



# The effect of reward and punishment on work loyalty on IBC Telkomsel in Bandung City

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## ABSTRACT

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This research aims to find out the influence of Reward and Punishment on Work Loyalty at IBC Telkomsel in Bandung City. This research includes quantitative descriptive research, with multiple linear regression analysis approaches that use a brushioner research instrument. The sample in this study was Telkomsel IBC employees in Bandung City which amounted to 134 respondents who were analyzed with the SPSS program version 25. The results of this study found that rewards have a significant effect on work loyalty, evidenced by the value of thitung significance greater than table and with a large enough coefficient value so that the reward affects work loyalty. Punishment also has a significant effect on work loyalty, evidenced by the value of thitung significance greater than ttabel and with a fairly large value of coefiesen, so punishment also affects work loyalty. In multiple linear analyses it is known that reward has a greater influence on work loyalty compared to the punishment variable.

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## 1. INTRODUCTION

The era of globalization has also created a lot of competition and progress in the economic field. One of the most important impacts of globalization on the business world is the rise of companies that compete fiercely for target market share (Holt et al., 2004; Luostarinen & Gabrielsson, 2006; Verbeke et al., 2018). Therefore, the company needs all forms of excellence to be able to compete, achieve its goals, and advance its business (Dervitsiotis, 2004; Farida & Setiawan, 2022; Kassem et al., 2019). To deal with all the challenges, obstacles, and changes posed by globalization, a company or organization needs strong internal potential or strength. This is because companies that want to develop further must be able to master all problems with the right solution to the situation and conditions (Bashori et al., 2020; Naradda Gamage et al., 2020).

A company's success in achieving its goals is influenced by several factors. One of the most important is human resources (Sanjaya & Prijati, 2020; Sherlie, 2020). This statement reflects that people play an important role in the company. A company's ability to reach its goals depends not only on the maturity of the technology, the right level of resources, equipment, and infrastructure but also on the people in the company. Of course,

if the company is looking for qualified employees, they will also show contributions to the company's further progress (Genkin et al., 2020; Lerman et al., 2021; Tarigan et al., 2021).

Given the importance of human resources for business continuity, all companies need to implement programs that can be used as tools to improve the quality of their human resources. Companies generally run many HR programs, but not all programs can improve the quality of talent. Even if the company already has a large vision and mission, a good organizational structure, and clear work, the company needs to improve the quality of its talents. What can improve the quality of human resources is the job satisfaction of the employees themselves (Ali & Anwar, 2021; Davidescu et al., 2020; Ilahi et al., 2017).

The company does many things to meet the needs of its employees with the aim of increasing productivity and maintaining employee satisfaction with their work. Happy employees work without distractions, try harder, and are loyal to the company and its managers. The company is not able to meet the needs and desires of its employees thus reducing job satisfaction. This causes many problems, including employee discipline will be reduced, turnover will be higher, and the company's performance will be significantly reduced. This is very detrimental to the company because it has to bear various costs such as severance and recruitment of new employees. This requires a lot of money. Job satisfaction is a comfortable state that individuals experience in an organization through various causes (Polverino et al., 2017). Factors that affect job satisfaction are through the awarding of rewards (rewards) and punishments (punishment) to employees (Fajar et al., 2018).

A reward is an award given by a company to employees who excel or perform as expected (Sandy & Faozen, 2017). Rewards are away used to motivate someone to do good things and increase job satisfaction (Jalagat, 2016; Zaraket & Saber, 2017). The reward system is important because it facilitates the achievement of desired results (Alkandi et al., 2023). The reward creates passion and passion (Krautter et al., 2023). This is because if an employee is already passionate and enthusiastic about himself, he will automatically feel satisfied and perform his best at work. This has a very positive impact on the company because talented employees can help the company achieve its goals. The results of empirical studies show that intrinsic rewards have a positive and significant effect on employee job satisfaction (Winangsih, 2017). Other empirical studies have also found that rewards have a positive and significant effect on job satisfaction (Kumari et al., 2021).

