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## REWARD AND PUNISHMENT ON EMPLOYEE PERFORMANCE THROUGH WORK DISCIPLINE AT PELABUHAN INDONESIA II (PERSERO) LTD PANJANG

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### ABSTRACT

*The result of the path analysis showed that the significant value of the reward, the punishment, and the work discipline was smaller than the significant level ( $\alpha = 0.05$ ). Therefore, it was concluded that the reward and the punishment had the significant effect on the employee performance through the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. It indicated that the high rewards brought employees aware of and improved the employees' quality so that the employees were more disciplined. Moreover, the punishment (firm sanction) also brought employees to be more disciplined and to follow the company rules so that the employee performance improved.*

**Keywords:** *Reward, Punishment, Work Discipline, Performance*

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### INTRODUCTION

The role of human resource division is important in a company. The company has to continue and maintain their employee quality and performance by giving attention to the employees and by giving appreciation to their effort so that the employees feel more comfortable and the employees are more passionate to improve their performance to achieve company goals.

Pelabuhan Indonesia II (Persero) Ltd., Panjang is laid on Yos Sudarso Street No.334 Panjang Bandar Lampung. It is State-Owned Enterprise and regarded as the largest port in Lampung because it has 3 (three) special terminals i.e., the multipurpose terminal, the container terminal, and the dry bulk terminal. Pelabuhan Indonesia II (Persero) Ltd., Panjang is the company engaged in the port services which serve various export and import commodities. Moreover, the cargos that are often exported and imported include sugar, coffee, tapioca, tropical fruits, cement, soybeans, rice, corn, cassava, spices, fertilizers, coals, and locomotives. In addition, the loading and unloading the domestic cargos (coals, CPO, fuels, fertilizer, cement and consumer goods) were also carried out.

The various import and export services make the company need to carry out their duties in the maximum manner. The employees' speed and thoroughness are the most important matter for the company. Therefore, the company must be able to create an effective and efficient environment to carry out the employees' duties so that the company performance and profits can be achieved optimally.

**Table 1. Data of Employees at Pelabuhan Indonesia II (Persero) Ltd., Panjang in 2015**

<b>Position</b>	<b>Employees</b>
Terminal Business Division	<b>37 Employees</b>
Information Engineering and Information Control Division	<b>14 Employees</b>
	<b>16 Employees</b>
<b>Total of Employees</b>	<b>67 Employees</b>

*Source: Pelabuhan Indonesia II (Persero) Ltd., Panjang in 2015*

According to the data in table 1.1, Pelabuhan Indonesia II (Persero) Ltd., Panjang had 67 employees placed in 3 (three) divisions i.e., the terminal business division, the information engineering and information systems division, and the control division. These 3 divisions had different tasks. The terminal business division had 37 employees whose duties were to serve services at the port. The information engineering and information systems division had 14 employees whose duties were to monitor the work activity in the port. The control division had 16 employees in charge of controlling the terminal business at the port.

These 67 employees had different performance achievements. Pelabuhan Indonesia II (Persero) Ltd., Panjang had its own performance indicators in order to find out to what extent the performance had been achieved by the employees. Moreover, the employee performance was also seen from the minimum rewards that had been received by employees. Therefore, the

company was able to assess directly the employees so that the employee had been able to achieve the performance targeted by the company.

Pelabuhan Indonesia II (Persero) Ltd., Panjang gave the rewards to the employees in the form of cash. This reward was given by depending on the employee targets. The rewards were given to the employees at the end of the month before the employee received basic salaries. The reward was only given to employees who were able to achieve the targets, to make work plans for the following month, and to solve the work effectively and efficiently. In addition, Pelabuhan Indonesia II (Persero) Ltd., Panjang also provided the rewards in the form of job promotions given to employees who excelled the work. The results of interviews with the employees of Pelabuhan Indonesia II (Persero) Ltd., Panjang showed a problem. The problem was that the rewards given to the employees still did not meet the employee expectations and the rewards were not suitable with the workload that employees did.

The punishment was the penalty or infliction given intentionally by someone after occurring violations, crimes, or mistakes (Purwanto, 2007: 186). There must be a punishment after violations, crimes, or mistakes occurred so that they did not repeat the same mistakes so that it did not affect the employee productivities. There were still many employees who had disciplinary penalties, warrants, and mutations. However, the existence of punishment had not affected the level of employee discipline because the employee discipline was still low.

