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THE EFFECT OF REWARDS, PUNISHMENTS, WORK ENVIRONMENT, INCENTIVES, AND WORK DISCIPLINE ON EMPLOYEE PERFORMANCE AT THE BATU AJI SUBDISTRICT OFFICE, BATAM CITY

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Abstract : *This study aims to determine the effect of rewards, punishments, work environment, incentives, and work discipline on employee performance at the Batu Aji Subdistrict Office, Batam City. Employee performance plays a very important role in the success of public sector services, so understanding the factors that influence it is very important. This study uses a quantitative approach with a survey method involving fifty employees as respondents. The data obtained were analyzed using multiple linear regression after being collected through questionnaires. The results showed that rewards, work environment, incentives, and work discipline had a significant effect on employee performance, while punishment had no significant effect. Rewards, work environment, incentives, and work discipline were proven to have the greatest partial effect on employee performance. These findings contribute theoretically to enriching the literature on factors that influence employee performance in the sector, as well as contributing practically to government management to pay more attention to these aspects in order to improve employee performance at the Batu Aji Subdistrict Office. However, this study has limitations in terms of the relatively small sample size, which should be expanded for broader generalization in future studies.*

Keywords : *rewards, punishments, work environment, incentives, work discipline, employee performance.*

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INTRODUCTION

In the public service sector, employee performance is crucial in determining how effective and efficient an organization is. Employee performance in government agencies, such as the Batu Aji Subdistrict Office in Batam City, has a direct impact on the quality of services provided to the community. Employee performance can be influenced by many factors, including the work environment, incentives, discipline, rewards, and punishments. A deep understanding of these factors can help the government plan measures to improve employee performance. Employee discipline is necessary to achieve organizational goals, but many leaders are unable to change good leadership behavior, rewards, and punishments to improve employee discipline. Rewards and punishments have a positive and significant impact on the work environment. Currently, organizations in the Indonesian public sector have lower service levels than organizations in the private sector (Sholikah & Harsono, 2020) . One factor contributing to the poor performance of public sector employees is the lack of a human resource management system (Lyana Aufa Yuni et al., 2025) . Incentive systems are very important, playing a role in maintaining workers' motivation and commitment to their jobs. According to social exchange theory, when individuals feel valued by their organization, they will show greater commitment to that organization in response (Cook & Gerbasi, 2012) . It is very

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important for officials, public managers, and employees themselves to motivate and reward civil servants appropriately. Recognition and motivation, in particular, play an important role in public function performance. Therefore, one important concept in public management is linking appropriate recognition with organizational goals. This paradoxical situation increases the need to collaborate or cross institutional and industrial boundaries to achieve organizational goals. Understanding how to motivate and reward cooperative behavior. Understanding the impact of human resource management reforms such as performance-based pay on performance behavior (Ingraham & Getha-Taylor, 2014).

The performance of employees in government organizations greatly determines the quality of public services provided to the community. As part of the local government, the Batu Aji Subdistrict Office in Batam City is responsible for managing and providing various services to residents in the area. Therefore, the optimal performance of employees in this office greatly determines the quality of services provided to the community, such as administrative services and the preparation of population documents. In this situation, there are many factors that can affect employee performance, and there are many categories that can be used to divide these factors. Some of the important ones are rewards, punishments, work environment, incentives, and work discipline. These five factors influence the level of employee motivation and their level of commitment to the tasks and responsibilities assigned to them. To achieve government goals and meet community expectations, various factors must be managed properly, which will result in good employee performance. The biggest challenge is motivating bureaucrats who carry out their duties during their tenure in public organizations to gain more benefits from incentives that are low in power compared to private sector incentives due to multitasking and lack of competition. Political and financial incentives dominate the public sector's motives, far below private sector incentives (Tang, Bai, & Bao, 2024). Reward systems can reinforce desired behaviors and increase organizational commitment. This is particularly important in the public service sector, where rewards can make performance evaluation criteria more valued by employees (Somoye & Eyupoglu, 2020).

Rewards enhance human subject learning, while punishment only enhances motor performance. In addition, a study shows that rewards and punishment involve different motivational systems with different behavioral effects and neural substrates, in contrast to the learning effects of rewards mediated through the dorsal striatum and the performance effects of punishment (Wächter et al., 2009). Rewards are crucial for maintaining institutions, while a certain level of punishment ensures that people work well together (Cong et al., 2016). The consequences of high incentive levels and associated transaction costs when using performance management systems in the public sector. In an effort to improve the government's ability to achieve desired results, performance management includes various systems, such as results-based management, performance statistics systems, performance-based contracts, and performance-based budgeting. In practice, performance management involves varying levels of incentives, meaning that there are possible and certain incentives and/or sanctions related to the achievement of objectives (Musso & Weare, 2020). Many organizations, both in the public and private sectors, use the concept of rewards and punishments in human resource management. In this case, rewards are given as recognition for good performance. Rewards can take the form of benefits, promotions, or various other forms of recognition that can increase employee satisfaction with their work. On the other hand, punishment is used to correct behavior that violates organizational rules or regulations. Punishments such as warnings, salary deductions, or other disciplinary actions can be applied (Mortimer, Wijnands, Harris, Tapp, & Stevenson, 2018).

