



The Effect Of Reward, Punishment, And Leadership Exemplary On Employee Performance With Organizational Culture As An Intervening Variable

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ABSTRACT

This study analyzes the performance of employees of SMK Muhammadiyah 7 (SMK MUTU) Gondanglegi, Malang Regency. The indicator of working hours attendance shows a decrease and has not yet reached optimal attendance. Meanwhile, the indicator of the level of employee attendance in participating in Morning Spiritual Gathering (MSG) activities and school activities also shows a decline. The contribution indicator in the successful activities of the New Student Admission (PPDB) is still very low. Overall, this data shows that employee performance at SMK MUTU needs to be further improved. This study aims to explore how reward, punishment, and leadership exemplary impact on organizational culture and employee performance. This study uses descriptive and verification methods to explore the relationship between reward, punishment, and leadership exemplary on organizational culture and employee performance. Data were collected through a questionnaire involving a sample of 108 employees selected through a saturated sample. Hypothesis testing using SEM-PLS analysis revealed a positive and significant effect of reward, punishment, and leadership example on organizational culture and employee performance. However, organizational culture has no effect on employee performance. Organizational culture does not mediate reward, punishment, and leadership exemplary to employee performance. These findings suggest that strengthening the reward system, implementing wise punishment, and strengthening the role of consistent leadership example are important strategies to improve employee performance.

INTRODUCTION

Utama, 2021 states that performance is a result of work or the level of success achieved by workers in their field of work which can be directly reflected in the output produced both in quantity and quality, according to the criteria applied to the job. SMK Muhammadiyah 7 (SMK MUTU) Gondanglegi Kab. Malang conducts performance appraisals every semester to evaluate the performance of its employees. The average performance data of SMK MUTU employees is described in the table below.

Table 1 Average data on employee performance at SMK MUTU

No.	Indicator	Average Performance		
		2023-2024 Odd	2023-2024 Even	2024-2025 Odd
1	Attendance Working Hours	98,3	95,4	95,6
2	MSG Activities	86,7	84,3	69,9
3	PPDB Activities	35,6	60,7	28,4
4	School Activities	85,7	83,5	70,7
5	Maghrib Prayer Assistance	77,2	75,7	71,3

Source: PSDM SMK QUALITY (2025)

Based on Table 1. shows the average performance of SMK MUTU employees every semester from 2023-2024 Gasal to 2024-2025 Gasal. One of the factors affecting the decline in performance is the level of employee attendance in participating in *Morning Spiritual* Gathering (MSG) activities and school activities that are still low and the achievement of contributions in successful activities for New Student Admission (PPDB) which is not optimal. This MSG activity is one of the organizational cultures that exist at SMK MUTU. This organizational culture is one of the assessment criteria in assessing employee performance at SMK MUTU. With the phenomenon of decreased employee performance, the organization needs to carry out coaching or programs that can provide motivation for employees to improve their performance. In an effort to improve performance, an institution needs to focus on the components of fulfilling employee needs.

Reward is used as one of the steps to fulfill employee needs in order to achieve the best quality point. Besides reward, punishment can also be used as a factor that can be used to improve employee performance. Through punishment that can provide a deterrent effect for employees who do not comply with organizational rules, punishment can be used as a factor in improving employee performance. Providing rewards and punishments sometimes cannot necessarily be used as a motivation for employees to improve their performance. Some employees see the leaders above them as motivation to improve their performance. In this case, leadership exemplary can be one of the factors that influence employee performance. Several previous studies (Purnomo, 2021), (Nasution & Utama, 2021), (Azwar, et al., 2022) mentioned that *reward* and *punishment* together (simultaneously) have a significant effect on performance. However, research (Octario, 2022) explains that *reward* and *punishment* have no effect on employee performance at PT Matahari Department Store 338 Palembang. According to research (Mathodah, 2019) explains that exemplary leadership (principal) has a positive and significant effect on teacher performance. (Supriatal & Mulyanto, 2023) also mentioned that exemplary leadership has a positive influence on employee performance. In contrast to the results of research (Ainiyah, 2020) which states that exemplary leaders have no significant effect on employee performance. (Dunggio, 2020) explains that there is a simultaneous and partial influence of organizational culture on employee performance. In contrast to research (Affandy & Hairudinor, 2024) which states that organizational culture has an insignificant effect on employee performance.

