Assessing How Rewards and Sanctions Shape Employee Performance at Rocky Plaza Hotel in Padang

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Abstrak

This study investigates the implications of reward and punishment mechanisms on employee performance, focusing on the unique context of Rocky Plaza Hotel in Padang. Drawing on insights from organizational psychology and management studies, the study explores the dynamics between reward and punishment strategies and their influence on the hotel’s workforce. The research employs a quantitative approach, involving data collection from 121 hotel employees through direct communication, questionnaires, interviews, and documentation. The study establishes the significance of effective reward systems in enhancing employee motivation and job satisfaction, contributing to improved performance and productivity. Conversely, the application of sanctions or punishments is found to deter undesirable behaviors, fostering a more disciplined and efficient work environment. The hotel implements a range of reward systems, including recognition programs, performance bonuses, and promotions, along with various forms of punishments such as verbal or written warnings, salary deductions, and demotions. The study recommends fostering a supportive work environment through leadership initiatives and suggests avenues for future research to explore additional variables and alternative research methods.

Keywords: Rewards, Punishment, Managerial Performance, Employee Motivation

INTRODUCTION

The impact of reward and punishment mechanisms on employee performance has been a subject of considerable interest in organizational psychology and management studies. In the context of Rocky Plaza Hotel in Padang, exploring the consequences of implementing reward and punishment strategies becomes particularly relevant to understand how these motivational tools influence the workforce (Forbes 2023). Effective reward systems are believed to enhance employee motivation and job satisfaction, leading to improved performance and productivity. Conversely, the application of sanctions or punishments is thought to deter undesirable behaviors, ultimately fostering a more disciplined and efficient work environment (Octario 2022). This study aims to delve into the specific repercussions of employing reward and punishment approaches within the organizational framework of Rocky Plaza Hotel in Padang, shedding light on the dynamics between these strategies and employee performance (Farisi et al 2020).

Employee performance refers to the extent to which individuals contribute to the achievement of organizational goals through the execution of their duties and responsibilities. It encompasses a multifaceted evaluation of an employee’s productivity, effectiveness, and efficiency in carrying out assigned tasks. Performance is often measured through key performance indicators (KPIs) that align with organizational objectives and

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job expectations (Zamrodah, 2022). Factors influencing employee performance include skills and competencies, motivation, job satisfaction, and the work environment. Effective performance management involves setting clear expectations, providing feedback, and offering development opportunities. A high level of employee performance is crucial for an organization's success, as it directly impacts overall productivity, customer satisfaction, and the attainment of strategic goals. Understanding the various dimensions of employee performance is essential for devising strategies that optimize individual and collective contributions within the workplace (Salri, 2022).

The phenomenon explored in this article focuses on the application and outcomes of reward and punishment mechanisms within the specific context of Rocky Plaza Hotel in Padang. Within the hospitality industry, such as Rocky Plaza Hotel, employee performance is particularly vital due to its direct impact on customer satisfaction and service quality. The utilization of reward systems, such as recognition programs or performance bonuses, and the imposition of sanctions or punishments are integral aspects of the hotel's management strategy. Understanding how these motivational tools influence the performance of the hotel staff is crucial for optimizing operational efficiency and guest experiences. The unique organizational dynamics, cultural nuances, and the competitive nature of the hotel industry contribute to the complexity of this phenomenon at Rocky Plaza Hotel, making it an intriguing subject for exploration. Investigating the specific effects of rewards and punishments on employee performance within this hotel setting will provide valuable insights that can inform human resource practices and enhance overall organizational effectiveness in the hospitality sector.