In the context of the public sector, rewards can increase employee commitment to the organization, which is in line with social exchange theory (Ahmad, Nawaz, Ishaq, Khan, & Ashraf, 2023). This theory explains that when employees feel valued, they will be more

committed to their organization. This broadens our understanding of how the reciprocal relationship between rewards and performance can affect motivation in the workplace (Cook & Gerbasi, 2012; Madison, Eva, DE CIERI, & Goh, 2024). However, this study also shows that punishment does not have a significant effect on employee performance, which challenges the common assumption that punishment will always lead to improved performance (Coyle-Shapiro & Diehl, 2017). This opens up further discussion about the effectiveness of rewards versus punishment in the public sector context. Rewards are one of the motivating factors according to Herzberg (Moudriq, 2025), which supports the finding that rewards can improve employee performance (Joseph, et al 2025; Kudaibergenov, et al 2024). This confirms the relevance of Herzberg's theory in the public sector context, although previous studies have focused more on the private sector (Hur, 2018; Warriar & Prasad, 2018). On the other hand, the finding that punishment does not improve employee performance contradicts the assumption that punishment will reduce bad behavior. Herzberg's theory may need to be updated to include the role of the work environment and organizational culture in moderating the influence of rewards and punishments.

The work environment is an important factor in determining employee performance. The work environment should be friendly, comfortable, and conducive to communication (Abekah-Nkrumah & Nkrumah, 2021). The dynamics developing in public sector organizations require an understanding of how a good work environment, strong leadership, and a collaborative work culture affect work performance, organizational commitment, and job satisfaction, so that employees can be more productive (Jo, 2025). At the Batu Aji Subdistrict Office in Batam City, a conducive work environment can encompass various aspects, such as inter-employee relationships, adequate work facilities, clear management policies, and support from superiors and colleagues in achieving organizational goals. A good work environment not only includes physical aspects, such as spacious workspaces and complete equipment, but also matters related to mental health (Chen et al., 2024; Gath-Morad et al., 2024; Yadav et al., 2024). A positive work atmosphere is created through harmonious working relationships, mutual respect, and a clear understanding of each employee's responsibilities (Ravishankar et al., 2014). On the other hand, a poor work environment, characterized by unhealthy relationships between employees, lack of communication, and uncertainty about roles and tasks, can reduce employee motivation and performance (Chingan Thottathil & Nandakumar, 2024; Kralikova et al., 2019; Tambunan et al., 2024). Therefore, it is important for organizations to continuously maintain and develop a positive work environment to improve employee performance at the Batu Aji Subdistrict Office.

Incentives are a form of stimulus from external sources used to encourage employees to work better. Incentives can be in the form of money, bonuses, or various other types of rewards given in return for good performance (Strang et al., 2016). The right incentives will encourage employees to work harder and smarter to improve results (Kullgren et al., 2016; Ozimec & Lišanin, 2011; Scekcic et al., 2013). At the Batu Aji Subdistrict Office in Batam City, incentives can be an effective way to encourage employees to be more committed to their duties. Traditional economic theory argues that increased performance and effort are driven by greater financial incentives. However, research shows that financial incentives can sometimes backfire, especially in tasks that require intrinsic motivation (Promberger & Marteau, 2013; Strang et al., 2016). However, it is important to remember that incentives must be fair, clear, and performance-based. If an employee is given an incentive that is unfair or disproportionate to their performance, it can damage their morale and worsen the work environment. Therefore, objective and transparent performance appraisals should form the basis of incentive policies. In addition, the process of setting incentive standards must involve employees. Incentives increase the attractiveness of certain stimuli, directing behavior toward those stimuli, according

to incentive motivation theory. This theory emphasizes the role of cognitive variables such as anticipation and attention in the effectiveness of incentives (Anselme & Tirelli, 2012) .

Incentives are highly effective in changing behavior (Pellerano et al., 2017) . However, their design and implementation require careful consideration of the context and how different types of motivation may interact with one another. Understanding how incentives work can help in planning useful things, such as increasing productivity in the workplace and public health programs (Bruni et al., 2020) . Incentives can improve performance because employees believe that their efforts will be rewarded, in line with Vroom's expectancy theory of motivation (Filipova, 2018) . This shows that incentives serve as an important tool for motivating employees. However, this study challenges the idea that financial incentives are always effective, especially in more complex contexts such as the public sector. These findings suggest that incentives that are unfair or disproportionate to performance can reduce motivation, opening up space for further research on the dynamics of motivation in public sector organizations. Work discipline is key to ensuring that employees perform well in government. This includes compliance with applicable rules and procedures, following schedules, and carrying out assigned tasks (Salsabilla et al., 2022) . Disciplined employees tend to do their jobs better because they follow the rules and are responsible in the workplace (Roshida & Paskarini, 2021) . Workers become much more disciplined when there is a positive work environment (Farida et al., 2021) It is very important to maintain high performance standards and ensure that tasks are completed on time (Oktari & Suhardi, 2021) .

