The Effect Of *Reward* And *Punishment* On Employee Performance Is Mediated By Work Motivation At The Sidikalang Sub-District Office

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Abstract

Employee performance is influenced by various factors, including Reward, Punishment, and Work Motivation. This study aims to analyze the effect of Reward and Punishment on Employee Performance by considering work motivation as an intervening variable in the Sidikalang Sub-district Office with a sample of 48 employees. The research uses a quantitative approach with the Partial Least Squares (PLS) method to process survey data from employees. The results showed that Reward had a positive and significant influence on work motivation (T-Statistic 23.965 > 1.96; P-Value 0.000 < 0.05) and indirectly on Employee Performance through Motivation (T-Statistic 3.599 > 1.96; P-Value = 0.001 < 0.05). On the other hand, Punishment does not have a significant influence either directly or indirectly on Employee Motivation or Performance. Work motivation is proven to have a positive and significant influence on Employee Performance (T-Statistic = 3.972 > 1.96; P-Value = 0.000 < 0.05), confirming its important role as a mediating variable in the relationship between Reward and Employee Performance. However, Punishment is not strong enough to affect work motivation or performance directly or indirectly. These findings show that Reward-based strategies are more effective than Punishment-based approaches in improving employee motivation and performance. Institutions are advised to strengthen the Reward system based on performance achievement and provide development opportunities for employees to maximize their potential.

Keywords:

Reward; Punishment; Work Motivation; Employee Performance

1. INTRODUCTION

Employee performance in government organizations is greatly influenced by various factors, including *Reward* and *punishment* and work motivation. *Reward* is a positive incentive given to employees for work performance or behavior in accordance with organizational standards, while *punishment* is a corrective action given as a

consequence of behavior or performance that does not meet the standards (Wijaya, 2021).

Reward In this context, it includes various forms of awards, such as bonuses, promotions, and public recognition, which aim to encourage employees to achieve better performance. According to the theory of punishment, as expressed by Herzberg in (Beliadwi & Moningka, 2012) Motivating factors such as rewards can increase job satisfaction and employee performance. However, in practice, there are still obstacles in the effective implementation of rewards within the Sidikalang Sub-district Office. Inconsistent or unfair rewards can lead to dissatisfaction and lower work motivation (LPKN, 2024).

According to (Robbins & Judge, 2017) Rewards are any form of appreciation given to employees in recognition of their contributions to the organization. Rewards can be financial (e.g. salary, bonuses) or non-financial (e.g. recognition, opportunities to grow)

Meanwhile, according to (Handoko, 2013) Reward is a form of appreciation for efforts to get a professional workforce in accordance with the demands of the position, a balanced coaching is needed, namely a business of planning, organizing, using, and maintaining labor in order to be able to carry out tasks effectively and efficiently.

In this study, the reward indicator refers to the opinion (Robbins & Judge, 2017) that is:

1. Salary/Income is compensation that is received on a regular basis.
2. Recognition is a non-financial award given for performance or contribution.
3. Promotion is an opportunity to move up.
4. Development Opportunities are opportunities to participate in training or career development programs.

Punishment, On the other hand, it is designed to prevent unwanted behavior and ensure compliance with work rules and standards. *Punishment* can reduce the frequency of negative behavior (Rochim, 2023). However, the long-term effect of punishment on employee performance is still a matter of debate. Some studies show that excessive punishment can cause stress and dissatisfaction, which can ultimately reduce employee performance (Sofiati, 2021).

According to (Robbin & Judge, 2015) punishment as corrective action taken by the organization to deal with violations or inadequate performance. Punishment aims to improve employee behavior and ensure compliance with organizational standards

Meanwhile, according to (Fahmi, 2017) Punishment is a sanction received by an employee because of his inability to do or carry out work as ordered.

To measure punishment in this study, refer to the indicators set by the (Robbin & Judge, 2015) as follows:

1. Verbal warnings are direct warnings given by superiors.
2. Written Warnings are official documented warnings.
3. Suspension is a temporary suspension of a task or work.

