

## **The Effect of Rewards on Employee Performance through Work Discipline at CV Glory Dewi Kencana**

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**ABSTRACT:** *This study aims to describe the reward, work discipline and employee performance, to analyze the impact of reward on employee performance, to analyze the impact of reward on work discipline, to analyze the effect of work discipline on employee performance, and to analyze influence of reward on employee performance through work discipline of the CV Glory Dewi Kencana. The sample in this study was 50 employees.*

*The results of the analysis show that reward has not an effect on employee performance, which means that reward system can not increase employee performance. Reward has an effect on work discipline, which means that good reward system can improve work discipline. Work discipline has an effect on employee performance, which means that the higher the level of work discipline can improve employee performance. Reward affects employee performance through work discipline, which means that employee performance can be improved if reward is carried out effectively to increase the level of work discipline.*

**Keywords:** *Reward, Work Discipline, Employee Performance.*

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### **I. Introduction**

The success of a company can not be separated from the role and performance of human resources within the company itself. Human resources are one of the important aspects of a company, in realizing the vision and mission of the company. The company can not achieve its goals properly without good human resources.

Competition in the increasingly competitive world of work and changing environmental conditions have resulted in companies being more required to adapt to these conditions. Therefore, the support and role of the performance of human resources within the company is needed to overcome this. Human resources who have good performance will help the company overcome the existing obstacles so as to facilitate the company in achieving its goals. According to Afandi (2018), performance is the work output achieved by a person or group in a company with the authority and responsibility of each individual with the aim of achieving company goals without violating the law, morals, and ethics.

According to Kasmir (2016), there are several factors that can affect the performance of human resources, one of which is work discipline. Hamali (2016) describes work discipline as a force that can develop within an employee's body and can make employees behave voluntarily to conform to regulations. If the company's employees have a high level of work discipline, they are expected to work well so that they can help the company achieve its goals. Therefore, companies that want a high level of employee performance must pay attention to the level of employee discipline. This is supported by previous research conducted by Idris and Alegbeleye (2015), which found that there was a significant relationship between the level of work discipline and performance.

H1: Work Discipline has a significant effect on Employee Performance

In order to encourage employees to achieve effective performance, companies must pay attention to other factors, apart from work discipline, namely rewards. Rewards can be used as an award for employees who have given their energy, time, and thoughts to helping the company achieve its goals. In addition, the provision of rewards will increase the work discipline of an employee. Rewards encourage employees to work harder to get them. In the research of Asriani et.al (2015), it was found that rewards affect the ups and downs of the level of discipline possessed by employees.

H2: Reward has a significant effect on Employee Performance

CV Glory Dewi Kencana is a modern wholesale store located in Situbondo, East Java. CV Glory Dewi Kencana, or more often referred to as Kencana shop, is known as a wholesale store that sells the most complete basic necessities and the fastest and friendliest service in the Situbondo area and its surroundings. In the beginning, before there was a reward policy, the obstacle that CV Glory Dewi Kencana often faced was the low level of discipline possessed by employees. CV Glory Dewi Kencana employees are often found skipping work. The average work attendance of employees in a month is only 80%, or in other words, in six working days there is one day of absence from work. In addition, the obstacle faced by CV Glory Dewi Kencana is that employees often slow down or extend the processing time for picking up goods ordered by customers.

To overcome these problems, CV Glory Dewi Kencana provides rewards to employees in order to increase the level of discipline possessed by employees. Some of the rewards given include bonuses, facilities, and allowances. With the reward, it is hoped that it can help the company to increase the level of employee discipline.

H3: Reward has a significant effect on Work Discipline

The firmness and fairness of the company in providing these rewards will motivate employees to improve work discipline, which can affect the performance of the employees themselves. This study wants to test whether it is true that the reward system can affect work discipline, which, in the end, has a positive impact on the performance of CV Glory Dewi Kencana employees in Situbondo.

H4: Reward has a significant effect on Employee Performance through Work Discipline

## **II. Theoretical Study**

### **2.1. Reward**

Fahmi (2016) defines reward as a form of remuneration given to employees both financially and non-financially for the work they have done. Rewards include some of the incentives that companies provide to employees as part of a psychological contract (Moorhead, 2013). Meanwhile, according to Busro (2018), reward can be interpreted as a form of gift given by the company to employees who have been able to achieve certain achievements that are beneficial to the company both in financial and non-financial forms, in order to encourage, increase employee commitment, and be able to have an influence on other employees so that there is positive competition between employees. According to Ivancevich (2000), rewards are divided into two broad groups, namely:

#### **2.1.1. Reward Intrinsic**

This type of reward is defined as an award that arises from a person. Some of the forms of this reward are completion, achievement, autonomy, and personal growth..

