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## **EMPLOYEE WORK DISCIPLINE: THE EFFECT OF REWARD AND PUNISHMENT (STUDY ON EMPLOYEES OF AN AUTOMOTIVE DEALER COMPANY IN BANDUNG)**

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### **ABSTRACT**

*This study investigates the effect of reward and punishment on employee work discipline. The employees at an auto dealer company in Bandung were asked questions as part of the research method. The number of respondents who participated in this study was 97 employees. The results of the study show that there is an effect of reward and punishment on work discipline. However, the effect of the reward variable on work discipline has a more minor effect than the punishment variable. The punishment variable is the dominant variable influencing work discipline; in other words, the effect of punishment on work discipline is greater than the effect of rewards on work discipline. Companies should be able to increase the punishment of employees based on such things as paying attention to clarity after making mistakes, demotions, and verbal reprimands. The hope is that optimal punishment will increase, impacting optimal discipline.*

*Keywords: reward, punishment, work discipline.*

### **INTRODUCTION**

The company is an organization engaged in business, goods, and services and wants to achieve goals without experiencing many obstacles and being able to minimize obstacles (Foster & Sidharta, 2019). Among these goals are the goals of earning profits, winning the competition, and providing satisfaction to organizational stakeholders. The process of achieving the set goals is a challenging thing to implement. (Surydana & Sidhartha, 2019)

Organizations are a collection of various resource factors, both human resources, morals, technology, and skills. The human resource factor is one of the many factors in the organization that plays an important role. (Sara, Saputra & Utama, 2021; Machmud & Sidharta, 2021) A company's success in achieving its goals is highly dependent on how it

manages and prepares its human resource management. (Rasool, Samma, Wang, Zhao & Zhang, 2019)

Human resources are one of the most critical aspects that an organization must manage to make a maximum contribution to achieving its goals. (Ruiz, de Pablo, Muñoz & Peña, 2019) With the increasing development of the business world, the a higher level of competition in the business sector, one of which is in the industrial sector. (Macke & Genari, 2019)

Therefore, to improve effective work discipline, administrative agencies can pay attention to the most important thing, namely, meeting the needs of their employees. To meet their needs, it is necessary to have rewards or compensation as a form of motivation given to employees. (Manik & Sidhartha, 2017)

An important principle in the reward system is that high performers should receive appropriate rewards and, if they violate organizational rules, receive appropriate and fair punishments. Mistakes in implementing the compensation system, especially the reward system, will result in demotivation and a lack of job satisfaction among employees. If this happens, it can lead to low discipline for employees and the organization. (Hadian, 2018; Hadian, 2019)

The more often employees receive rewards for good actions taken, the greater the employees will repeat good actions. Conversely, the more often employees get sanctions or punishments for mistakes made, the fewer mistakes they commit. (Hersona & Sidharta, 2017) In other words, corporate success determines good rewards and fair punishment. In addition, the company can implement rewards and punishment so that employees can improve their deviant attitudes and behavior. (Hadian, Manik, Hardiyana, Yusup, Sidhartha & Coenraad, 2022)

Based on the current labor conditions in one of the automotive dealer companies in Bandung, facing competition in the industry which is getting more challenging day by day, so quality demands every aspect of the company, including human resources. (Hadian, Juhana, Sukmalana, Hardiyana, Yusup, Sidharta, Nurhadian & Rinawati, 2022) Customer needs are very high, so employee deadlines to produce excellent service quality according to a predetermined schedule. (Hadian, 2019) Their discipline is regularly monitored, from timely performance and attendance to compliance with work safety procedures. Employee discipline is a top concern for managers to achieve company goals effectively. However, in reality, the absentee level is shallow, and many employees still need to be disciplined in carrying out the Standard Operating Procedures. Moreover, this condition results in delays in the work process and results in delays in promises to customers.

The high number of late employees is one of the phenomena found, and make various efforts to improve discipline, but more is needed to reduce the number of late employees. So this shows that the level of discipline could be more optimal. Besides being late to work, the discipline has several indicators that must be optimized. In this case, the authors conducted an initial survey regarding how employees can carry out this work discipline.

