

# Analysis of the effect of reward and punishment policies on employee performance with the role of organizational culture as a mediator in the office of the umbunasi Sub-District South Nias Regency

Riusman Tafonao<sup>1</sup>, Bobby Indra Prayoga<sup>2</sup>, Khairuddin Tampubolon<sup>3</sup>

<sup>123</sup> Faculty of Science Administration Universitas Pembinaan Masyarakat Indonesia, Medan, Indonesia

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## ABSTRACT

This study aims to analyze the effect of reward and punishment policies on employee performance with the role of organizational culture as a mediator at the Umbungan Sub-district Office, South Nias Regency. This study uses a quantitative method with a sample of 28 employees from a population of 39 people. Data were collected through questionnaires and analyzed using statistical tests to test the proposed hypothesis. The results showed that the reward policy (X1) had a significant effect on employee performance (Y) with a t-count value of  $3.480 > t_{table} 2.060$  and a significance of  $0.001 < 0.05$ . The punishment policy (X2) also had a significant effect on employee performance with a t-count value of  $4.897 > t_{table} 1.990$  and a significance of  $0.000 < 0.05$ . In addition, reward and punishment policies have a significant effect on organizational culture (Z), with a calculated t value for reward policies of  $3.755 > t_{table} 1.990$  and a calculated t value for punishment policies of  $8.751 > t_{table} 1.990$ , both with a significance of  $0.000 < 0.05$ . Organizational culture is proven to mediate the relationship between reward and punishment policies on employee performance. The F test shows that reward policies and organizational culture have a significant effect on employee performance with a calculated F value of  $31.106 > F_{table} 3.37$  and a significance of  $0.000 < 0.05$ , as well as punishment policies and organizational culture with a calculated F value of  $29,490 > F_{table} 3.37$  and a significance of  $0.000 < 0.05$ . The effect of reward and punishment policies on employee performance through organizational culture is also significant, with a calculated F value of  $44.458 > F_{table} 3.37$  and a significance of  $0.000 < 0.05$ . This study concludes that reward and punishment policies supported by organizational culture significantly improve employee performance. Therefore, it is recommended that the policy be optimized and aligned with a strong organizational culture.



## Corresponding Author:

Riusman Tafonao  
Faculty Knowledge Administration, Universitas Pembinaan Masyarakat Indonesia  
Jl. Teladan, No. 15 Medan  
Email: riustafas@gmail.com

## 1. INTRODUCTION

Human resources (HR) are the most important asset for an organization. They are individuals who have the knowledge, skills, and abilities needed to achieve organizational goals. Without qualified and skilled HR, an organization will not be able to reach its full potential. According to Simanjuntak & Octaviana Caisara, (2019), rewards are given as a form of appreciation in the form

of material or words for certain achievements, which are given, either by and from individuals or companies. Rewards can be interpreted as appreciation for services or achievements achieved by employees because they have contributed better than others (Nompo & Pandowo, 2020 ; Astuti *et al.*, 2018) . Giving rewards that are reinforced with good work discipline will be able to improve performance better (Dihan & Hidayat, 2020 ; Astuti *et al.*, 2018) . *Punishment* will be a self-evaluation material for employees to work better, (Tahupiah *et al.*, 2019; Astuti *et al.*, 2018) .

Several studies have revealed that there is a lack of employee motivation and work enthusiasm due to minimal appreciation for work performance. (Sembiring, 2020 ; Niningsih and Jaenab, 2021) ; (Ningrum, 2023) . Lack of appreciation for work performance can be a major factor that causes decreased employee motivation and work enthusiasm. This can occur due to feelings of being unappreciated, unfairness in reward giving, and lack of clarity in reward mechanisms. As a result, there is a decrease in productivity, a decrease in work quality, and a high turnover rate. In the context of human resources, turnover refers to the rate of employee turnover in a company (Kim *et al.*, 2018; Syarif, 2021; and Avrahami *et al.*, 2022) .

Increase performance employee is one of objective main organization (Supardi & Aulia Anshari, 2022) , including agency government such as the Umbunasi District Office Regency South Nias . Optimal employee performance can support achievement objective organization in a way effective and efficient (Darmawan, 2024) . This is in line with vision and mission of the Umbunasi District Office Regency South Nias for give service quality and excellent public service to public .

According to Maryani *et al.*, (2021) , Performance is results work and behavior that has been achieved in finish duties and responsibilities the answer given in a period certain Employee performance the is one of the capital for company For reach the purpose (Anggara *et al.*, 2022) .