The importance and benefits of work discipline on work motivation, incentives for work motivation, work motivation on performance, work discipline on performance, and work discipline on performance through work motivation (Yusshinta et al., 2020). Continuous incentives and punishments do not directly affect employee performance, absorption, and dedication. Instead, they serve as important tools for influencing employee behavior, motivation, and performance. Employee engagement is a multifaceted construct that influences overall organizational performance and success (Layek & Koodamara, 2024). Rewards do not directly affect employee performance, but they significantly increase employee engagement. Employee performance in Indonesia is partly influenced by incentives, work environment, and motivation (Nawangsari et al., 2016) At the Batu Aji Subdistrict Office, the implementation of good work discipline will contribute to the creation of a more structured and organized work environment. High discipline among employees will foster mutual respect and increase work productivity. Conversely, a lack of work discipline can lead to irregularities in work and a decline in the quality of services provided to the community.

A positive work environment has a significant impact on employee performance, which is in line with Hackman and Oldham's job characteristics theory (Sathyajith & Sudheesh, 2024). These findings underscore the importance of a supportive work atmosphere in improving performance. However, this study also expands on the theory by emphasizing that the work environment is not just physical facilities, but also supportive social interactions among employees (Faez, Hamdan, & Abdulrasool, 2023) . This challenges previous views that focused only on the physical aspects of the work environment. Support systems such as leadership support, group cohesion, and organizational justice are significant predictors of job satisfaction and reduced fatigue (Janczewski, Mersky, & Plummer Lee, 2021) . Additionally, work engagement factors such as job resources, leadership style, and organizational climate play a crucial role in enhancing work engagement, particularly in healthcare settings (Szilvassy & Širok, 2022).

This study will not only help us understand the internal dynamics of the sub-district office, but will also contribute to the development of human resource management theory, especially in relation to the public sector. In the government sector, improving employee performance can have an impact on internal aspects of the organization and the level of public

services received by the community. Therefore, it is hoped that this research will be useful for the Batu Aji Subdistrict Office and local governments in general, as they seek to improve human resource management to increase the efficiency and effectiveness of public services.

The purpose of this study is to explore the influence of rewards, punishments, work environment, incentives, and work discipline on employee performance at the Batu Aji Subdistrict Office, Batam City. This research is important because employee performance plays a crucial role in providing services to the community, but the factors that influence it, especially in the Indonesian public sector, still receive little attention. Although many studies have examined these factors in the context of the private sector, very few have focused on the Indonesian public sector, which faces specific challenges related to organizational culture and reward systems that are often inconsistent. This study provides a theoretical contribution by enriching the understanding of the relationship between rewards, punishments, and other factors with employee performance in the context of government, particularly in Indonesia, where public performance management remains a complex issue. In practical terms, this study provides recommendations for governance related to human resource management in the Batu Aji Subdistrict Office to pay more attention to aspects such as rewards, work environment, and work discipline as a way to improve employee performance and the quality of public services. In this study, the research questions to be discussed are: How does compensation affect employee performance at the Batu Aji Subdistrict Office in Batam City? How do punishments affect employee performance in the workplace? What does the work environment do to influence employee performance? How does the use of incentives correlate with improved employee performance? To what extent is employee performance at the Batu Aji Subdistrict Office influenced by their work discipline?

METHODOLOGY

This study uses a quantitative approach combined with a survey. This study involved all employees of the Batu Aji Subdistrict Office in Batam City. The research sample was taken randomly from fifty employees selected based on certain criteria. This study used a quantitative method with a correlational research design. Data was collected through the distribution of questionnaires containing questions about the influence of compensation, punishment, work environment, incentives, and work discipline on employee performance. The purpose of this study was to see how various factors affect employee performance at the Batu Aji Subdistrict Office in Batam City. In this study, multiple regression analysis was used to evaluate the relationship between independent variables (rewards, punishments, work environment, incentives, and work discipline) and dependent variables (employee performance). Multiple regression analysis was used to determine whether both variables could simultaneously impact employee performance. Data was collected through a survey distributed to fifty employees at the Batu Aji Subdistrict Office. The questionnaire asked employees about their perceptions of rewards, punishments, work environment, incentives, work discipline, and performance.

The Questionnaire Research Method consists of several parts, such as the Likert Scale, which is used to measure how employees view incentives, penalties, work environment, incentives, and work discipline. The second part measures employee performance by looking at metrics such as productivity, work quality, timeliness, and customer satisfaction (in this case, the community served). The questionnaire was tested for validity, which concluded that all questions in the research questionnaire were valid. This is shown in Table 1 on validity testing, where the correlation coefficient (r count) for each question on all variables is greater than the r table value of 0.361. More specifically, all indicators for the variables of Reward (X1), Punishment (X2), Work Environment (X3), Incentives (X4), Work Discipline (X5), and Employee Performance (Y) had calculated r values ranging from 0.398 to 0.780. The items with the highest validity were found in the Employee Performance variable (item 1 with a

calculated r of 0.780), followed by the Work Environment variable (item 1 with a calculated r of 0.745) and Reward (item 1 with a calculated r of 0.712).