LITERATURE REVIEW

This study examines the relationship between reward, punishment, and exemplary leadership on employee performance with organizational culture as an intervening variable. This research refers to several previous studies that support and oppose the relationship between variables.

Reward and Employee Performance

Reward is considered a form of appreciation for employee contributions that have a positive impact on motivation and performance. Research by Purnomo (2021), Nasution & Utama (2021), and Azwar et al. (2022) show that rewards significantly improve employee performance. Likewise, Glarita and Brahmasari (2025) stated that the reward system has a significant effect on employee performance.

Punishment and Employee Performance

Punishment serves as a behavior controller and can increase discipline and responsibility. Gentari and Sunaryo (2022), and Daulina et al. (2024) prove that punishment has a significant effect on employee performance. However, the opposite result was shown by Octario (2022) who stated that there was no effect of reward and punishment on performance.

Exemplary Leadership and Employee Performance

Exemplary leadership includes integrity, quick decision making, and work enthusiasm. Mathodah (2019), Supriatal and Mulyanto (2023), and Agusria et al. (2020) found that exemplary leadership has a positive effect on performance. However, Ainiyah (2020) actually showed insignificant results.

Organizational Culture and Employee Performance

Several studies, such as by Dunggio (2020) and Surahman (2022), found a significant effect of organizational culture on performance. However, research by Fadude et al. (2019) and Affandy & Hairudinor (2024) did not find a significant relationship. In this study, organizational culture is not proven to mediate the relationship between rewards, punishments, and leader exemplary to employee performance.

Intervening Variable: Organizational Culture

This study also highlights the role of organizational culture as a mediator. The findings show that although reward, punishment, and leader exemplary have a direct effect on performance, organizational culture is not able to mediate the effect significantly. This is supported by Ramadhan (2024) who also stated that organizational culture does not act as a mediator between rewards and performance.

METHODS

The type of approach used by this research is a quantitative approach. The research methods used in this research are descriptive and verification methods. This study uses primary data through surveys or distributing questionnaires. This study used all employees at SMK MUTU with a total of 108 employees as the population. The sampling method or sampling in this study uses a saturated sample method or census (total sampling). The sample to be used as respondents in this study were all employees, totaling 108 employees.

This study uses two instrument quality tests, namely validity and reliability tests. The analysis technique uses descriptive analysis and hypothesis testing with Partial Least Square (SEM-PLS) with the warp pls 8.0 program.

RESULTS

Respondents

Research data were obtained from 108 employees of SMK MUTU with the characteristics summarized in table 2.

Table 2. Respondent Data

Variables	Total	Percent
<i>Gender</i>		
- Male	57	52,8
- Female	51	47,2
<i>Education</i>		
- SMA/SMK	16	14,8
- Diploma	5	4,6
- S1	77	71,3
- S2	10	9,3
<i>Length of Service</i>		
- < 2 years	12	11,1
- 2-5 years	22	20,4
- 5-10 years	24	22,2
- > 10 years	50	46,3
<i>Age</i>		
- 20-30 years	33	30,6
- 30-40 years old	29	26,9
- 40-50 years old	22	20,4
- > 50 years	24	22,2

Source: Processed questionnaire data, 2025

Table 2 shows data on respondents, namely employees of SMK MUTU who became the research sample of 108 people. Respondents of male and female gender are almost equal. Most respondents have a bachelor's degree, have a working period of more than 10 years, and vary in age.

Analysis

The results of testing the *outer model* used for validity and reliability testing are presented in table 3.

Table 3. Outer Model

Variable/Indicator	Outer Loading	Crombah Alpha	Composite Reliability	Conclusion
<i>Reward</i>		0,878	0,917	Reliable
- Salary/Bonus	0,926			Valid
- Welfare	0,742			Valid
- Career Development	0,918			Valid
- Psychological and Social Rewards	0,835			Valid
<i>Punishment</i>		0,877	0,925	Reliable
- Mild Punishment	0,885			Valid
- Medium Punishment	0,841			Valid
- Severe Punishment	0,960			Valid

Leadership Modeling - Knowledgeable - Belief in the Organization - Quick Decision Making - High Employability and Enthusiasm	0,879 0,807 0,917 0,874	0,893	0,926	Reliable Valid Valid Valid Valid
Organizational Culture - Innovation and Risk Taking - Attention - Results Orientation - People Orientation - Team Orientation - Aggressiveness - Steadiness	0,886 0,887 0,802 0,879 0,823 0,749 0,765	0,923	0,939	Reliable Valid Valid Valid Valid Valid Valid Valid
Employee Performance - Work Quantity - Quality of Work - Task Implementation - Responsibility	0,919 0,836 0,809 0,909	0,892	0,925	Reliable Valid Valid Valid Valid

