The Effect of Reward and Punishment on Employee Performance with Work Discipline as Intervening Variable
(Case Study of Regional Environmental Office Sungai Penuh)

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ABSTRACT: This study aims to determine the effect of reward and punishment on employee performance with work discipline as an intervening variable. This research is motivated by the low performance of employees, the low appreciation felt by employees, the number of violations committed by employees, the punishment for violations are still low so that the level of employee discipline is low. The research method with a quantitative approach with path analysis. Data collection techniques with questionnaires, observation and interviews. The respondents of this study were 70 employee of Regional Environmental Office Sungai Penuh. The sampling method uses the total sampling method in which the entire population in this study is the research sample. Hypothesis testing was calculated with the IBM Statistical Package for Social Science (SPSS) program version 24.0. The results of this study found that reward has a significant effect on employee work discipline, punishment has a significant effect on employee work discipline, Work discipline has a significant effect on employee performance, reward has a significant effect on employee performance, Punishment has a significant effect on employee performance, reward has no significant effect on performance with work discipline as an intervening and punishment variable significantly influences performance with work discipline as an intervening variable on employees of Regional Environmental Office Sungai Penuh.

KEYWORDS: reward, punishment, work discipline, employee performance.

I. INTRODUCTION

Human resource management is a planning, organizing, coordinating, implementing, and supervision of procurement, development, remuneration, integration, maintenance, and separation of labor in order to achieve organizational goals (Mangkunegara, 2015, p.2). The problem that is often faced by agencies in achieving goals is poor performance of employees.

Etymologically performance comes from the word work performance. Performance is the result or overall level of success of a person during a certain period in carrying out the task compared with various possibilities, such as work standards, targets / criteria or criteria (Robbins, 2006, p.56).

The selection of the Regional Environmental Office Sungai Penuh as the focus of the study was based on the decline and instability of the institution's performance in the year 2017, 2018, and 2019, of the many human resources that the organization has, human resources are seen as human resources that are very important for life. Human resources can make an organization run effectively and efficiently, while other resources are dependent on the human resources that use them. Therefore human resources must be managed professionally so that they can make an optimal contribution to the achievement of organizational goals.

The following is a table of targets and performance realization of Institutions / Services carried out at Regional Environmental Office Sungai Penuh (DLH) for the period of 2017 to 2019, namely:

<table>
<thead>
<tr>
<th>No</th>
<th>Programs / Activities</th>
<th>Target (%)</th>
<th>Realization (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>1</td>
<td>Office Administration Services</td>
<td>100</td>
<td>55.85</td>
</tr>
<tr>
<td>2</td>
<td>Improved of Staffing Facilities and Infrastructure</td>
<td>100</td>
<td>52.50</td>
</tr>
<tr>
<td>3</td>
<td>Improved Employee Discipline</td>
<td>100</td>
<td>59.60</td>
</tr>
<tr>
<td>4</td>
<td>Improved Capacity of Employee Resources</td>
<td>100</td>
<td>54.65</td>
</tr>
<tr>
<td>5</td>
<td>Improved Development of Financial Performance Reporting System</td>
<td>100</td>
<td>59.85</td>
</tr>
</tbody>
</table>
If seen from the table above, the realization of work program Regional Environmental Office Sungai Penuh for the last 3 (three) years has decreased. In 2017, from 100% the planned target was 55.63%. And in 2018 it can be realized with an average of 55.16% and in 2019 can be realized at an average of 53.98% of the target of 100%. From these data it can be concluded that employee performance and institutions are still not going well.

Mangkunegara (2012, p.75) states that in general performance can be divided into two, namely individual performance and organizational performance. Individual performance is the work of employees both in terms of quality and quantity based on predetermined work standards while organizational performance is a combination of individual performance with group performance. According to Sedarmayanti (2011, p.260), performance is the translation of performance which means the work of a worker, a management process or the whole organization, where the work must be demonstrated concretely and measurable evidence (compared to predetermined standards). Factors that must be considered by agencies in maintaining employee performance by providing rewards for work performance achieved in work. Reward is the hope of every human being at work, although it can be different for each work group in the agency. According to Handoko (2016) reward is a form of business appreciation to get a professional workforce in accordance with the demands of the position required an effort to organize, plan, use and maintain work activities in order to be able to carry out tasks effectively and efficiently.

