted**.

**Third Hypothesis:** The results of the T statistical analysis show that the calculated t value =  $8.627 > t_{table} = 1.660$  with a P value of  $0.000 < \text{Cut off value of } 0.05$ . This means that work discipline has a positive and significant influence on performance, so the third hypothesis is declared **accepted**.

**Fourth Hypothesis:** The results of the T statistical analysis show that the calculated t value =  $2.218 > t_{table} = 1.660$  with a P value of  $0.027 < \text{Cut off value of } 0.05$ . This means that the reward variable has a positive and significant influence on performance, so that the fourth hypothesis is declared **accepted**.

**Fifth Hypothesis:** The results of the T statistical analysis obtained a calculated t value =  $1.594 < t_{table} = 1.660$  with a P value of  $0.111 > \text{Cut off value of } 0.05$ . This means that punishment have a positive but not significant effect on performance, so the fifth hypothesis is **rejected**

**Sixth Hypothesis:** The results of the T statistical analysis show that the calculated t value =  $5.900 > t_{table} = 1.660$  with a P value of  $0.000 < \text{Cut off value of } 0.05$ . This means that the reward variable has a positive and significant effect on performance through work discipline, so that the sixth hypothesis is declared **accepted**

**Seventh Hypothesis:** The results of the T statistical analysis show that the calculated t value =  $4.658 > t_{table} = 1.660$  with a P value of  $0.000 < \text{Cut off value of } 0.05$ . This means that the sanction variable has a positive and significant effect on performance through work discipline, so that the seventh hypothesis is declared **accepted**

## Discussion

### *The Effect Of Rewards On Work Discipline*

The results of the research show that giving rewards has a positive and significant influence on work discipline at the East Luwu Regency Personnel and Human Resources Development Agency. Rewards given fairly and appropriately can increase motivation, reinforce positive behavior, increase satisfaction and loyalty, encourage healthy competition, and build a culture of appreciation in the organization. These results indicate that providing appropriate rewards can be an effective tool for improving employee work discipline. By implementing a transparent and fair reward system, BKPSDM can create a work environment that is conducive to improving work discipline. Rewards can take the form of annual bonuses, performance incentives, certificates of appreciation, or public recognition for the good work performance of BKPSDM employees. BKPSDM can develop a clear and communicative reward policy so that employees understand the criteria and mechanism for giving rewards. This not only improves work discipline but also motivates employees to achieve better performances and meet organizational standards. Fair and transparent rewards can incentivize employees to adhere to established rules and procedures.

Employees who feel appreciated for their obedience and discipline will continue to maintain this behavior and get rewards in the future. Rewards function as positive reinforcement that strengthens disciplined behavior. When employees receive rewards for good work discipline, they are more likely to repeat the behavior. This helps create a disciplined and productive work culture. Employees who receive appreciation for their hard work and discipline tend to feel more satisfied with their work. High job satisfaction has an impact on employee loyalty and commitment to the organization, which in turn increases work discipline. According to the Reinforcement Theory proposed by Jonker et al. (2022), positive rewards or reinforcements given to employees can increase the frequency of desired behaviors, including work discipline. Research by Wu et al. (2022) also shows that fair and appropriate rewards can increase compliance with rules and procedures, which in turn improves work discipline. Based on the results of this research, BKPSDM needs to develop and implement an effective reward system to ensure increased employee work discipline and the optimal achievement of organizational goals.

### *The Effect of Punishment on Work Discipline*

The results of the research show that imposing punishment has a positive and significant influence on work discipline at BKPSDM East Luwu Regency. Appropriate punishment can enforce rules and procedures, prevent undesirable behavior, increase a sense of responsibility, build an orderly work environment, and motivate employees to comply with work standards.

