

# Effect of Reward and Punishment on Work Stress and its Impact on Employee Performance at Pt. Bank Uob Indonesia Office Imperium – Jakarta Selatan

DIYAN PERTIWI<sup>1</sup>, WENTY FEBRIANTI<sup>2</sup>

<sup>1, 2</sup> STIE Muhammadiyah Jakarta

*Abstract- This study aims to determine the significant effect of reward and punishment on work stress and its impact on employee performance partially at PT. Bank UOB Indonesia Imperium Office – South Jakarta. The design of this research is causal by using primary data obtained from questionnaires, and secondary data obtained from previous research, research journals, literature, and books. The population in this research are all employees of PT. Bank UOB Indonesia Imperium Office – South Jakarta as many as 85 respondents, and the sample used is a saturated sample. The analytical method used is SEM PLS using the outer model test consisting of Convergent validity, Composite reliability, Average Variance Extracted (AVE), and Cronbach alpha tests, inner model tests consisting of R Square test, Estimate for path coefficients, and Q Square, then test the hypothesis. The results showed that the reward variable on work stress had a positive and significant effect. Variable punishment on work stress has a positive and significant effect. Reward and employee performance variables have a positive and significant effect. Variable punishment on employee performance has a positive and significant effect. Work stress variable on employee performance has a positive and significant effect. The reward variable on employee performance through work stress has a positive but not significant effect. Variable punishment on employee performance through work stress has a positive and significant effect. The more appropriate punishment is, the employee's performance will increase and work stress can also be controlled. So that the company in providing punishment is aimed at the right employees so that they are not misdirected, providing benefits for the company including having an evaluation function to solve problems related to employee performance, giving rewards, punishment and work stress. With the reward and punishment*

*can reduce work stress so that the company's performance will increase and and the company will benefit and achieve the expected goals.*

*Indexed Terms- Reward, Punishment, Work stress, and Employee Performance*

## I. INTRODUCTION

Human resources (HR) have a very strategic position in an organization or company, meaning that humans play an important role in carrying out activities to achieve predetermined goals. In this case the human resources (HR) in question are employees who work in an organization or company. Human resources (HR) play an important role in the development of the company because as a driving force and manager of the system so that it can run well, its management must pay attention to important aspects such as training, development, and motivation (Arifin, 2020:3).

In maintaining employee performance, every company applies rewards and punishments to its employees. Rewards, which are basically in the form of financial and non-financial awards, are given to employees who are considered to have excelled in their work. Meanwhile, punishment is given to employees who commit violations at work, are indisciplined, or do not reach the target to other major mistakes.

PT. Bank UOB Indonesia Imperium Branch Office – South Jakarta, is a branch of PT. Bank UOB Indonesia. Imperium Branch Offices are used to market banking products such as: Credit Shield, Supplementary Cards, and Card Upgrades. Where employees who market these products are subject to achievement targets every month. Each achievement will be given a predetermined reward. The following is the data on

giving rewards to PT. Bank UOB Indonesia Imperium Branch Office – South Jakarta, which are classified into financial and non-financial rewards:

Tabel 1. Types of Rewards PT. UOB Indonesia Imperium Branch

No	JENIS REWARD	
1	Financial	Non-Financial
2	Salary	BPJS Health
3	Incentive Target	Praise
4	THR	

Source: Observation (2022)

The following is the data from the pre-survey conducted to 30 employees who stated that their employees were not satisfied with the rewards given by the company:

Tabel 2. Satisfaction Assessment Data on Rewards PT. UOB Indonesia Imperium Branch

Type of reward	Number of employees	Level of employee satisfaction with reward		
		Not satisfied	Neutral	Satisfied
Salary	30	20	5	5
Target incentives	30	7	20	3
THR	30	3	19	8
BPJS Health	30	-	20	10

Sumber: Interview Results - Pre Survey (2022)

The provision of punishment or punishment for cutting the target incentive of 10% for employees who do not reach the target, began to be implemented during the Covid-19 pandemic. The punishment is felt to be burdensome for employees, where during the Covid-19 pandemic, prospective customers are difficult to find. Prospective customers are seen holding back from accepting the bank's offer to join the program offered. This shows the declining economic conditions caused by the pandemic. Then the 10% target incentive cut provides a separate burden to employees. Giving rewards and punishments needs to consider all aspects. This is a problem for the management in solving it. In order to achieve the company's goals, the provision of rewards and punishments needs to pay attention to fairness and feasibility. In order to maintain employee performance and achieve company targets, apart.