Based on the results of research conducted by Saputra (2016) that reward effects employee performance variables. This is also in line with the results of research conducted by Hidayat, F. (2018) that reward has a significant effect on performance of Waroeng Special Sambal Yogyakarta employees. Based on the results of the study submitted that reward has an effect on employee performance by rewarding of Regional Environmental Office Sungai Penuh, it is expected that employee performance will be even better in carrying out tasks assigned to him.

In addition to rewards, a factor that can affect employee performance is punishment. According to (Sardiman, 2011) punishment is an unpleasant action in the form of a punishment or sanction given to employees consciously when a violation occurs so as not to repeat again. Mangkunegara (2015) explains punishment is a threat of punishment that aims to improve the performance of violating employees, maintain applicable regulations and provide lessons to violators. Basically, the purpose of giving punishment is that employees who violate feel deterrent and will not repeat their mistakes.

Based on the results of research conducted by Hidayat (2018) that punishment has a significant effect on the performance of employees of Waroeng Special Sambal Yogyakarta. The same thing also conveyed by Saputra, R., (2016) in his research, that punishment has a significant and positive effect on employee performance variables.

Punishment is very important in forming employee work discipline, because through punishment employees will become more disciplined and responsible with the tasks assigned. Handoko (2016), stated that discipline is a management activity to carry out organizational standards, while Sedarmayanti (2013), defines discipline is a condition for making corrections or punishing employees who violate the provisions or procedures established by the organization. Discipline is a form of control so that the implementation of employee work is always within the corridor of applicable laws and regulations.

The results of research conducted by Hidayat, F., (2018) that work discipline has a significant effect on the performance of employees of Waroeng Special Sambal Yogyakarta. Not much different from the results of research conducted by Saputra, R., (2016) that Work discipline influences employee performance variables.

Based on the description of the problem and several theories and the existence of previous research that has been described above, it can be seen the importance of improving employee performance at the Regional Environmental Office Sungai Penuh, and researchers are interested in choosing the title “The Effect of Reward and Punishment on Employee Performance with Work Discipline as Intervening Variable (Case Study of Regional Environmental Office Sungai Penuh).”

The objectives to be achieved in this research are to know and analyze:
1. The effect of reward on employee work discipline employees at Regional Environmental Office Sungai Penuh.
2. The effect of punishment on employee work discipline employees at Regional Environmental Office Sungai Penuh.
3. The effect of work discipline on employee performance employees at Regional Environmental Office Sungai Penuh.
4. The effect of reward on employee performance employees at Regional Environmental Office Sungai Penuh.
5. The effect of punishment on employee performance employees at Regional Environmental Office Sungai Penuh.
6. The effect of work discipline as a mediating variable between reward and performance employees at Regional Environmental Office Sungai Penuh.
7. The effect of work discipline as a mediating variable between punishment and performance employees at Regional Environmental Office Sungai Penuh.

II. LITERATURE REVIEW

1. Performance
   According to Mangkunegara (2012, p.67) performance is the result of quality and quantity of work achieved by an employee in carrying out their duties in accordance with the responsibilities given. An indicator of performance according to Mangkunegara (2012, p.67) is: (a) tidiness and ability, (b) success and speed, (c) job satisfaction and results, (d) decision making and compactness, (e) facilities and infrastructure, (f) good relations with colleagues and superiors; (g) independence.

