

## THE EFFECT OF REWARDS AND PUNISHMENT ON THE EMPLOYEE'S EMPLOYMENT AT PT. TANIA MEDAN SERVICE INSURANCE

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### ABSTRACT

*The purpose of this research is to find out the impact of reward and punishment on the performance of employees on PT. Insurance Tania Medan. A reward that is not timely and not consistent with the employee's work. Evaluation of punishment for employees repeatedly committing the same mistake. Employee performance is less optimal due to the motivation of companies that are still less optimum. The population of 40 employees remains as a saturated sample. Data collection methods are observations, interviews, documentation, questionnaires. Data analysis techniques using double linear regression. The test results t obtained Sig reward and Sig punishment values of  $0,000 < 0,05$  then the variable is distributed normally. The test result F is 17.082 and the test value Sig is  $0,000 < 0,05$  then it is simultaneously variable so that  $H_a$  is accepted and means that the variables are simultaneously influenced by the employee performance variable. The result of the test determination coefficient (R2) on the R Square column is 0.693, then the reward variable and punishment influence employee performances variables of 69.3% and the remaining 30.7% are affected by other variables other than these regression equations or variables not studied. Employee motivation and performance provided by the company will be very useful to boost employee confidence and drive employee performance by giving rewards when employees can their goals and punishment when employees are negligent in their work.*

*Keywords: Reward, Punishment, Employee Performance*

### I. INTRODUCTION

The insurance industry has grown into a promising business segment, as can be seen from the large number of companies that are competing to offer their insurance services. PT. Asuransi Jasa Tania, Tbk is a public company operating in the field of general insurance and headquartered in Jakarta, Indonesia, founded in 1979 which was formerly named as Tania Insurance Company from its founding until 1987.

Insurance penetration in Indonesia around 1.7% means this industry is still very promising if taken seriously. There are quite a few examples of insurance agents who succeed in obtaining facilities and income that far exceeded expectations. Agency career ranges usually start from marketing executive (ME), senior agent (UM), senior unit manager, agency manager, to senior agency director. The higher the department, the greater the opinion that comes from some of the payments of the customers.

Insurance employees (agents) are not bound by working hours so they can set the time when to pursue the target and when to give full time to the family. Generally, each insurance

company has different standards in determining sales targets, usually only agents who earn premiums between Rs. 2.5 - Rs. 3 billion per year can already get travel bonuses abroad. Unlike life insurance, the target premiums income of any agent who wants to vacation abroad, much larger. This is due to the larger share of the life insurance market.

The rewards that have been given by PT. Tania Medan's Service Insurance are salary payments, overtime incentives, health benefits and awards to the best employees and others. The travel package for the agency is just one of the bonuses of the insurance sale achievement. Usually, the bonus comes from a reward or reward for the agent's achievement, for having achieved the premium sales target. When agents can't get tour rewards, there are still other rewards waiting with smaller values and a contemporary nature to improve performance, such as vehicles, telecommunications devices, laptops and so on.

The award of rewards and punishments to the Tania Medan Service Insurance Department is based on the assessment of the performance of each employee. It aims to regulate employees so that the company will treat its employees fairly and race to improve its performance in order to be a well-qualified employee.

The form of punishment given by the PT. Tania Medan Service Insurance can be loss of employment, not getting a salary increase/cutting of salary, removal from one of the employees who perform, additional work, overtime and temporary termination of work. This punishment is a threat of employment (punishment) that originates from a mistake committed by an employee, whether intentionally or not so that it can affect the consistency and effectiveness of the performance of other employees.

Based on the background, the researchers are interested in conducting a study entitled "Effects of Reward and Punishment on Employee Performance in PT. Insurance Tania Medan".

## II. LITERATURE REVIEW

### A. Reward

Rofiqi, dkk (2021:4) A reward is a form of reward or reward given to a person or group for having behaved well, accomplished an excellence or achievement, made a contribution, or succeeded in carrying out a task assigned in accordance with a set objective.

Setyowati, dkk (2021:181) It states that reward employees is part of the compensation and benefit given by the company to attract and retain the top talent.