Table 1. Validity Test Results

Variables	Question Items	r count	r table	Information
Reward (X1)	Question 1	0.712	0.361	Valid
	Question 2	0.654	0.361	Valid
	Question 3	0.589	0.361	Valid
Punishment (X2)	Question 1	0.501	0.361	Valid
	Question 2	0.432	0.361	Valid
	Question 3	0.398	0.361	Valid
Work Environment (X3)	Question 1	0.745	0.361	Valid
	Question 2	0.698	0.361	Valid
	Question 3	0.723	0.361	Valid
Incentive (X4)	Question 1	0.667	0.361	Valid
	Question 2	0.610	0.361	Valid
	Question 3	0.554	0.361	Valid
Work Discipline (X5)	Question 1	0.690	0.361	Valid
	Question 2	0.635	0.361	Valid
	Question 3	0.578	0.361	Valid
Employee Performance (Y)	Question 1	0.780	0.361	Valid
	Question 2	0.715	0.361	Valid
	Question 3	0.741	0.361	Valid

Note: All questions are deemed valid because the calculated $r >$ table r .

Source: researcher's data processing results

Meanwhile, although still meeting the validity requirements, the questions in the Punishment variable showed relatively lower calculated r values, with the lowest value of 0.398 in the third question. Thus, it can be stated that all research instruments used have met the construct validity requirements and accurately measure what should be measured, making them suitable for use in data collection in this study.

Table 2. Reliability Test

Variables	Cronbach's Alpha	Criteria	Information
Reward (X1)	0.855	> 0.70	Reliable
Punishment (X2)	0.782	> 0.70	Reliable
Work Environment (X3)	0.901	> 0.70	Reliable
Incentive (X4)	0.823	> 0.70	Reliable
Work Discipline (X5)	0.868	> 0.70	Reliable
Employee Performance (Y)	0.894	> 0.70	Reliable

Note: All variables are considered reliable because Cronbach's Alpha values are > 0.70 .

Source: researcher's data processing results

Meanwhile, the reliability test concluded that all variables in this study were reliable. This was indicated by Cronbach's Alpha values for each variable that far exceeded the minimum threshold of 0.70. More specifically, the reliability coefficient values for all variables ranged from 0.782 to 0.901, indicating good to excellent internal consistency. The Work Environment variable (X3) is the variable with the highest reliability level ($\alpha = 0.901$), followed by Employee Performance (Y) ($\alpha = 0.894$) and Work Discipline (X5) ($\alpha = 0.868$). Meanwhile, despite having the lowest value, the Punishment variable (X2) is still considered highly reliable with a Cronbach's Alpha value of 0.782. Thus, it can be stated that all research instruments used have high consistency and reliability in measuring the intended construct, so that the data collected through this questionnaire can be trusted for further analysis.

Table 3. Normality Test Results

Statistical Test	Asymp. Sig. (2-tailed)	Information
Kolmogorov-Smirnov Z	0.752	
Significance	0.152	Normally Distributed Data

Note: All Since the significance value (0.152) > 0.05 , H_0 is accepted, meaning that the residual data is normally distributed.

Source: researcher's data processing results

Based on the normality test results presented in the table, it can be concluded that the residual data in this study is normally distributed. This is evidenced by the Kolmogorov-

Smirnov test, which produced a significance value (Asymp. Sig. 2-tailed) of 0.152. Since this significance value is greater than the alpha level of 0.05 ($0.152 > 0.05$), the null hypothesis (H_0) is accepted. Thus, the assumption of normality, which is an important requirement in linear regression analysis, has been met, indicating that the regression model used in this study is valid and the estimation results obtained are reliable.

Table 4. Multicollinearity Test

Variables	Tolerance	VIF	Information
Reward (X1)	0.645	1.550	No Multicollinearity
Punishment (X2)	0.812	1.231	No Multicollinearity
Work Environment (X3)	0.589	1.698	No Multicollinearity
Incentive (X4)	0.721	1.387	No Multicollinearity
Work Discipline (X5)	0.634	1.577	No Multicollinearity

Note: All independent variables have Tolerance values > 0.10 and $VIF < 10$, so there is no multicollinearity.

Source: researcher's data processing results

Then, the multicollinearity test presented in the table shows that there are no signs of multicollinearity among the five independent variables in the regression model. This is evidenced by the Tolerance values of all variables, which far exceed the criterion limit of 0.10, with values ranging from 0.589 to 0.812. Similarly, the Variance Inflation Factor (VIF) values for all variables are also well below the threshold of 10, ranging from 1.231 to 1.698. The Work Environment variable (X3) recorded the highest VIF value of 1.698 (with a Tolerance of 0.589), while the Punishment variable (X2) had the lowest VIF value of 1.231 (with a Tolerance of 0.812). Thus, it can be stated that this regression model is free from multicollinearity issues, indicating that there is no high correlation between the independent variables and the estimated regression coefficient results obtained are stable and reliable.

