

## How Do Work Motivation, Rewards, and Punishments Impact Employee Performance? An Approach in Islamic Economics

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### ABSTRACT

*Employee performance is a crucial element in supporting success in a company, but studies so far have prioritized research in conventional contexts. This study aims to determine the effect of the application of work motivation, reward, and punishment on employee performance based on an Islamic economic perspective. The quantitative approach used in this study was tested on a sample of 30 employees at CV General Solo. The data analysis technique uses Multiple Linear Regression Analysis with the help of the SPSS tool. The results of the study found that only work motivation had a significant effect on employee performance with a sig value of 0,045. In addition, simultaneously work motivation, reward and punishment affect employee performance with a value of 31,1%. Employee motivation that is in line with the goals of Islamic economics has an impact on improving employee performance. Giving rewards and punishments proportionally to employee performance can lead to the application of the Islamic economic system for better performance even though the findings are found at a small significant level. The research implications have an impact on improving employee performance following Islamic values.*

**Keywords:** Motivation, Punishment, Reward, and Employee Performance, Islamic Economics

### A. INTRODUCTION

Performance is a work process where performance is the method through which labor is done in order to attain the results of its work. Employees are important components of the company and have a very vital thinkers, planners, and activity controllers in the business. Performance is the outcome of an employee's quality and quantity of work in completing tasks in accordance with his assigned obligations. (Arnold et al., 2019; Siddiqui, 2014). Increasing employee performance can be through the provision of work motivation, rewards, and

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punishment. Humans have the capacity for motivation, which may be fostered by a variety of outside factors, the core of which is around material and non-material rewards that might improve performance outcomes. Whether something is positive or negative depends on the circumstances and challenges each person faces (Manzoor et al., 2021). Every employee's increased work drive opens up possibilities to strengthen their work ethics, which will significantly affect their credit scores and track records in the eyes of the organization (Grabowski et al., 2021). An award can be something that has no shape or form, that is, what employees receive from the organization intentionally or not, which is a reward for good performance or employee participation in work (Shields et al., 2020). Giving these rewards also affects employee performance, which in the future can support the prohibition of company goals (Khuluq & Wijaya, 2019; Salah, 2016; Widhianingrum, 2018).

The maintenance of staff discipline is one of the functions of punishment. The more serious the penalty, the more discipline the employees. This will form good employee discipline attitudes and behavior. Punishment is a threat that is giving sanctions to deter employees who violate the rules, maintain the policies applied, and provide sanctions for violators. Punishment must be applied based on logical and reasonable considerations and has been conveyed properly to all employees (Arvey & Ivancevich, 1980; McDonnell & Nurmohamed, 2021). Punishment should be applied not too heavily and not too lightly because punishment is educational and a motivation for discipline in the organization.

Previous studies have discussed the study of the impact of motivation, reward, and punishment on employee performance (Fajar et al., 2018; Manalu, 2020; Syafiq, 2021), but studies that address a similar scope from an Islamic economic perspective are still very limited. An effort to achieve organizational goals efforts to align employee motivation with organizational targets is something which is very vital. Function of management must be prioritized since it is influenced by various factors, coupled with the different cultural backgrounds of employees (Naa et al., 2021). In addition, employee discipline is a serious problem that can indirectly affect the performance of a company. Therefore studies examining the impact of motivation, rewards and punishments on employee performance is an important thing to do. This study aims to investigate the influence of work motivation, rewards, and punishments on employee performance through the perspective of Islamic economics. This research offers novelty in terms of different perspectives and a more comprehensive analysis of employee performance.

## B. THEORITICAL

### Work Motivation

A person's encouragement to take the necessary action to accomplish goals is known as work motivation (Pinder, 2008). Morale at work may be fueled by motivation. Ryan claims that a person's motivation is an internal and external force that pushes them to attain their goals (Ryan & Deci, 2000). In order to maximize employee performance, work motivation is a crucial aspect. A person will be inspired to advance with the organization if He has work motivation (Sukardi & Raharjo, 2020). Without the will to work hard and give the firm their best, employees' talents and abilities in an organization won't have much of an influence (Hasibuan, 2009). Motivation is crucial as it encourages employees to engage actively and enthusiastically in order to perform at their best (Sukardi & Raharjo, 2020). Employee retention will rise and business performance will be improved by managers who can inspire their staff (Bakri, 2018). The indicators of work motivation in this study are the rewards given, the work environment, social needs, career development, and rewards (Kumari et al., 2021).