Busro (2018:23) *Reward* terdiri dari :

1. Financial rewards, such as salaries and salaries, employee benefits such as pension funds, hospital care, holidays, bonuses/incentives.
2. Non-financial rewards are interpersonal rewards such as status and recognition, promotion, completion, ability to start and finish a job.
3. Achievement, are rewards that emerge in oneself, which are obtained when one achieves a challenging goal.
4. Autonomy, some people want jobs that give the right to make decisions and work without strict supervision.

### **Indikator Reward**

Savitri Reward Indicator,(2020:149) states that rewards are all forms of return, whether financial or non-financial, received by employees for services donated to the company. What indicators of reward are salaries, incentives, benefits, rewards. An effective Reward system requires a number of basic things to consider, including:

1. Experimental attitude
2. Continuous adjustment system
3. Inputs from those involved in the system
4. Continuous evaluation of the effectiveness of the system.

### **Punishment**

**Apriyanti, dkk (2020:190)**, *punishment* adalah ancaman hukuman yang bertujuan untuk memelihara peraturan yang berlaku dan memberikan pelajaran kepada pelanggar dan sebagai tindakan menyajikan konsekuensi yang tidak menyenangkan atau tidak diinginkan sebagai hasil dari dilakukannya perilaku tertentu.

**Rosyid, (2018:4)**, ), punishment is a way of directing a behavior to suit what is generally applicable as a penalty given when there is an unexpected behaviour shown by someone.

### **Level of Punishment**

**Kandi (2020:3)**, punishment is intended to make employees who violate the rules feel embarrassed and do not want to repeat it again. There are several types and levels that apply in an organization, namely:

1. Light punishment, by means of oral punishments to the employee concerned who has violated the rule, written punishing, declaration of dissatisfaction.
2. Moderate penalty, by way of postponement of the increase of wages, previously planned as other employees.
3. Heavy punishment, by the way of reduction of rank or demission, dismissal from office, termination of work at the request of the employees concerned. termination of employment as an employee in the company (dismissal).

### **Indicator of Punishment**

The attempt to minimize the misconduct, by imposing a heavier punishment when the same misdemeanor is committed, the penalty is given with an explanation and once the deviation is proven. Kandi (2020:5), The factors affecting the sanctioning of employees are as follows:

1. Employees arriving late without notice.
2. Returning to work before a specified time without any apparent reason.
3. Not coming to work for 3 days or more without permission, either in writing or orally
4. Using office facilities for personal purposes.

### **Employee Performance**

Anusa and Aziz (2018:215), employee performance is a real behavior that each person displays as the work achievement produced by employees according to their role in the company (organisasi). Fattah (2017:8), performance is the result of the quality and quantity of work achieved by a person in performing his duties in accordance with the responsibilities assigned to him.

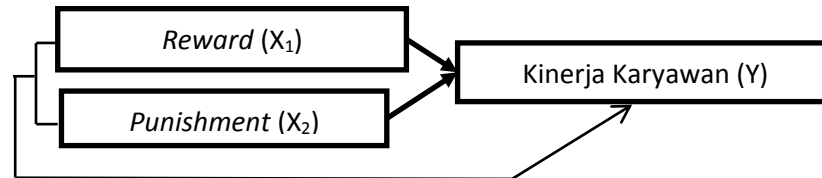
**Harahap and Tirtayasa (2020:123)**, some of the factors that influence performance, namely:

1. Individual factors, ability and ability to do work. Competence of a person includes ability, work skills, motivation, work ethos.
2. Organizational support factors, are the provision of means and supplies of work, the comfort of the working environment, the organization intended to give clarity of the office and duties.
3. Management support factor, managerial ability of the leaders by building the work system, industrial relationships, developing the competence of workers, by growing the motivation to work optimally.

**Harahap and Tirtayasa (2020:123)**, some indicators of employee performance:

1. The quality, the level of output of the activity carried out approximately perfectly by adjusting some of the ideal ways of appearance to meet the expected objective.
2. The quantity, the quantity produced is the number of units, the amount of cycles of activity completed.
3. The accuracy of the time, the degree of an activity that is completed at the initial agreement, corresponds to the coordination angle with the output and maximizes the time available.
4. Efficiency, the rate of use of SDM, the organization increases the profit or reduces the loss of any use of resources.
5. Organizational commitment, the level of commitment to work with the organization and the responsibility of employees to the organization.

Picture of Framework



#### Research Hypothesis

H<sub>0</sub>: Rewards have no effect on the performance of employees PT. Tania Services Insurance.