Rewards are acknowledgments or compensations given by the company to employees who excel or demonstrate the expected performance. Rewards can be material or non-material, providing a sense of pride to those who receive them. Forbes (2023) emphasizes that rewards can take various forms, including basic salary, incentives, performance bonuses, career opportunities/promotions, vacations, and retirement. If rewards are not aligned properly, it can impact employee performance negatively (Octario, 2022). The provision of rewards is one of the HR functions, expressing the company's positive attention to motivate and boost employees' spirits, encouraging them to deliver their best for the company. The size of the reward reflects the productivity that employees contribute, and it serves as a token of appreciation for their efforts (M. Feriyanto Pratama & Handayani, 2022). Effective reward systems, including bonuses, salary increases, work facilities, benefits, and promotions, require leadership involvement to stimulate employee enthusiasm (Latiep et al., 2022). Companies utilize reward systems with the hope that employees who have demonstrated good performance will maintain and even improve their performance, signifying the company's appreciation of their efforts (Forbeshu, 2023).

In the case of Rocky Plaza Hotel Padang, the company implements an employee of the month award, salary increases, and promotions based on performance evaluations. However, challenges arise in providing financial rewards due to various considerations, including the company's condition, general cost of living increases, government regulations on minimum wages, and the overall economic situation during the COVID-19 pandemic.

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On the other hand, punishment is a method to direct and correct behavior. It should be pedagogical, aiming to educate and improve towards better behavior (I. W. Pratama & Sukarno, 2021). In Rocky Plaza Hotel Padang, punishments include verbal or written warnings, salary deductions, postponement of promotions, demotions, and even termination. The goal is to instill a sense of discipline and responsibility among employees. The data from Rocky Plaza Hotel Padang show that punishments range from severe to light, including demotions, salary cuts, verbal warnings, and termination. The hotel management aims to maintain high standards of performance to meet the challenges of the competitive hospitality industry.

Based on the results of previous research, there are different opinions regarding the effect of reward and punishment on employee performance. Several studies show that rewards have a positive and significant effect on employee performance, while other research shows that rewards have a positive but not significant effect on employee performance. Research by (Ikhsan, 2022) and (Rustandi & Rukhviyanti, 2020) showed different results, namely rewards had a positive and significant effect on employee performance, while rewards had a positive but not significant effect on employee performance. This shows that there is still a research gap regarding the effect of reward and punishment on employee performance. This research can be studied further using different perspectives, such as psychological, sociological or economic perspectives. Apart from that, this research can also be carried out using other variables that can influence employee performance, such as work motivation, job satisfaction and organizational commitment.

The primary objective of this study is to address the existing gaps and conflicting opinions in previous research regarding the impact of reward and punishment on employee performance. By synthesizing insights from diverse studies, particularly those highlighting variations in the significance of rewards, this article aims to contribute to a more nuanced understanding of the relationship between reward and punishment mechanisms and their effects on employees. Furthermore, the article seeks to identify and emphasize the need for further research exploration, advocating for investigations from different perspectives, including psychological, sociological, and economic angles. The overarching goal is to pave the way for a comprehensive examination of the multifaceted dynamics surrounding reward and punishment in the workplace, fostering a more informed approach to enhancing employee performance. Additionally, the article aims to underscore the potential incorporation of other influential variables, such as work motivation, job satisfaction, and organizational commitment, in future studies to offer a holistic perspective on factors contributing to employee performance.

**LITERATURE STUDY**

Employee performance, as defined by various scholars, refers to the tangible behaviors and achievements produced by individuals in accordance with their roles within a company. Farisi, Motivasi et al. (2020) emphasize that performance involves both qualitative and quantitative results achieved by employees in carrying out their responsibilities. Zamrodah (2022) extends this definition, asserting that performance
provides a comprehensive depiction of the accomplishment and execution of organizational goals, visions, and missions through strategic planning. Salri (2022) further interprets performance as the outcome of an individual's work over a specific period, compared to predefined criteria relevant to their job. The performance indicators, as outlined by Dalulaly et al. (2019), include job quality, job quantity, timeliness, and teamwork. The factors influencing employee performance, according to Timple and Suprihati (2014), comprise both internal and external elements. Internal factors relate to individual characteristics, while external factors encompass influences from outside an individual's sphere. Pralmudial (2020) identifies ability and motivation as key factors affecting performance. Ability comprises potential (IQ) and reality (knowledge + skill), while motivation represents the conditions that drive individuals to achieve organizational goals. Pralwirosentono (2015) adds effectiveness and efficiency as crucial factors, emphasizing the importance of discerning between achieving goals effectively and efficiently. Additionally, organizational authority, discipline, and initiative contribute to influencing performance. Finally, Widianti (2021) introduces aspects such as work quality, timeliness, initiative, capability, and communication as facets integral to assessing employee performance.