4. Reduction of Allowances is the reduction or elimination of certain allowances.
5. Dismissal is the termination of the employment relationship as the last step.

In this study, work motivation plays a role as an intervening variable that connects rewards and punishments with employee performance. Work motivation can be defined as an internal drive that directs and maintains work behavior towards the achievement of goals (Setiawan, 2021).

According to (Robbin & Judge, 2015) Defines work motivation as a process that describes the intensity, direction and perseverance of an individual to achieve his or her goals at work

To measure work motivation in this study, refer to the indicators set by (Robbin & Judge, 2015) as follows:

1. Appreciation
2. Social Relations,
3. Living Needs,
4. Success at Work.

According to the author's observation through interviews with several employees at the Sidikalang Sub-district Office, information was obtained that there was an imbalance in the provision of rewards and punishments, as well as low employee work motivation. Many employees feel that the rewards given are not in line with their contributions, while punishment is often applied without clear consideration. This creates a work environment that is less conducive and lowers employee morale.

According to (Afandi, 2018) Employee performance is the result of work that can be achieved by a person or group of people in a company in accordance with their respective authorities and responsibilities in an effort to achieve organizational goals illegally, not in violation of the law and not contrary to morals and ethics.

Meanwhile, according to (Mangkunegara. A.A. P, 2020) Employee performance is the achievement of Employee work results based on quality and quantity as work achievements in a certain period of time adjusted to the duties and responsibilities of a group in the organization in carrying out the main tasks and functions that are guided by norms, operational standards, procedures, criteria and measures that have been set or applied in the organization.

To measure employee performance, this study refers to the theory of (Mangkunegara. A.A. P, 2020) are as follows:

1. The quality of work is how well an employee does what he or she should be doing;
2. Work Quantity is how long an employee works in one day. This quantity of work can be seen from the speed of work of each employee;
3. Task Execution, which is how far the employee is able to do his or her job accurately or without errors;

4. Responsibility is Awareness of the obligation to do their work accurately or without errors.

The gap that occurs based on the theory and findings of previous research is a lack of understanding of how rewards and punishments can be optimized to improve punishment and employee performance in a sustainable manner. Several studies have shown mixed results on the effectiveness of rewards and punishments, especially in the context of public organizations (Robbins & Judge, 2017). This research is expected to fill this gap by providing empirical evidence about the effect of rewards and punishments on employee performance through work motivation. Based on the background that has been presented, the formulation of the problem in this study is:

1. How does reward affect employee performance at the Sidikalang Sub-district Office?
2. How does punishment affect employee performance at the Sidikalang Sub-district Office?
3. How does work motivation mediate the relationship between reward and employee performance at the Sidikalang Sub-district Office?
4. How does work motivation mediate the relationship between punishment and employee performance at the Sidikalang Sub-district Office?

In accordance with the formulation of the problem above about rewards and punishments for employee performance at the Sidikalang Sub-district Office, this study aims to:

1. Analyzing the effect of rewards on employee performance at the Sidikalang Sub-district Office.
2. Analyze the effect of punishment on employee performance at the Sidikalang Sub-district Office.
3. Analyze the role of work motivation in mediating the influence of rewards on employee performance at the Sidikalang Sub-district Office.
4. Analyze the role of work motivation in mediating the influence of punishment on employee performance at the Sidikalang Sub-district Office.