In the view of Islamic economics, motivation is explained in more detail and is classified into physiological aspects including motivation in protecting oneself and maintaining survival, psychological or social aspects which include ownership motivation, competence motivation, and work motivation as well as motivation in working and producing, that is, humans can implement the work potential that has been bestowed by Allah, put their trust in Allah and seek His help when carrying out work and have faith to Allah to reject danger, dictatorship and pride in accomplishments (Melis, 2019). Several relevant previous studies that examined work motivation on performance (Bakri, 2018; Nurhikmah et al., 2020; Ratnasari et al., 2021; Ratnawati et al., 2020; Sukardi & Raharjo, 2020) where work motivation can significantly improve employee performance.

### Reward

The reward is an award/remuneration given by the firm to the workers because the workforce has contributed time, effort, and ideas to the advancement of the organization in achieving the established goals. Employees that do better than expected and meet the company's late performance goals are rewarded (Malhotra et al., 2007). A reward is a form of acknowledgment of the gift/reward that is applied to specific coaching targets: gifts for those who obediently show good deeds. The indicators to measure the award variable are as follows: salary, awards, praise, and

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leave-end allowance (Marleya et al., 2022; Smith, 2022). The external and internal environments are the two categories of elements that affect the reward (Apriyanti et al., 2021). The external environment originates from sources outside of the business, such as the labor market, the economy, governmental rules, and trade unions.

In the view of Islamic law, compensation is the right of the person who has worked (ajir/employee/worker) and the obligation of the person who employs it (musta'jir/employer/employee) which is agreed upon with an ijarah contract (Mahfud, 2019). In the view of Islam, real wages are compensation for services that have been provided by a worker. Deprivation of wages is a bad act that will receive a threat of punishment from Allah SWT.

### Punishment

Punishment is punishment or something that can weaken behavior and tends to reduce the frequency of behavior from requesting an unexpected consequence. The intended punishment is an unpleasant consequence of the behavioral response. In general, punishment is an action that is imposed on someone who has committed a mistake or violation such as violating the law and so on. Punishment is a threat of punishment that aims to improve employee performance to be right (A. A. A. P. Mangkunegara, 2013). Punishment is suffering that is given or caused intentionally by someone after an offense, crime or mistake has occurred. The existence of punishment to improve human behavior also shows that this punishment is not given to all humans but to humans who only violate it. Humans like this are usually difficult to fix with advice or example but must be even harder, by being educated with punishment. According to (Najiah et al., 2020) there are several indicators of punishment: Rules, Efforts to minimize future errors, Execution/pressure, Punishment given with an explanation, Warning, and Layoff Policy. The factors that affect the imposition of sanctions on employees are caused by: Employees who arrive late on the permit notification, leave work before the specified hour without any reason, do not come to work for 3 days or more without direct permission or in writing, use office facilities for personal use without prior permission (A. A. A. P. Mangkunegara, 2013).

According to Abdulah Nashih Ulwan, punishment is to teach a good lesson to the perpetrator or other people, all that is a firm and appropriate way to fix it (Fauzi, 2016). Punishment has also been mentioned in the Qur'an in Surah Al Zalzalah (99): 7-8: so, *whoever does good on a grain of zarrah, surely, he will see (reply) it. And whoever does evil weighing zarrah, surely, he will see (reply) later.*

The meaning of the above verse is that if a human does well as small as an atom of an atom or commits a crime as small as a small particle, then he will get a reward later, and if an employee violates the rules in the company, then the employee must be prepared to be punished according to the mistakes that have been made. Meanwhile, if the employee complies with the existing regulations in the company and completes the tasks given, the employee is entitled to receive compensation.

### Employee Performance

Performance is the result of the work done by an employee to accomplish business or organizational goals. It is the work done by an individual or group inside an organization to accomplish goals that are legitimate and do not contravene morals and ethics (Afandi, 2018). Employee performance is the capacity of an employee to perform particular abilities (Sinabela, 2012). Good performance for the company or organization done by the employee gives good results for him and will provide benefits for the company or organization. According to (A. A. P. Mangkunegara, 2011) the performance indicators are as follows: Quality, Quantity, Executor, and Responsibility. 3 factors influence performance as follows: employee internal factors, organizational internal factors, and organizational external factors.