2. Reward
   According to Thompson (2002) in Nnaji-Ihedinmah & Egbunike (2015) states that reward does not only include quantitative elements such as salary, wages and others, but also other elements that are not tangible, such as opportunities to carry out greater responsibilities, career opportunities, opportunities to learn and develop, decent quality of life in organizations and others. The indicators of reward according to Hamzah, (2011, p.70), namely: (a) Incentives provided, (b) Promotion, (c) Education and training, and (d) Motivation and discipline goals.

3. Punishment
   According to Purwanto (2007, p.186), punishment is an act that presents unpleasant or undesirable consequences as a result of certain behaviors. Punishment is suffering that is given or intentionally caused by someone after an offense, crime, or error occurred. The indicators of punishment according to Siagian (2006) are: (a) Efforts to minimize errors that will occur, (b) There are more severe penalties if the same mistake is made, (c) Punishment is given with an explanation, and (d) Punishment is given immediately after evidence of irregularities has been proven.

4. Work Discipline
   According to Siswanto (2013, p.291) work discipline is an attitude of respect, respect, obey the rules that apply both written and unwritten and able to carry it out and refrains from receiving sanctions if he violates the duties and authority given to him. The indicators of work discipline according to Siswanto (2013, p.291) consist of: (a) Time and Attendance, (b) Accuracy and Calculation, (c) Comply with Regulations and Responsibilities, (d) Compliance and Smoothness, and (e) Harmonious and Respect Each Other.

5. Research Conceptual Framework
   Based on the research objectives, the conceptual framework of this study:

   ![Figure 1. Research Conceptual Framework](image)

   Hypothesis
   Based on the conceptual framework above, it can be formulated a hypothesis in this study as follows:
H1: Reward has a significant effect on the work discipline employee at Regional Environmental Office Sungai Penuh.

H2: Punishment has a significant effect on the work discipline employee at Regional Environmental Office Sungai Penuh.

H3: Work discipline has a significant effect on performance employee at Regional Environmental Office Sungai Penuh.

H4: Reward has a significant effect on performance employee at Regional Environmental Office Sungai Penuh.

H5: Punishment has a significant effect on performance employee at Regional Environmental Office Sungai Penuh.

H6: Work discipline as a mediating variable has a significant effect between reward and performance employee at Regional Environmental Office Sungai Penuh.

H7: Work discipline as a mediating variable has a significant effect between punishment and performance employee at Regional Environmental Office Sungai Penuh.

III. RESEARCH METHODS

The research conducted by the author is a study within the scope of human resource management, namely analyzing the effect of reward and punishment on employee performance with work discipline as an intervening variable in the Sungai Penuh City Environmental Agency address on KH. Ahmad Dahlan street, Pesisir Bukit, Koto Renah, Pesisir Bukit, Kota Sungai Penuh, Jambi 37152. The research was carried out starting in November 2019 until February 2020, conducted by distributing questionnaires to respondents.

Path Chart

The first step in path analysis is to design a path diagram according to the hypothesis developed in the study. Based on the research title, the path analysis model in this study can be described as follows:

**Figure 2. Path Diagram**

*The Effect of Reward, Punishment and Work Discipline on Performance*

**Structural Equation**

Figure or diagrams used in this study use path analysis techniques which is a figure that shows the structure of cause and effect between variables. The results of the path diagram magnitude show the magnitude of the effect of each independent variable on the dependent variable which is called the path coefficient. Furthermore, the diagram above can be divided into 2 (two) substructures as follows:

A. **Substructure I**

![Substructure I Diagram](image)

Based on Substructure I, the following structure equation can be stated, namely:

\[ Y = \rho_{yx_1} X_1 + \rho_{yx_2} X_2 + \rho_y \varepsilon \]

**Explanation:**

- \( X_1 \) = Reward
- \( X_2 \) = Punishment
- \( Y \) = Work Discipline
- \( \rho_{yx_1} \) = Correlation Coefficient Reward with Work Discipline
- \( \rho_{yx_2} \) = Correlation Coefficient Punishment with Work Discipline
- \( \rho_{yx_1} X_1 \) = Path Coefficient of Reward to Work Discipline
- \( \rho_{yx_2} X_2 \) = Path Coefficient of Punishment to Work Discipline
- \( \rho_y \varepsilon \) = Other factors that effect Work Discipline
B. Substructure II

\[ Z = \rho_{zx1} X_1 + \rho_{zx2} X_2 + \rho_{zy} Y + \rho_{ze} \]