Broadly speaking, this study aims to identify and analyze the influence of rewards and punishments on employee performance mediated by work motivation at the Sidikalang Sub-district Office as seen in the following conceptual framework image:
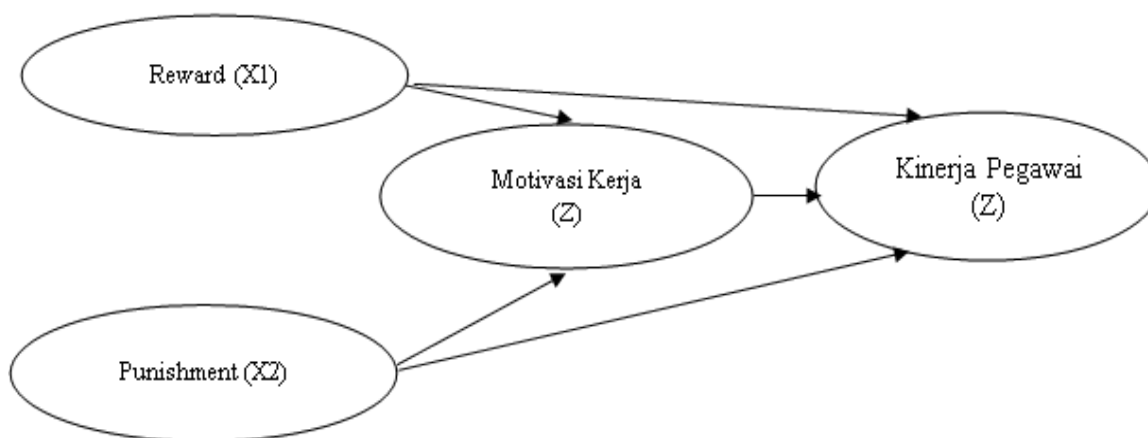
Figure 1. Conceptual Framework

Based on the study of theory and problem formulation, the hypothesis of this research is:

H1: Rewards have a positive and significant effect on employee performance at the Sub-district Office
    Sidikalang.

H2: Punishment has a negative but significant effect on employee performance in the Office
    Sidikalang Sub-district.

H3: Work motivation mediates the effect of rewards on employee performance at the Sub-district Office
    Sidikalang.

H4: Work motivation mediates the influence of punishment on employee performance in the Office
    Sidikalang Sub-district.

2. RESEARCH METHODS

This type of research is a casual associative quantitative research. This research was carried out at the Sidikalang Sub-district Office. The time of this research was carried out from August to November 2024. According to (Sugiyono, 2018) Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are determined by the researcher to be studied and then drawn conclusions. The population in this study is the entire number of employees in the Sidikalang Sub-district Office with a total of 68 employees with the following characteristics:

Table 3.1 Details of Popolation at the Sidikalang Sub-district Office

No.	Status	Number (Person)
1.	ASN	44
2.	Honorary	4
	Sum	48

Source : Sidikalang Sub-district Office

The sampling technique used in this study is a saturated sample. According to (Sugiyono, 2019) Saturated sampling is a sample selection technique when all members of the population are sampled where all populations in this study are sampled, which is 68 employees

The data that will be used from this study is the data from the results of the questionnaire distributed to respondents consisting of all employees in all divisions. The data analysis technique used in this study is a quantitative data analysis method using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.0 software.

Meanwhile, the feasibility test that will be used in this study is Testing *Outer Model* to obtain value *outer loading* that meet the requirements *validity and reliability.* Testing the structural model (Inner model) which includes a determination coefficient test (R2) to measure how far the model is able to explain the variation of the bound variable. R^2 (Hair, J.F., et. al, 2022)

The Goodness fit test is used to determine the extent to which the observed data corresponds to the theoretical distribution assumed by the model or hypothesis (Ghozali & Latan, 2015) and hypothesis test (T-Statistic Test) consisting of a test *Path Coeficients* To test how the direct influence of each independent variable individually on its bound variable and the indirect influence of the intervening variable in influencing its independent variable on its bound variable.

This test is used to determine the direction of the relationship between variables (positive/negative). If the value is 0 to 1, then the direction of the relationship between the variables is declared positive. Meanwhile, if the value is 0 to -1, then the direction of the relationship between the variables is declared negative. A hypothesis is said to be accepted if the statistical t value is greater than the t of the table. According to (Ghozali & Latan, 2015) Table T value criteria 1.96 with a significance level of 5%

3. RESULTS AND DISCUSSION

3.1. Results

Outer Model *Analysis*

The outer *model* test in this study uses algorithm analysis in *SmartPLS software version 3.0,* in order to obtain *outer loading* values that meet *the validity and reliability requirements.*

**1) Convergent Validity Test Results**

The convergent validity of the measurement model with reflexive indicators can be seen from the correlation between the score of the item/indicator and the construction score. Based on the results for outer loading, it shows that there is an indicator that has a loading below 0.60 and is not significant. The following is presented as the results of the outer loading value in the following table.