RESULTS AND DISCUSSION

Result

Based on the results of the t-test (partial test) presented in the table, it can be concluded that four of the five independent variables have a significant effect on employee performance, while one variable is declared insignificant. The Work Environment variable (X3) is the most dominant factor with the highest regression coefficient (0.41) and a very strong significance value (calculated t-value $4.025 >$ table t-value 2.045; sig. $0.000 < 0.05$). This is followed by the Work Discipline variable (X5) (coefficient 0.33; sig. 0.002), Reward (X1) (coefficient 0.35; sig. 0.003), and Incentives (X4) (coefficient 0.28; sig. 0.011), which also showed a positive and significant effect. Conversely, the Punishment variable (X2) was found to have no significant effect on employee performance with a very low regression coefficient (0.02) and a significance value well above the alpha level (calculated t-value $0.215 <$ table t-value 2.045; sig. $0.831 > 0.05$). Thus, it can be concluded that the hypothesis stating that there is a significant effect of reward, work environment, incentives, and work discipline on employee performance can be accepted, while the hypothesis for the punishment variable is rejected.

Table 5. t-test results

Variables	Regression Coefficient (B)	t count	Sig.	t tabel	Information
Reward (X1)	0.35	3.123	0.003	2.045	Significant
Punishment (X2)	0.02	0.215	0.831	2.045	Not Significant
Work Environment (X3)	0.41	4.025	0.000	2.045	Significant
Incentive (X4)	0.28	2.678	0.011	2.045	Significant
Work Discipline (X5)	0.33	3.301	0.002	2.045	Significant

Note: All independent variables have Tolerance values > 0.10 and $VIF < 10$, so there is no multicollinearity.

Source: researcher's data processing results

In addition, this study also conducted an F-test (Simultaneous Test) to examine whether all independent variables collectively (simultaneously) influence the dependent variable. Based on the results of the F test (ANOVA) presented in the table, it can be concluded that the regression model in this study is statistically significant. This is evidenced by the calculated F value of 19.245, which far exceeds the table F value of 2.45, and the significance value (Sig.

F) of 0.000, which is well below the alpha level of 0.05. These results indicate that the five independent variables, namely reward, punishment, work environment, incentives, and work discipline, together (simultaneously) have a significant effect on employee performance. Thus, the regression model used in this study is valid and reliable for explaining the effect of independent variables on the dependent variable.

Table 6. F-test results (ANOVA)

Sources of Variation	Sum of Squares	df	Mean Square	F count	Sig. F
Regression	450.25	5	90.05		
Residual	205.75	44	4.68		
Total	656.00	49		19.245	0.000
				F table	2.45

Note: Calculated F value (19.245) > Table F value (2.45) and Significance value (0.000) < 0.05.

Source: researcher's data processing results

Discussion

The Effect of Incentives on Employee Performance

Giving awards to employees has been proven to increase their motivation and performance, as reflected in the results of this study, where awards given based on employee achievements have a significant effect on their performance. Awards are a motivational factor that can improve job satisfaction and performance. However, to deepen this understanding, it needs to be linked to modern motivation theory and broader international research. One of the latest relevant theories is Self-Determination Theory (SDT) developed by Deci and Ryan (2000), which emphasizes the importance of basic psychological needs such as autonomy, competence, and social connectedness in increasing employees' intrinsic motivation. In this context, rewards can fulfill employees' competence needs, namely recognition for their achievements. However, inappropriate or non-transparent rewards can reduce employee autonomy and damage their intrinsic motivation (Deci & Ryan, 2015). Therefore, it is important to create a reward system that is not only based on results but also gives employees the freedom to feel satisfaction from their achievements without excessive external pressure (Martela, 2020).

Various studies show the importance of rewards in the context of public organizations (Prastiwi & Bon, 2019). Research in the public sector in various countries shows that rewards given based on employee performance can strengthen the relationship between employees and organizations, as well as increase organizational commitment (Olafsen, 2024). The study also found that fair and transparent rewards not only affect individual performance but also improve the overall quality of public services (Bullock, Stritch, & Rainey, 2015). This is in line with the findings in this study, which show that rewards have a significant impact on employee performance at the Batu Aji Subdistrict Office.

These findings have several important implications for reward system policies in the public sector that can be adopted by the government, namely the development of a fair and transparent reward system, incentive policies that encourage sustainable performance, improvement of the quality of the work environment, objective and data-based performance assessments, and the development of evidence-based policies. By implementing a reward system policy that focuses on fairness, a supportive work environment, and incentives that encourage sustainable performance, the government can increase the motivation of employees in the public sector and improve the overall quality of public services. This policy must also consider the psychological aspects of employees, so that rewards not only have an impact on individual performance, but also on employee engagement in achieving organizational goals in a more holistic manner.

The Impact of Punishment on Employee Performance

Punishment, although often considered an unpleasant method, can also affect employee discipline and performance. Fair and clear punishment can prevent employees from violating rules and increase their compliance with applicable work procedures. The results of the study show that punishment does not affect employee performance at the Batu Aji Subdistrict Office. The results of the study show that punishment is not effective enough in improving employee performance, even though punishment is used to prevent bad behavior or violations in the workplace. Punishment can cause tension between leaders and employees and reduce their motivation to work.

