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The Effect of Human Resource Management and Rewards On Employee Performance

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Abstract

This study aims to analyze the influence of Human Resource Management (HRM) and rewards on employee performance at Bank Sulselbar, Luwu Utara Branch. The study used a quantitative approach with saturated sampling technique, so that the entire population was sampled. The number of respondents in this study was 36 employees (n = 36). Data were collected through questionnaires and analyzed using multiple linear regression. The results of the simultaneous test showed a calculated F value of 40.417, greater than F table 3.28 with a significance of 0.000 (<0.05), which means that HRM and rewards together have a significant effect on employee performance. Partially, both variables were also proven to have a positive and significant effect on performance. These findings confirm that the implementation of effective HRM practices and a fair and motivating reward system can increase employee productivity, work quality, and commitment. Therefore, strengthening human resource management integrated with the reward system is an important strategy in improving employee performance and supporting the achievement of organizational goals.

Keywords: *Human Resource Management; Rewards; Employee Performance.*

INTRODUCTION

Human resources are a key factor in supporting the implementation of all organizational activities within a company (Hamid, 2020). Employee attitudes, behaviors, and performance are influenced by Human Resource Management (HRM) systems, practices, and policies (Suciatni, 2023). Effective and targeted HRM management can increase employee satisfaction, thereby reducing turnover rates (Zebua et al., 2024). Therefore, HRM management is a crucial factor in supporting the smooth operation of an organization, particularly in addressing the issue of limited workforce skills. To increase employee motivation, organizations need to implement appropriate HRM practices and provide rewards as a form of appreciation for employee contributions (Pramesti et al., 2019). Rewards can take the form of material or non-material compensation such as salaries, incentives, commissions, and allowances (Thomas, 2021).

Bank Sulselbar, a Regional Development Bank, was established in 1961 and operates in South Sulawesi and West Sulawesi, including North Luwu, with a focus on local financial development and supporting regional development. According to information from the North Luwu branch office, high work expectations pose a challenge to employees fulfilling their obligations. Therefore, a strategy that balances employee contributions with a relevant reward system is needed to maintain motivation and work quality.

Previous research has shown that HRM and rewards positively influence employee performance (Malang, n.d.; Dewi, 2021). However, most of these studies were conducted in non-banking companies, state-owned banks, or national private banks. Few studies have specifically examined the implementation of HRM and rewards in Regional Development Banks (BPD), particularly at the regional branch level, which has distinct characteristics, such as limited employee numbers, limited resources, and high demands for public services. Furthermore, previous research has not specifically examined how the combination of HRM and reward practices affects employee performance in the operational context of regional banks focused on regional development.

Therefore, research on the influence of HRM and rewards on employee performance is crucial and strategic for the regional banking sector. This issue prompted researchers to conduct a study entitled

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"The Influence of Human Resource Management and Rewards on Employee Performance at Bank Sulselbar in North Luwu." This research is expected to provide an empirical contribution to the development of HR management at Regional Development Banks.

Literature Review

Human Resources Management (HRM) is a structured system implemented by a company to ensure the effective and efficient utilization of human talent to achieve institutional goals. One reason for this popularity is the belief that HRM is a source of competitive advantage and will positively impact company performance and results. HRM is the development and optimization of employee performance in order to achieve organizational, community, national, and international goals and objectives (Zainuddin & Pratiwi, 2021).

According to Rahmah & Avriyanti (2024), a reward is a form of recognition given to individuals who have successfully exceeded established standards. According to Sari (2023), a reward is a specific form of incentive given to someone because they have carried out work standards in accordance with the company's SOP.

An employee's performance is inherently unique because each employee has a different level of ability in completing tasks (Sukri & Pratiwi, 2022). According to (Rahmah & Avriyanti, 2024), performance is defined as work achievements that are closely correlated with strengthening strategic organizational relationships, customer satisfaction, and employee contributions to the organization.

METHOD

This study uses a quantitative approach with a survey design to examine the influence of Human Resource Management (HRM) and rewards on employee performance at Bank Sulselbar, North Luwu Branch. The study population was all 36 employees. Given the relatively small population size, the study used a saturated sampling technique (census) so that the entire population was sampled (n = 36). The research instrument was a structured questionnaire compiled based on indicators from previous literature. Measurements used a 5-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

Validity testing was conducted using Pearson Product Moment correlation with a threshold of r count > r table (0.329; n = 36, $\alpha = 0.05$). Reliability was measured using Cronbach's Alpha ≥ 0.70. Data collection was carried out through several stages, namely the preparation and pilot testing of the questionnaire, direct distribution of the questionnaire to all employees, filling it out independently with guaranteed respondent confidentiality, and data collection, checking for completeness, and coding. Data were analyzed using multiple linear regression. Hypothesis testing was carried out through t-tests (partial), F-tests (simultaneous), and coefficients of determination (R^2) to measure the contribution of independent variables to employee performance.