H<sub>1</sub>: Rewards influence the performance of employees PT. Tania Services Insurance.

H<sub>0</sub>: Punishment has no effect on the performance of employees PT Tania Services Insurance.

H<sub>2</sub>: Punishment influences the performance of employees PT .Tania Services Insurance.

H<sub>0</sub>: Reward and Punishment have no effect on the performance of employees PT. Tania Services Insurance.

H<sub>3</sub>: Reward and Punishment influence the performance of employees PT. Tania Services Insurance.

### III. RESEARCH AND METHODOLOGY

Sugiyono (2015:117), Population is a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. Sugiyono (2015:118), samples taken from the population must be representative.

The research was conducted at PT. Tania Medan Insurance Services whose address is Jl. S. Parman No. 22. The population of this research is all employees at PT. Tania Medan

Insurance Services with 40 permanent employees. Meanwhile, the sample was 40 permanent employees (saturated sample). This type of research is qualitative and the data source is obtained from references to several previous studies in the form of journals.

Data Collection Methods: observation, interviews, documentation studies, questionnaires. Data Analysis Techniques: validity test, reality test, classic assumption test (normality test, multicollinearity test), hypothesis testing (multiple linear regression, t test, F test, determination test).

**Variable Operational Definition Table**

No	V	Definisi	Indikator	Skala
1.	Reward (X <sub>2</sub> )	<b>Rosniyenti and Wahyuni (2019:5)</b> <i>Rewards are reciprocity that an organization gives to employees when they have carried out actions or tasks given by the organization.</i>	<b>Savitri, dkk (2020:149)</b> 1. Salary 2. Incentives 3. Allowance 4. Likert Award	Likert
2.	Punishment (X <sub>3</sub> )	<b>Dihan (2020:13)</b> <i>Punishment is an undesirable consequence as a result of certain behavior (violation).</i>	<b>Savitri, dkk (2020:149)</b> 1. Effort 2. Heavier Punishment 3. Penalty Explanation 4. Punishment With Likert Evidence	Likert
3.	Kinerja Karyawan (Y)	<b>Anusa dan Aziz (2018:215)</b> <i>Employee performance is the behavior displayed by each person as work performance in accordance with their role in the company.</i>	<b>Rosniyenti &amp; Wahyuni (2019:3)</b> 1. Quality 2. Quantity 3. Effectiveness 4. Likert independence	Likert

#### IV. RESULT AND DISCUSSION

In this research, researchers processed data in the form of questionnaire questions for each variable Reward (X1), Punishment (X2), Employee Performance (Y). The questionnaire was distributed to 40 people as research samples with a Likert scale.

Respondent Characteristics Table

No	Demographic Factors	Total	Percentage
1	Gender Male	Male	28 70 %
		Female	12 30 %
		<b>Total</b>	<b>40</b> <b>100 %</b>
2	Revenue	2 Million - 3 Million	10 25 %
		3 Million – 5 Million	17 43 %
		> 5 Million	13 32 %

		<b>Total</b>	<b>40</b>	<b>100 %</b>
3	Education	Senior high school	10	25 %
		Undergraduate	28	70 %
		Postgraduate	2	5 %
		<b>Total</b>	<b>40</b>	<b>100 %</b>
4	Job	Directors	3	8 %
		Board of Commissioners	6	15 %
		Directors	3	8 %
		Division	28	69 %
		<b>Total</b>	<b>40</b>	<b>100 %</b>

Source: Processed data (2021).

**Tabel Hasil Uji Validitas Variabel Kinerja Karyawan**

No	Item Pernyataan	r <sub>hitung</sub>	r <sub>tabel</sub>	Ket
1	Quality	0.298	0,2353	Valid
2	Quantity	0.311	0,2353	Valid
3	On time	0.445	0,2353	Valid
4	Effectivity	0.247	0,2353	Valid

Source: Processed data (2021).

Based on the table above, testing the Employee Performance (Y) variable data explains that  $df = n-2$ , namely  $df = 50-2 = 48$  and  $\alpha = 0.05$ , so  $r_{table} = 0.2353$ . All statements are declared valid, namely the value of  $r_{count} > r_{table}$ .