Explanation:
- \( X_1 \) = Reward
- \( X_2 \) = Punishment
- \( Y \) = Work Discipline
- \( Z \) = Performance
- \( \rho_{zx1} \) = Correlation Coefficient Reward with Performance
- \( \rho_{zx2} \) = Correlation Coefficient Punishment with Performance
- \( \rho_{zy} \) = Correlation Coefficient Work Discipline with Performance
- \( \rho_{zx1}X_1 \) = Path Coefficient of Reward to Performance
- \( \rho_{zx2}X_2 \) = Path Coefficient of Punishment to Performance
- \( \rho_{zy}Z \) = Path Coefficient of Work Discipline to Performance
- \( \rho_{ze} \) = Other factors that effect Performance

C. Direct and Indirect Effects Test

To determine the effect of an independent variable on the dependent variable directly or indirectly, it can be seen as follows:

a. Variable \( X_1 \)
   - The direct effect of variable \( X_1 \) on \( Z \)
     \( Z \leftarrow X_1 \rightarrow Z(\rho_{zx1})(\rho_{zy}) \)
   - The indirect effect of variable from \( X_1 \) on \( Z \) through \( Y \)
     \( Z \leftarrow X_1\Omega Y \rightarrow Z(\rho_{zx1})(\rho_{yx1})(\rho_{zy}) \)

b. Variable \( X_2 \)
   - The direct effect of variable \( X_2 \) on \( Z \)
     \( Z \leftarrow X_2 \rightarrow Z(\rho_{zx2})(\rho_{zy}) \)
   - The indirect effect of variable from \( X_2 \) on \( Z \) through \( Y \)
\[
Z \leftarrow X_1 \Omega Y \rightarrow Z(\rho_{x_1y})(\rho_{yx})(\rho_{zy})
\]

- The direct effect of variable Y on Z

\[
Z \leftarrow Y \rightarrow Z(\rho_{zy})(\rho_{zy})
\]

IV. RESULTS AND DISCUSSION

Description of Research Results

This type of research is quantitative analysis using the path analysis method. The variables in this study are reward, punishment, work discipline and performance. The sample collection method used is total sampling, where the population is a research sample of 70 (seventy) employees at Regional Environmental Office Sungai Penuh. Data collection techniques in this study using a questionnaire and processed using the IBM SPSS for Windows Version 24.0 program. The results of this study are generally based on the results of the questionnaire given to respondents, seen in the following table:

**Table 2. Variable Descriptive Analysis Results**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Item Statemen t</th>
<th>TCR</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stat</td>
<td>Stat</td>
<td>Stat</td>
<td>Stat</td>
<td>Stat</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward</td>
<td>70</td>
<td>36</td>
<td>50</td>
<td>41.48</td>
<td>3.541</td>
<td>10</td>
<td>82.96</td>
<td>Good</td>
</tr>
<tr>
<td>Punishment</td>
<td>70</td>
<td>36</td>
<td>49</td>
<td>42.20</td>
<td>3.165</td>
<td>10</td>
<td>84.40</td>
<td>Good</td>
</tr>
<tr>
<td>Work Discipline</td>
<td>70</td>
<td>37</td>
<td>47</td>
<td>41.58</td>
<td>2.356</td>
<td>10</td>
<td>83.16</td>
<td>Good</td>
</tr>
<tr>
<td>Performance</td>
<td>70</td>
<td>35</td>
<td>47</td>
<td>41.03</td>
<td>2.334</td>
<td>10</td>
<td>82.06</td>
<td>Good</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data, Results of IBM SPSS 24.0, 2020.