Source: Processing Results, 2025

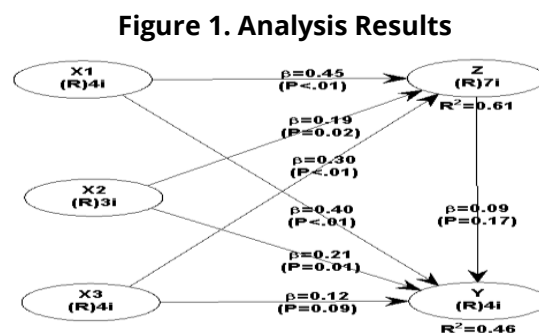
Almost all indicators on each variable are valid because they are greater than 0.7. All variables have also been reliable because they have met the cut off used in this study (*Cronbach alpha reward* 0.878; *punishment* 0.877; *exemplary leadership* 0.893; *organizational culture* 0.923 and *employee performance* 0.892 greater than 0.7 while *composite reliability reward* 0.917; *punishment* 0.925; *exemplary leadership* 0.926; *organizational culture* 0.939 and *employee performance* 0.925 greater than 0.8).

Table 4. Model Testing Index

Endogenous Variable	Cut of Value	Results Analysis	Model evaluation
R ²			
- Organizational Culture	≥ 0,20	0,61	Fit
- Employee Performance	≥ 0,20	0,46	Fit

Source: Processed Primary Data, 2025

The model is acceptable because all endogenous variables have an R square value greater than 0.2. The endogenous variable of organizational culture has an R square value of 0.61 or in a high / strong category while the endogenous variable of employee performance with an R square value of 0.46 is in the moderate category.



Source: Research data processed, 2025

Each path tested represents the hypothesis in this study. The path coefficient value can be seen in the following table.

Table 5. Path Coefficient Value

Flow	Type	Path coefficient	P-Value	Conclusion
<i>Reward</i> → Employee Performance	Direct	0,396	0,001	Significant
<i>Punishment</i> → Employee Performance	Direct	0,213	0,011	Significant
Leadership Exemplary→ Employee Performance	Direct	0,125	0,092	Significant
<i>Reward</i> → Organizational Culture	Direct	0,447	0,001	Significant
<i>Punishment</i> → Organizational Culture	Direct	0,188	0,021	Significant
Leadership Exemplary→ Organizational Culture	Direct	0,305	0,001	Significant
Organizational Culture→ Employee Performance	Direct	0,091	0,168	Non Significant
<i>Reward</i> → Organizational Culture→ Employee Performance	Indirect	0,041	0,274	Non Significant
<i>Punishment</i> → Organizational Culture→ Employee Performance	Indirect	0,017	0,401	Non Significant
Leadership Exemplary→ Organizational Culture→ Employee Performance	Indirect	0,028	0,341	Non Significant

Source: Processed research data, 2025

Table 5 shows the flow of influence between variables in the model. *Reward* affects employee performance, *punishment* affects employee performance, leadership exemplary affects employee performance. However, organizational culture has no effect on employee performance. Organizational culture does not mediate *reward*, *punishment*, and leadership exemplary to employee performance.

DISCUSSION

Inner model results show that most of the hypotheses in this study show a significant effect. A summary of hypothesis testing is presented in table 6 below.

Table 6. Summary of Hypothesis Test

No	Hypothesis	Path coefficients	P values	Conclusion
1	<i>Reward</i> has a significant effect on employee performance	0,396	0,001	Accepted
2	<i>Punishment</i> has a significant effect on employee performance	0,213	0,011	Accepted
3	Leadership exemplary has a significant effect on employee performance	0,125	0,092	Accepted
4	<i>Reward</i> has a significant effect on organizational culture	0,447	0,001	Accepted
5	<i>Punishment</i> has a significant effect on organizational culture	0,188	0,021	Accepted
6	Leadership exemplary has a significant effect on organizational culture	0,305	0,001	Accepted