In addition to rewards, companies must also provide sanctions or punishments to employees who are lazy or negligent at work. One of the critical roles of punishment is maintaining employee discipline. The more severe the punishment will make employees

feel afraid to violate company rules and will reduce disciplinary attitudes and behavior. (Foster & Sidharta, 2019) However, penalties must be applied based on employees' logical, reasonable, and informed judgments. In addition, punishment should not be too light or too heavy because punishment is educational and a motivational tool to maintain discipline in the organization.

The results of the pre-survey variable show that the lowest score is the absence of light punishment in the form of verbal or written warnings to employees who violate it and the absence of acceptable punishment in the form of salary delays. An increase in salary or promotion for the employee concerned will result in a decline in the employee's work discipline.

Based on the research background above, the research problem is how much influence reward and punishment have on discipline. Therefore, this study aimed to determine the effect of reward and punishment on work discipline.

## **METHOD**

Researchers use the research methods verification approach, conducted on a particular population or sample, to test the hypothesis set. For example, the research focuses on employees who work for an automotive dealer company with a total of 97 employees.

In this study, to test the hypothesis of the variables to be studied, it is necessary to provide boundaries and determine indicators. So what will be analyzed is the relationship between the independent variable and the dependent variable, namely: Reward (X1) with the dimensions of Salary and Bonuses, Welfare, Career Development, Psychological Rewards and Punishment (X2) with the dimensions of Light Punishment, Moderate Punishment and Severe Punishment and Work Discipline (Y) with the dimensions of obeying the rules of time, obeying company regulations and obeying the rules of behavior at work.

Researchers use path analysis techniques to analyze patterns of relationships between variables. This model is to determine the direct or indirect effect of a set of independent variables on the dependent variable.

## **RESULTS AND DISCUSSION**

Respondents in this study were employees who worked at an automotive dealer company, totaling 97 people. In this study, researchers used the Nonprobability Sampling method, while the sampling technique used saturated sampling.

Questionnaires were collected, and we obtained as many as 97 copies. As for grouping respondents' identities based on gender, there were 90 male respondents (93%) compared to only seven female respondents (7%). This shows that the research respondents are male, a more dominant proportion than women, due to the type of fieldwork that is physically demanding and guarantees security.

The age where most significant percentage of respondents was in the age range of 28-36 years, namely 32.99%, and the lowest was in the age range of 37-45 years, namely 13.40%. The age of the employees who were used as respondents ranged from 19-57 years old. Shows that the characteristics of respondents based on age have a relatively good level of emotional intelligence in decision-making, are very productive at work, and have a high level of seriousness.

The working period where the most significant percentage of respondents' length of service was 6-12 years, namely 39.18%, and the lowest was >26 years, namely 6.19%. Therefore, based on the length of service, employees have sufficient experience and know and play a vital role in the organization's progress.

Last education where the highest percentage of respondents' last education was SMA/SMK, 82.5%, and the lowest was in D III, 6.2%. Therefore, based on the last education, it can be concluded that the service division employees at. Thus, the level of education is a person's activity in developing abilities, attitudes, and forms of behavior, in a company.

The next step before further analysis is to test the data's validation (accuracy) and reliability (reliability).

Table 1. Results of validity and reliability calculations

Item	X1	X2	Y
	r		
1	0,450	0,592	0,359
2	0,425	0,341	0,691
3	0,577	0,457	0,725
4	0,585	0,473	0,677
5	0,386	0,557	0,494
6	0,577	0,642	0,640
7	0,639	0,612	0,448
8	0,563	0,526	0,680
9	0,595	0,375	0,635
10	0,502	0,462	0,626
11	0,512	0,493	0,449
12	0,473	0,321	0,486

13	0,420	0,497	0,579
14	0,437	0,560	0,682
15	0,458	0,458	0,358
Reliabilities		Cronbach's Alpha	
X1		0,865	
X2		0,820	
Y		0,871	

Table 1 shows the statements in the research variable instrument consisting of 15 items meeting the criteria of more than 0.3 and Cronbach's Alpha value of  $0.865 > 0.700$ . Thus, the research variable statement items are valid and reliable.

The result of calculating the correlation coefficient is 0.540; this means that there is a relationship or correlation between the Reward and Punishment variables of 0.540, which is included in the Moderate category because it is in the range of 0.40 – 0.599. Therefore, the path coefficient calculation of the Reward ( $\rho_{yx1}$ ) is 0.380, and the path coefficient of the Punishment ( $\rho_{yx2}$ ) is 0.516.