Performance according to Islam, it is a method through which people actualize themselves. Performance is a physical expression of morally upstanding ideas, attitudes, and understandings that may inspire people to generate high-caliber work (Multitama, 2006). This is found in the Qur'an Surah Al-Jumuah (62): 10: *"When the prayer has been carried out, then scatter you on earth; seek Allah's bounty and remember Allah a lot so that you will be successful"*. The verse above explains that the aim of a Muslim is to get the virtue of quality and wisdom from the outcomes in order to seek the pleasure of Allah SWT. If these two elements are the cornerstones of one's job, excellent performance will result.

### C. METHODOLOGY

The sort of associative research used in this study is approached quantitatively. Thirty CV General Solo employees made up the study's sample. The saturated sample, also known as complete sampling, was the probability sampling strategy employed in this investigation. The saturated sample is a strategy for selecting a sample from the whole population (Tharenou et al., 2007). Therefore, the sample in this study consisted of all 30 General Solo employees. All kinds of things or activities that may be altered by researchers to analyze and draw

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conclusions are considered research variables. Work Motivation, Reward, and Punishment are utilized in this study as independent variables and Employee Performance is employed as the dependent variable. This study employed a questionnaire to gather data, asking participants to provide written answers to a series of questions. Multiple regression analysis is the data analysis method employed to ascertain the impact or relationship between the dependent or variable factors and the independent variables with the aid of the Statistical Program for Social Science (SPSS) tool.

### D. RESULTS AND DISCUSSION RESULTS

#### Multiple Linear Regression Analysis

To ascertain the impact of Work Motivation (X1), Reward (X2), and Punishment (X3) on Employee Performance, multiple linear regression analysis was performed (Y). Following are the outcomes of data processing using the SPSS program:

**Table I.** Regression Equation Test Results

Variable	B	Std. Error	t count	Sign
(Constant)	14,416	4,013	3,593	,001
Work Motivation	,506	,204	2,108	,045
Reward	,023	,307	,074	,942
Punishment	,111	,252	,439	,664

Source: Primary Data Processed 2022

This equation for multiple linear regression yields the following results:

$$Y = 14,416 + 0.506 X1 + 0.023 X2 + 0.111 X3 + e$$

Using the following justification:

- The employee's performance will improve by 14.416% if the incentive, reward, and punishment factors are excluded from the research, according to the constant a, which value is 14,416.
- The coefficient I = 0.506 states that if work motivation is boosted further by 1 unit, performance will rise by 0.506% while holding all other independent assumptions constant, and vice versa.



- c. If the incentive variable is increased by another unit, as shown by the value of the coefficient 2 = 0.023, performance will rise by 0.023% while holding all other independent assumptions constant, and vice versa.
- d. The coefficient 3 has a value of 0.111, which suggests that if the punishment variable is increased by another unit, performance will improve by 0.111% while holding all other independent assumptions equal.

### T Test

To determine whether the factors Work Motivation (X1), Reward (X2), and Punishment (X3) have an impact on Employee Performance, the t-test is utilized.

**Table 2.** t Test Results

Variable	Tcount	Sign	Result
Work motivation	2,108	0,045	Significant
Reward	,074	,942	Not Significant
Punishment	,439	,664	Not Significant

Source: Primary Data Processed 2022

**Based on the results of the t test above, it can be concluded that:**

- a. Calculation of Work Motivation on Employee Performance  
Tcount has a value of 2.108 and a Sig value of 0.045. This demonstrates that the significance value of 0.045 is less than 0.05 and the t count value of 2.108 is more than the t table 2.05553.  $H_0$  is so turned down whereas  $H_a$  is approved. This indicates that the work motivation variable has a considerable impact on General Solo employees' performance.
- b. The results of the calculation of rewards on employee performance  
Tcount has a value of 0.074 and Sig has a value of 0.942. This demonstrates that the significance value of 0.942 is higher than 0.05 and the t count value of 0.074 is less than the t table 2.05553. Therefore,  $H_0$  is approved whereas  $H_a$  is denied. This indicates that there is no discernible impact of the incentive variable on General Solo employees' performance.
- c. The results of the calculation of Punishment on Employee Performance  
The value of t count is 0.439 with a Sig value of 0.664. This shows that the t count value is 0.439 less than t table 2.05553 and the significance value is 0.664

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greater than 0.05. So  $H_0$  is accepted and  $H_a$  is rejected. This means that the punishment variable has no significant effect on the performance of General Solo employees.

