

The Influence of Compensation and Work Motivation on **Employee Performance at PT. XYZ**

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Abstract. This research aims to determine the influence of compensation and work motivation on the performance of PT XYZ employees. This research is a type of quantitative research. The population of this research is all 2123 employees of PT XYZ. The sample used was calculated using the Hair et al Formula with a total of 110 respondents. The sampling technique used was simple random sampling. The data analysis technique used is multiple linear regression analysis. The research results show that compensation (X1) has a positive and significant effect on employee performance with a coefficient value of 0.345. Work motivation (X2) has a positive and significant effect on employee performance with a coefficient value of 0.200.

Keywords: Compensation, Work Motivation, Employee Performance.

1 Introduction

Every company requires resource human being quality to achieve target and company goals. More quality resource human being is inside a company then power company competitiveness it will increase. Succeed whether or not something company usually known of ability the company in doing resource management human power already owned by the company so that everything that goal desired can be achieved. To achieve company goals not only depending on facility equipment and infrastructure complete but also must have vision and mission of the company to achieve goals and the target.

PT. XYZ is a company which moves in manufacturing of course has a source Human Power (HR) is sufficient a lot with skill level and education diverse variety with position level starting from employee upper level to employee lower level. With the number which is very many companies of course you want to All Transactions which goes deep the company is running smoothly.

Based on Interview result pre-research done by researchers, can be known that total Product sale PT. XYZ on 3 months last experience decline. Compensation which are given at the company this still is classified as very less, because para's needs everyday employees of course very a lot, considering more the employees which are already get married then providing compensation which is lacking with work sufficient release energy a lot still included unreasonable for all employees in PT. This XYZ. Besides lack of compensation, employees yet ever received there is a motivational boost work from that company Alone. Employee feel from superiors ignored it an encouragement that motivation in fact very important for given to each employees because motivation is

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Something that actually necessary by para employees in order could be more passionate about implementing work And for progress company.

2 Literature Review

2.1 Employee Performance

In below are definitions about performance disclosed employees by some expert, as following: According to Mangkunegara (2016:67) terms performance comes from from the word job performance or actual performance (work performance or achievement actually that achieved by someone). Performance conceptually according to Mangkunegara is work result in quality and quantity achieved by an employee in implementing the task is appropriate responsibly answer that given to her. Furthermore according to Edison (2016:190) that performance is result of a process which refers and measured during the period certain time based on provisions or agreement which has set previously.

2.2 Compensation

Problem sensitive compensation because of being someone's driving force to work also influential towards morals and discipline labor. Therefore that every company/organization wherever it should be can provide compensation balanced with workload which is carried labor. As for compensation according to the experts.

2.3 Work Motivation

Motivation in terms of management science is a function or tight tool connection with human as people mover to want tocarry out activities organizationally volunteer. For leader organization of management activities important in improve the performance order organization activities performed by para subordinates can support to directionof achievement goals effectively and efficient. Therefore every leader always trying provide motivation to his subordinates even though on in fact always experiencing difficulty remembering people have a desire and needs different ones.

3 Methodology

In this research, researchers use types of research quantitative. Type that approach used is explanatory research research. According to Sugiyono (2017), explanatory researchis research methods purpose for describe the position of a number variables studied and influence between variables one with other variables. Main reason researchers use research methods explanatory research is use do testing to the hypothesis submitted, then it is expected from research this can explain the relationship and intermediate influences independent variable and tied which exists in the hypothesis.

3.1 Population and Sampling Techniques

According to Sugiyono (2017), population is an area consisting generalizations from the object/subject which has quality as well certain characteristics that determined by utility researcher studied then then conclusions are drawn. Research population this is all employees from PT XYZ who are members of DH2 management totaling 2123 people.

According to Sugiyono (2017), sample is part of the amount and characteristics which are owned by population the. Determination the sample size is calculated based on the opinion of Hair et al (2017), namely 5 - 10 times the number of indicators used. Thus, the total sample used in this research, namely 11 indicators x 10, is 110 people.

Method sample determination in research this uses probability techniques samplingwith simple method random sampling namely the determination method respondents to used as a sample The selected randomly, where every member population has that opportunity the same for being selected become sample.