From giving rewards and punishments, performance within the company is also affected by work stress. The rules that change every year in the company will cause new problems to arise. Every change has the potential for a person to lose his job, decrease wages, change jobs, change regulations, change the environment, change the economy, not being able to accept the challenges that come from change. So employees' excessive perceptions and employee concerns regarding mass layoffs (layoffs) can make employees stressed. Besides, one of the impacts of the change is work stress.

Research on rewards has been conducted by Hasan (2017), Nur Afani (2017) and Chasanah et. al (2020) shows that rewards have a positive effect on employee performance. This research is different from that conducted by Subardini (2018) which states that rewards do not have a positive effect on employee performance. Furthermore, research conducted by Mustafa and Maliki (2014), Witjaksono (2018) and Khusni Tamrin (2018) shows that there is a positive influence between punishment on employee performance. This research is different from research conducted by Zulkardi (2016) and Kusuma (2018) which states that punishment does not have a positive effect on employee performance. The next research conducted by Azani (2018), stated that work stress has a significant and positive effect on employee performance while research conducted by Jayadi (2020) states that work stress has no effect on employee performance.

## II. LITERATURE REVIEW

### A. Resource Management

According to Bangun (2016) Human resources are the only resources that have company sense, desire, skills, knowledge, encouragement, power, and work (ratio, taste, and intention). According to Werther and Davis in Sutrisno (2019:4) human resources are employees who are ready, capable, and alert in achieving organizational goals. As stated that the main dimension of the resource side is its contribution to the organization, while the main dimension of human is the treatment of contributions to which in turn will find the quality and capability of life

#### B. Reward

According to Moorhead & Griffin (2018) Rewards or rewards include many incentives provided by organization for employees as part of psychological contact. Rewards also satisfy a number of needs that employees seek to satisfy through their choices of work-related behavior. According to Fitri et al (2018) Award is one of the methods used to motivate someone to do good and improve work performance or performance. Reward is an effort to foster a feeling of being accepted (recognized) in the work environment, which touches on aspects of compensation and aspects of the relationship between workers with one another. According to Nawawi (2019), reward is an effort to foster a feeling of being accepted (recognized) in the work environment, which touches on aspects of compensation and aspects of the relationship between workers with one another.

#### C. Punishment

According to Purwanto (2016) Sanctions or punishments are punishments given because of a violation of the applicable law. According to Mangkunegara (2018) Punishment is a threat of punishment that aims to correct violators' employees, maintain applicable regulations and provide lessons to violators. According to Sadirman (2018), punishment is a form of negative reinforcement that becomes a motivational tool if it is given appropriately and wisely in accordance with the principles of punishment

#### D. Work Stress

According to Suwatno and Priansa (2014) work stress is a condition in which there are one or more factors in the workplace that interact with workers so that it interferes with physiological conditions and behavior. Job stress will arise if there is a gap between an individual's ability and the demands of his job. According to Siagian (2018), work stress is a condition of tension that affects a person's emotions, thoughts, and physical condition. Stress that is not handled properly usually results in a person's inability to interact positively with his environment, both in terms of the work environment and the external environment. According to Ivancevich in Suwatno and Priansa (2019), work stress is an adaptive response, mediated by individual differences which are a consequence of external actions, situations or events

(environment) that place excessive physical and psychological demands on a person.

#### E. Employee Performance

According to Sedarmayanti (2015) Performance is a translation of performance which means the work of a worker, a management process or the organization as a whole, where the work results must be able to show concrete and measurable evidence (compared to predetermined standards). . According to Hasibuan (2016) Performance is a result of a person's achievement in performing tasks based on skills and experience as well as time. According to Armstrong in research conducted by Febrianti and Abdullah (2021) explains that employee performance is a continuous process in setting goals that are in line with the strategic goals of the organization, planning performance to achieve goals, reviewing progress, and developing knowledge, skills and human abilities.