Rewards, in the context of organizational management, encompass expressions of appreciation for specific achievements given by leaders or the organization, often in the form of material or immaterial benefits. Forbesu (2023) defines rewards as incentives provided to motivate employees towards higher productivity, while Salri (2022) describes them as incentives aimed at enhancing competitiveness. Rewards can be tangible, such as financial bonuses and promotions, or intangible, including praise and recognition. Almri (2019) broadly categorizes rewards as all outcomes, direct or indirect, received by employees. The essence of rewards lies in their role as motivators, fostering high motivation and performance among employees to achieve organizational goals. Three main categories of rewards, as outlined by Palncal et al. (2019), are extrinsic rewards (e.g., financial incentives, promotions), formal rewards from organizational leaders (e.g., medals, certificates), and intrinsic rewards (e.g., job satisfaction, autonomy). The indicators of rewards’ effectiveness, according to Surya et al. (2022), include job satisfaction, upah (compensation), promotional opportunities, employee engagement, and job recognition. A well-structured rewards system can contribute to employee satisfaction, motivation, and overall organizational success.

Punishment, within the organizational context, serves as a corrective measure to address behaviors that deviate from established norms or rules. It involves administering consequences when an individual’s actions are deemed inappropriate or against organizational standards. Chalirunnisal et al. (2020) emphasize the need for a well-defined system of rules and punishment to maintain order within an organization. In certain situations, the application of punishment becomes more effective in shaping employee behavior, considering factors such as Timing, Intensity, Consistency, Clarity, and Impersonality. Salri (2022) suggests that punishment aims to rectify errors and deter individuals from engaging in undesirable behaviors. Indicators for effective punishment, as identified by I. W. Pratama & Sukarno (2021), include minimizing repeat offenses, the
severity of the punishment matching the offense, clear communication of rules, and prompt administration of punishment upon confirmation of wrongdoing. The functions of punishment, as outlined by Aldityarini (2022), include deterring misconduct, educating individuals to avoid future transgressions, and serving as a control mechanism within the organizational framework. Various types of punishment, as categorized by Latiep et al. (2022), encompass verbal reprimands, written warnings, fines, demotions, and terminations. The choice of punishment depends on the severity of the offense and its appropriateness for correcting the behavior in question. Overall, a judiciously applied punishment system contributes to maintaining discipline and promoting a conducive work environment within an organization.

**Figure 1. framework for research**

**RESEARCH METHODS**

The research employs a quantitative method, following the positivistic philosophy, specifically utilizing the quantitative research approach. The study focuses on the Rocky Plaza Hotel in Palembang, aiming to investigate the impact of reward and punishment on employee performance. The dependent variable is employee performance, while the independent variables are reward (X1) and punishment (X2). Data will be collected through primary sources, such as direct communication, questionnaires, interviews, and documentation, and secondary sources, including hotel records. The population comprises 121 hotel employees, with purposive sampling used to select participants based on specific criteria, such as a minimum one-year work experience. The research employs various data collection techniques, such as field research, questionnaires, interviews, and documentation. The instrument’s validity and reliability are tested using Pearson correlation and Cronbach’s Alpha, respectively. Data will be analyzed using multiple regression analysis, and classic assumption tests, including normality, heteroscedasticity, and multicollinearity, will be conducted. The hypotheses will be tested using the t-test, aiming to determine the partial effect of reward and punishment on employee performance.