RESULTS and DISCUSSION

Results

Validity Test

Table 1. Validity Test Results

Variable	Item Statement	Calculated R	Table R	Notes
Human Resource Management	X1.1	0,640	0,329	Valid
	X1.2	0,688	0,329	Valid
	X1.3	0,728	0,329	Valid
	X1.4	0,735	0,329	Valid
	X1.5	0,743	0,329	Valid
	X1.6	0,677	0,329	Valid
	X1.7	0,757	0,329	Valid
Reward	X2.1	0,745	0,329	Valid
	X2.2	0,686	0,329	Valid
	X2.3	0,684	0,329	Valid
	X2.4	0,638	0,329	Valid
	X2.5	0,771	0,329	Valid
	X2.6	0,649	0,329	Valid
	X2.7	0,610	0,329	Valid

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Employee Performance	Y.1	0,765	0,329	Valid
	Y.2	0,810	0,329	Valid
	Y.3	0,814	0,329	Valid
	Y.4	0,794	0,329	Valid
	Y.5	0,712	0,329	Valid
	Y.6	0,850	0,329	Valid
	Y.7	0,914	0,329	Valid

Source: Processed Primary Data, (2025)

Based on Table 1, it can be seen that the calculated r-value is greater than the table r-value, which means that the questionnaire used in this study is valid and suitable for use.

Reliability test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Alpha Value	Notes
Human Resource Management (X1)	0,833	0.60	Reliabel
Reward (X2)	0,806	0.60	Reliabel
Employee Performance (Y)	0,911	0.60	Reliabel

Source: Processed Primary Data, (2025)

Based on Table 2, the Human Resource Management variable (X1) showed a Cronbach's Alpha value of 0.833, the Reward variable (X2) of 0.806, and the Employee Performance variable (Y) of 0.911. The Cronbach's Alpha values for all research variables are above the minimum threshold of 0.60; therefore, it can be concluded that all instruments used in this study meet the reliability criteria.

Table 3. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.295	2.571		.115	.909
	Human Resource Management	.656	.149	.601	4.404	.000
	Reward	.339	.155	.298	2.184	.036

a. Dependent Variable: Employee Performance
Source: Processed Primary Data, (2025)

Based on the results of data processing and analysis presented in Table 3, the regression equation is: Y= 0,295 + 0.656 X1 + 0.339 X2 + e

Based on the multiple linear regression analysis, this equation can be written as follows: The Human Resource Management variable has a positive constant value of 0.295, indicating that the Reward value is zero (0), so the employee performance value is 0.295 units. The coefficient for Human Resource Management is positive at 0.656, indicating that if the HRM value increases by 1 unit, employee performance increases by 0.656 units. The coefficient for reward is positive at 0.339, meaning that employee performance will increase by 0.339 units if the reward value increases by 1 unit.

After reading the above discussion, it can be concluded that each independent variable examined in this study namely, the Human Resource Management variable (X1) and the recognition variable (X2) has a positive coefficient. This finding indicates that all independent variables in this study are directly related to and influence the dependent variable.

T-test

Table 4. Results of the T-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.295	2.571		.115	.909
	Human Resource Management	.656	.149	.601	4.404	.000
	Reward	.339	.155	.298	2.184	.036

a. Dependent Variable: Employee Performance
Source: Processed Primary Data, (2025)

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Based on Table 4, the results show that the HRM variable (X1) has a calculated t-value of 4.404 and a critical t-value of 2.032, with a significance level of 0.000, according to the test results. These findings indicate that the first hypothesis is accepted because the calculated t-value is greater than the critical t-value and the significance level is less than 0.05. Therefore, it can be concluded that employee performance at Bank Sulselbar in North Luwu is positively and significantly influenced by the HRM variable components. The Reward variable (X2) has a calculated t-value of 2.184 and a critical t-value of 2.032 with a significance level of 0.036, based on the test results. Based on these findings, the second hypothesis is supported because the calculated t-value is greater than the critical t-value and the significance level is less than 0.05. Employee performance at Bank Sulselbar in North Luwu is proven to be positively and significantly influenced by the reward variable.

F-test

Table 5. Results of the F-Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	156.440	2	78.220	40.417	.000[b]
	Residual	63.866	33	1.935		
	Total	220.306	35			

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Reward, Human Resource Management
Source: Processed Primary Data, (2025)

The results of the data analysis show that the variables Human Resource Management (X1) and Reward (X2) have an F-calculated value of 40.417 and an F-table value of 3.28, with a significance level of 0.000. Since the F-calculated value is greater than the F-table value and the significance level is less than 0.05, the third hypothesis is accepted. This indicates that, simultaneously, the variables Human Resource Management (X1) and Reward (X2) have a positive and significant effect on Employee Performance (Y) at Bank Sulselbar in North Luwu.