3.2 Data Types and Sources

Type deep data This research is divided into two kind of primary data and data secondary.

a. Data primary is a data type which was taken go straight to the source mainly. In this matter primary data obtained from distributing questionnaires. Questionnaire is technique data collection which is done with how to give a number of questions or statement written to respondents to he answered. In a questionnaire, therein there are questions which is formulated to get information from respondents as complete as possible.

b. Data secondary is a data type obtained not from primary sources but obtained from books, journals and websites. Secondary data was obtained through literature study. Literature study is the acquisition of data from books, journals, websites, archives which helps strengthen the data resulting from questionnaire analysis. So this data is used to sharpen research results. Through this data collection technique, researchers search data regarding things or variable that in the form of notes, transcript, books, letters news, magazines and others.

3.3 Variable Operationalization Data Analysis Techniques

Data Instrument Test

Reliability Test. Instrument reliability is instrument which if used several times to measure object which same, will generate data the same one. In research here, test it instrument reliability performed with internal consistency who tried it instrument at all course, then that data obtained are analyzed with technique certain. Results can be analyzed used for predicting instrument reliability. Reliability testing instruments can done using SPSS 24 help. Reliability test done by using method Cronbach Alpha.In this

method which item just valid enter testing. To determine what is the instrument reliable or do not use limitations less reliability of 0.6 is less Good. Whereas 0.6 to 0.79 can accepted and above 0.87 to 1 is good (have consistency tall one (Ghozali, 2018).

Test Validity. Test validity is instrument test data for know how much be careful inner items measure what who want be measured. Items can be said valid if there is a correlation which is significant with the total score, this matter shows that it exists support the item in expressing Something that want to express. Items usually in the form of questions shown to respondents with using a questionnaire with the aim of reveal something.

In research this is validity instrument tested by using SPSS 24 help with method score correlation item with total score product moment (person). Analysis done to all items instrument. If less significance from 0.05 then items valid. If significantly more of 0.05 then items no valid (Ghozali, 2018).

Classic Assumption Test. Assumption testing classic necessary done for test whether regression model used in research this is good or not to use. So testing classic assumption This aims to produce a model the regression good (Sugiyono, 2016). Test classic assumption used consist of:

Test Normality. Test normality aims for what in model regression, variable bully or residual has normal distribution or not. Regression models the good one is to have normal data distribution or close to it normal. Test normality which used in this research is a test Kolmogorov-Smirnov (KS). In the KS test there is a basis for decision making as follows:

1. If significant value ≤ 0.05 then data distribution No normal.

2. If significant value > 0.05 then data distribution normal. b) Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should have no correlation between independent variables. To detect the presence or absence of multicollinearity in the regression model by looking at the tolerance value > 0.10 and the opposite, the Variance Inflation Factor (VIF) value < 10 means the data does not have multicollinearity problems. c) Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model has unequal variances from the residuals of one observation to another observation. If the variance from the residual from one observation to another is constant, it is called homoscedasticity and if it is different, it is called heteroscedasticity. A good regression model is one that is homoscedastic or where heteroscedasticity does not occur. To detect the presence or absence of heteroscedasticity, use the Glejser test. This test proposes to regress the absolute value of the residual against the independent variable. According to Ghozali (2018), probability results are said to be significant if the significance value is above the error level used in the research, namely above 5% (0.05). So, if the independent variable statistically significantly influences the dependent variable, then there is an indication of heteroscedasticity. On the other hand, if none of the independent

variables statistically significantly influences the dependent variable, then it can be concluded that the regression model does not contain heteroscedasticity.

Hypothesis Testing

Multiple Linear Regression Analysis. Multiple linear regression analysis is used to predict what the condition (up and down) of the dependent variable will be like, if one independent variable as a predictor factor is manipulated (its value increases and decreases). This multiple linear regression model was chosen to be used because this research is to examine the effect of the independent variable on the dependent variable. The formulation of the simple linear regression model in this research is as follows:

= α + b11 + b22 + e Y= Employee Performance X1 = Compensation X2 = Work Motivation α = constant b1, b2 = Coefficients of X1, X2 e = Interference/error variable

 R^2 Test (Coefficient of Determinant). The coefficient of determination (R2) aims to measure the extent of the model's ability to explain variations in the dependent variable. The coefficient of determination value is between zero and one. A small determination value means that the ability of the independent variables to explain variations in the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict 22 variations in the dependent variable. If the adjusted R2 value is negative, then the adjusted R2 value is considered to be zero.