### III. RESEARCH HYPOTHESIS

Other research conducted by Ikhsan (2018), Damayanti (2018) and Sudarya and Zakaria (2021) also states that reward has a positive effect on work stress. Other research conducted by Sulastri (2019), Handayani (2021) and Kusuma (2019) also stated that punishment has an effect on work stress. In journals written by Rizki Ayu, et al (2019), Hasan (2017), Nur Afani (2017) and Chasanah et. al (2020) in his research shows that reward results have a positive and significant effect on employee performance. Research conducted by Wirawan and Afani (2018), Ynatje (2018) and Hidayat (2018) in their research states that punishment has a significant and positive effect on employee performance. research conducted by Rifininda (2022), Oetomo (2017) and Ikhsan (2018), from the results of the research conducted, it was found that work stress had an effect on employee performance. research conducted by Kusuma Wardhani (2018), Gumilang Atmadja (2019) and supports the sixth hypothesis where there is an influence between rewards on employee performance through work stress but it is not significant. research conducted by Kusumastuti (2019), Ni Nyoman Sekarwati (2020), Aprialdi and Edward (2020), Purwanto (2020) and supports the seventh hypothesis where there is an influence between rewards on employee performance through work stress

Based on these findings, the framework of this research is as follows:

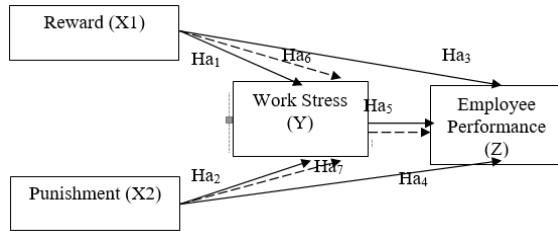


Figure 1. Research model

Source: Data processed by researchers

The research model above can be explained as follows:

Ha1: It is suspected that there is an effect of reward on the work stress of PT Bank UOB Indonesia's Imperium Tower Office

Ha2: It is suspected that there is a punishment effect on the stress of PT Bank UOB Indonesia's Imperium Tower Office

Ha3: It is suspected that there is an effect of reward on employee performance PT Bank UOB Indonesia Imperium Tower Office

Ha4: It is suspected that there is a punishment effect on the performance of employees of PT Bank UOB Indonesia Imperium Tower Office

Ha5: It is suspected that there is an effect of work stress on the performance of employees of PT Bank UOB Indonesia Imperium Tower Office

Ha6: It is suspected that there is an influence of Reward on employee performance through work stress PT Bank UOB Indonesia Imperium Rewards Tower Office (X1) Punishment (X2) Work Stress (Y) Employee Performance (Z)

Ha7: It is suspected that there is an effect of punishment on employee performance through PT Bank UOB Indonesia's Imperium

#### IV. RESEARCH METHOD

In this study, the source of the data obtained from the object and research subject is PT. UOB Indonesia Imperium Office-South Jakarta by conducting observations and distributing questionnaires to research subjects. The population used as a sample is 85 people. The sampling technique that will be used in this study is a non-probability sampling technique, which is a saturated sample. Primary data in this study, namely in the form of problems on the object of

research, questionnaire data, and data on company conditions. Secondary data from this research, namely in the form of previous research reports, research journals, literature, books, and examples of previous theses which are used as references to support this research. Data analysis in this study used the SEM (Structural Equation Model) method with mediation (intervening). According to Wati (2017: 192) explains that in PLS Path Modeling there are two models, namely the outer model and the inner model. The tests carried out on the outer model are Convergent validity, Composite reliability, Average variance extracted (AVE). And the Inner model is carried out to test the relationship between latent constructs, there are several tests for the structural model (inner model), namely R Square, Estimate for path coefficients Q Square. Hypothesis testing is carried out using the bootstrapping method when processing the structural model developed by Geisser & Stone in Ghazali (2014: 25). The statistical test used is the t statistic or t test.