The work discipline was the way used to change behaviors and considered as an effort to increase a person's awareness and willingness to obey all company rules and social norms. The implementation of the work discipline in Pelabuhan Indonesia II (Persero) Ltd., Panjang was in the form of regulations to appeal employees to comply with all existing procedures and policies set by the company. The sanctions given to employees who often violated company policies and procedures were in the form of a warning letter. Warning letters were divided into several categories i.e., the 1<sup>st</sup> warning letter, the 2<sup>nd</sup> warning letter, the 3<sup>rd</sup> warning letter. The first warning letter was in the form of a warning usually addressed to employees who were quite not disciplined in working. The first warning letter was issued by the company on condition that the employees had previously received a warning but they still committed undisciplined deeds. The second warning was addressed to employees who committed a massive affair in the company. The third warning letter was addressed to employees who had a work termination on condition that the employees were unable to edify all mistakes made within the timeframe set by the company and unable to heed the opportunities that the company had given. The result of the observation from the data and information above showed that the employee performance of Pelabuhan Indonesia II (Persero) Ltd., Panjang had not achieved the expected results by

the company even though the company had given rewards and punishments and implemented the work discipline to all employees.

## RESEARCH METHOD

The type of the data used in this study was the primary data. The sampling technique used in this research was the purposive sampling. The sample used in this study was 67 employees in the terminal business division, the information engineering and information systems division, and the control division relatively. The data analysis technique used in this study was the path analysis.

## FINDINGS AND DISCUSSION

### 3.1 Result of Path Analysis

1. The First Causal Chain Model:

$$Y = PX1 (\text{Reward}) + PX2 (\text{Punishment})$$

**Table 2. Result of Correlation**

Correlation (R)	Value	R Square (R <sup>2</sup> )
	0,474	0,224

Source: Data was analyzed in 2018

Table 2 showed that the correlation coefficient (R) was 0.474, which meant that the level of the correlation among the reward, the punishment, and the performance was positively strong. The determinant coefficient of R<sup>2</sup> (R Square) was 0.224 which meant that the employee performance (Y) was affected by the reward and the punishment (0.224 or 22.4%). The remaining variable was affected by the other factors outside this research (77.6%).

**Table 3. Result of the First Causal Regression Test**

	t <sub>count</sub>	Significance
<i>Reward (X1)</i>	4,146	0,000
<i>Punishment (X2)</i>	4,807	0,000

Source: Data was analyzed in 2018

The result of the multiple linear regression by using SPSS 21 program from the table 3 showed that the reward and the punishment had relative significant value (0,000) < 0.05 so that H<sub>0</sub> was rejected. This meant that the reward and the punishment significantly affected the performance of the employees of Pelabuhan Indonesia II (Persero) Ltd, Panjang (0.474 or 47.4%).

2. The Second Causal Chain Model:

$$Z = PX1 (\text{Reward}) + PX2 (\text{Punishment}) + PY (\text{Employee Performance})$$

Multiple linear regression analysis was used to determine the effect of the independent variable (X) on the dependent variable (Y).

**Table 4. Result of Correlation**

Correlation (R)	Value	R Square (R <sup>2</sup> )
	0,571	0,326

Source: Data was analyzed in 2018

Table 4 showed that the correlation coefficient (R) was 0.571, which meant that the level of the correlation among the reward (X1), the punishment (X2), and the performance (Y) on the work discipline (Z) is positively strong. The determinant coefficient of R2 (R Square) was 0.326 which meant that the work discipline (Z) was affected by the reward (X1) and the punishment (X2); while, the performance (Y) was 0.326 or 32.6%. The remaining variable was affected by the other factors outside this research (67.4%).

**Table 5. Result of the Second Causal Regression Test**

	T <sub>count</sub>	Significance
Reward (X1)	2,968	0,035
Punishment (X2)	4,705	0,000
Performance (Y)	2,385	0,020

Source: Data was analyzed in 2018

The result of the multiple linear regression calculations by using SPSS 21 program from the table 5 was that the reward, the punishment, and the performance had relative significant value (0.035, 0.000, 0.020) < 0.05 so that H0 was rejected. This meant that the reward, the punishment, and the performance had a significant effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang (0.571 or 57.1%).