At BKPSDM East Luwu Regency, it is crucial to apply appropriate and fair punishments to enhance employee work discipline. Consistent and transparent application of punishments fosters an orderly and disciplined work environment. Employees will be more motivated to comply with applicable rules and procedures, thereby improving overall work discipline. BKPSDM can apply various forms of punishment, ranging from written warnings to more serious disciplinary action if necessary. Applying punishment fairly and in accordance with the committed violation, along with clear communication about the reasons and consequences of the violation, is crucial.

Providing punishment helps enforce the rules and procedures established by the organization. Employees who know that violations will receive punishment tend to be more obedient to the rules, thereby increasing work discipline. Providing consistent and fair punishment increases employees' sense of responsibility toward their duties and obligations. Employees who feel responsible will be more disciplined in carrying out their duties and obeying the rules. Applying appropriate punishment can help build an orderly and orderly work environment. This order creates a work atmosphere that is conducive to increasing employee productivity and performance. Fair punishment can motivate employees to adhere to established work standards. This motivation arises from the desire to avoid negative consequences and maintain their professional reputation. The results of this research are in line with previous research, such as research by Wibowo et al. (2022), which shows that punishment can increase employee compliance with rules and procedures, thereby increasing work discipline. In addition, research by Orji et al. (2024) also found that punishment applied fairly and consistently can strengthen employee work discipline. Based on the research results, BKPSDM should develop and implement an effective and fair punishment system to enhance employee work discipline and achieve optimal organisational goals.

### ***The Effect Of Work Discipline On Employee Performance***

The research results show that work discipline has a positive and significant influence on employee performance at the East Luwu Regency Personnel and Human Resources Development Agency. Good work discipline encourages compliance with rules, punctuality, responsibility, consistency, as well as focus and concentration in work. The results of this research indicate that work discipline is a key factor in improving employee performance. Given the significance of public services and human resource management in government agencies, maintaining good work discipline is crucial for achieving efficiency and effectiveness in task execution. BKPSDM can implement various strategies to improve work discipline, including strict supervision, providing punishment for disciplinary violations, and rewarding employees who demonstrate high discipline. To increase employee understanding and commitment to applicable rules and procedures, BKPSDM can also implement training and development programs that emphasise the importance of work discipline.

Employees who have high work discipline will comply with the rules and procedures set by the organization.

This compliance guarantees the execution of work to the expected standards, thereby enhancing efficiency and performance quality. Work discipline includes punctuality in attendance and completion of tasks. Time-disciplined employees tend to be more productive because they can effectively utilize their working time. This contributes to achieving organizational targets and goals. Work discipline is also able to increase employees' sense of responsibility for the tasks

given. Disciplined employees will feel responsible for completing work well and on time, thereby improving their performance. According to Rodriguez & Welsh (2022), work discipline is one of the key factors that influences individual performance in the workplace. Research by McCarter et al. (2022) also found that good work discipline contributes significantly to increasing employee performance. Work discipline includes aspects such as compliance with rules, punctuality, and responsibility in carrying out tasks. BKPSDM needs to develop and implement policies and programs that support improving employee work discipline to ensure optimal performance and quality public services.

### ***Employee Performance Is Impacted By Rewards.***

The test results show that there is a positive and significant influence between rewards and employee performance at the East Luwu Regency Personnel and Human Resources Development Agency. Rewards given to employees can be an effective tool for improving performance. By providing fair and appropriate rewards, BKPSDM can motivate employees to work better and more efficiently. Additionally, BKPSDM can use rewards as a tool to acknowledge and value employees' contributions, thereby enhancing their job satisfaction and commitment to the organisation. Rewards are a form of recognition of employee performance and contribution to the organization. Rewards can take the form of financial rewards, such as bonuses and incentives, or non-financial rewards, such as certificates of appreciation, verbal recognition, or career development opportunities.

Rewards given to employees for their performance can increase intrinsic and extrinsic motivation. Employees who feel appreciated will be more motivated to work harder and achieve better results. This is in line with motivation theory, which states that rewards can increase employees' desire to excel (Manzoor et al., 2021).