#### V. RESULT

##### A. Respondent characteristics

The findings of respondents' characteristics indicate that there are more female respondents than male respondents; female respondents were 63 people (74%), while male respondents were 22 people (26%). Based on the results of the study, the age group data obtained were respondents with a group of <25 years 37 people or 43%, respondents with an age group of 26-30 years, 22 people or 26%, respondents 31-35 years 16 people or 19% , respondents 36-40 years 4 people or 5%, respondents > 41 years 6 people or 7%. Based on the results of the study, the education data obtained were respondents with a high school education / equivalent 47 people or 55%, respondents with Dlpoma I/III education 8 people or 10%, respondents with an undergraduate education level of 29 people or 34%, respondents with S2 education level are 1 person or 1%. Based on the results of the study, the data for the length of work of the respondents obtained are respondents with a length of work <1 year there are 21 people or 24.7%, respondents with a length of work 2-5 years there are 43 people or 50.6%, respondents with a length of work 6 – 10 years there are 16 people or 18.8, and respondents with a length of work > 10 years there are 5 people or 5.6%.

B. Research instrument test

The tests carried out in SEM data analysis are first order confirmatory with path diagrams. In path analysis the equation model consists of two groups of constructs, namely exogenous constructs and endogenous constructs. Exogenous constructs are variables that are not predicted by other variables in the model or are also known as independent variables. In this study, the exogenous construct consisted of reward (X1) and punishment (X2). Then the endogenous construct is Employee Performance (Z), and the mediating or intervening in this study is the work stress variable (Y). First to test the validity, an individual reflexive measure is said to be valid if it has a loading value with a latent variable to be measured 0.5, if one indicator has a loading value < 0.5 then the indicator must be dropped because it indicates that the indicator is not good enough to measure the latent variable precisely.

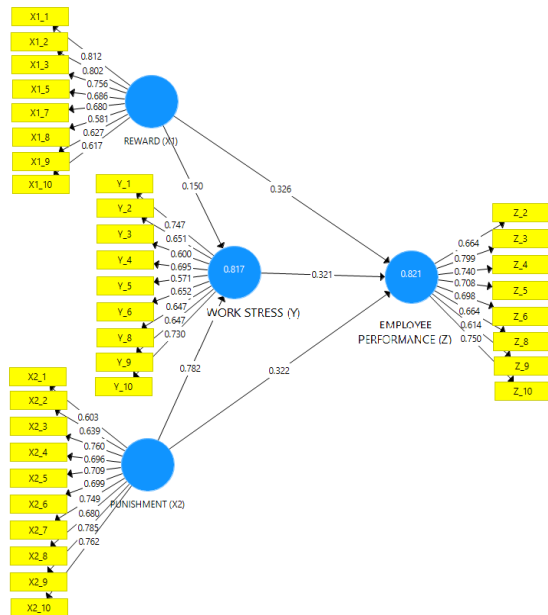


Figure 2. Testing convergent validity after being dropped Source: smartpls data processing

After the drop factor loading for the four variables, namely reward, punishment, work stress and employee performance already has convergent validity, the value per indicator is above 0.5, meaning that the data is valid and can be used for further research. The results of the reliability output show that *reward* 0.883 *punishment* is 0.910, work stress is 0.875 and employee performance is 0.888. It can be concluded

that for the variables of reward, punishment, work stress and employee performance, the composite reliability is above 0.6 and Cronbach's alpha is above 0.6, indicating that the indicators used in each variable have good reliability or are able to measure the construct. The results of the structural model analysis using the SEM PLS method obtained a value (R2) of the work stress variable of 0.817, which means that this value indicates that reward and punishment can explain the work stress variable of 81.7% while the remaining 18.3% is influenced by other variables. which is not found in the study and the employee performance variable is 0.821, which means that this value indicates that the employee performance variable can be explained by the reward and punishment variable of 82.1% while the remaining 17.9% is influenced by other variables not included in the research model. . Evaluation of the Goodness of fit Model is measured by using the value of predictive relevance (Q2). The value of predictive relevance (Q2) of 0.967 or 96.7% means that the model is able to explain the phenomenon of employee performance associated with several variables, namely rewards and punishments through work stress. So the model can be said to be very good and can be used for hypothesis testing