#### **2.1.2. Reward Ekstrinsic**

This type of reward comes from outside a person and is given by others to him as a form of appreciation. Some forms of extrinsic rewards are salary or wages, benefits, intrapersonal rewards, and promotions.

### **2.2. Work Discipline**

Rivai (2015) defines work discipline as a tool used by companies to communicate with employees so that they want to change attitudes and behaviors, as well as an effort to increase employee awareness and willingness to comply with applicable regulations and norms. Meanwhile, according to Singodimedjo (2017: 86), work discipline is an attitude of willingness and willingness of employees to obey the norms and regulations that apply within the company. A good company is a company that strives to create rules that must be followed by all employees, regulations that must be obeyed, including obeying time, obeying regulations, and obeying work relationships.

### **2.3. Employee Performance**

Afandi (2018) defines performance as the result of work achieved by a person or in a group within a company, in accordance with their respective authorities and responsibilities, in an effort to achieve organizational goals legally, not violating the law, and not contradicting morals and ethics. Rivai (2012) also explains that performance is a real behavior that is displayed by each person as work performance produced by employees in accordance with their role in the company. Meanwhile, according to Wibowo (2010), performance is the implementation or result of the plans that have been prepared.

Mathis (2011), elements of employee performance in general, include quantity, quality, accuracy, attendance, and the ability to work together.

**III. Research Method**

Based on the purpose of this study, the research design used is a causality research design with a quantitative approach. This study has three variables, namely reward as the independent variable (X), employee performance as the dependent variable (Y2), and work discipline as the intervening variable (Y1). The research is located at CV Glory Dewi Kencana, in Situbondo, East Java, Indonesia. Data was collected by distributing questionnaires using a Likert scale. The population and sample in this study amounted to 50 people, namely all employees of CV Glory Dewi Kencana.

**IV. Research Result**

**4.1. Research Instrument**

**4.1.1. Validity Test**

In this study, the validity test followed the role product moment (r) with a significance level of 95% ( $\alpha = 0.05$ ), and it was proven that all question items were declared valid.

**4.1.2. Reliability Test**

From the recapitulation of the score answers to the question items presented in the table above, an analysis was carried out using the Cronbach alpha approach through the SPSS program.

Table 1. Reliability Test Result

Variable	Reliability Coefficient	r Table	Result
Reward (X1)	0,689	0,273	Reliable
Work Discipline (Y1)	0,661	0,273	Reliable
Employee Performance (Y2)	0,715	0,273	Reliable

**4.2. Variable Description**

The following is the result of each variables :

Table 2. Variable Description

Variab les	Me an	Indicat or	Mea n	Item	Mea n
Reward	3,89	Reward Intrinsic	3,68	X11 1	3,82
				X11 2	3,78
				X11 3	3,58
				X11 4	3,64
				X11 5	3,58
		Reward Extrinsic	4,17	X12 1	4,18
				X12 2	4,14
				X12 3	4,06
				X12 4	4,3
				Work Discipline	3,97
Y11 2	3,72				

				Y11 3	4,34
		Obeyin g Regulation	4,1	Y12 1	3,94
				Y12 2	4,34
				Y12 3	4,1
				Y12 4	4,02
		Obeyin g Work Relationship	3,84	Y13 1	3,92
				Y13 2	3,76
Employ ee Performance	3,7 6	Quantit y	3,85	Y21 1	3,84
				Y21 2	3,86
		Quality	3,91	Y22 1	4,02
				Y22 2	3,8
		Accura cy	3,8	Y23 1	3,82
				Y23 2	3,78
		Attenda nce	3,66	Y24 1	3,94
				Y24 2	3,32
				Y24 3	3,72
		Ability to Work Together	3,67	Y25 1	3,6
				Y25 2	3,74

4.3. SEM Test

$$R^2 = 1 - (\sqrt{1 - R1^2} \times \sqrt{1 - R2^2} \times \sqrt{1 - R3^2})$$

$$R^2 = 1 - (\sqrt{1 - 0,027} \times \sqrt{1 - 0,439} \times \sqrt{1 - 0,116})$$

$$R^2 = 1 - (0,9864 \times 0,7489 \times 0,9402)$$

$$R^2 = 1 - (0,6945)$$

$$R^2 = 30,55\%$$

Based on these calculations, the total coefficient of determination is 30.55%. This shows that the variation of data that can be explained in the research model is 30.55%, or in other words, the information included in the data can be explained by 30.55% through the research model, and the remaining 69.45% can be explained through variables that have not been explained. is in the model.