This is described in the path equation, namely  $Y = 0.380X1 + 0.516X2 + 0.378\varepsilon$

Where:

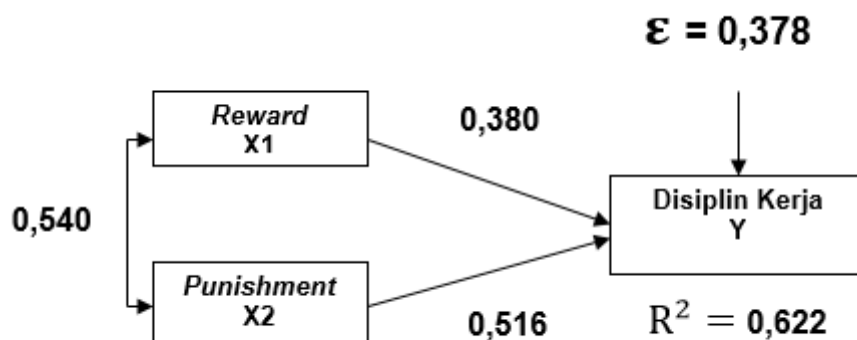
Y = Work Discipline

X1 = Rewards

X2 = Punishment

$\varepsilon$  = Epsilon Variable (Unresearched variable that affects Work Discipline)

The calculation results can be seen in Figure 1 path analysis as follows.



### Figure 1. Path Analysis

The calculation results show that the two independent variables (Reward and Punishment) can explain the changes in Work Discipline by 62.2%, and the remaining 37.8% are other factors not included in the study. Among the two independent variables, the Punishment variable (X2) significantly influences Work Discipline, namely 37.2%. On the other hand, the Reward variable (X1) has a minor influence on Work Discipline, namely 25.0%. Thus the two independent variables (Reward and Punishment) have moderate synergy in determining Work Discipline, and the remaining 37.8% are other factors not included in this study.

The reward is one of the most critical control tools used by the Company to inspire or motivate its employees to act to achieve the Company's goals and objectives. This is in line with the theory of Foster & Sidharta (2019). A reward is a company's appreciation for employee performance within a certain period. The Company even provides rewards other than salaries, such as allowances, bonuses, and incentives, with specific requirements to determine employee behavior, including discipline. (Hadian, 2019) Discipline needs to be improved related to employee personal improvement, which will lead to company income.

This research is also in line with the research of Saleh & Mardiana (2021), Bandiyono, Hamzah & Hidayat (2021), and Kasmawati, Sudarya & Zakaria (2021).

Punishment is a form of threat and negative consequences for someone who has violated the rules. Based on the principle of giving punishment to provide a deterrent effect so that employees always comply with company regulations and work discipline. The statement above is in line with Foster & Sidharta's (2019) statement: Punishment is necessary to increase discipline and educate employees to comply with all company regulations. This research is also in line with Nompoo & Pandowo (2020) and Syafiq (2021).

If there are good rewards, it will result in good work discipline and appropriate punishment so that employees do not cause employee motivation. The statement above is in line with the statement according to Suryadana & Sidharta (2019). Some factors can affect discipline, including the reward system factor and the penalty factor. A reward is a form of appreciation, while punishment is a sanction/punishment. If the reward is a positive form, then punishment is a negative form. However, if punishment is delivered appropriately and wisely, it can stimulate employees to improve their work discipline.

## CONCLUSION

Based on the results of research and data processing, the effect of the reward variable on work discipline has a negligible effect on the punishment variable. However, the Punishment variable's influence is the dominant variable influencing work discipline. In other words, the effect of punishment on work discipline is greater than the effect of reward on work discipline. Rewards affect work discipline, so companies give awards according

to their shortcomings, e.g., B. Rewards that do not earn employees credit, lack of opportunity for advancement, and lack of managers engaging employees to get their opinion on any issue. The question so will be a reward that will also affect optimal discipline.

Punishment has the most dominant influence on work discipline, the company should be able to increase the provision of punishment to employees based on such things as paying attention to clarity after making a mistake, demotion/demotion, and verbal reprimand so that optimal punishment increases.

Based on the results of the research shows that reward and punishment affect work discipline. Researchers hope that further research examines other variables that affect work disciplines, such as the influence of leadership, organizational culture, motivation, performance, work environment, work control, and rewards. And communication.

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