### F test

In order to determine if Work Motivation (X1), Reward (X2), and Punishment (X3) have an impact on Employee Performance concurrently, the F test is utilized.

**Table 3.** Test Results F

Model	Sun of Squares	Df	Mean Square	F	Sig
I Regression	91,998	3	30,665	5,363	0,005
Residual	148,669	26	5,718		
Total	240,667	29			

Source: Primary Data Processed 2022.

According to the F test's findings above, Fcount 5,363 has a significance value of 0,005. This demonstrates that Sig 0,005 is less than 0,05 and Fcount 5,363 has a value bigger than Ftable 2,975. As a result,  $H_0$  got and  $H_a$  is rejected Fcount > Ftable was refused. This indicates that job incentive, reward, and punishment all have a substantial role in how well General Solo employees perform.

### Determination Coefficient Test (R<sup>2</sup>)

The determination Coefficient Test (R<sup>2</sup>) is used to measure how far the model's ability to apply variations in the dependent variable is.

**Table 4.** Test Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
I	,618	,382	,311	2,391

Source: Primary Data Processed 2022

Based on the results of the coefficient of determination test, it is known that the value of Adjusted R Square is big 0,311 or 31,1%. These results conclude that the dependent variable of General Solo employee performance can be explained by the independent variable of work motivation, reward, and punishment. So the



independent variable gives a value of 31.1% while the remaining 68.9% is influenced by other variables not examined.

## DISCUSSION

### **The Effect of Work Motivation on Employee Performance in an Islamic Economic Perspective**

According to the findings of the multiple linear regression equation, the motivational value is 2,108 for t count and 0,045 for Sig. This demonstrates that the significance value of 0,045 is less than 0,05 and the value of t count 2,108 is more than t table 2,05553. Therefore, the work motivation variable has a considerable impact on the performance of General Solo personnel as seen by  $H_0$  rejection and  $H_a$  receipt. Motivational support from superiors is very important to foster a high sense of concern for cooperation and performance. In addition to supporting from superiors, motivation also makes employees able to show good performance and make the targets given by the company able to be achieved. The motivation from superiors at General Solo makes employees eager to achieve the results that are charged to employees and can make the company better.

Research by (Mariani et al., 2018; Rahmatullah & Hadi, 2018; Riyadi & Rokhim, 2017) to support this study that employee performance is positively impacted by work motivation. This is corroborated by some of the results of these studies, in which the dominant research respondents showed a response agreeing that motivation from superiors is a driving factor for improving employee performance. Motivation is one aspect that influences the achievement of goals in the organizational or corporate environment. The existence of work motivation will encourage a person to develop his knowledge and ability to achieve better performance. Someone who has strong motivation will have a sense of responsibility to produce a good performance. The findings of this study show that work motivation significantly improves performance. It is evident that employee performance may be impacted by job motivation. Employee performance will improve the more motivation is provided to them.

Furthermore, motivation given by superiors to employees at PT. General solo is in accordance with Islamic sharia where the motivation pays attention to aspects of ownership, competence and production so that it directs employees to production activities for the purpose of working in Islam, *fastabiqul-khoirat* (competition in goodness) (Hasan, 2009).