**RESULTS AND DISCUSSION**

*Employee Performance Validity Test Results*

| Table 1. Result of Validity Test |

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The statistical analysis presented in the discussion indicates that all items of the performance appraisal questionnaire for salary management have a calculated correlation coefficient (r-value) greater than the critical value from the t-table, with a significance level of 5% (0.05), and degrees of freedom (df) equal to 53 (calculated as n - 2, where n is the sample size of 55). The calculated correlation coefficient for each item ranges from 0.265. However, it is crucial to note that this value falls below the established criteria for statistical significance. Despite the previous assertion that all items were valid, the synthesis of the findings challenges this claim, suggesting a lack of validity as per the predefined criteria for statistical significance. This prompts a reconsideration of the validity of the performance appraisal questionnaire items for salary management, urging further exploration and potential refinement to ensure the robustness of the measurement tool.

**Reward Variable Validity Test Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. Item</th>
<th>r count</th>
<th>r tables 5%</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward (X₁)</td>
<td>1</td>
<td>401</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>683</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>588</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>598</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>755</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>755</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>660</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>533</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>341</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>344</td>
<td>0.265</td>
<td>Valid</td>
</tr>
</tbody>
</table>

The statistical analysis conducted on the performance appraisal questionnaire for salary management reveals intriguing findings. Despite initially asserting the validity of all items in the questionnaire, the calculated correlation coefficients (r-values) for each
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item surpass the critical value from the t-table, indicating statistical significance at a 5% significance level with degrees of freedom (df) at 53. However, the correlation coefficients, ranging from 0.265, fall short of meeting the criteria for practical significance. This challenges the previously stated validity of all items, suggesting a nuanced interpretation. The synthesis of results emphasizes the need for a reevaluation of the questionnaire’s validity, hinting at potential shortcomings in its effectiveness as a measurement tool. This raises the imperative for further scrutiny and potential refinements to enhance the questionnaire’s reliability and overall robustness in gauging performance appraisal in salary management.

**Punishment Variable Validity Test Result**

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. Item</th>
<th>r count</th>
<th>r tables 5%</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punishment (X2)</td>
<td>1</td>
<td>1,947</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1,687</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1,707</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1,870</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>1,947</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>1,606</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>1,871</td>
<td>0.265</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>1,843</td>
<td>0.265</td>
<td>Valid</td>
</tr>
</tbody>
</table>

The analysis of the data pertaining to all items of the punishment variable in the questionnaire reveals noteworthy results. The calculated correlation coefficients (r-values) for each item surpass the critical value from the t-table, indicating statistical significance at a 5% significance level with degrees of freedom (df) calculated as n - 2, resulting in 53 degrees of freedom for the sample size of 55. The correlation coefficients range from 0.265. However, despite these statistical significances, the values fall short of meeting the criteria for practical significance, challenging the assertion of overall validity. This synthesis underscores the need for a nuanced interpretation, suggesting that, according to the criteria for practical significance, the punishment variable may not be considered entirely valid. This prompts further examination and potential refinement of the questionnaire items related to the punishment variable to ensure a more accurate and comprehensive assessment of its effectiveness in gauging the intended constructs.

**The results of the Reliability Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of question items</th>
<th>Cronbach alpha</th>
<th>Rule of thumb</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinerja Karyawan (Y)</td>
<td>8</td>
<td>0.877</td>
<td>0.6</td>
<td>Reliabel</td>
</tr>
</tbody>
</table>

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The following are the Partial Test Results:

**Table 5. Result of Validity Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>11,714</td>
<td>2,691</td>
<td>4,353</td>
<td>.000</td>
</tr>
<tr>
<td>Reward</td>
<td>.472</td>
<td>.063</td>
<td>.691</td>
<td>7,482</td>
</tr>
<tr>
<td>Punishment</td>
<td>.126</td>
<td>.059</td>
<td>.195</td>
<td>2,115</td>
</tr>
</tbody>
</table>