One of effort For increase performance employee is with apply reward and punishment policy . The reward policy aims to For give award to employees who excel , so Motivate they For Keep going increase performance . On the other hand , the punishment policy aims to For give sanctions to employee who does violation , so that can to uphold discipline and improve overall performance (Apalia & Okoche, 2016) .

Rewards and punishments are two tools important in management source Power human being who can used For increase performance employee (Maria Komang Devi Bengan Demon & Arif Fakhruddin, 2023) . Reward or award is confession or giving something of value to employee on performance or contribution those who are positive to organization . Rewards can be in the form of tangible form ( tangible ) such as salary , bonus, allowance , or gifts ; or intangible ( not tangible ) such as praise , verbal appreciation , or chance promotion . While punishment or punishment is consequence negative given to employee on violation or inappropriate behavior wanted (Wahyuni *et al.*, 2024) . Punishment is possible in the form of form oral , such as reprimand or warning ; written , such as letter warning ; or non- verbal , such as demote or dismissal .

Rewards and punishments are two tools important in management source Power human being who can used For increase performance employee (Sofianti, 2021) . This is show that effective use of rewards and punishments need the right combination , fairness , consistency , open communication , and focus on improvement .

However , the effectiveness reward and punishment policies in increase performance employee can influenced by various factors , one of which is is culture organization . Culture positive organization can strengthen influence positive reward and punishment policies , so that produce improvement performance more optimal employees .

A number of phenomenon disclose that culture negative organizations , such as communication that is not open , weak leadership , and lack of cooperation team , can hinder effectiveness reward and punishment policies . Other studies also reveal that the application of punishment that is not consistent and not fair , so that trigger a sense of not safety and fear for employees (Kemat, 2017) .

The problem The above is also felt by the Umbunasi District Office Regency South Nias . Based on observations by researchers do looks that the Umbunasi District Office Regency South Nias performance his staff Still not optimal. This is seen from a number of indicators , such as low level settlement work appropriate time , height level absence employees , and low level satisfaction public to service public . Therefore that , Umbunasi Sub-district Office Regency South Nias needs do efforts For increase performance his employees .

Therefore that , research This done For analyze influence reward and punishment policies towards performance employee at Umbunasi Sub-district Office Regency South Nias , with consider role culture organization as a mediator.

## 2. METHOD

This study uses a quantitative approach, namely research that emphasizes its analysis on numerical data that will be processed using statistical methods. This method is a scientific method *because* it has met scientific principles, namely concrete/empirical, objective, measurable, rational, and systematic. This method is called a quantitative method because the research data is in the form of numbers and the analysis uses statistics.

The research was conducted at the Umbunasi Sub-district Office, South Nias Regency. By determining the location of the research, researchers can save costs and short time to obtain the data needed by researchers.

The population in this study were all employees in Balohili Mola, Hiliuso, Lawindra and Tabualo Villages, Umbunasi District, South Nias Regency, totaling 28 people. So the population in this study is 28 people.

A sample is the number of a population and the characteristics possessed by that population. If the population tends to be large and researchers are unable to study everything in the population, researchers can use samples taken from the population. So the sample taken from the population must be representative. So for a population of 28 people, the number of samples needed in this study is 28 people.

## 3. RESULTS AND DISCUSSION

### 3.1 The Influence of Reward Policy (X1) on Employee Performance (Y)

Based on the results of the hypothesis testing that have been explained above, the calculated t value is greater than the t table value of  $(3.480) > t \text{ table } (2.060)$  and the significance value  $(0.001) < 0.05$ . So it can be concluded that the Reward Policy variable (X1) directly has an effect and is significant on the Employee Performance variable (Y), so H1 is Accepted. This is in accordance with previous research conducted by Arman Arifin (2022) that there is a significant influence between rewards and employee performance.

### 3.2 The Influence of Punishment Policy (X2) on Employee Performance (Y)

Based on results testing hypothesis that has been described above, is obtained t - value more big than t table value of  $(4.897) > t \text{ table } (2.060)$  and the value significance  $(0.000) < 0.05$ . So can concluded that in a way direct variable Punishment policy (X2) has a significant influence to Employee Performance variable (Y), then H2 is accepted. This is in accordance with results study previously conducted by Arman Arifin (2022), that punishment has an effect significant to performance employee.

### 3.3 The Influence of Cultural Roles Organization (Z) on Employee Performance (Y)

Based on the results of the hypothesis testing that have been explained above, the calculated t value is greater than the t table value of  $(7.713) > t \text{ table } (2.060)$  and the significance value  $(0.000) < 0.05$ . So it can be concluded that the role of organizational culture (Z) directly influences and is significant to the employee performance variable (Y), then H3 is Accepted.