Table 2. *Outer Loading*

Indicators	*Outer Loading*	Information
Reward (X1)		
RW1	0.788	Valid
RW2	0.818	Valid
RW3	0.880	Valid
RW4	0.839	Valid
Punishment (x2)		
PUN1	0.990	Valid
PUN2	0.991	Valid
PUN3	0.783	Valid
PUN4	0.723	Valid
PUN5	0.974	Valid
Work motivation (Z)		
MT1	0.789	Valid
MT2	0.888	Valid
MT3	0.755	Valid
MT4	0.877	Valid
Employee Performance (Y)		
KP1	0.738	Valid
KP2	0.801	Valid
KP3	0.754	Valid
KP4	0.858	Valid

Source : Output Smart PLS, 2024

Based on Table 2, it can be seen that all indicators have a value *loading factor* > 0.60. According to (Ghozali, Imam & Latan, 2015) states that an indicator is declared valid if it has a value *loading factor* > 0.60. Thus, it can be stated that all indicators in this study are declared valid and can be carried out further research. The following is shown in the form of a structural model as shown in the following image:
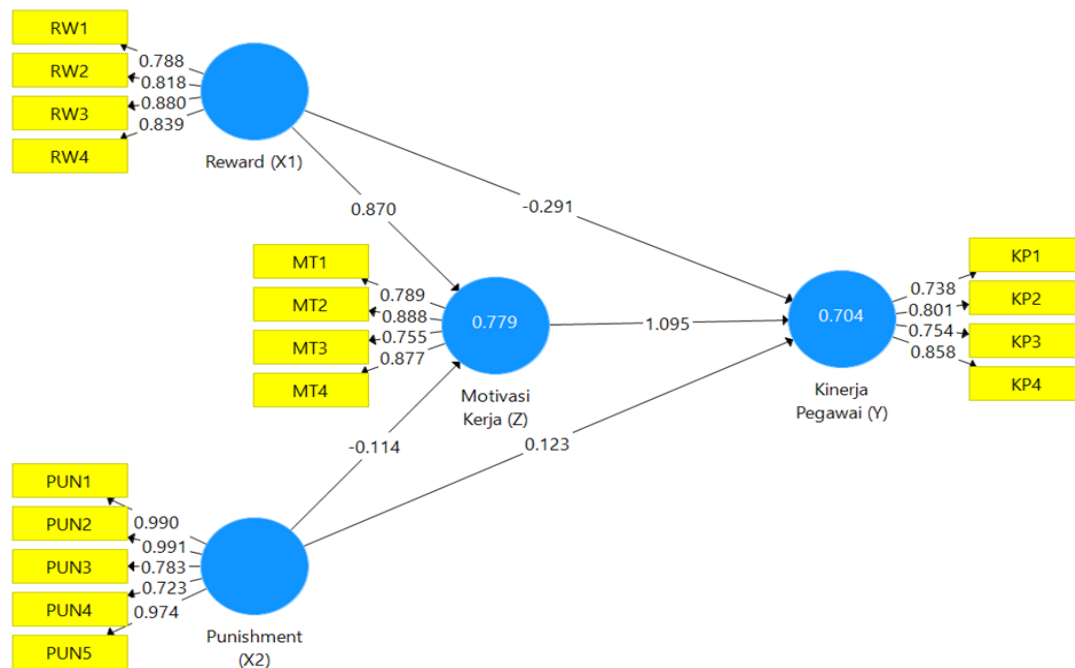
Figure 1. Outer Model Test Results

2) Discriminate Validity *Test Results*

The next test is to test the validity of discrimination, this test aims to determine whether a reflective indicator is a good measurement for its construction based on the principle that the indicator is highly correlated with its construction. The following are the results of cross loading from the discrimination validity test as shown in the following table:

Table 3. *Discriminant Validity*

Indicators	Employee Performance (Y)	Work Motivation (Z)	Punishment (x2)	Reward (X1)
KP1	**0.738**	0.713	-0.014	0.776
KP2	**0.801**	0.650	0.022	0.438
KP3	**0.754**	0.646	-0.137	0.430
KP4	**0.858**	0.567	0.041	0.437
MT1	0.597	**0.789**	-0.097	0.722
MT2	0.813	**0.888**	-0.145	0.681
MT3	0.531	**0.755**	-0.103	0.853
MT4	0.770	**0.877**	-0.152	0.651
PUN1	0.091	0.189	**0.990**	-0.062

PUN2	0.009	0.141	**0.991**	-0.034
PUN3	0.110	0.041	**0.783**	0.016
PUN4	0.056	0.036	**0.723**	0.050
PUN5	0.017	0.115	**0.974**	-0.040
RW1	0.616	0.743	0.086	**0.788**
RW2	0.453	0.727	0.008	**0.818**
RW3	0.613	0.736	0.063	**0.880**
RW4	0.502	0.701	0.115	**0.839**

Source: Output Smart PLS, 2024

Based on table 4, it can be seen that the *cross loading value* in each indicator and variable is greater than other variables and indicators, the cross loading of the Reward and Punisment variables shows that the cross loading of the variable indicator is greater than the cross loading of other latent variables, the cross loading of the work motivation variable indicator shows that the value *of the cross loading* indicator is greater than other latent variables, *Cross loading of* employee performance variables also shows a greater cross loading value of the indicator than the cross loading of the latent variable. Based on this data, it can be stated discriminatively *that* the cross loading *results* are considered valid.

3) Composite reliability *test results*

The test further determines the reliable value with *the composite reliability* of the indicator block that measures the construction. A construction value that is said to be reliable if the indigo *composite reliability* is above 0.60. In addition to looking at *the composite reliability* value, the reliable value can be seen in the variable construct value with *the alpha cronbachs* of the indicator block that measures the construct. A construct is declared reliable if the *cronbachs alpha value* is above 0.7. The following is a table of loading values for the construct of the research variables resulting from running the Smart PLS program in the following table.

Table 4. *Construct Reliability and Validity*

Indicators	Cronbach's Alpha	Composite Reliability	Average Extracted Variance (AVE)
Employee Performance (Y)	0.796	0.868	0.623
Work Motivation (Z)	0.847	0.898	0.688
Punishment (x2)	0.952	0.954	0.810
Reward (X1)	0.851	0.900	0.692

Source: *Smart PLS Output,* 2024

Based on Table 4, it can be explained that the AVE value in each variable tested has a value of > 0.5, which shows that all variables in this study meet the *criteria for discriminant validity*. To determine the reliability in this study, *the composite reliability* value is used. The accepted

value for the reliability level is > 0.7. Based on these criteria, it can be seen that all variables in this study have a > value of 0.70 so that it can be stated that all variables tested meet the reliability of the construct.

Structural Model Evaluation (*Inner Model*)

Evaluation of the structural model (*inner model*) is carried out to ensure that the structural model built is robust and accurate. The stages of analysis carried out in the evaluation of the structural model are seen from several indicators, namely:

1) Determination Coefficient Test Results (R2)

The determination coefficient (R2) test is used to see the influence of certain independent latent variables on the dependent latent variable whether it has a substantive influence. Based on the data processing that has been carried out using the SmartPLS 3.0 program, the R Square value is obtained as shown in the following table.