No	Hypothesis	Path coefficients	P values	Conclusion
7	Organizational culture has a significant effect on employee performance	0,091	0,168	Rejected
8	<i>Reward</i> has a significant effect on employee performance with organizational culture as an <i>intervening</i> variable	0,041	0,274	Rejected
9	Punishment has a significant effect on employee performance with organizational culture as an <i>intervening</i> variable	0,017	0,401	Rejected
10	Leadership exemplary has a significant effect on performance with organizational culture as an <i>intervening</i> variable.	0,028	0,341	Rejected

The Effect of *Reward* on Employee Performance

Based on the results of testing and data analysis which shows that rewards have a significant effect on employee performance at SMK MUTU, it can be concluded that providing rewards to employees plays an effective role in improving employee performance. The provision of *rewards* in the form of salary/bonus, welfare, career development, psychological and social rewards has succeeded in creating a conducive work environment for employees to perform optimally. With the provision of rewards to these employees, these employees will feel valued and respected in an institution. With rewards, employees feel appreciated for the good performance that has been done. The results of this study are in line with the results of studies (Gentari and Sunaryo, 2022); (Daulina et al., 2024)Purnomo, 2021); ((Nasution & Utama, 2021) ; which state that *reward* and *punishment* variables have a positive effect on performance. Research (Azwar, et al., 2022); (Sari et al., 2021); (Endang et al., 2023) concluded that *reward*, *punishment*, and motivation have a significant effect on performance. Research (Glarita and Brahmasari, 2025) organizational culture, *reward system*, and *punishment* have a significant effect on employee performance. Research (Octario, 2022) states the opposite which states that *reward* and *punishment* have no effect on employee performance. Research (Suswardana, 2022) states that organizational culture and work environment affect performance, but *rewards* and job satisfaction have no effect on performance.

It is important for school management to continuously evaluate the types and mechanisms of *rewards* to keep them relevant and fair. Inappropriateness in *rewarding* can lead to demotivation or jealousy among employees. Therefore, rewards need to be based on objective, transparent and accountable performance indicators. Overall, the findings confirm that reward-based managerial strategies have positive implications for improving the MUTU of human resources at SMK MUTU, and should be considered as one of the priorities in employee development policies.

The Effect of *Punishment* on Employee Performance

Based on the second hypothesis, *punishment* affects employee performance. After testing and analyzing the data, the results obtained state that *punishment* has a significant effect on employee performance at SMK MUTU, proven to be true or H2 is accepted. This can be due to the aspects related to punishment that have been able to increase employee productivity at SMK MUTU. This result shows that disciplinary action or punishment that is applied appropriately can trigger an increase in employee responsibility and work productivity. The results of this study are in line with the results of research (Gentari and Sunaryo, 2022; Purnomo, 2021; Daulina, 2024; Nasution and Utama, 2021) which state that *reward* and *punishment* variables have a positive effect on performance. Research (Azwar, et al., 2022; Sari, et al., 2021; Endang, et al., 2023) concluded that *reward*, *punishment*, and motivation have a significant effect on performance.

Research (Glarita and Brahmasari, 2025) organizational culture, *reward system*, and *punishment* have a significant effect on employee performance. Research (Octario, 2022) states the opposite which states that *reward* and *punishment* have no effect on employee performance. In order for *punishment* to be an effective tool to improve performance, management needs to pay attention to several things such as clarity of rules and sanctions, each violation must have clear consequences and be socialized equally to all employees; consistency of application, punishment must be applied indiscriminately in order to create a sense of justice; coaching function, punishment should not only be punitive, but also educate and be directed at improving employee behavior.

The Effect of Leadership Exemplary on Employee Performance

Based on the test results and data analysis showing that leadership exemplary has a significant effect on employee performance, it can be concluded that good leadership exemplary plays a crucial role in improving employee performance. Aspects of leadership exemplary such as knowledgeable, belief in the organization, quick decision making, high work power and enthusiasm seem to have succeeded in creating a conducive work environment for employees to perform optimally. The results of this study are in line with the results of research (Fadude, et al., 2019) which states that leadership and competence have a positive effect on performance, but organizational culture has no effect on performance. Research (Agusria, et al., 2020) concluded that leadership, motivation, and work discipline have a significant effect on performance. Research (Mathodah, 2019) states that managerial competence and leadership exemplary have a significant effect on teacher performance. Research (Supriatal and Mulyanto, 2023) states that leadership exemplary affects performance through self-actualization. Research (Kustiani, et al., 2021) states that leadership style, organizational culture, and *rewards* affect work commitment. Research (Ernawati, et al., 2022) states that organizational culture, leadership, compensation, and organizational commitment affect performance. Research (Surahman, 2022) states that leadership and organizational culture have a significant effect on employee performance. Leaders who demonstrate integrity, hard work, and high commitment are able to build a strong organizational culture, where values such as responsibility, discipline, and high work ethic become part of employees' daily lives. However, it should be noted that leadership role models cannot be merely symbolic. Employees tend to respond to real behavior rather than verbal statements. Therefore, consistency between the leader's words and actions is key for the exemplary influence to be effective and sustainable.