### 3.4 Influence Reward Policy (X1) and Punishment Policy (X2) on Employee Performance (Y)

Based on the results of the hypothesis testing that have been explained above, the calculated F value is greater than the F table value of  $(15.878) > F \text{ table } (3.37)$  and the significance value  $(0.000) < 0.05$ . So it can be concluded that the Reward Policy (X1) and Punishment Policy (X2) variables directly have an effect and are significant to Employee Performance (Y), then H4 is Accepted.

### 3.5 The Influence of Reward Policy (X1) Through the Role of Organizational Culture (Z) on Employee Performance (Y)

Based on the results of the hypothesis testing that have been explained above, the calculated F value is greater than the F table value of  $(31.106) > F \text{ table } (3.37)$  and the significance value  $(0.000) < 0.05$ . So it can be concluded that the Reward Policy variable (X1) and the Role of Organizational Culture (Z) directly have an effect and are significant on Employee Performance (Y), so H5 is Accepted.

### **3.6 The Influence of Punishment Policy (X2) Through the Role of Organizational Culture (Z) on Employee Performance (Y)**

Based on the results of the hypothesis testing that have been explained above, the calculated F value is greater than the F table value of  $(29,490) > F \text{ table } (3.37)$  and the significance value  $(0.000) < 0.05$ . So it can be concluded that the variables of Punishment Policy (X2) and the Role of Organizational Culture (Z) directly have an effect and are significant on Employee Performance (Y), so H6 is Accepted.

### **3.7 The Influence of Reward Policy (X1) and Punishment Policy on Employee Performance (Y) through the Role of Organizational Culture (Z)**

Based on the results of the hypothesis testing that have been explained above, the calculated F value is greater than the F table value of  $(44.458) > F \text{ table } (3.37)$  and the significance value  $(0.000) < 0.05$ . So it can be concluded that the Reward Policy (X1) and Punishment Policy (X2) variables directly have a significant effect on Employee Performance (Y) through the Role of Organizational Culture (Z), then H7 is Accepted.

## **4. CONCLUSION**

From the results of the research data analysis test entitled Analysis of the Influence of Reward and Punishment Policies on Employee Performance with the Role of Organizational Culture as a Mediator at the Umbunasi District Office, South Nias Regency, it can be concluded: The reward policy has a direct and significant impact on employee performance at the Umbunasi District Office, South Nias Regency. The Punishment Policy has a direct and significant impact on employee performance at the Umbunasi Sub-district Office, South Nias Regency. The role of organizational culture directly has a significant influence on employee performance at the Umbunasi District Office, South Nias Regency. Reward Policy and Punishment Policy have a direct and significant influence on employee performance at the Umbunasi Sub-district Office, South Nias Regency. Reward policy through the role of organizational culture directly has a significant influence on employee performance at the Umbunasi District Office, South Nias Regency. Punishment Policy through the Role of Organizational Culture has a direct and significant influence on Employee Performance at the Umbunasi Sub-district Office, South Nias Regency. Reward policies and punishment policies have a direct and significant influence on employee performance through the role of organizational culture at the Umbunasi District Office, South Nias Regency.

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Optimization Reward Giving : Remembering reward policy in general significant influence performance employees , it is suggested that reward policies be optimized and more diverse . Giving award No only based on achievement individual but also in form confession to contribution collective , such as Work successful team . Development a better reward system fair and transparent will also increase motivation as well as loyalty employee . Improvement Effectiveness of Punishment: Punishment policies have also been proven significant in influence performance employee . Therefore Therefore , it is recommended that a punishment mechanism be formulated. in a way clear and proportional , with focus on improvement performance and learning than just punishment . A balanced punishment approach between justice and opportunity For repair error will help guard Spirit work and performance positive . Strengthening Culture Organization : Because of the role culture organization is also significant in mediate the influence of rewards and punishments on performance , then important For Keep going strengthen culture good job . Activities formation values organizations , such as training , coaching and activities team , can done in a way periodic For ensure culture strong and aligned organization with reward and punishment policy . Consistency Reward and Punishment Policy : So that the reward and punishment policy is more effective , important for leader For consistent in apply second policy This . Consistency will provide a sense of justice among people employees and encourage employee For Keep going perform optimally without a sense of uncertainty . Monitoring and Evaluation Sustainable : It is recommended that the Umbunasi Sub-district Office do evaluation periodic to effectiveness reward and punishment policies and its impact on performance employee . Regular monitoring will help in do adjustment policy in accordance with dynamics and needs employee as well as development culture organization .

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