**Tabel Hasil Uji Reliabilitas**

Variabel	Alpha	Batas Kritis	Kesimpulan
Reward (X1)	0,688	0,60	Reliabel
Punishment (X2)	0,889	0,60	Reliabel
Employee performance (Y)	2,571	0,60	Reliabel

Source: Processed data (2021).

Based on the table above, it can be seen that the Cronbach's alpha value is the variable Reward (X1), Punishment (X2), Employee Performance (Y)  $> 0.6$ , it can be said that the data is reliable.

### Multiple Regression Analysis Test

Correlation analysis measures the magnitude of the relationship between two variables, while regression analysis measures the relationship that occurs between variables (independent and dependent variables).

### Descriptive Statistics

	Mean	Std. Deviation	N
Employee performance	88.12	1.017	40
Reward	88.18	1.647	40
Punishment	88.30	1.588	40

Source: Processed data (2021).

The descriptive statistics results present descriptive data for each variable which includes Mean (average), Std. Deviation (standard deviation) and N (Number of Data).

### Correlations

		Kinerja Karyawan	Reward	Punishment
Pearson Correlation	Employee performance	1.000	.430	.420
	Reward	.430	1.000	-.246
	Punishment	.420	-.246	1.000
Sig. (1-tailed)	Employee performance	.	.003	.003
	Reward	.003	.	.063
	Punishment	.003	.063	.
N	Employee performance	40	40	40
	Reward	40	40	40
	Punishment	40	40	40

Source: Processed data (2021).

In the correlation results there is a correlation matrix between variables including:

1. The Reward variable  $r=0.430$  means that the higher the reward given, the higher the employee's performance.
2. The Punishment variable  $r=0.420$  means that the greater the punishment given, the higher the employee's performance.

#### Normality test

The Normality Test is the degree of speed between the data that actually occurs on the research object and the data that can be reported by the researcher. Thus, valid data is data that is "not different" between the data reported by the researcher and the data that actually occurs on the research object.

**One-Sample Kolmogorov-Smirnov Test**

		Reward	Punishment	Kinerja Karyawan
N		40	40	40
Normal Parameters <sup>a</sup>	Mean	88.18	88.30	88.12
	Std. Deviation	1.647	1.588	1.017
Most Differences	Extreme Absolute	.337	.343	.374
	Positive	.337	.343	.374
	Negative	-.291	-.308	-.351
Kolmogorov-Smirnov Z		2.133	2.172	2.365
Asymp. Sig. (2-tailed)		.000	.000	.000

a. Test distribution is Normal.

Sumber : Data diolah (2021)

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Based on the results of normality testing with SPSS, the significance value of each variable is obtained as follows:

- 1) Variable Reward Sign  $0.000 < 0.05$  means normal.
- 2) Variable Punishment Sign  $0.000 < 0.05$  means normal.
- 3) Employee Performance Variable Sign  $0.000 < 0.05$ , meaning normal.

**Multicollinearity Test**

Multicollinearity test Reliability/reliability (degree of consistency) is a measure that shows how highly an instrument can be trusted or reliable, meaning that reliability concerns the accuracy (in the sense of consistency) of the measuring instrument.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	36.528	4.995		6.093	.000		
Reward	.302	.063	.433	4.765	.000	.826	1.211
Punishment	.284	.063	.410	4.515	.000	.826	1.211

a. Dependent Variable: Employee Performance

Source: Processed data (2021).

Based on the SPSS test results on the Coefficients data in the Collinearity Statistics column, it is known that the VIF Reward value is: 1.211 and the VIF Punishment value: 1.211. The VIF value for all variables is  $< 10$ , so it can be concluded that there is no multicollinearity disturbance, or in other words, this regression model is free from symptoms of multicollinearity.

**Heteroscedasticity Test**

The heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the residuals of one observation to another.



**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	36.528	.000		3.760E8	.000		
Reward	.302	.000	.610	2.940E8	.000	.826	1.211
Punishment	.284	.000	.578	2.786E8	.000	.826	1.211

a. Dependent Variable: Unstandardized Predicted Value

Source: Processed data (2021)

Based on the SPSS test results on the Coefficients data in the Collinearity Statistics column, it is known that the Sig Reward value is: 1.211 and the Sig Punishment value: 1.211. The Sig value for all variables is  $<10$ , so it can be concluded that there is no heteroscedasticity disturbance or in other words, this regression model is free from symptoms of heteroscedasticity in the regression model.

