

## ***ABSTRACT***

*This study aims to analyze the effect of reward and punishment on employee performance with work discipline as an intervening variable. The study consists of four variables, namely two independent variables, one dependent variable, and one intervening variable. The independent variables in this study are reward and punishment. The dependent variable is employee performance, while the intervening variable is work discipline. This research was conducted on employees of PT. Adi Teknik Mandiri, a manufacturing company engaged in the transportation component industry*

*The population of this study comprised all employees of PT. Adi Teknik Mandiri. The sampling technique used was purposive sampling, resulting in 150 respondents. Data were collected through the distribution of questionnaires directly to permanent and contract employees of PT. Adi Teknik Mandiri. The data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS), which was processed using SmartPLS 4 software. The results indicate that reward has a positive and significant effect on employee performance, punishment has a positive and significant effect on employee performance, reward has a positive and significant effect on work discipline, punishment has a positive and significant effect on work discipline, and work discipline has a positive and significant effect on employee performance. Furthermore, work discipline is proven to significantly mediate the effect of reward on employee performance as well as the effect of punishment on employee performance.*

*Keywords: Reward, Punishment, Work Discipline, Employee Performance.*