T Test. The t statistical test aims to measure how much influence an independent variable individually has in explaining variations in the dependent variable. The t test is used to partially determine whether the independent variable has a significant effect on the dependent variable. The decision making method in the t test is as follows:

1) 1st basis for decision making

If the p-value > level of significance (0.05) then H0 is accepted, meaning the research independent variable has no significant effect on the dependent variable.

2) 2nd basis for decision making

- If the value of tcount > ttable then H0 is rejected and conversely Ha is accepted
- If the value of tcount \leq ttable then H0 is accepted and conversely Ha is rejected

F Test or Model Feasibility Test. The model feasibility test or F test is used to find out whether the regression model can be used to predict the dependent variable(Ghozali, 2018). If the significant probability value is ≤ 0.05 or 5%, the independent variable will

have a simultaneous or joint effect on the dependent variable. If the significant probability value is > 0.05 or 5% that the independent variable does not influence simultaneously or jointly on the dependent variable (Ghozali, 2018) and it can also be seen from if the calculated F value < F table, then Ho is accepted, if the F value count > F table, then H1 is accepted.

4 Research Results

4.1 Characteristics of Respondents Based on Gender

Gender	Frequency	Percentage
Man	45 people	40.9%
Woman	65 people	51.9%
Total	110 people	100%

 Table 1. Characteristics of Respondents Based on Gender

Source: Data processing results, 2023.

Based on Table 4.1 above, it can be seen that the majority of respondents in this study were female with a total of 65 people or 51.9% while the remaining 45 people were male or 40.9%. Thus, it can be seen that the majority of employees from PT XYZ in this study are women.

4.2 Characteristics of Respondents Based on Age

Table 2. Characteristics of Respondents Based on Age

Age	Frequency	Percentage
18 – 24 years old	45 people	40.9%
25 – 31 years old	36 people	32.7%
32 – 38 years old	18 people	16.3%
39 – 45 years old	6 people	5.4%
> 45 years	5 people	4.5%
Total	110 people	100%

Source: Data processing results, 2023.

Based on Table 4.2 above, it can be seen that the majority of respondents in this study were aged between 25 - 31 years, namely 45 people or 40.9%, while the smallest number of respondents were aged > 45 years, namely 5 people or 4, 5%. Thus, it can

be seen that the majority of employees from PT XYZ in this study are aged 25 - 31 years.

4.3 Characteristics of Respondents Based on Education Level

SENIOR HIGH SCHOOL	15 people	13.6%
Diploma	32 people	29.1%
S1	54 people	54.7%
S2	7 people	6.4%
S3	2 persons	1.8%
Total	110 people	100%

Table 3. Characteristics of Respondents Based on Type of Work

Source: Data processing results, 2023.

Based on Table 4.3 above, it can be seen that the majority of respondents in this study had a final education level of S1, namely 54 people or 49.1%, while the respondents with the smallest number had a final education level of S3, namely 2 people or 1.4%. Thus, it can be seen that the employees at PT XYZ.

4.4 Instrument Test Results

Reliability Test. Reliability testing was carried out using the Cronbach Alpha method. In this method only valid items enter the test. To determine whether an instrument is reliable or not, use a limit, namely reliability of less than 0.6 is not good.

Meanwhile, 0.6 to 0.79 is acceptable and above 0.87 to 1 is good (has high consistency (Ghozali, 2018). The following are the results of the reliability test on the questionnaire statement items used:

Variable	Cronbach'sAlpha value	Condition	Decision
Compensation (X1)	0.962	> 0.60	Reliable
Work Motivation (X2)	0.934	> 0.60	Reliable
Employee Performance (Y)	0.913	> 0.60	Reliable

Table 4. Reliability Test Results

Source: Data processing results, 2023.