**Autokolerasi Test**

The Autocorrelation Test is used to determine whether or not there are deviations from the classic assumption of autocorrelation that occur between the residuals in one observation and other observations in the regression model. A good regression model is a regression model that is free from autocorrelation. The test method that is often used is the Durbin-Watson test (DW test).

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.693 <sup>a</sup>	.480	.452	.753	1.907

a. Predictors: (Constant), Punishment, Reward

b. Dependent Variable: KinerjaKaryawan

Source: Processed data (2021)

Based on the SPSS test results on the Model Summary data in the Durbin-Watson column it is 1,907. Next, this value will be compared with the Durbin Watson table value at significant 5% with the formula  $(k;N)$ . The number of independent variables is 2  $(k=2)$ , the number of samples is 76  $(N=76)$ , then  $(k;N)=(2;76)$ .

**Parsial Test (Uji t)**

Kandi (2020:6) states that the t test basically shows how much influence an independent variable individually has in explaining the dependent variable.

### Tests of Normality

Reward	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Kinerja	.260	2	.			
Karyawan	.491	21	.000	.485	21	.000
	.339	17	.000	.750	17	.000

a. Lilliefors Significance Correction

Source: Processed data (2021)

Based on the SPSS test results on the Tests of Normality data in the Shapiro-Wilk (Sig) column: Sig Reward:  $0.000 < 0.05$ , then the variable has a normal distribution and Sig Punishment:  $0.000 < 0.05$ , then the variable has a normal distribution.

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.484	10.721		2.377	.023
	Reward	.351	.076	.568	4.646	.000
	Punishment	.359	.078	.560	4.581	.000

a. Dependent Variable: KinerjaKaryawan

Source: Processed data (2021)

Based on the SPSS test results on the Coefficients data in the Shapiro-Wilk (Sig) column, then: Sig Reward:  $0.000 < 0.05$ , then the variable has a normal distribution and Sig Punishment:  $0.000 < 0.05$ , then the variable has a normal distribution.

### Simultan Test (Uji f)

The F test aims to show whether all independent variables entered into the model simultaneously or together have an influence on the dependent variable.

Ha: There is a positive and significant influence between variables on the Employee Performance variable.

Ho: There is no positive and significant influence between variables on the Employee Performance variable.

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.383	2	9.691	17.082	.000 <sup>a</sup>
	Residual	20.992	37	.567		
	Total	40.375	39			

a. Predictors: (Constant), Punishment, Reward

b. Dependent Variable: Employee Performance

Source: Processed data (2021)

Based on the SPSS test results on Anova data in the Sig = 0.000 < 0.05 column, Ha is accepted and means that the variables simultaneously influence the Employee Performance variable.

**Coefficient of Determination**

The coefficient of determination is intended to determine how much the model is able to explain the related variables. If the coefficient of determination (R<sup>2</sup>) is greater or closer to 1, then it can be said that the ability of the independent variable (X) is greater than that of the related variable (Y). This means that the model used is increasingly powerful in explaining the influence of the independent variables studied with related variables and vice versa.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.693 <sup>a</sup>	.480	.452	.753

a. Predictors: (Constant), Punishment, Reward

Source: Processed data (2021)

Based on the SPSS test results on Anova data in the R Square column = 0.693, the Reward and Punishment variables have an influence on the Employee Performance variable by 69.3% and the remaining 30.7% is influenced by other variables outside this regression equation or variables that are not studied.

**V. CONCLUSION**

1. The result of the partial test (Test t) is then obtained a Sig Reward value of 0,000<0.05 and Sig Punishment of 0.000<0.05, then the variable is distributed normally.
2. The results of the simultaneous test (test f) then obtains a F value of 17.082 and the value of Sig 0.000 <0.05 so the variables are simultaneously influenced by the Employee Performance variable. If accepted and means that the variabel is concurrently influencing the Employer Performance variabel.
3. The test's determination coefficient (R<sup>2</sup>) in the R square column is 0.693, then the Reward and punishment variables have an influence on the employee performance variable of 69.3% and the remaining 30.7% is influencing by other variables outside of this regression equation or variable not studied.
4. Employee motivation and performance provided by the company will be very useful to increase confidence and drive employee performance, for example by giving reward when employees can their goals and punishment when employees are negligent in their work.

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