Improvements in employee performance at the Batu Aji Subdistrict Office can be influenced by various factors, including Maslow's theory of motivation and the use of punishment in managing employee behavior. According to Maslow's theory (1943), basic human needs must be met before higher needs can be achieved. In this context, if employees' basic needs, such as security, comfort, and fairness, are met, they will be more motivated to achieve higher goals in their work (Durmuş, 2024). At the Batu Aji Subdistrict Office, fulfilling these basic needs plays an important role in creating a conducive work environment and improving employee performance. As stated by (Abdel-Rahim & Liu, 2024) Without the fulfillment of basic needs, employees may find it difficult to achieve optimal performance due to dissatisfaction or feelings of being unappreciated.

In addition, punishment in the workplace is often used to control negative behavior. However, as Stoyanov states, punishment that is applied without considering positive motivation can actually reduce employee enthusiasm (Stoyanov, 2017). At the Batu Aji Subdistrict Office, if punishment is used too often as a means of controlling behavior, employees may feel unappreciated or pressured, which will ultimately lead to dissatisfaction and decreased performance. Therefore, it is important to understand that punishment must be used wisely and not excessively. Appropriate punishment, accompanied by open communication, can help reduce its negative impact. Two-way communication between leaders and employees will increase understanding of the reasons behind the application of punishment and help restore trust that may have been diminished due to unfairness or misunderstanding (Abdel-Rahim & Liu, 2024).

However, it is not only punishment that needs to be considered, but also fair performance appraisal. The application of subjective assessment combined with objective metrics can increase the effectiveness of punishment in managing employee behavior. Assessments that rely solely on subjective results can create unfairness, which ultimately risks reducing employee motivation (Cai, Gallani, & Shin, 2023). Therefore, at the Batu Aji Subdistrict Office, it is important to use transparent objective metrics in assessing employee performance. This not only ensures that penalties are imposed fairly, but can also increase employee productivity and work quality.

The appropriate use of punishment at the Batu Aji Subdistrict Office can have a positive impact on employee performance if done wisely. Open communication channels, fulfillment of basic employee needs, and transparent assessments will create a healthier and more productive work environment. Effective management of these various factors will increase motivation, satisfaction, and ultimately employee performance, which contributes to improving the quality of public services at the subdistrict level. This does not mean that punishment should not be used in the workplace. Punishment that is applied wisely and measuredly to correct behavior that is detrimental to the organization remains important, but the methods used to apply punishment are more important. It is best not to use punishment excessively or without clear reasons. If employees feel that they are being punished unfairly or excessively, they tend to be less enthusiastic and become dissatisfied with their organization.

The Influence of Work Environment on Employee Performance

The work environment plays a very important role in determining employee performance, especially in the context of the public sector. According to the Job Characteristics Theory, a supportive work environment can enrich employees' work experiences, give them a sense of competence, and increase intrinsic motivation (Hackman & Oldham, 1976) . In addition, (Pei, Yang, Su, & Xue, 2018) . Recent research also shows that physical factors, such as adequate work facilities and comfortable environmental conditions, as well as social factors, such as good relationships between employees and support from superiors, have a significant influence on employee performance (Shoaib, Mehmood, & Butt, 2022) . In their study, they revealed that a positive work environment, especially one that includes good communication and social support, can increase employee engagement in the public sector, which in turn contributes to improving the quality of public services (Rizki, Dewi, & Toni, 2025). On the other hand, a poor work environment, as found in various studies, can have a negative impact on employee performance, causing increased stress and decreased productivity (Cvenkel, 2020) . Role ambiguity, poor communication between employees, and an unpleasant work atmosphere can reduce motivation and cause prolonged dissatisfaction. Therefore, policies aimed at creating a healthy and conducive work environment are essential. These policies should include improving physical facilities, such as ensuring comfortable and organized workspaces, and creating a supportive organizational culture where communication between employees and supervisors runs smoothly.

The implementation of policies that emphasize social support and supportive leadership is very important. Leadership that provides attention and support to employees can increase their confidence and competence, which leads to better performance (Vintilă, Biea, Neamțu, & Dominici, 2024) . Additionally, creating an inclusive work environment and a good work-life balance can improve employees' mental well-being, which ultimately increases their motivation to work more optimally(Ghashghaeizadeh, 2020) . This is also reinforced by good interpersonal relationships among employees, which can strengthen positive work behavior and improve performance in the public sector. Seeing the positive impact of the work environment on employee performance, policy recommendations that can be implemented by local governments are to invest more in work infrastructure and the development of positive social relationships among employees. Providing adequate facilities, developing training for supportive leadership , and implementing flexible work policies can create a more productive work environment and improve overall employee performance.

Thus, creating a supportive work environment not only increases individual productivity but also contributes to better quality public services. It is very important for employees to have a comfortable and conducive working environment. Physical factors such as adequate facilities, sufficient lighting, and clean and comfortable office conditions, as well as social factors such as relationships between coworkers, support from superiors, and a positive work atmosphere also play a role. This study clearly shows that the working environment significantly affects employee performance. A comfortable, safe, and conducive work environment, including cleanliness, adequate lighting, comfortable room temperature, and good social relationships among employees, can increase enthusiasm and motivation to work. To improve employee performance, the Batu Aji Subdistrict Office must pay attention to the importance of creating a pleasant working environment. This can be achieved by ensuring that the room remains clean and comfortable, providing adequate facilities, and creating a positive work culture where employees feel valued and supported by their colleagues and superiors. A positive work environment can increase productivity, creativity, and collaboration. Conversely, a poor work environment can increase stress and reduce work quality.

