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Reviewing the effectiveness of reward and punishment in improving employee performance in Jabodetabek

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ABSTRACT

Human resource management involves acquiring, developing, and using human resources to support business goals. Qualifying, rewarding, and punishing employees is crucial for personal growth and professional development. Companies should empower their human resources and implement fair rewards and punishments to improve employee performance. In Indonesia's Jabodetabek region, employee performance is crucial for business growth. Employers must focus on incentives, sanctions, and work discipline to maintain or improve performance. This research examines the effectiveness of rewards and punishments in improving employee performance in the Jabodetabek area. Using the qualitative approach, the study found that companies provide rewards to employees who excel in accordance with company regulations. Sanctions are used to prevent future violations and prevent others from doing the same. Motivational factors and performance satisfaction are crucial in establishing a fair reward and punishment system. The study concludes that effective rewards and punishments can improve employee performance, highlighting the importance of a fair and effective approach in business management.

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INTRODUCTION

The aim of human resource management is to acquire, develop, maintain, and use human resources to support the business in achieving its goals (Wijaya, 2016). Human resources, or employees, are necessary for an organization to achieve its goals. Qualifying, rewarding, and punishing employees is one way to help them develop their personal attributes (Pramesti et al., 2019). Everything we have comes from human resources, including information, concepts, abilities, enthusiasm, creativity, and dedication to sound financial principles. Therefore, for a company to achieve its goals, its human resources must function at their peak level. For a business to become a place where people can develop professionally, employees must work well and be motivated to work consistently. As employees become more confident and motivated to work, offering motivation from the company is very important to improve employee performance (Sofiati, 2021).

The business world must strive to empower its human resources with the aim of improving everyone's performance, which will ultimately improve the company's performance as well. Implementing rewards and punishments is one method. Although the terms "reward" and "punishment" may seem contradictory, they are related (Wijaya, 2021). Both play a role in encouraging staff members to improve the quality of their work and take greater responsibility for assigned tasks (Pradnyani et al., 2020). Employee rewards and punishments must be managed by the organization in a reasonable and fair manner. Businesses cannot provide rewards and penalties based solely on preferences. Providing unfair rewards and punishment will make workers feel socially envious, which will damage relationships in the workplace and punishments must be managed by the organization in a reasonable and fair manner. Fulfilling employee needs is an important component that companies must focus on if they want to improve performance (Dihan & Hidayat, 2020). Employee rewards and punishments must be managed by the organization in a reasonable and fair manner. Businesses cannot provide rewards and penalties based solely on preferences.

This shows that the company's study system provides them with incentives in kind for their work performance. Therefore, employee motivation will increase to return the award in the following week or month (Yunas, 2016). Placing more emphasis on rewards rather than punishments, as many companies do, has a

positive impact on employees' internal performance and work completion. It might be that businesses in banking, marketing, sales, and other fields will reward workers who achieve sales goals, either in the form of performance bonuses or achievement awards (Rusdianto et al., 2021). Some of the world's leading companies have relatively loose reward and punishment policies, which suggests that the special skills of their employees have contributed to their growth and competitiveness. FMP Global claims awards can boost company success by up to 25% (Wibisono, 2022).

The main purpose of a reward plan, in contrast to many reward and punishment schemes created to improve business, is to attract competent workers to the company, maintain their employability, and motivate staff members to meet performance targets (Azwardi, 2021). Reward is described as a scenario where reward and punishment are effective. Rewards indicate acceptance of behavior and actions, while punishment indicates rejection of actions. When rewards and penalties are used appropriately, employee performance can improve, and businesses can achieve their overall goals (Fadilah & Nasirudin, 2021).

One of the key elements of business growth during operations is the performance of its staff. Incentives, sanctions, and work discipline are additional elements that employers must pay attention to in order to maintain or even improve employee performance.

Based on the analysis provided, this article contributes to the existing literature by reviewing the effectiveness of rewards and punishments in improving employee performance specifically in the Jabodetabek area. It highlights the importance of integrating both rewards and punishments into organizational management strategies to shape employee behavior and enhance overall organizational performance. Furthermore, the study emphasizes the significance of clear performance evaluation systems in guiding the implementation of these mechanisms, ensuring fairness and transparency. Additionally, the exploration of limitations and suggestions for future research provides valuable insights for scholars and practitioners seeking to further understand and optimize reward and punishment systems in the workplace.

METHOD

This research uses a qualitative research methodology with field research. Apart from that, the research is also supported by collecting data through documentation. The documents included articles, journals, and book searches from Google Scholar (from 2019 to latest publication) using the terms "reward," "punishment," and "employee performance." All the documents were analyzed using literature review.