Table 5. R Square Results

Variable	R Square	Adjusted R Square
Employee Performance (Y)	0.704	0.683
Work Motivation (Z)	0.779	0.769

Source: *Smart PLS Output,* 2024

Based on table 5, it is known that the R square Adjusted value of the work motivation variable is 0.769 or 76.90%, which means that the influence of rewards and punishments on work motivation is in the high category, meaning that the more rewards and punishments increase, the more employee motivation will increase. Meanwhile, the R Square value on the work motivation variable is 0.779 or 77.90%, which means that the effect of reward and punishment on work motivation is 77.90% and the remaining 22.10% is influenced by other variables that have not been studied. Meanwhile, the R Square Adjusted value of the Employee Performance variable is 0.683 or 68.30%, which means that Reward and punishment affect employee Performance by 68.30% or in the medium category, meaning that Reward and punishment can significantly improve employee performance. Furthermore, the R square value of the Employee Performance variable is 0.704 or 70.40%, which means that Reward and punishment affect Employee Performance by 70.40%, while the remaining 29.60% is influenced by other variables that have not been studied.

2) Goodness of Fit *Test Results*

The Goodness of Fit test is a statistical method used to evaluate how well the tested model or statistical distribution matches the observed data. The Goodness of Fit test aims to determine the extent to which the observed data corresponds to the theoretical distribution assumed by the model or hypothesis. The goodness of fit model test can be seen from looking

at the NFI value on the program. If the NFI value is > SRMR and the closer it is to 1, then the better the model (good fit). Based on the data processing that has been carried out using the SmartPLS 3.0 program, the Fit Model values are obtained as follows.

Table 6. Model Fit

	Saturated Model	**Estimated Model**
SRMR	0.113	0.113
d_ULS	1.953	1.953
d_G	2.115	2.115
Chi-Square	409.687	409.687
NFI	0.608	0.608

Source: Output Smart PLS, 2024

Based on table 7, it can be seen that the NFI value is 0.608 > 0.113 so that it can be stated that the model in this study has sufficient *goodness of fit* and is suitable to be used to test the research hypothesis.

Hypothesis Test Results

After conducting an inner model analysis, the next thing is to evaluate the relationship between latent constructs in order to answer the hypothesis in this study. The hypothesis test in this study was carried out by looking at T-Statistics and P-Values. The hypothesis was declared accepted if *the T-Statistics value* > 1.96 and the P-Values < 0.05. The following are the results of *Path Coefficients* of direct influence between variables as shown in the following table.

Table 7. *Path Coefficients*

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Result
Reward (X1) -> Employee Performance (Y)	0.291	0.275	0.312	0.932	0.356	Rejected
Punishment (X2) -> Employee Performance (Y)	0.123	0.115	0.109	1.125	0.266	Rejected
Reward (X1) -> Work Motivation (Z)	0.870	0.885	0.036	23.965	0.000	Accepted

Punishment (X2) -> Work Motivation (Z)	0.114	0.074	0.091	1.259	0.214	Rejected
Work Motivation (Z) -> Employee Performance (Y)	1.095	1.093	0.276	3.972	0.000	Accepted

Source: Smart PLS Output, 2023

Based on the data in Table 7, it can be stated that the influence of Reward on Employee Performance shows a T-Statistic value of 0.932 < 1.96 and a P-Value of 0.356 > 0.05. This shows that Rewards do not have a significant influence on Employee Performance. Thus, the hypothesis that Reward has a significant effect on Employee Performance **is rejected**. This means that the increase in Rewards does not necessarily have an impact on significantly improving Employee Performance.

The effect of Punishment on Employee Performance shows a T-Statistic value of 1,125 < 1.96 and a P-Value of 0.266 > 0.05. These results show that Punishment also does not have a significant influence on Employee Performance. Thus, the hypothesis that Punishment has a significant effect on Employee Performance **is rejected**. This means that changes in the application of Punishment are not significant in improving Employee Performance.

Reward showed a significant influence on Work Motivation with a T-Statistic value of 23,965 > 1.96 and a P-Value of 0,000 < 0.05. This means that Rewards have a positive and significant influence on Work Motivation. Thus, the hypothesis that rewards have a significant effect on work motivation **is accepted**. This means that an increase in Rewards will significantly increase Work Motivation.