Rewards that are given consistently can reinforce positive behavior in the workplace. Employees are more likely to repeat behaviors that earn rewards, such as hard work, creativity, and teamwork. This helps create a productive and harmonious work environment. Rewards may take the form of annual bonuses, performance incentives, public recognition, or professional development opportunities. By implementing a transparent and fair reward system, BKPSDM can create a positive and productive work environment and encourage employees to achieve higher performance. The findings of this research align with those of Margaretha (2018), who also discovered that organisational rewards can enhance employee commitment and performance. In addition, research by Manzoor et al. (2021) on intrinsic and extrinsic motivation theory shows that external rewards, such as bonuses and rewards, can increase employee motivation and performance. Therefore, BKPSDM needs to develop and implement an effective incentive system to maximize employee performance and achieve organizational goals.

### ***The Effects Of Punishment On Employee Performance***

The research results show that punishment has a positive but not significant influence on employee performance at the Personnel and Human Resources Development Agency of East Luwu Regency. Appropriately applied punishment can encourage compliance with rules, prevent undesirable behavior, improve work discipline, build accountability, and motivate employees to perform better. The results of research at BKPSDM East Luwu Regency show that the application of appropriate and fair punishment is important for maintaining work discipline. However, the research results show that the effect of punishment on employee

performance is positive but not significant. This shows that, although punishment can help enforce rules and procedures, it alone is not enough to significantly improve employee performance.

BKPSDM needs to consider a more holistic approach to improving employee performance, which includes training, skills development, rewards and recognition for excellent performance. This approach can help create a more positive and supportive work environment, which can ultimately improve overall employee performance.

An organization uses punishment to impose negative consequences on behavior or performance that does not meet established standards. Punishment can encourage employees to comply with rules and procedures, but this compliance may not always translate into increased performance. Employees may only do the minimum necessary to avoid punishment without demonstrating significant improvements in productivity or quality of work. Excessive or unfair punishment can lower an employee's intrinsic motivation. Threatening employees can lead to stress or job dissatisfaction, ultimately impeding their performance. In addition, employee perceptions of punishment can influence their effectiveness. Employees may lose trust in management and become less motivated to improve performance if they perceive punishment as unfair or inconsistent. This result inline with Jonker et al. (2022) who found that punishment can increase compliance with rules and procedures. However, research by Pan et al. (2022) in the context of self-determination theory states that punishment may not always improve performance because other factors such as intrinsic motivation also play an important role. Based on the research results, BKPSDM should devise a more comprehensive strategy to enhance employee performance, incorporating a combination of punishment and other positive approaches.

### ***The Effect of Rewards on Employee Performance through Work Discipline***

The research results show that rewards have a positive and significant influence on employee performance through work discipline at BKPSDM East Luwu Regency. Fair and appropriate rewards can enhance motivation, reinforce positive behavior, enhance satisfaction and loyalty, and foster an appreciation culture within the organization. Increased work discipline due to rewards ensures that employees work according to rules and procedures, increases efficiency and productivity, and has a direct impact on improving performance. Research on the effect of rewards on employee performance through work discipline shows that rewards given appropriately can increase employee work discipline, which in turn improves their performance.

According to Madhani (2021), appreciation is a positive thing that can strengthen desirable behaviors, including work discipline. Research by Noorazem et al. (2021) shows that fair and appropriate rewards can increase employee motivation and work discipline. In addition, research by Pradhan (2022) states that rewards can increase employee job satisfaction and commitment, which has a positive impact on performance. Providing effective rewards can increase employee work discipline, which ultimately has a positive impact on their performance. Rewards encourage employees to comply with rules and procedures, improving work discipline. Good work discipline ensures that employees work according to set standards, increasing efficiency and productivity. Consistent and fair rewards foster a positive work environment, motivating employees to perform well. A positive work environment encourages employees to maintain high work discipline. Good work discipline, driven by rewards, ensures



that employees work effectively and efficiently. Compliance with rules and procedures improves work quality and productivity, which has a direct impact on employee performance. The Personnel and Human Resources Development Agency of East Luwu Regency's research results indicate that BKPSDM must develop and implement an effective reward system to maintain optimal work discipline and boost employee performance.