**Table 6. Result of the Second Causal Regression Test**

	B	Std. Error
Constanta	4,272	5,000
Reward (X1)	0,147	0,102
Punishment (X2)	0,614	0,132
Performance (Y)	0,136	0,110

Source: Data was analyzed in 2018

The regression equation was as follows:

$$Z = PX1 + PX2 + Y$$

$$Z = 0,147 + 0,614 + 0,136$$

Z = Work Discipline

Y = Employee Performance

X1 = Reward

X2 = Punishment

The regression equation above was explained as follows:

a. Coefficient *Reward* (X1)

The work discipline would increase by 0.477 on condition that the amount of reward increased by one unit,

b. Coefficient *Punishment* (X2)

The work discipline would increase by 0.614 on condition that the amount of punishment increased by one unit,

c. Coefficient *Kinerja* (Y)

The work discipline would increase by 0.136 on condition that the amount of performance increased by one unit,

The high effect of the independent variable on the dependent variable was seen from the correlation value. This showed that the punishment was the most dominant factor affecting the work discipline because the correlation value was 0.614. According to the path analysis with the second causal chain models, it was concluded that the path analysis results were as follows:

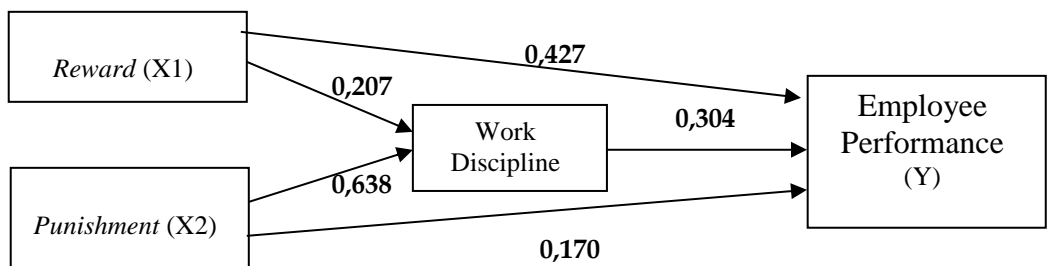


Diagram 1. Result of Path Analysis

a. The First Causal Chain Model:

1. X1 (Reward) directly affected Y (Employee Performance) by 0.427.
2. X2 (Punishment) directly affected Y (Employee Performance) by 0.170.
3. Z (Work Discipline) directly affected Y (Employee Performance) by 0.304.

- b. The Second Causal Chain Model:
  1. X1 (Reward) directly affected Z (Work Discipline) by 0.207.
  2. X2 (Punishment) directly affected Z (Work Discipline) by 0.638.
- c. Indirect Effect
  1. X1 (Reward) directly affected Y (Employee Performance) through Z (Work Discipline) by  $0.207 \times 0.304 = 0.063$ .
  2. X2 (Punishment) directly affected Y (Employee Performance) through Z (Work Discipline) by  $0.638 \times 0.304 = 0.194$ .

Berdasarkan hasil analisis jalur diatas dapat disimpulkan bahwa X1 (*Reward*) berpengaruh langsung terhadap kinerja pegawai memiliki nilai korelasi tinggi sebesar 0,427 jika dibandingkan dengan nilai korelasi X1 (*Reward*) terhadap kinerja pegawai (Y) melalui disiplin kerja (Z) sebesar 0,063. Sedangkan X2 (*Punishment*) berpengaruh langsung terhadap kinerja pegawai memiliki nilai korelasi rendah sebesar 0,170 jika dibandingkan dengan nilai korelasi X2 (*Punishment*) terhadap kinerja pegawai (Y) melalui disiplin kerja (Z) sebesar 0,194.

The results of the path analysis above showed that X1 (Reward) directly affected the employee performance which had a high correlation value by 0.427 compared with the X1 (Reward) correlation value on the employee performance Y through Z (Work Discipline) by 0.063. Moreover, X2 (Punishment) also had a direct effect on the employee performance which had a low correlation value by 0.170 compared with the X2 (Punishment) correlation value on the employee performance Y through Z (Work Discipline) by 0.194.