From the table above it can be seen that each variable has an average of 41.03% - 42.20% and average TCR = 83.15%. This can be interpreted that each respondent variable has a good average categorized response.

Validity Test

The validity test used is the Pearson Product Moment correlation technique by means of correlating the scores of each variable with the total scores. A variable / statement is said to be valid if the statement’s score is significantly correlated with a total score where testing uses the help of the IBM SPSS for Windows version 24.0 program. To find out the validity of the questionnaire is done by comparing \( r_{\text{table}} \) whit \( r_{\text{count}} \). The validity test results of each variable can be seen in the table below:

**Table 3. Validity Test Results**

<table>
<thead>
<tr>
<th>Item</th>
<th>( r_{\text{count}} )</th>
<th>( r_{\text{table}} )</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance (Z)</td>
<td>0.4191</td>
<td>0.2352</td>
<td>Valid</td>
</tr>
<tr>
<td>Reward (X_1)</td>
<td>0.5592</td>
<td>0.2352</td>
<td>Valid</td>
</tr>
<tr>
<td>Punishment (X_2)</td>
<td>0.5311</td>
<td>0.2352</td>
<td>Valid</td>
</tr>
<tr>
<td>Work Discipline (Y)</td>
<td>0.4453</td>
<td>0.2352</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Primary Data, Results of IBM SPSS 24.0, 2020.

The known value of \( r_{\text{count}} \) for all items of variable statement is greater than \( r_{\text{table}} \), meaning that all statement items are declared valid.

Reliability Test

Reliability test is used to determine the reliability of a variable. A variable is said to be reliable if it has a Cronbach Alpha greater or equal to 0.60 and if it is smaller than 0.60 then the variable is said to be unreliable. Where testing uses the help of the IBM SPSS for Windows version 24.0 program. The reliability test results of the variables in this study can be seen in the following table:

**Table 4. Reliability Test Results**

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Number of Valid Items</th>
<th>Cronbach’s Alpha</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reward (X_1)</td>
<td>10</td>
<td>0.739</td>
<td>Reliable</td>
</tr>
<tr>
<td>2</td>
<td>Punishment (X_2)</td>
<td>10</td>
<td>0.726</td>
<td>Reliable</td>
</tr>
<tr>
<td>3</td>
<td>Work Discipline (Y)</td>
<td>10</td>
<td>0.633</td>
<td>Reliable</td>
</tr>
<tr>
<td>4</td>
<td>Performance (Z)</td>
<td>10</td>
<td>0.662</td>
<td>Reliable</td>
</tr>
</tbody>
</table>
It is known that the Cronbach’s Alpha value for all variables is greater than 0.6. The meaning is that the measuring instrument used of all variables in this study is reliable or trustworthy.

Hypothesis Test
The analysis of the research results is based on the formulation of the problem and the hypotheses put forward. And the analysis conducted in the discussion is based on data obtained through research which is then processed with the IBM SPSS for Windows Version 24.0. program to determine the significance and magnitude of the coefficient of influence of independent variables on the dependent variable through path analysis. Path analysis is a test used to analyze the pattern of relationships between variables. Path analysis is the use of regression analysis to estimate the relationship of causality between variables (causal models) that are predetermined based on theory.

Substructure Hypothesis Test I
To analyze the effect of reward (X₁) and punishment (X₂) variables on work discipline (Y), which are presented in the following table:

<table>
<thead>
<tr>
<th>Influential variables</th>
<th>Standardized coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward (X₁)</td>
<td>0.019</td>
<td>0.000</td>
</tr>
<tr>
<td>Punishment (X₂)</td>
<td>0.882</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on table 5 above, it can be seen the equation of substructure I, namely:

\[ Y = 0.019X₁ + 0.882X₂ \]

Substructure equation description I:

\[ b₁ = 0.019; \] it means that there is a positive influence between the reward variable (X₁) on work discipline (Y). this shows that the higher the reward, the higher the employees work discipline.

\[ b₂ = 0.882; \] it means that there is a positive influence between the punishment variable (X₂) on work discipline (Y). this shows that the heavier the punishment, the more work discipline the employees will have.