### ***The Effect of Punishment on Employee Performance through Work Discipline***

The research results show that punishment has a positive and significant influence on employee performance through work discipline at the East Luwu Regency Personnel and Human Resources Development Agency. Appropriate punishment can enforce rules and procedures, prevent undesirable behavior, increase a sense of responsibility, build an orderly working environment, and motivate employees to comply with work standards. Increased work discipline due to punishment ensures that employees work in accordance with rules and procedures, increases efficiency and productivity, and has a direct impact on improving performance. Research by Podsakoff et al. (2006) shows that punishment can increase compliance with rules and procedures, thereby increasing work discipline. In addition, research by Robbins and Judge (2013) states that consistent and fair application of punishment can strengthen employee work discipline.

Providing effective punishment can increase employee work discipline, which ultimately has a positive impact on their performance.

Punishment encourages employees to comply with rules and procedures, increasing work discipline. Good work discipline ensures that employees work according to set standards, increasing efficiency and productivity. Consistently applied punishment creates an orderly and orderly work environment. An orderly workplace minimizes distractions and increases employee focus, which in turn improves performance. Punishment drives positive work discipline, ensuring that employees work effectively and efficiently. Compliance with rules and procedures improves work quality and productivity, which has a direct impact on employee performance. Based on the results of this research, BKPSDM should develop and implement an effective and fair sanction system to ensure optimal work discipline and employee performance.

### **Implications**

The East Luwu Regency Personnel and Human Resources Development Agency needs to develop a fair and transparent reward system to motivate employees. This can include financial incentives such as bonuses and salary increases, as well as non-financial rewards such as certificates of appreciation, public recognition, and career development opportunities. The East Luwu Regency Personnel and Human Resources Development Agency must develop and implement a clear punishment policy so that employees understand the consequences of any violation of the rules. To maintain employee discipline, we must thoroughly socialize and implement this policy consistently. The East Luwu Regency Personnel and Human Resources Development Agency can create a program that combines these two elements, rewarding employees for their work discipline and punishing disciplinary infractions appropriately. The East Luwu Regency Personnel and Human Resources Development Agency needs to hold a training program that focuses on skills development, time management, and compliance with rules and procedures.

## Conclusion

Rewards have a direct positive and significant effect on work discipline and employee performance based on the results of data analysis and the findings obtained. Research has proven that offering fair, appropriate, and transparent rewards enhances employee work discipline. Employees who feel appreciated for their contributions and compliance with the rules are more likely to maintain and improve their disciplined behaviors. Punishment has a positive and significant effect on employee work discipline, but it does not directly affect employee performance. Consistent and fair application of punishment also has a positive influence on work discipline.

Employees who know that violations will be subject to punishment tend to be more compliant with established rules and procedures, thereby increasing work discipline. Apart from that, it is necessary to pay attention to other factors besides discipline that can improve employee performance. Work discipline has a positive and significant effect on employee performance. Good work discipline ensures that employees work according to established standards, increases efficiency and productivity, and has a direct impact on improving employee performance. Disciplined employees tend to be more responsible, punctual, and consistent in their performance. Rewards and punishment have a positive and significant effect on employee performance through work discipline. Rewards and punishment, through increasing work discipline, significantly improve employee performance. Work discipline functions as a mediator that strengthens the relationship between rewards, punishment, and employee performance. By improving work discipline, rewards and punishment effectively encourage employees to achieve better performance. These findings suggest that rewards and punishments significantly enhance work discipline and employee performance at BKPSDM East Luwu Regency. Implementing a fair, consistent, and transparent rewards and sanctions system can create a positive and productive work environment, which ultimately improves overall organizational performance.

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