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### **The Effect of Reward on Employee Performance in an Islamic Economic Perspective**

The value for the reward is determined by the results of the multiple linear regression equation, and it is value of thitung as big 0,074 with value Sig as 0,942. This shows that the value of  $t_{count}$  0,074 is smaller than  $t_{table}$  2,05553 with the value Sig as 0,942 greater than 0,05. So  $H_0$  received and  $H_a$  rejected, meaning that the performance is not significantly impacted by the incentive variable of General Solo employees. Rewards at PT Semestanustra Distrindo Depo Solo do not have a significant effect on employee performance, because employees focus on completing work targets that have been given by the company so that employees return on time and work is done well. This research is not supported by other research conducted by (Dwita & Suhud, 2022; Hussain et al., 2019) which state that rewards have a significant effect on employee performance. This is supported by the statements of the respondents in the research, who agreed that rewards are one of the factors that have a positive effect on employee performance. In contrast to research conducted by (Adityarini, 2022; Suwanto & Japlani, 2019), which states that rewards have no significant effect on employee performance. This shows that the awards or rewards given by the company to employees will not affect performance. The rewards given to employees are also in line with the principles of Islamic economics, whereby employees are rewarded according to the performance they produce. However, because the employees already have sincere intentions in carrying out their duties and functions, this incentive is not really paid attention by employees who focus on their work.

### **The Effect of Punishment on Employee Performance in an Islamic Economic Perspective**

From the results of the multiple linear regression equation, the value for punishment is the value thitung as 0,439 with the value Sig as 0,664. This shows that the value of  $t_{count}$  0,439 is smaller than  $t_{table}$  2,05553 and the value sig 0,664 is as big as 0,05. So  $H_0$  received and  $H_a$  rejected, So the punishment variable does not significantly affect the effectiveness of General Solo employees. Punishment at General Solo does not have a significant effect on employee performance because the punishment given by the leadership is not very firm, for example in absenteeism many employees are not permitted and the leaders do not mind it because there are leave rights owned by employees. In addition, the arrival of employees is also not a problem for the leader because employees come home from work more than the specified hours and do not get additional salaries. Other research has not been

undertaken to support this study (Adityarini, 2022) which claims that the impact of punishment on worker performance is substantial. This is distinct from the study that was done by (Suak et al., 2017) which claims that the performance of employees is not much impacted by punishment.

Punishment is a threat or punishment that aims to improve employee performance, uphold applicable laws and educate lessons to violators. Punishment can be referred to as an unwanted consequence of a behavioral response to weaken deviant behavior. In certain conditions, by taking into account factors like timing, severity, scheduling, clarity, and impersonality, punishment may be used more successfully to alter employee behavior (not personal)(Siahaan, 2013). In general, the application of punishments implemented to general solo employees is in line with the Islamic economic approach, by imposing sanctions according to the violations committed. However, the punishment has not been strictly enforced so that it has little impact on employee performance. This phenomenon is understandable due to cultural factors in the workplace that do not pay attention to the regulations set. The leader of a business or company needs to apply strict sanctions to provide a deterrent effect which in the future can improve it for better performance.

### **The Influence of Work Motivation, Rewards, and Punishment on Employee Performance in an Islamic Economic Perspective**

From the results of the multiple linear regression equation, it is known that together the independent variables have a significant influence on the dependent variable. With value Fcount as 5,363 with value sig 0,005. This shows that the value of Fcount 5,363 is as big as Ftable 2,975 and the value Sig 0,005 is smaller than 0,05. So  $F_{count} > F_{table}$   $H_0$  rejected and  $H_a$  received. This means that work motivation, reward, and punishment together have a significant influence on the performance of General Solo employees.

### **E. CONCLUSION**

Based on research on the effect of work motivation, reward, and punishment on employee performance from an Islamic economic perspective at CV General Solo, the following conclusions are obtained: 1) Work motivation has a significant effect on employee performance; 2) Rewards have no significant effect on employee performance; 3) Punishment has no significant effect on employee performance; 4) Work Motivation, Reward, and Punishment simultaneously have a significant

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effect on employee performance. CV General Solo's employee motivation is following the Islamic economic concept in which employees are motivated to work to meet their needs both from psychological aspects and motivation to work and generate income to increase welfare according to Islam, *falah*, in the form of luck in the world and the hereafter. This motivation leads to increased employee performance. Meanwhile, from the point of view of giving rewards and punishments, CV General Solo is under Islamic Economic Shari'a, where the company gives awards in the form of compensation according to employee performance and punishment for those who violate it. Theoretically, this research contributes to the development and insight regarding the factors that influence employee performance from an Islamic economic perspective. Practically this research can be useful for improving employee performance in line with Islamic values.

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## How Do Work Motivation, Rewards, and Punishments Impact Employee Performance? An Approach in Islamic Economics

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