### 3.2 Result of Hypothesis Testing

#### 1. Result of T-Test

The t test was used to test the significance between the constants and the independent variables. The t-test was obtained as the following below:

Decision making criteria:

- If the value of  $\text{sig} < \alpha$  was (0.05), then H0 was rejected
- If the value of  $\text{sig} > \alpha$  was (0.05), then H0 was accepted

**Table 7. Result of T-Test**

	$t_{count}$	Sig
Reward (X1) – Employee Performance (Y)	4,146	0,000
Punishment (X2) – Employee Performance (Y)	4,807	0,000
Reward (X1) – Work Discipline (Z)	2,968	0,035
Punishment (X2) - Work Discipline (Z)	4,705	0,000
Work Discipline (Z) – Employee Performance (Y)	2,385	0,020

Source: Data was analyzed in 2018

**1. Effect of Reward (X1) on Employee Performance (Y)**

Table 7 showed that the reward (X1) had the significant value (0,000) was  $< 0.05$ , then  $H_0$  was rejected. This meant that the reward had a significant effect on the performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang.

**2. Effect of Punishment (X2) on Employee Performance (Y)**

Table 7 showed that the punishment (X2) had the significant value (0,000) was  $< 0,05$ , then  $H_0$  was rejected. This meant that the punishment had a significant effect on the performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang.

**3. Effect of Reward (X1) on Work Discipline (Z)**

Table 7 showed that the reward (X1) had the significant value (0.035) was  $< 0.05$ , then  $H_0$  was rejected. This meant that the reward had a significant effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang.

**4. Effect of Punishment (X2) on Work Discipline (Z)**

Table 7 showed that the punishment (X2) that the significant value (0,000) was  $< 0,05$ , then  $H_0$  was rejected. This meant that the punishment had a significant effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang.

**5. Effect of Work Discipline (Z) on employee performance (Y)**

Table 7 showed that the work discipline had the significant value (0.020) was  $< 0.05$ , then  $H_0$  was rejected. This meant that the work discipline had a significant effect on the performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang.

The results of hypothesis testing showed that the rewards had a significant effect on the performance of Pelabuhan Indonesia II (Persero) Ltd., Panjang. This implied that the reward had an effect on the employee performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang. According to Irham Fahmi



(2016, p.57), the reward was a form of remuneration given to employees because of their work performance seen on financial and non-financial aspects.

The results of the hypothesis testing showed that the punishment had a significant effect on the employee performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang. This meant that the punishment had an effect on the employee performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang. The punishment was a threat that aimed to mend violating employees, maintain the prevailing regulations, and provide lessons to violators" (Mangkunegara in Sari, 2015).

The results of hypothesis testing showed that the reward had a significant effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. This indicated that the reward had an effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. In other words, the employees were aware of and improved their quality on condition that the company gave high rewards so that the employees were more disciplined on their work.

The results of hypothesis testing showed that the punishment significantly affected the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. This meant that the punishment had an effect on the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. In other words, the employees tended to be more disciplined, followed the rules, and implemented the company regulation on condition that the company gave the punishment in the form of strict sanctions on the employees.

The results of the hypothesis testing showed that the work discipline had a significant effect on the performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang. This meant that the work discipline had an effect on the employee performance at Pelabuhan Indonesia II (Persero) Ltd., Panjang. The work discipline was a person's awareness and willingness to obey all the rules and social norms (Hasibuan, 2016: 193).

## **CONCLUSION**

The results of the path analysis showed that that significant value among the reward, the punishment, and the work discipline was smaller than the level of significance ( $\alpha = 0.05$ ) so that the reward and the punishment had a significant effect on the performance through the work discipline at Pelabuhan Indonesia II (Persero) Ltd., Panjang. This indicated that the employees were aware of and improved their quality on condition that the company gave high rewards so that the employees were more disciplined on their work. Moreover, the punishment (firm sanctions) was the suitable way to make employees tended to be more disciplined, followed the rules, and

implemented the company regulation so they were able to improve the employee performance.

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