B. Hypothesis test

The results of hypothesis testing are based on t-table numbers with the provisions = 0.05 and df = (n-2) or (85-2) = 83 so that the t-table value is 1.664. Based on the table above, it can be seen that the effect of each variable is as follows:

Tabel 3. Hypothesis Test

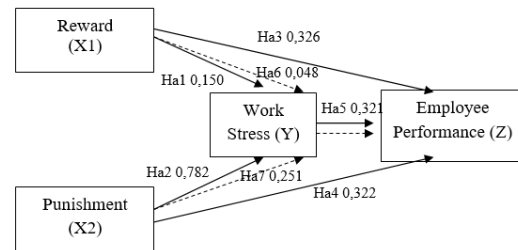
Effect Variable	Kofisien Parameter	T-Statistik	P Values	Description
Reward → Work stress	0.150	3.028	0.036	Significant
Punishment → Work stress	0.782	12.104	0.000	Significant
Reward → Employee performance	0.326	3.028	0.003	Significant
Punishment → Employee performance	0.322	2.157	0.031	Significant
Work Stress → Employee performance	0.321	2.705	0.007	Significant
Reward → Work stress → Employee performance	0.048	1.827	0.068	Not Signifikan
Punishment → Work stress → Employee performance	0.251	2.530	0.012	Significant

Source: Data Processed by Smartpls

- 1) The coefficient of the effect of reward and work stress is 0.150 with a t-statistic value of 3.028 > 1.664 at a significant level of 0.036 < 0.05 which states that there is a significant effect of *reward* on work stress. shows that if *reward* increases by 1 then work stress will increase by 0.150
- 2) The coefficient of *punishment* and work stress is 0.782 with a statistical t value of 12.104 > 1.664 at a significant level of 0.000 < 0.05 which states that there is a significant effect of *Punishment* work stress. shows that if *punishment* increases by 1 then work stress will increase by 0.782.
- 3) The coefficient of the effect of *reward* and employee performance is 0.326 with a ts statistic value 3.028 > 1.664 at a significant level of 0.003 < 0.05 which states that there is a significant influence between *rewards* on employee performance. shows that if *reward* increases by 1 then the employee's performance will increase by 0.326
- 4) The coefficient of the influence of *punishment* and employee performance is 0.322 with a t-statistic value of 2.157 > 1.664 at a significant level of 0.031 < 0.05 which states that there is a significant effect between *punishment* on performance employee. Shows that if *punishment* increases by 1 then employee performance will increase by 0.322.
- 5) The coefficient of the influence of work stress and employee performance is 0.321 with a statistical 2.705 > 1.664 at a significant level of 0.007 < 0.05 which states that there is a significant effect of work stress on employee performance. shows that if work stress increases by 1 then employee performance will increase by 0.321
- 6) The coefficient of the effect of *rewards* on employee performance through work stress is 0.048 with a statistical t value 1.827 > 1.664 at a significant level of 0.068 > 0.05 which states that there is an effect *reward* on performance through work stress but not significant. This means that if employees often get *rewards* , it will improve employee performance through work stress by 0.048
- 7) The coefficient of the influence of punishment and employee performance through work stress is 0.251 with a t statistic value of 2.530 > 1.664 at a significant level of 0.012 < 0.05 which states that there is a significant effect *punishment* for

employee performance through work stress. which means that if employees are often given *punishment* , then employee performance will increase through work stress of 0.251.