RESULTS AND DISCUSSION

The application of punishment serves as a deterrent to future offenses by serving as an instructional tool for offenders, preventing them from committing the same mistake twice. Punishment can also serve as a deterrent for someone who engages in illegal activity or behavior. Riansyah (2021) states that punishment has the following objectives: 1. Punishment is obstructive. Punishment discourages people from repeating undesirable behavior. 2. Punishment has educational value. Children can learn that some behaviors are right and others are wrong through punishment, even before they fully understand the rules. 3. Encourage people not to take actions that are seen as negative by society. Understanding the impact of bad decisions is important because it provides incentives for those decisions.

The short-term goal of punishment is to stop bad or inappropriate behavior; the long-term goal is to inform and motivate children to stop themselves. The behavior is inappropriate (Zulita et al., 2021). If an act is repeated, has a negative impact, or endangers other people or oneself, then punishment is absolutely necessary. Provide rules for students who are naturally resistant, because they will have to work hard to comply. Apart from that, the punishment must be fair, objective, rational, and not mentally burdensome. In addition, the punishment imposed for an error must be balanced with the error itself.

According to the opinion of Kasmawati et al. (2021), rewards have a big influence on employee performance. Rewards are incentives given by a business to workers or output offered. This refers to the compensation that employers provide to staff members in recognition of their performance and accountability in the workplace. In general, rewarding employees helps them work better so that company goals can be achieved. Additionally, when rewards are offered, employees feel their contributions are appreciated, thereby improving performance. It can be said that positive reinforcement of salary, allowances, and interpersonal relationships influences employee performance (Firmansyah et al., 2021).

Based on observations and interviews conducted at several companies in Jabodetabek, it was stated that companies provide rewards to employees who excel in accordance with company regulations with the aim of improving employee performance. Meanwhile, punishment is given so that employees who violate feel deterred and do not repeat it. In the process of implementing employee performance, the company carries it out in an objective, precise, and completely documented manner. This is done to reduce the potential for deviation. Some companies, such as insurance companies, assess employee performance by looking at their ability to recruit new agents to join the company, namely by offering insurance products to invest in the

company. For the problem of agents who have low performance and the inability to recruit new potential agents, this is because the agent is unable to give confidence to prospective agents to join the company. To anticipate this, service companies provide increased training carried out by the company every week. The use of rewards and punishments motivates a person to do better. Employees who achieve great things will be rewarded, and those who break the rules will face fair and accountable discipline.

Other companies engage in food and beverage production. Good attitudes can be seen when evaluating staff performance in the food processing industry by examining employee attitudes. When employees have a positive attitude, they will tend to reject, hate, or stay away from things that are deviant from their beliefs. Thus, attitude determines how well employees work to produce high-quality goods. Food processing equipment will operate at peak efficiency if employees have the right mindset. In addition, if the food processing unit operates at its peak, then the company's performance will also be at its peak, thus having an impact on achieving company goals. The quality of the food offered serves as a real indicator of the quality of the goods offered. Processing goods are needed to produce high-quality food. The first step in good preparation is choosing quality food ingredients, estimating how much food is needed, handling food, using the right processing equipment, making and using herbs and spices correctly, using basic cooking techniques, and maintaining cleanliness and hygiene. It is difficult to handle them well without sufficient preparation, which ultimately affects the effectiveness of achieving the quality of processed foods. The quality of a food can be influenced by its quantity (adequacy of portions, completeness of dishes, and suitability between dishes), as well as its quality (taste, color, texture, aroma, etc.) and timeliness of serving.

Managers use performance evaluations as a basic methodology for offering rewards such as salary increases and job promotions (Novarini & Imbayani, 2019). The sanctions given are in the form of a warning, suspension of promotion, and termination of employment. Performance-based systems require the support of contemporary performance systems. Successful businesses strive to design compensation and benefits that correlate directly with employee abilities and their contributions to the company's success.

Employees who measure their performance levels can find incentives in reward and penalty systems. Motivation in the workplace has a big influence on employee performance or work results. Work performance is the result of a combination of talent, experience, and motivation in an employee. Next, employee performance is evaluated to ensure whether their performance is in accordance with the stated goals. The basis for establishing rewards and punishments is the findings of performance research. Job satisfaction will increase when the organization implements a fair reward and punishment system; conversely, an unfair system will result in poorer employee performance. The performance of the employee concerned will be influenced by input from employee performance satisfaction. The research above leads to the conclusion that employee performance can be improved with the effectiveness of rewards and punishment.

CONCLUSION

The study underscores the importance of integrating rewards and punishments into organizational management strategies to shape employee behavior effectively and enhance organizational performance. Clear performance evaluation systems are crucial for guiding the implementation of these mechanisms, ensuring fairness and transparency. Understanding the impact of rewards and punishments on employee motivation can inform strategies for enhancing workplace morale and productivity. However, caution should be exercised in generalizing findings, as they are based on a specific geographic region and qualitative data, which may introduce subjective biases. Future research could explore cross-cultural differences in the effectiveness of these mechanisms, conduct longitudinal studies to track their long-term impact, and investigate alternative incentive mechanisms to further enhance employee motivation and engagement.

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