Based on Table 4.4 above, it can be seen that all questionnaire statement items in this study have Cronbach's alpha values above 0.60. Therefore, it can be seen that all statement items in this research are reliable. The Cronbach's alpha value obtained is in the range 0.87 to 1, so the statement items in this study are good (have high consistency).

Validity Test. In this research, the validity of the instrument was tested using SPSS 24 with the correlation method of item scores with the total product moment (person)

score. Analysis was carried out on all instrument items. If significance is less than 0.05 then the item is valid. If the significance is more than 0.05 then the item is invalid (Ghozali, 2018). The following are the results of the validity test carried out on the questionnaire statement items:

Variable	Item No	Product Mo- ment Correla- tion	Condition	Decision
Componentian (V1)	1	0,000	0.05	Valid
Compensation(X1)	2	0,000	0.05	Valid
	3	0,000	0.05	Valid
	4	0,000	0.05	Valid
	5	0,000	0.05	Valid
	6	0,000	0.05	Valid
	7	0,000	0.05	Valid
	1	0,000	0.05	Valid
Work Motivation (X2)	2	0,000	0.05	Valid
	3	0,000	0.05	Valid
	4	0,000	0.05	Valid
	5	0,000	0.05	Valid
	6	0,000	0.05	Valid
-	7	0,000	0.05	Valid
	1	0,000	0.05	Valid
Employee Perfor-	2	0,000	0.05	Valid
mance(Y)	3	0,000	0.05	Valid
	4	0,000	0.05	Valid
ľ	5	0,000	0.05	Valid
	6	0,000	0.05	Valid
	7	0,000	0.05	Valid

 Table 5.
 Validity Test Results

Source: Data processing results, 2023.

Based on Table 4.5 above, it can be seen that all statement items used in this research variable, namely compensation (X1), work motivation (X2), and employee performance (Y) have a significance value of 0.000. This value is smaller than the alpha value used in this research, namely 0.05. So therefore, can be known that all statement items used in this research are valid, so they can be used for research.

4.5 Classic Assumption Test Results

The classical assumption tests used in this research consist of normality tests, multicollinearity tests, and heteroscedasticity tests. The following are the results of the classical assumption test:

Normality Test

The normality test is used to determine whether the data is normally distributed or not. Regression is said to have a normal residual data distribution if the Kolmogorv-Smirnov test results have a significance level of > 0.05. The following are the results of the normality test on the model used.

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Ν		110
Normal Parameters, b	Mean	.0000000
	Std. Deviation	1.94521985
Most Extreme Differences	AbsolutePosi-	,110
	tive	,081
	Negative	110
Ν		110
Normal Parameters, b	Mean Std. Deviation Absolute Posi- tive	
Most Extreme Differ-		.0000000
		1.94521985
ences		,110
		,081
	Negative	110

Table 6.	Normality	Test Results
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Source: Data processing results, 2023.

Based on the normality test carried out, it can be seen that the asymp. Sig. (2-tailed) is 0.200, which means it is greater than the significance level used, namely 5% (0.05). Thus, it can be said that the data in this study is normally distributed.

Multicollinearity Test. To detect whether there is multicollinearity in the regression model, this is done by looking at the Tolerance value and its opposite Variance Inflation Factor (VIF). A regression model is said to have multicollinearity if the tolerance value is <0.10 while the VIF value is > 10. The following are the results of the multicollinearity test carried out using SPSS software:

Model Constant		Constant Zero Order C		Collinearity Statistics			
widdei	Constant	Zero Order	Partials	Part	Tolerance	VIF	
1	Compensation	,926	,697	,350	,198	4,355	
	Work motivation	,865	.304	,115	,232	4,985	

Table 7. Multicollinearity Test Results

Source: Data processing results, 2023.

Based on the multicollinearity test carried out, it can be seen that the tolerance value of each independent variable has a value of more than 0.10 and the results of calculating the variance inflation factor (VIF) value alsoshow that the result for each independent variable is less than 10. Thus, it can be seen that in the model In the regression used, there is no correlation between the independent variables.