The results of hypothesis testing are translated into the form of research models and equations as follows:



$$Y = 0,150X1 + 0,782X2 + e.....(1)$$

$$Z = 0,326X1 + 0,322X2 + 0,321Y + 0,048X1Y + 0,251X2Y + e.....(2)$$

## VI. DISCUSION

- Effect of reward variable on work stress  
The reward variable on work stress is 0.150 with a t-statistic value of 3.028 > 1.664 at a significant level of 5% which states that there is a positive and significant effect between reward and work stress. This shows that employees in the company want the rewards given to be in accordance with the results of the employee's work, if it is not appropriate it can affect work stress on employees.
- The effect of Punishment on work stress  
punishment variable on work stress is 0.782 with a statistical t value of 12.104 > 1.664 at a significant level of 5% which states that there is a positive and significant effect between punishment on work stress. Shows that if *punishment* increases by 1 then work stress will increase by 0.782.
- The effect of reward on employee performance  
reward variable on employee performance is 0.326 with a t-statistic value of 3.028 < 1.664 at a significant level of 5% which states that there is a positive and significant effect between rewards on employee performance. The parameter coefficient of 0.326 explains that if the reward is good, the employee's performance will increase. This shows that not all employees feel that the rewards given are in line with

employee expectations. Therefore, if the company wants to improve employee performance, then rewards must be given to employees according to their performance.

- The effect of punishment on employee performance

punishment variable on employee performance is 0.322 with a statistical t value of  $2.157 > 1.664$  at a significant level of 5% which states that there is a positive and significant effect between punishment on employee performance. This shows that employees in the company have not fully agreed to the punishment given, meaning that the punishment given by PT. UOB Indonesia Imperium Branch has not been doing well.

- Effect of work stress on employee performance

Work Stress variable on employee performance is 0.321 with a t-statistic value of  $2.705 > 1.664$  at a significant level of 5% which states that there is a positive and significant influence between work stress on employee performance. explained that if work stress increases, employee performance will increase and of course work stress is well controlled which will affect employee performance improvement.

- Effect of Reward on Employee Performance Through Work Stress

Reward variable on employee performance through work stress is 0.048 with a t-statistic value of  $1.827 > 1.664$  at a significant level of 5% which states that there is an influence between rewards on employee performance through work stress but not significant. This shows that if employees often get rewards, it will improve employee performance through work stress.

- The effect of Punishment on Employee Performance through Stress

variable Punishment on employee performance through work stress is 0.251 with a t-statistic value of  $2,530 > 1,664$  at a significant level of 5% which states that there are significant influence between Punishment on employee performance through work stress.

## CONCLUSION

The results of the study stated that the reward given can affect work stress. Work those employees do well should get recognition by the company so as to make employees more enthusiastic about working.

The results of the study stated that the punishment given could affect work stress. So, the company must have a mechanism for giving punishment. The company is expected to have its own team in charge of providing counseling about the latest company regulations. So that employees know about company rules and regulations. This will reduce the work stress experienced by employees.

The results of the study stated that the reward given could affect employee performance. Rewards must be given to employees who are entitled to receive them so that they are not misdirected. Especially for leave indicators that are given as needed. It is recommended that companies provide twelve days of leave a year.

The results of the study stated that the punishment given could affect employee performance. Therefore, companies must be careful and precise in giving punishment to their employees. Punishment given to employees must be in accordance with what is done by the employee so that it can create a deterrent effect and be able to improve the performance of the employee concerned. Especially for indicators of what things are prohibited in the company. So before making a fatal mistake, the company should always provide information about the company's rules and regulations.

The results of the study stated that work stress can affect employee performance. Therefore, the company must be able to control the work stress faced by employees. High work stress will have a bad impact on the sustainability of the company. Especially for indicators of investigations carried out by the company that make employees uncomfortable.

The results of the study stated that rewards can affect employee performance through work stress but not significantly. The better the reward given, the employee's performance will increase and work stress can be controlled. Therefore, companies must be better

at determining rewards and able to provide solutions related to work stress experienced by employees. Especially such as work that has been done well by employees and achieved the set targets should be given recognition because this can reduce work stress because what is dedicated gets the appropriate reward.

The results of the study stated that punishment affects employee performance through work stress. Giving punishment is one option that can be used by companies in giving warnings. With the punishment, it is expected that employees can reduce unnecessary mistakes.

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