Determination Test

Table 6. Results of the Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843[a]	.710	.693	1.391

a. Predictors: (Constant), Reward, Human Resource Management
Source: Processed Primary Data, (2025)

The results of the coefficient of determination test in Table 6 show that the R-squared value is 0.710. This indicates that the independent and dependent variables have a correlation of 0.710, or 71%. It also reveals that 71% of the Employee Performance (Y) variable is influenced by the Human Resource Management (X1) and Reward (X2) factors, while the remaining 29% stems from other variables not analyzed or included in this study.

Discussion

Human Resource Management has a positive and significant effect on the variable of Employee Performance

The Human Resource Management variable (X1) has a calculated t-value of 4.404 and a critical t-value of 2.032, with a significance level of 0.000 based on the test results. These findings indicate that the significance level is below 0.05 and the t-value is greater than the critical t-value. These results indicate that employee performance at Bank Sulselbar in North Luwu is positively and significantly influenced by its human resource management.

These findings are consistent with previous research by Rizal & Setiawan (2025), who found a strong positive correlation between employee performance in private companies and human resource management, indicating that HRM can enhance employee performance.

The findings indicate that good HRM practices improve employee performance. Theoretically, these results align with Human Capital Theory, which emphasizes that investments in training, development, and performance appraisal systems enhance employee competence and productivity.

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Effective HRM creates role clarity, enhances employee performance, and strengthens organizational commitment, thus impacting the quality and quantity of work output.

That rewards have a positive and significant effect on employee performance

Based on the test results, the Reward variable (X2) has a calculated t-value of 2.184 and a critical t-value of 2.032 at a significance level of 0.036. These findings indicate that the significance level is less than 0.05 and the calculated t-value is greater than the critical t-value. These results indicate that employee performance at Bank Sulselbar in North Luwu is positively and significantly influenced by rewards.

These findings align with previous research conducted by Fernos & Yolanda (2025) and Rahmah & Avriyanti (2024), which stated that employee performance is significantly influenced by incentives. Employee performance will improve if the incentive structure including salary, bonuses, allowances, career advancement, and psychological and social benefits is made more equitable. In other words, employees will perform better as they receive more incentives.

The positive influence of rewards can be explained through Herzberg's Motivation Theory and Expectancy Theory. Financial and non-financial rewards increase motivation because employees see a direct link between effort, performance, and the rewards received. A fair reward system increases job satisfaction and encourages productive work behavior. This finding is consistent with research by Fernos & Yolanda (2025) and Rahmah & Avriyanti (2024), which confirms that a fair incentive system improves performance by increasing employee motivation and commitment.

That Human Resource Management and Rewards have a positive and significant effect on the variable of Employee Performance

Based on the tests conducted, it was found that the variables Human Resource Management (X1) and Reward (X2) in relation to Employee Performance (Y) yielded a calculated F-value of 40.417 and a critical F-value of 3.28, with a significance level of 0.000; thus, the calculated F-value is greater than the critical F-value, and the significance level is less than 0.05. These findings indicate that, simultaneously, the variables Human Resource Management and Reward have a positive and significant effect on Employee Performance at Bank Sulselbar in North Luwu.

These findings suggest that employee performance as measured by quality, quantity, timeliness, and work effectiveness is influenced by how the company manages its human resources and the provision of rewards. Thus, the results of this study confirm that human resource management and rewards are two complementary aspects that play a crucial role in improving employee performance. Companies need to ensure that these two aspects operate in tandem and are managed in a structured manner to create high-performing human resources and support the achievement of corporate goals.

The research findings confirm that HRM and rewards are two complementary factors. HRM provides a supportive work system and environment, while rewards strengthen motivation to achieve performance targets. The combination of the two creates a synergy that drives sustainable performance. These findings reinforce the view that banking sector organizations, particularly regional banks, need to integrate strategic HRM practices with competitive reward systems to create superior human resources and support the achievement of organizational goals.

CONCLUSION

This study shows that Human Resource Management (HRM) practices and reward systems play a significant role in improving employee performance at Bank Sulselbar, Luwu Utara Branch. These findings confirm that structured HR management through training, career development, promotions, and motivational reinforcement as well as fair and competitive rewards can create more productive, responsible, and service-quality-oriented employees. Theoretically, the study findings reinforce the concept that integrating strategic HRM practices with reward systems is a key factor in improving individual and organizational performance. Practically, bank management is advised to strengthen ongoing training programs, implement a transparent performance appraisal system, and develop a performance-based reward scheme that encompasses both financial and non-financial aspects. These policies are expected to increase employee motivation, loyalty, and sustainable performance.

This study is limited by the number of respondents from a single branch, which limits the generalizability of the results. Future research is recommended to involve more Regional Development

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Bank branches or compare them with national banks, as well as add other variables such as job satisfaction, organizational culture, or leadership to gain a more comprehensive understanding.

Rewards

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