Punishment is a punishment for employees who violate established rules (Marlina et al., 2021). Appropriate and wise punishment can be a means of inspiration for employees for their job satisfaction. The punishment is given generally has a good purpose so that employees who are negligent in working will be aware of their mistakes and try to correct the wrong way of working. Punishment is expected to direct/educate employees on positive behavior and encourage job satisfaction. There is an influence between punishment and job satisfaction. The higher the punishment, the higher the job satisfaction, and vice versa if the punishment is low, then the motivation will decrease (Nugrahaningsih, 2021; Sudiardhita et al., 2018). This opinion is supported by the results of empirical studies, therefore, companies need to have a clear mechanism of reward and punishment for their employees. This must be done to prevent misguided and fair rewards and punishments to employees.

Rewards are actions carried out by employees in achieving achievements in their work, it is natural to get an appreciation, as an expression of our gratitude and attention. The reward is a form of business appreciation to get a professional workforce by the demands of the position required a balanced development, namely a business of planning, organizing, using, and maintaining the workforce to be able to carry out tasks effectively and efficiently (Handoko, 2017). According to Kadarisman, Muh (2019) indicators to measure reward variables are: (1) Bonus, (2) Welfare, (3) Career Development, and (4) Psychological Rewards.

According to Simorangkir, Astry Conny, Betty AS Pakpahan, and Sandy Ariawan (2021), punishment is the will and willingness of employees to meet and obey all applicable rules and regulations, both written and unwritten. Punishment is a sanction received by employees for their inability to do or carry out work as ordered. According to Raihani, Nichola J. (2019), there are several punishment indicators, namely: (1) Efforts to minimize mistakes that will occur, (2) There are more severe penalties if the same mistakes are still made, (3) Punishment is carried out with an explanation, and (4) Punishment is immediately given after irregularities.

According to Darmawan, Didit (2020), loyalty or loyalty is one of the elements used in employee assessments that include loyalty to their work, position, and organization. The higher the loyalty of employees in an organization, the easier it is for the organization to achieve the goals of the organization that have been set before by the owner of the organization. Aspects of work loyalty by Jadhav, Nagesh, and Rekha Sugandhi (2018), which focuses on the implementation of work carried out by employees include: (1) Obeying the rules, (2) Responsibility for the company, (3) Willingness to cooperate, (4) Sense of belonging, (5) Interpersonal relationships, and (6) Fondness for work.

## 2. RESEARCH METHOD

This study uses a descriptive, quantitative approach to illustrate the impact of reward and penalty variables on employee loyalty variables processed in SPSS 25 for Windows applications using a multiple regression process. Target sampling, the sampling method used in this study, is a type of sampling that takes into account the inferences of researchers. The sample size for this survey was calculated using Slovin's formula, so the total sample calculation included more than 134 respondents who were asked to complete the survey. Each respondent will be asked to fill out a Linkert Scale questionnaire on a scale of 1 to 5 (very disagree, agree). We use several linear regression techniques to determine the magnitude of the impact of the reward and penalty variables on the employee loyalty variable.

## 3. RESULTS AND DISCUSSIONS

Regression analysis is used to determine existing relationships between variables. This allows you to infer one variable if you know the value of another variable in the captured relationship. The regression model used by the author is an equation for multiple regression analysis. The regression model uses several linear regression analyses shown below.

Table 1. Multiple Linear Regression Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.778	3.340		-.832	.408
Reward	.942	.117	.630	8.022	.000
Punishment	.183	.171	.084	1.070	.287

a. Dependent Variable: Work\_Loyalty

$$Y = 2,778 + 0,942X_1 + 0,183X_2 + e \quad (1)$$

The constant value of 2.778 means a dependent variable that is a work loyalty variable worth 2.778 if the reward variable and the punishment variable are considered constant (value 0). In other words, if the value of reward and punishment does not change, the value of work loyalty also does not change.

If the regression coefficient value of the reward variable shows 0.942, this means that the reward variable is incremented by one and the penalty variable, the other

independent variable, is considered constant (value 0). A variable whose dependent variable is a working loyalty variable of 0.942. A positive sign for the value of the regression coefficient indicates that the reward has a positive effect on work loyalty. This means that the higher the reward, the higher the loyalty to work and vice versa.