The Effect of *Reward* on Organizational Culture

The test results showing that *reward* has a significant effect on organizational culture confirm the importance of rewarding in building a positive organizational culture. This confirms that the right reward system can strengthen positive values in the organizational culture at SMK MUTU. Organizational culture reflects the norms, values, beliefs, and behaviors that guide organizational members in working and interacting. Rewards that are given fairly, openly, and consistently encourage the formation of a work culture that is appreciative, healthy competitive, and oriented towards achieving high performance. The results of the study are in line with empirical studies conducted by Bandiyono, et al., (2021) which explain that *rewards* and *punishments* have a significant effect on employee discipline. Research (Kustiani, et al., 2021) states that leadership style, organizational culture, and *rewards* affect work commitment. Research (Indarti, 2023) revealed that *reward* and *punishment* have a significant effect on work culture. Research (Pranata, et al., 2022) states that *reward* and *punishment* have an effect on organizational commitment. To support the establishment of a positive organizational culture through *rewards*, SMK MUTU management can develop *reward* criteria based on organizational values (such as integrity, innovation, teamwork), provide *rewards* regularly and not only based on results, but also processes and behaviors, using a combination of financial and non-financial

rewards (e.g. public recognition, promotions, certificates). Thus, the reward system not only increases individual work motivation, but also strengthens a productive, adaptive, and sustainable organizational culture.

The Effect of *Punishment* on Organizational Culture

The test results showing that *punishment* has a significant effect on organizational culture confirm the importance of *punishment* in building a positive organizational culture. This means that a *punishment* system that is applied appropriately, fairly, and consistently can strengthen the formation of an organizational culture that is disciplined, responsible, and has integrity. In organizations, *punishment* functions as a means of controlling behavior that deviates from the prevailing values, norms, and rules. When violations of work ethics or organizational regulations are subject to appropriate sanctions, it will create clear behavioral boundaries and create a sense of justice and order among employees. The results of this study are in line with a study conducted by Bandiyono, et al., (2021) explaining that *rewards* and *punishments* have a significant effect on employee discipline. Research (Indarti, 2023) revealed that *reward* and *punishment* have a significant effect on work culture. Research (Pranata, et al., 2022) states that *reward* and *punishment* have an effect on organizational commitment. Research (Rahmah and Harahap, 2023) states that *punishment* and *perceived organizational support* affect work discipline, but training has no effect on work discipline. To maximize the role of *punishment* in shaping a positive organizational culture, the management of SMK MUTU can develop a clear code of ethics and work regulations that are understood by all employees, establish transparent and accountable sanctioning procedures, prioritize *punishments* that are coaching in nature, such as reprimands accompanied by direction or training, involving leadership elements in enforcing discipline so that exemplary behavior is realized. With this approach, *punishment* can function as an integral part of the managerial strategy to create a healthy, professional, and continuous improvement-oriented organizational culture.

The Effect of Leadership Exemplary on Organizational Culture

Based on the sixth hypothesis, leadership exemplary affects organizational culture. After testing and analyzing the data, the results obtained which state that leadership exemplary has a significant effect on organizational culture at SMK MUTU are proven to be true or H6 is accepted. This is due to the aspects related to leadership exemplary that have a positive impact on organizational culture at SMK MUTU. The results of this study are in line with an empirical study conducted by Supriatal and Mulyanto (2023) which states that leadership exemplary affects self-actualization. Research (Kustiani, et al., 2021) states that leadership style, organizational culture, and *rewards* affect work commitment. Research (Praditya, 2022) suggests that the company's knowledge-based manager by using a transformational leadership style and by using "ideal and inspirational influence" and by influencing employees through organizational culture increases innovation, organizational commitment, job satisfaction and employee health and ultimately increases organizational effectiveness in the organization. To strengthen organizational culture through leadership example, it can make organizational values the main guideline in leadership decision making, involve leaders in direct employee character development, encourage leaders to be open to evaluation and input in order to maintain the quality of example. With inspirational leadership and role models, the organizational culture of SMK MUTU will grow naturally and be embedded in every element of employee work.