From table 5, we can do partial tests of each of the cause variables on the effect variables as follows:

1. Effect of reward (X₁) on work discipline (Y)
   The results of the analysis the effect of the reward variable (X₁) on the work discipline variable (Y) obtained the value of \( \rho_{yx₁} = 0.019 \) with a significant level of \( 0.000 < 0.05 \). The results of the analysis show that there is a significant effect the reward variables on the work discipline employees at Regional Environmental Office Sungai Penuh.

2. Effect of punishment (X₂) on work discipline (Y)
   The results of the analysis the effect of the punishment variable (X₂) on work discipline variables (Y) obtained the value of \( \rho_{yx₂} = 0.882 \) with a significant level of \( 0.000 < 0.05 \). The analysis showed that there was a significant effect the punishment variables on the work discipline employees at Regional Environmental Office Sungai Penuh.

The results of substructure I can be shown in the following figure:

![Figure 5. Model I - Substructure I](image)

The summary of the first and second hypothesis testing can be shown in the following table:
Table 6. Summary of Testing Results for the Substructure Hypothesis I

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardized coefficients</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Reward has a significant effect on the work discipline employee at Regional Environmental Office Sungai Penuh.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Punishment has a significant effect on the work discipline employee at Regional Environmental Office Sungai Penuh.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: Primary Data, Results of IBM SPSS 24.0, 2020.

Substructure Hypothesis Test II

To analyze the effect of reward ($X_1$) and punishment ($X_2$) and work discipline ($Y$) variables on performance ($Z$) presented in the following table:

Table 7. Effect of $X_1$, $X_2$ and $Y$ on $Z$

<table>
<thead>
<tr>
<th>Influential variables</th>
<th>Standardized coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disiplin Kerja ($Y$)</td>
<td>0.360</td>
<td>0.006</td>
</tr>
<tr>
<td>Reward ($X_1$)</td>
<td>0.363</td>
<td>0.004</td>
</tr>
<tr>
<td>Punishment ($X_2$)</td>
<td>0.310</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Source: Primary Data, Results of IBM SPSS 24.0, 2020.

Based on table 7 above, it can be seen the equation of substructure II, namely:

$$Z = 0.360Y + 0.363X_1 + 0.310X_2$$

Substructure equation description II:

$b_1 = 0.360; \text{ it means that there is a positive effect work discipline (Y) on performance (Z). this shows that the better work discipline, the better the performance employees.}$

$b_2 = 0.363; \text{ it means that there is a positive effect reward variable (X_1) on performance (Z). this shows that the higher the reward, the better the employee’s performance will be.}$

$b_3 = 0.310; \text{ it means that there is a positive effect the punishment (X_2) on performance (Z). this shows that the heavier the punishment, the better the employee’s performance will be.}$

From table 7, we can do partial tests of each of the cause variables on the effect variables as follows:

1. Effect of work discipline ($Y$) on performance ($Z$)
   The analysis shows that the Sig. 0.006 <0.05. This can be interpreted that there is a significant effect between work discipline on the performance employees at Regional Environmental Office Sungai Penuh.

2. Effect of reward ($X_1$) on performance ($Z$)
   The analysis shows that the Sig. 0.004 <0.05. This can be interpreted that there is a significant effect between rewards on the performance employees at Regional Environmental Office Sungai Penuh.

3. Effect of punishment ($X_2$) on performance ($Z$)
   The analysis shows that the Sig. 0.002 <0.05. This can be interpreted that there is a significant effect between punishment on the performance employees at Regional Environmental Office Sungai Penuh.