The partial results of the independent variable, Reward, on the dependent variable, Employee Performance, were examined and yielded significant findings. It was identified that the Reward variable had a calculated t-value of 7.482 with a significant level of 0.000. Considering the degrees of freedom (df=n-k, where n is the total number of respondents and k is the number of variables, resulting in df=52 for this analysis), the critical t-value from the table was 1.674. As the calculated t-value (7.482) exceeded the critical t-value (1.674) and the significance level (0.000) was less than the set alpha (α) level of 0.05, the research hypothesis (H1) was accepted. Thus, it can be concluded that there is a significant and positive influence of the Reward variable on Employee Performance, as indicated by the partial correlation analysis.

The examination of the impact of the independent variable, Punishment, on the dependent variable, Employee Performance, was conducted and yielded notable results. The Punishment variable exhibited a calculated t-value of 2.115 with a significance level of 0.039. Considering the degrees of freedom (df=n-k, where n is the total number of respondents and k is the number of variables, resulting in df=52 for this analysis), the critical t-value from the table was 1.674. With the calculated t-value (2.115) surpassing the critical t-value (1.674) and the significance level (0.039) being less than the predetermined alpha (α) level of 0.05, the research hypothesis (H2) was accepted. Consequently, it can be inferred that there is a significant and positive influence of the Punishment variable on Employee Performance, as indicated by the partial correlation analysis.

The influence of rewards on employee performance at Rocky Plaza Hotel Padang was investigated, revealing a significantly lower level of significance than the alpha value (0.000 < 0.05). Consequently, the null hypothesis (Ho) was rejected, and the alternative hypothesis (Ha) was accepted, indicating a substantial and positive impact of rewards on the performance of employees at the hotel. This outcome aligns with the findings of a study conducted by Gunawan et al. (2023), which similarly established the influential role of rewards on employee performance. The results imply that some employees at Rocky Plaza Hotel Padang may not have clear targets to achieve in order to receive rewards, and there may be individuals who, despite receiving rewards such as daily incentives and retirement benefits, have yet to demonstrate consistent improvements in performance.

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Additionally, the study suggests the presence of undisciplined employees, potentially impacting overall workplace efficiency, in line with the observations made by Gunawan et al. (2023).

The impact of punishment on employee performance at Rocky Plaza Hotel Padang was examined, revealing a level of significance (0.039) slightly lower than the alpha value of 0.05. Consequently, the null hypothesis (Ho) was rejected, and the alternative hypothesis (Ha) was accepted, indicating a statistically significant influence of punishment on the performance of employees at the hotel. This outcome aligns with the findings of a study conducted by Salri (2022), which emphasized the influential role of punishment in shaping employee behavior and improving work conduct. Punishment, in this context, represents the disciplinary actions imposed by management when employees deviate from established norms and practices within the workplace. Such punitive measures typically aim to rectify individual behavior and contribute to overall organizational improvement. In organizational settings, the implementation of rules and regulations, functioning as a form of punishment, serves as a mechanism for maintaining control over employee conduct and fostering a conducive work environment. Salri (2022) suggests that, in certain circumstances, the use of disciplinary actions can be more effective in modifying managerial behavior, considering factors such as timing, intensity, fairness, clarity, and impartiality, which should not have a personal bias.

CONCLUSION

In conclusion, the analysis and findings of the study on the influence of rewards and punishment on managerial performance at Rocky Plaza Hotel indicate significant and positive effects. Rewards were found to have a positive and statistically significant impact on managerial performance, as reflected in the increased motivation and job satisfaction of employees. Similarly, punishment was identified as exerting a positive and significant influence on managerial performance, emphasizing its role in maintaining organizational discipline and improving overall work output. The recommendations include fostering a supportive work environment through leadership initiatives, such as providing bonuses and organizing regular gatherings to enhance team solidarity. Future research is suggested to explore additional variables like job stress and work environment and to employ alternative methods, such as surveys, for a more comprehensive understanding of organizational outcomes.

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