The Effect of Organizational Culture on Employee Performance

Based on the seventh hypothesis, organizational culture affects employee performance. After testing and data analysis, the results show that organizational culture has no significant effect on employee performance. The seventh hypothesis (H7) in this study states that organizational culture affects employee performance. However, the results of testing and data

analysis show that the significance value of the relationship is not statistically significant. Thus, hypothesis H7 is rejected, and it can be concluded that organizational culture does not have a significant direct influence on employee performance at SMK MUTU. Several previous studies have shown the same results as this study. Research conducted by (Fadude, et al., 2019; Affandy and Hairudinor, 2024) shows the results of organizational culture have no significant effect on employee performance. The results of this study are different from research (Utami, et al., 2024; Glarita and Brahmasari, 2025; Dunggio, 2020; Suswardana, 2022; Luthfiana, 2024; Ernawati, et al., 2022; Surahman, 2023) which states that organizational culture has a significant effect on employee performance. This result is an important reflection for the management of SMK MUTU to reassess the effectiveness of the implementation of organizational culture, improve the socialization and internalization of organizational culture values in daily activities, link organizational culture values more tangibly with the reward system and performance evaluation. With these steps, it is hoped that organizational culture will not only become a slogan, but also be able to make a real contribution to improving employee performance in the future.

The Effect of *Reward* on Employee Performance with Organizational Culture as an *Intervening Variable*

Based on the eighth hypothesis, *reward* has a positive and significant effect on employee performance with organizational culture as an *intervening* variable. After testing and data analysis, the results stating that *reward* has a positive and significant effect on employee performance with organizational culture as an *intervening* variable are not proven or H8 is rejected. The results of this study are the same as the results of research (Ramadhan, 2024) which shows that organizational culture does not mediate the effect of *rewards* on employee performance. Although *rewards* can improve performance, organizational culture does not act as a mediator in this relationship. The results of this study are different from research (Anjas and Andriani, 2021) which states that organizational culture through the *reward* system has a direct and significant effect on employee performance. This means that organizational culture acts as a mediator that strengthens the effect of *rewards* on performance. This finding has important implications for the management of SMK MUTU. The *reward* system needs to be strengthened and aligned with the values of the organizational culture, so that rewards are not only transactional, but also educative and character building. Organizational culture needs to be internalized more deeply into the work system, so that it can become a collective foundation that directs work behavior in the long term. Re-evaluation of the role of rewards in shaping organizational culture needs to be done, for example by rewarding based on organizational values such as integrity, cooperation, or innovation. With this strategy, it is hoped that the relationship between rewards and organizational culture can be strengthened, and ultimately be able to encourage employee performance in a more sustainable manner.

The Effect of *Punishment* on Employee Performance with Organizational Culture as an *Intervening Variable*

Based on the ninth hypothesis, *punishment* has a positive and significant effect on employee performance with organizational culture as an *intervening* variable. After testing and data analysis, the results stating that *punishment* has a positive and significant effect on employee performance with organizational culture as an *intervening* variable are not proven or H9 is rejected. This means that organizational culture is not able to statistically bridge the influence of *punishment* on employee performance. Thus, hypothesis H9 is rejected. The results of this study are different from previous research. According to research (Indarti, 2023) the application of *reward* and *punishment* methods can increase the positive culture of the organization and have an impact on performance. Research (Yuliawan and Salain, 2023) states that organizational culture, *reward*, and *punishment* have a positive and significant effect on employee performance at PT. Manufaktur Jaya Bali. The results of research (Utami, et al., 2024)

state that *reward*, *punishment*, and organizational culture have a significant effect on performance. Research (Glarita and Brahmāsari, 2025) states that organizational culture, *reward system*, and *punishment* have a significant effect on performance. Although not explicitly testing the mediating role of organizational culture, these results indicate that organizational culture can strengthen the influence of punishment on performance. The rejection of H9 indicates that there needs to be adjustments in the way the organization applies punishment, so that it is in line with the work culture values that it wants to instill. Strategic steps that can be taken include integrating the punishment system into the framework of organizational cultural values, not just as an instrument of control, conducting transparent communication regarding the purpose and reasons for punishment, so that employees are not only afraid of being punished, but also understand the values that are violated, involving work culture values when setting standards of behavior and consequences, so that punishment has an educative effect while strengthening organizational culture.