Table 3. Recapitulation of Path Analysis Results

Variable	Dire ct Effect	Indirect Effect	Tota l Effect	R esult
Reward → Employee Performance	0,16 6	-	-	N on Significant

Reward → Work Discipline	0,66 2	-	-	Significant
Work Discipline → Employee Performance	0,34 1	-	-	Significant
Reward → Work Discipline → Employee Performance	0,16 6	0,662 X 0,341 = 0,225	0,39 1	Significant

From Table 3, it can be seen that there is no influence between rewards on employee performance, which means H2 is rejected. Meanwhile, rewards have a significant effect on work discipline, which means H1 is accepted. In addition, work discipline also has a significant influence on employee performance, which indicates that H3 is accepted. When viewed from the results, the direct effect proves the effect is not significant, while the indirect effect proves the results are significant. This means that the Work Discipline variable has a full role as an intervening/mediation variable. Reward variables can not create performance without having to go through work discipline.

**V. Discussion and Management Implementation**

Reward has a positive relationship with employee performance. The biggest indicator that has an influence on employee performance is extrinsic reward. CV Glory Dewi Kencana employees expect more rewards from the company, especially the facilities provided as a reward for the work that has been done.

In the reward system implemented by the company, CV Glory Dewi Kencana employees most appreciate the two meals a day provided by the company. This facility is very helpful for employees in saving money on employee expenses. A spending budget for consumption during working hours can be allocated by employees to meet other needs. However, when viewed as a whole, the reward system that applies at CV Glory Dewi Kencana is still not able to meet the needs of employees. With a fairly long working hour, which is about 12 hours, CV Glory Dewi Kencana employees do not feel satisfied with the rewards given by the company, so the rewards have not been able to stimulate employee performance to be more optimal, especially in the aspect of employee attendance.

In addition, the reward system implemented by CV Glory Dewi Kencana, such as bonuses, praise, and recognition given by the company to employees, has been proven to increase the level of discipline possessed by employees. The satisfaction that arises from the awarding of rewards has in fact succeeded in increasing the work discipline of CV Glory Dewi Kencana employees.

Compliance with company regulations is the main factor in the discipline behavior of employees supporting their performance. Employees are very obedient about not using attributes that are not allowed at work, because using excessive attributes can hinder employees from working optimally.

In complying with working hours, employees are also very obedient to work hours, where employees will go home from work after completing all tasks and working to completion. Employees of CV Glory Dewi Kencana have applied discipline, both in obeying working hours, company regulations, and in working relationships within the company. The discipline of CV Glory Dewi Kencana employees is able to increase their level of performance. Discipline in employees will support employees in working optimally.

The reward system implemented by CV Glory Dewi Kencana for employees in the form of salaries, allowances, bonuses, facilities, awards and recognition has succeeded in increasing the level of discipline possessed by employees. Satisfaction of employees with the rewards they receive increases discipline in complying with company regulations, both the company's basic rules, time rules, and regulations in employment relationships. Employee compliance in complying with company regulations will support employee performance to be optimal.

**VI. Conclusion**

The main thing that employees expect is extrinsic rewards obtained from the company in the form of salaries, bonuses, and benefits. The main thing that is dominant in supporting work discipline is obeying the basic rules. Employee performance is formed by quantity, quality, accuracy, presence, and the ability to work together. The most important thing in supporting employee performance is the quality of employee work, namely being able to serve customers carefully.

The results show that the reward system given by CV Glory Dewi Kencana to employees has not been able to improve employee performance at work. However, the reward system used by CV Glory Dewi Kencana has succeeded in increasing the discipline of employees at work. The higher the discipline attitude of the employee, the more optimal the employee's performance will be. This shows that the higher the employee's

work discipline attitude that is influenced by the reward system, given by CV Glory Dewi Kencana, the higher the level of performance possessed by employees.

## **VII. Limitation and Future Research**

CV Glory Dewi Kencana needs to improve the existing reward system. The company's reward system has not been able to provide satisfaction to employees due to the long working hours of employees. For the company, it can improve and improve the existing reward system so as to improve employee performance optimally.

The company can increase the level of employee attendance by improving employee work discipline through increasing bonuses or benefits given to employees.

For further researchers, other variables that affect employee performance can be added, which were not examined in this study, such as leadership style, organizational culture, and work motivation.

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