The effect of Punishment on Work Motivation showed a T-Statistic value of 1,259 < 1.96 and a P-Value of 0.214 > 0.05. These results show that Punishment does not have a significant influence on Work Motivation. Thus, the hypothesis that Punishment has a significant effect on Work Motivation **is rejected**. This means that changes in the application of Punishment are not significant in increasing Work Motivation.

The effect of Work Motivation on Employee Performance showed a T-Statistic value of 3,972 > 1.96 and a P-Value of 0,000 < 0.05. This shows that Work Motivation has a positive and significant influence on Employee Performance. Thus, the hypothesis that Work Motivation has a significant effect on Employee Performance **is accepted**. This means that increasing Work Motivation will significantly improve Employee Performance.

Overall, the results of these findings show that rewards have a significant role in increasing work motivation, which in turn has an impact on improving employee performance. However, Reward and Punishment do not directly have a significant influence on Employee Performance. Work Motivation is an important variable in mediating the relationship between Reward and Punishment to Employee Performance. These findings support that a more effective strategy in improving Employee Performance is through increasing Work Motivation.

Table 8. Indirect Effect (Pengaruh Tidak Langsung)

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Result
Reward -> Motivation -> Employee Performance	0.953	0.970	0.265	3.599	0.001	**Accepted**
Punishment -> Motivation -> Employee Performance	0.367	0.367	0.367	0.367	0.367	Rejected

Source: Output Smart PLS, 2024

Based on the data in Table 8, the results of the indirect influence test show that Rewards have a significant influence on Employee Performance through Work Motivation. This is shown by the T-Statistic value of $3.599 > 1.96$ and the P-Value of $0.001 < 0.05$. With an indirect influence coefficient of 0.953, it can be concluded that the increase in Rewards has a positive impact on Work Motivation, which in turn significantly improves Employee Performance. These findings indicate that Work Motivation plays a strong mediating role in the relationship between Employee Reward and Performance, thus supporting the hypothesis proposed in this study. Effective reward not only increases motivation, but also results in better performance in employees.

On the other hand, the indirect influence of Punishment on Employee Performance through Work Motivation has not proven to be significant. This is shown by the T-Statistic value of $0.367 < 1.96$ and the P-Value of $0.367 > 0.05$. These findings show that the application of Punishment does not affect Work Motivation enough to produce a positive impact on Employee Performance through this pathway. With an indirect influence coefficient of 0.367, the increase in Punishment did not make a significant contribution to Employee Performance through Work Motivation. Thus, the hypothesis that there is an indirect influence of Punishment on Employee Performance through Work Motivation is rejected in the results of this study. Overall, these results confirm the importance of Rewards in significantly improving Employee Motivation and Performance, while Punishment does not have the same impact.

3.2. Discussion

The results of this study show that Reward has a significant influence on Work Motivation, which in turn has a positive impact on Employee Performance. Indirectly, Reward contributes to improving Employee Performance through Work Motivation

as a mediator. This finding is in line with the research of Dihan and Hidayat (2020), which stated that Rewards can significantly increase Work Motivation, which ultimately has a positive impact on Employee Performance. In addition, the research of Putri Kentjana and Nainggolan (2018) also supports this result by mentioning that Reward is one of the effective tools to improve employee motivation and performance. These findings emphasize the importance of implementing the right reward system to maximize employee potential through motivation.

On the contrary, the results of this study show that Punishment does not have a significant influence either directly on Employee Performance or indirectly through Work Motivation. This is supported by the research of Okta Riansyah (2020), which found that punishment does not strongly affect motivation, so it does not have a significant impact on performance improvement. These findings highlight that the application of punishment as a management strategy may be less effective than reward-oriented approaches or positive incentives.

Furthermore, Work Motivation has been proven to have a significant influence on Employee Performance. These results are consistent with research by Fa'iqoh and Kuncoro (2022), which stated that Motivation is the main factor that drives employee performance improvement. This research underscores the importance of creating an environment that supports employee motivation, both through recognition of achievements and opportunities for self-development. Motivation is an important element that significantly connects Rewards with Employee Performance.