If the regression coefficient value of the penalty variable shows 0.183, this happens when the penalty variable (1) and other independent variables increase. Reward variables are considered constants (value 0). The job loyalty variable, which is the associated variable, has increased by 0.183. A positive sign for the value of the regression coefficient indicates that the punishment has a positive effect on work loyalty. In other words, the better the punishment, the higher the value of loyalty to work and vice versa.

Table 2. Simultaneous Hypothesis Testing  
ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	426.812	2	213.406	35.595	.000 <sup>b</sup>
	Residual	581.548	97	5.995		
	Total	1008.360	99			

a. Dependent Variable: Work\_Loyalty

b. Predictors: (Constant), Punishment, Reward

Based on the analysis in the table above, based on the significant value in the following case if below  $< 0.05$  is called an effect. In the table above, it can be seen that the important value is 0.000. Therefore, from the value of its importance, we can conclude that reward and punishment affect work loyalty at the same time.

Table 3. Determination Coefficient  
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.651 <sup>a</sup>	.423	.411	2.44854

a. Predictors: (Constant), Punishment, Reward

From the results shown in the table above, the square of R in this study was 0.423 or 42.3%. This means that work loyalty is affected by rewards and punishments by 42.3%. The remaining 57.7% or 0.577 were influenced by variables or other factors not studied.

## Discussion

The regression analysis presented in the tables reveals important insights into the relationship between reward, punishment, and work loyalty. The regression model's coefficients show that both reward and punishment have significant impacts on work loyalty. The positive coefficients for both variables indicate that increasing either reward or punishment is associated with higher levels of work loyalty. Specifically, for every unit increase in reward, work loyalty is expected to increase by 0.942 units, while a unit increase in punishment is associated with a 0.183 unit increase in work loyalty, assuming other variables remain constant. These findings suggest that both positive reinforcement (reward) and negative consequences (punishment) play roles in shaping employees' loyalty to their work.

Furthermore, the ANOVA results confirm the overall significance of the regression model, with a very low p-value indicating that the effects of reward and punishment on work loyalty are statistically significant. The R-squared value of 0.423 suggests that approximately 42.3% of the variance in work loyalty can be explained by variations in reward and punishment, highlighting the substantial influence of these factors. However, it's essential to recognize that other unmeasured variables or external factors contribute

to the remaining 57.7% of the variance, indicating the complexity of factors influencing work loyalty beyond just rewards and punishments.

#### 4. CONCLUSION

The effect of an independent (free) variable on a dependent variable (binding) performed by test F. Based on the table above, we know that the sig value for the reward and punishment effect on work loyalty is  $0.000 < 0. >$  Table 3.11. From this, we can conclude that the reward and punishment variables affect the job loyalty variable at the same time. Based on the results of the t-test, we found that the reward variable has the maximum count value and beta factor. For rewards to have the strongest influence compared to other variables, rewards have a dominant influence on the work loyalty of Telkomsel IBC employees in Bandung City. Reward and Punishment together contribute to the work loyalty of Telkomsel IBC employees in Bandung City. Although both have a significant influence, rewards have a greater influence on the work loyalty of Telkomsel IBC employees in Bandung city than punishment. Limitations of the current research include the reliance on a specific sample from Telkomsel IBC employees in Bandung City, which may limit the generalizability of the findings to other populations or contexts. Additionally, the study focused solely on the impact of rewards and punishments on work loyalty, without considering other potential influencing factors such as job satisfaction, organizational culture, or individual differences among employees. Future research could benefit from a more diverse and representative sample across different industries and regions to enhance the external validity of the findings. Moreover, incorporating additional variables and using longitudinal studies could provide a more comprehensive understanding of the dynamic relationships between various factors and work loyalty over time. In terms of suggestions for future research, conducting qualitative studies alongside quantitative analyses could offer deeper insights into the mechanisms underlying the effects of rewards and punishments on work loyalty. Qualitative methods such as interviews or focus groups can help capture employees' perceptions, attitudes, and experiences related to rewards, punishments, and loyalty, thus complementing the quantitative results. Furthermore, exploring potential moderating or mediating variables, such as individual differences in motivation or organizational climate, could enrich the understanding of how rewards and punishments interact with other factors to influence work loyalty. Additionally, considering cross-cultural comparisons or examining different organizational structures and reward systems could provide a broader perspective on the factors influencing employee loyalty across various contexts

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