The Effect of Incentives on Employee Performance

Incentives play a crucial role in improving employee performance, especially in the public sector, where motivation is often a major challenge. Based on Vroom's expectancy theory (1964), employees will be motivated to improve their performance if they believe that their efforts will result in the desired rewards. Therefore, providing the right incentives can serve as an effective motivator (Filipova, 2018). In this context, both financial incentives such as bonuses and non-financial incentives such as recognition or awards for achievements can increase employee engagement and encourage them to work harder and more efficiently (Alsaffar, Almeer, Ateeq, & Milhem, 2025).

Research conducted at the Batu Aji Subdistrict Office shows that incentives have a positive impact on employee performance. Employees who receive incentives are more likely to improve their work performance in terms of productivity, quality of work, and timeliness in completing tasks. These findings are consistent with incentive motivation theory, which states that rewards given based on individual achievements can strengthen the relationship between employees and the organization, as well as increase their commitment to the tasks at hand.

However, it is important to note that incentives do not always have a positive impact if they are not managed properly. A study shows that large financial incentives, if not accompanied by an understanding of the organization's long-term goals, can cause employees to focus only on the rewards, reducing their intrinsic motivation (Ponta, Cainarca, & Cincotti, 2020). Therefore, it is important for organizations to not only rely on financial incentives, but also provide non-financial incentives that can increase employee job satisfaction and loyalty. Clear and transparent performance-based incentives are also a key factor in maintaining employee trust in the existing system.

In practice, fair and transparent incentive policies can strengthen the relationship between employees and organizations. This study supports the view that incentives that are given fairly, based on clear and measurable performance, will improve overall work quality, increase motivation, and have a positive impact on the quality of public services. To that end, it is important for local governments to design a balanced incentive system, taking into account financial and non-financial factors, and tailored to the needs and contributions of employees.

Based on these findings, a policy recommendation that can be applied in the public sector is the development of a sustainable incentive system, where incentives are not only given as a form of short-term reward, but also as a tool to encourage long-term performance in line with organizational goals. With this policy, it is hoped that employee performance will improve, which in turn will have a positive impact on better quality public services.

The Influence of Work Discipline on Employee Performance

Research conducted at the Batu Aji Subdistrict Office shows that work discipline has a positive effect on employee performance. Employees who are disciplined in carrying out their duties, such as arriving on time, following procedures strictly, and fulfilling their responsibilities, tend to perform better. High work discipline creates a structured and efficient work culture, which enables employees to complete tasks more quickly and with higher quality. Work discipline is one of the key factors that determine employee performance, both in the public and private sectors. Work discipline refers to the extent to which employees comply with the rules, procedures, and schedules set by the organization. In this context, good work discipline will result in productive behavior that is in line with organizational standards, which in turn improves overall employee performance. Several studies show that work discipline has a positive and significant effect on employee performance. For example, research at the Nganjuk Community Health Center revealed that work discipline, along with loyalty and intrinsic motivation, significantly improves employee performance (Sumarjiansyah, Peristiowati, Sumarji, & Setyawan, 2025). Other studies show that work discipline has a

positive effect on employee performance, both directly and through job satisfaction (Sulistiyono, Utoyo, Affandie, Suyono, & Elisabeth, 2020) . However, several other studies show that work discipline does not always have a significant effect on employee performance (Bus & Kirana, 2025) . Another study also shows that work discipline does not have a significant effect on employee performance, although it has a positive effect on job satisfaction (Sugiono & Vitaloka, 2019).

It is important to note that work discipline is not only related to compliance with formal rules, but also involves aspects of personal commitment to work. Work discipline can be viewed as a hygiene factor, which does not directly motivate employees to work better, but is important for preventing dissatisfaction and maintaining stability in the work environment. When employees comply with existing rules, they can work more calmly and in an organized manner, which contributes to improving their performance. In addition, a supportive work environment greatly influences work discipline. A positive environment, with support from superiors and coworkers, can strengthen employee work discipline. Conversely, a poor or tense work environment can reduce work discipline and damage employee performance (Qamari, Bestari, & Khan, 2024) . The relationship between work discipline and performance is stronger in a supportive and harmonious environment, where employees feel valued and given room to grow.

Based on these findings, there are several policy recommendations that can be implemented by the government to improve employee work discipline and, in turn, improve their performance. One crucial policy is to improve enforcement of rules. Organizations need to have a clear system for monitoring and enforcing work discipline, including consistent application of policies for assessing employee discipline. In addition, rewards should be given to employees who demonstrate high work discipline in order to maintain their motivation. Furthermore, developing training programs is an important step to support improved work discipline. This training should not only focus on technical skills, but also cover other aspects, such as time management, compliance with procedures, and work ethics. This holistic training program will help employees not only improve their technical abilities, but also their discipline in carrying out their duties. Finally, creating a supportive work environment is essential to strengthening work discipline. A positive environment, where employees feel valued and cared for, can encourage them to be more disciplined in carrying out their duties. Therefore, managers need to create a harmonious work atmosphere and provide the necessary support to employees. With the implementation of the right policies, employee work discipline will improve, which in turn will encourage an overall increase in performance, both in terms of productivity, work quality, and job satisfaction.

