ABSTRACT

Human resource management in the banking industry requires an effective reward and punishment system capable of strengthening work motivation and improving employee performance. Conceptually, the provision of rewards for work achievements and the implementation of disciplinary measures are expected to encourage more productive work behavior, either directly or through increased work motivation. This study aims to analyze the effects of reward and punishment on employee performance at Bank Rakyat Indonesia (BRI) Kendari By Pass Branch Office and to examine the mediating role of work motivation in these relationships. The study employed a quantitative approach with an explanatory survey design. The research population consisted of 210 employees, while the sample size was determined using the Slovin formula with a 5% margin of error, resulting in 138 respondents selected through proportional random sampling. Primary data were collected using a structured questionnaire with a 1–5 Likert scale and analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS software. The measurement model evaluation showed that all 41 indicators met the criteria for convergent validity, discriminant validity, and construct reliability. The structural model evaluation produced an R^2 value of 0.413 for Work Motivation and 0.684 for Employee Performance. The hypothesis testing results showed that reward had no significant effect on either work motivation or employee performance. Punishment had a positive and significant effect on work motivation but had no significant direct effect on employee performance. Work motivation was found to have a positive and significant effect on employee performance. The indirect effect analysis further showed that work motivation mediated the effect of punishment on employee performance but did not mediate the effect of reward on employee performance. Based on these findings, it can be concluded that work motivation plays an important role in explaining the relationship between disciplinary policies and employee performance. Therefore, the management of reward, punishment, and work motivation should be integrated to support the achievement of organizational performance.

Keywords: Reward, Punishment, Work Motivation, Employee Performance

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