However, Punishment through Motivation does not have a significant influence on Employee Performance, either directly or indirectly. This result is in line with the research of Okta Riansyah (2020), which stated that punishment is often unable to increase work motivation, let alone performance. In this context, Reward has proven to be more effective as a factor that affects employee motivation and performance than Punishment.

Overall, this study emphasizes that Reward is an important instrument to improve Employee Motivation and Performance, while Punishment is less effective in providing a similar impact. These results support a managerial strategy that focuses on rewards as a way to increase employee motivation, which ultimately drives an improvement in overall organizational performance.

4. CONCLUSIONS AND SUGGESTIONS

4.1 Conclusion

From the results of the data analysis of the research results and discussions described above, it can be concluded that:

1. Rewards have a positive and significant influence on Work Motivation with a T-Statistic value of 23.965 > 1.96 and a P-Value of 0.000 < 0.05. This shows that the effective implementation of Rewards will significantly increase employee work motivation, so the hypothesis is accepted.

2. Rewards do not have a significant direct influence on Employee Performance, with a T-Statistic value of 0.932 < 1.96 and a P-Value of 0.356 > 0.05. However, Reward has been proven to affect Employee Performance indirectly through Work Motivation as a mediator.

3. Punishment did not have a significant influence on Work Motivation, with a T-Statistic value of 1.259 < 1.96 and a P-Value of 0.214 > 0.05, so the hypothesis that Punishment had a significant effect on Work Motivation was rejected.

4. Punishment also did not have a significant direct influence on Employee Performance, with a T-Statistic value of 1.125 < 1.96 and a P-Value of 0.266 > 0.05. Thus, the hypothesis related to the significant influence of Punishment on Employee Performance is not accepted.

5. Work Motivation has a positive and significant influence on Employee Performance, with a T-Statistic value of 3.972 > 1.96 and a P-Value of 0.000 < 0.05. This shows that the increase in Work Motivation contributes significantly to the improvement of Employee Performance, so the hypothesis is accepted.

6. Rewards have a significant indirect influence on Employee Performance through Work Motivation, with a T-Statistic value of 3.599 > 1.96 and a P-Value of 0.001 < 0.05. The coefficient of influence of 0.953 shows that Work Motivation plays a significant role as a mediator in the relationship between Reward and Employee Performance, so this hypothesis is accepted.

7. Punishment does not have a significant indirect influence on Employee Performance through Work Motivation, with a T-Statistic value of 0.367 < 1.96 and a P-Value of 0.367 > 0.05. Thus, the hypothesis related to the indirect influence of Punishment on Employee Performance through Work Motivation is not accepted.

5.2. Suggestion

Based on the findings of this study, there are several important suggestions that can be submitted to various parties such as:

1. For the institution of the Sidikalang Sub-district Office, it is recommended to focus on developing a reward system based on performance achievements. Fair and transparent rewards, such as financial incentives, recognition of achievements, or career development opportunities, can significantly improve employee motivation and performance. In addition, communication and training-based approaches can replace the use of punishment, which has proven to be less effective in improving motivation or performance. Institutions can also create work programs that intrinsically motivate employees, such as building a sense of community, providing clear work goals, and providing constructive feedback.

2. For employees, it is important to continue to improve their competencies through training or courses that are relevant to their duties. Building intrinsic motivation by setting personal goals that align with the organization's vision can help them work more productively. In addition, good collaboration and communication within the

team are essential for creating a supportive and conducive work environment, thereby improving overall performance. Employees are also advised to take advantage of self-development opportunities provided by the institution to achieve more optimal work results.

3. Researchers are further advised to explore new variables such as leadership, organizational culture, or work environment as factors that can influence the relationship between reward, punishment, motivation, and performance. Comparative research in various government institutions or using a longitudinal approach can provide deeper insights into the long-term impact of these factors. In addition, a qualitative approach can also be used to explore employee experiences in depth, and the results of the research should be published in reputable journals to make a wider contribution to the development of human resource management science.

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