Analysis of Interaction Between Variables

Factors such as compensation, work environment, incentives, and work discipline have a positive impact on employee performance at the Batu Aji Subdistrict Office in Batam City. On the other hand, punishment has no positive impact on employee performance. Therefore, management must consider more efficient ways to provide salaries, create a more friendly work environment, and provide clear and fair incentives to improve employee performance and motivation. To maintain productivity and order in the workplace, the development of effective work discipline must also be a top priority. The Batu Aji Subdistrict Office has the ability to implement policies that will encourage employees to achieve their best performance, which in turn will improve the quality of public services in the region.

Analysis of the interactions between variables in this study can help to better understand how these factors collaborate to influence employee performance. Several potential interactions between variables need to be explored further, such as the interaction between rewards and the work environment. This suggests that rewards can improve employee

performance, but their impact can be stronger if they are received in a supportive work environment. A positive environment, with good communication between coworkers and support from superiors, can strengthen the effect of rewards in improving employee performance. Conversely, rewards given in a poor work environment may not be as effective as expected. Furthermore, from the analysis of the interaction between punishment and work discipline, it can be seen that appropriate punishment may improve the behavior of employees who lack discipline. However, the effect of punishment can be more effective if there is a culture of discipline embedded in the organization. Without a strong culture of discipline, punishment may actually cause tension between employees and management, which in turn can damage performance. Meanwhile, analysis of the interaction between incentives and rewards shows that incentives and rewards are two different forms of motivation, but both have the potential to work together to improve employee performance. Performance-based incentives can provide greater motivation when paired with appropriate rewards. However, if incentives are given without relevant rewards, employees may feel that their efforts are not being fairly rewarded. Finally, analysis of the interaction between work environment and work discipline shows that a positive work environment can support better work discipline. Conversely, an unsupportive or stressful work environment can reduce employee work discipline, even if there are clear rules regarding discipline. Exploring the interaction between variables in this study can provide additional insights into how factors such as rewards, punishments, work environment, incentives, and work discipline collaborate to influence employee performance. By involving mediation, moderation, and resilience tests, the results of this study will be more robust and reliable in providing recommendations for management at the Batu Aji Subdistrict Office in improving employee performance and public service efficiency.

CONCLUSION

This study shows a significant relationship between various components and employee performance. This study uses a quantitative approach and multiple regression analysis techniques. The results show that several variables, namely incentives, work environment, and work discipline, have a positive effect on employee performance. This indicates that these variables play an important role in improving employee performance. Sanctions or punishments do not have a significant effect, which shows that punishments do not improve employee performance at the Batu Aji Subdistrict Office. Rewards serve as an important motivator for improving employee performance. The results of the analysis show that the greater the reward given, the higher the employee performance. Rewards, which can take the form of recognition, bonuses, or promotions, can encourage employees to work better and more efficiently. Therefore, one way to encourage employees to improve their performance is to provide fair rewards in line with their performance. Although punishment is often used as a way to correct bad behavior, punishment did not have a significant impact on employee performance in this study. This may be because the punishment system used is ineffective or even because employees have a negative view of punishment. Often, punishment can reduce employee motivation and even cause stress or feelings of being unappreciated. Therefore, it is important for organizations to evaluate and consider more positive and constructive methods, such as training and rewards, rather than relying on punishment. It has been proven that the work environment affects employee performance. A comfortable, safe, and supportive work environment can improve employee morale and creativity. Factors such as cleanliness, workplace comfort, good relationships between coworkers, and a pleasant working atmosphere can create a productive work environment. This study emphasizes the importance of creating a pleasant and stress-free work environment so that employees can work better and achieve optimal results.

Incentives, such as bonuses or other rewards, greatly influence employee performance. Incentives can increase employee motivation and commitment to the organization, and employees who feel appreciated tend to be more enthusiastic and committed to their work. Therefore, incentives must be given fairly and appropriately, in accordance with employee performance and contributions. Another important factor that influences employee performance is work discipline. Employees who are highly disciplined in carrying out their duties and responsibilities tend to perform better. Good work discipline includes obeying rules, arriving on time, and fulfilling responsibilities related to their work. By emphasizing the importance of work discipline, the government can create a more orderly and efficient work system. As a result, employees will be more productive. Overall, this study shows that positive and supportive factors, such as work discipline, incentives, rewards, and work environment, have a significant influence on improving employee performance. Therefore, the management of the Batu Aji Subdistrict Office must pay more attention to these factors if they want to create a productive work environment and improve overall employee performance. However, this study has limitations, such as a small sample size (only 50 respondents). This is due to the limited number of employees in the sub-district office, so that number of respondents was sufficient for this study. In addition, this study is only cross-sectional and was conducted in one location, which reduces the ability to understand long-term dynamics or comparisons between regions. Therefore, further research is expected to expand the sample and use a longitudinal approach to provide a more comprehensive picture.

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