The Effect of Leadership Exemplary on Employee Performance with Organizational Culture as an *Intervening Variable*

Based on the tenth hypothesis, leadership exemplary has a positive and significant effect on employee performance with organizational culture as an *intervening variable*. After testing and data analysis, the results stating that leadership exemplary has a positive and significant effect on employee performance with organizational culture as an intervening variable are not proven or H10 is rejected. This means that organizational culture is not proven to be a mediating variable between leadership exemplary and employee performance in the context of this study. Although leadership exemplary directly may have an influence on performance, the indirect path through organizational culture is not strong enough to show a mediating relationship. The results of this study are the same as the results of Ritonga's research (2019). This study shows that leadership exemplary has a direct effect on employee morale, but does not test the role of organizational culture as a mediator. This indicates that the influence of leadership exemplary on performance may not be through organizational culture. Research (Fadude, et al., 2019) states that leadership and competence have a significant effect on performance, but organizational culture has no effect on performance. The results of this study are different from some previous studies. The results of research (Ernawati, et al., 2022) state that organizational culture, leadership, work compensation, and organizational commitment affect employee performance. Research (Surahman, 2022) states that leadership and organizational culture have a significant effect on teacher performance. Research (Agusria, et al., 2020) explains leadership, motivation, and work discipline affect performance. Research (Supriatal and Mulyanto, 2023) states that leadership exemplary has a positive effect on performance through self-actualization. Research (Kustiani, et al., 2021) states that leadership style, organizational culture, and rewards have a significant effect on work commitment. Efforts to strengthen organizational culture must involve more than just leadership example, but need to be accompanied by a value system, rules, and consistent habituation at all levels of the organization. Leadership exemplary should be maintained, but it is necessary to ensure that the values exemplified are also internalized by the organizational system so that they can become part of the collective work culture. The analysis shows that organizational culture cannot mediate the relationship between leadership exemplary and employee performance, so the tenth hypothesis (H10) is rejected. Thus, although leadership exemplary is important, its effect on performance does not automatically work through the formation of organizational culture, but may be through direct mechanisms or other factors not examined in this study.

CONCLUSION

Based on the research findings that have been described, the conclusions in this study are that reward has a positive and significant effect on employee performance at SMK MUTU, punishment has a positive and significant effect on employee performance at SMK MUTU, leadership exemplary has a positive and significant effect on employee performance at SMK MUTU, reward has a positive and significant effect on organizational culture at SMK MUTU, punishment has a positive and significant effect on organizational culture at SMK MUTU, leadership exemplary has a positive and significant effect on organizational culture at SMK MUTU, organizational culture has no significant effect on employee performance at SMK MUTU, reward has no significant effect on employee performance at SMK MUTU with organizational culture as an intervening variable, punishment has no significant effect on employee performance at SMK MUTU with organizational culture as an intervening variable, leadership exemplary has no significant effect on employee performance at SMK MUTU with organizational culture as an intervening variable. Based on the above conclusions, suggestions that can be made by the management of SMK MUTU include strengthening the reward system that is fair, transparent, and relevant to performance, applying punishment proportionally and educationally, strengthening the role of leadership role models who are more consistent in showing exemplary behavior that is in line with organizational values. For future researchers, they can conduct further research on other factors that may affect performance and organizational culture, examine more deeply the relationship between rewards, punishment and leadership exemplary on employee performance with other mediating variables.

LIMITATION

1. Limited Scope

This research was only conducted at one educational institution, namely SMK MUTU Gondanglegi, so the results may not necessarily be generalized to other organizational contexts.

2. Limited Intervening Variables

Organizational culture was used as the only intervening variable. In fact, other factors such as job satisfaction, intrinsic motivation, or organizational climate may have a stronger mediating role.

3. Quantitative Data Only

The approach used is purely quantitative, so it does not capture the nuances or deep perceptions of employees that may contribute to their performance. The use of qualitative methods such as in-depth interviews or observations could have enriched the results.

4. Cross-sectional Design

Research is conducted at a single point in time, so it cannot capture changes in the dynamics of relationships between variables over time.

5. Did Not Test Other Contextual Factors

The study did not test the influence of contextual factors such as institutional ownership, managerial policies, or social conditions that might affect the effectiveness of rewards, punishments, and leader example.

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