The results of substructure II can be shown in the following figure:

Figure 6. Model I - Substructure II

The summary results of testing the third, fourth and fifth hypotheses can be shown in the following table:

Table 8. Summary of Testing Results for the Substructure Hypothesis II

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardized coefficients</th>
<th>Test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Hypothesis | Pernyataan | Test results
--- | --- | ---
H₆ | Work discipline as a mediating variable has a significant effect between reward and performance employee at Regional Environmental Office Sungai Penuh. | Rejected
H₇ | Work discipline as a mediating variable has a significant effect between punishment and performance employee at Regional Environmental Office Sungai Penuh. | Accepted
**Figure 7. Path Analysis Model**

**Coefficient of Determination (R²)**

The results of the calculation of the coefficient of determination for the equation of substructures I and II can be shown in the following table:

<table>
<thead>
<tr>
<th>Equation</th>
<th>Variable Relationship</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substructure I</td>
<td>Reward and Punishment for Work Discipline</td>
<td>0.021</td>
</tr>
<tr>
<td>Substructure II</td>
<td>Work Discipline, Reward and Punishment for Performance</td>
<td>0.662</td>
</tr>
</tbody>
</table>

*Source: Primary Data, Results of IBM SPSS 24.0, 2020.*

Based on Table 10, the total R² values can be calculated as follows:

1. For substructure equation 1:
   
   \[ P_{ε1} = \sqrt{1 - R^2} = \sqrt{1 - 0.021} = \sqrt{0.979} \]
   
   \[ P_{ε1} = 0.989 \]

2. For substructure equation 2:
   
   \[ P_{ε2} = \sqrt{1 - R^2} = \sqrt{1 - 0.662} = \sqrt{0.338} \]
   
   \[ P_{ε2} = 0.581 \]

3. Total R²
   
   \[ = 1 - (0.989 \times 0.581) = 1 - 0.575 = 0.425 \]

From the above results obtained a total determination coefficient of 0.425. This means that 42.5% of performance can be explained by the variables of reward, punishment, and work discipline. While the remaining 57.5% is explained by other variables not examined in this study.

From the calculation results above, it can be seen that the coefficient value is close to 0 (zero) means that the independent variables (free) in explaining the variation of the dependent variable are very limited.

**V. CONCLUSIONS AND SUGGESTION**

**Conclusions**

Based on the results of research and data processing that have been done before, some conclusions can be drawn as follows:

1. Reward has a significant effect on the work discipline employees at Regional Environmental Office Sungai Penuh.
2. Punishment has a significant effect on the work discipline employees at Regional Environmental Office Sungai Penuh.
3. Work discipline has a significant effect on performance employees at Regional Environmental Office Sungai Penuh.
4. Reward has a significant effect on performance employees at Regional Environmental Office Sungai Penuh.
5. Punishment has a significant effect on performance employees at Regional Environmental Office Sungai Penuh.
6. Work discipline as a mediating variable does not have a significant effect between reward and performance employees at Regional Environmental Office Sungai Penuh.
7. Work discipline as a mediating variable has a significant effect between punishment and performance employees at Regional Environmental Office Sungai Penuh.

Suggestions
Based on the findings and conclusions of the study. For this reason the authors propose the following:
1. The researcher recommends that Regional Environmental Office Sungai Penuh give rewards beyond the basic salary to employees who successfully carry out their work well.
2. The researcher recommends that the Head of Regional Environmental Office Sungai Penuh give a warning to employees who make mistakes before giving punishment.
3. The researcher recommends that the Head of Regional Environmental Office Sungai Penuh provide jobs to employees in accordance with the capabilities of the employee.
4. The researcher recommends that the Head of Regional Environmental Office Sungai Penuh provide education and training to employees in accordance with their field of work.
5. The researcher recommends that the Regional Environmental Office Sungai Penuh Employees be able to complete the work on time.
6. The researcher recommends that Regional Environmental Office Sungai Penuh Employees always try to improve the quality of performance by always working optimally.
1. The researcher recommends that Regional Environmental Office Sungai Penuh Employees be able to work independently without direct supervision from superiors.

REFERENCES