Heteroscedasticity Test. The purpose of heteroscedasticity testing is to find out whether in a regression model there is an inequality of variance from the residuals of one observation to another. The following are the results of the heteroscedasticity test carried out using SPSS software:

Model		Unstan	dardized Coefficients	Standardized	+	Q: a
		В	Std. Error	Coefficients	L	Sig.
1	(Constant)		1,094 ,571		1,917	,059
	Compensation	.026	,025	,262	1,068	,370
	Work motivation		088 ,095	230	935	,256

Table 8. Heteroscedasticity Test Results

Source: Data processing results, 2023.

Based on the heteroscedasticity test carried out, it can be seen that the significance value of each independent variable exceeds the alpha value used in this research, namely 5% or 0.05. Thus, it can be seen that the data in this study do not contain symptoms of heteroscedasticity.

4.6 Multiple Linear Regression Results

The following are the results of the multiple linear regression analysis that has been carried out:

Table 9. Results of Multiple Linear Regression Analysis

Model	Unstan	dardized Coefficients	Standardized	+	Sia
	В	Std. Error	Coefficients	ι	Sig.

1	(Constant)	,732	,837		,833	.408
	Compensation	,345	,036	,719	7,957	,000
	Work motivation	,200	,139	,236	2,614	,000

Source: Data processing results, 2023

Based on the table above, it can be seen that the regression equation obtained is as follows:

$$Y = 0.732 + 0.345X1 + 0.200X2 + e$$

Based on the regression equation above, it can be seen that the constant value is 0.698, which means if the valuecompensation (X1), and work motivation (X2) is zero, then it can be predicted that employee performance will be 0.732. Coefficient value of compensation (X1) of 0.345, which means the relationship between compensation (X1) with employee performance (Y) also positive. This shows that if compensation (X1) received by PT XYZ employees increase of 1 unit will result in an increase in employee performance (Y) of

0.345. Vice versa. Coefficient value of work motivation (X2) of 0.200, which means the relationship betweenwork motivation (X2) with employee performance (Y) also positive. This shows that if work motivation (X2) from PT XYZ employeesan increase of 1 unit will result in an increase in employee performance (Y) of 0.200. Vice versa. Work motivation (X2) is the variable that has the largest coefficient value compared to other independent Based on the heteroscedasticity test carried out, it can be seen that the significance value of each independent variable variables. Therefore, work motivation has the greatest influence on the performance of PT XYZ employees.

Hypothesis Test Results

T-Test. In this research, the t test was also carried out by comparing the significance value of each variable with the alpha value where the decision was made as follows:

a. If the sig value. ≤ 0.05 then Ho is rejected and Ha is accepted b. If the sig value. > 0.05 then Ho is accepted and Ha is rejected The following are the results of hypothesis testing carried out:

Model		Unstan	dardized Coefficients	Standardized	+	Qi.a.
		В	Std. Error	Coefficients t		Sig.
1	(Constant)	,732	,837		,833	.408
	Compensation	,345	,036	,719	7,957	,000
	Work motivation	,200	,139	,236	2,614	,000

Table 10. Hypothesis Test Results

Source: Data processing results, 2023

Based on the table above, the results of hypothesis testing can be seen as follows:

- a. Compensation (X1) has a significance value of 0.000, which is smaller than 0.05. Therefore,can be knownthat compensation (X1) influences employee performance (Y).
- b. Work motivation (X2) has a significance value of 0.000, which is smaller than 0.05. Therefore, can be knownthat work motivation (X2) influences employee performance (Y).

F-Test. The model feasibility test or F test is used to find out whether the regression model can be used to predict the dependent variable (Ghozali, 2018). If the significant probability value is ≤ 0.05 or 5%, the independent variable will have a simultaneous or joint effect on the dependent variable. The following are the results of the F test:

Table 11. F Test Result

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Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1594,856	2	797,428	224,856	.001b
	Residual	237,487	67	3,545		
	Total	1832,343	69			

Source: Data processing results, 2023.

Based on the table above, it can be seen that the significance value obtained is 0.001, which is smaller than the significance value used, namely 0.05 (5%). Therefore, can be knownthat compensation and work motivation jointly influence employee performance. Apart from that, this also shows that the regression model can be used to predict thedependent variable

Coefficient of Determination. The following are the results of testing the coefficient of determination:

			Adjusted R	Std. Error of the
Model	R	R Square	Square	Estimate
1	.956a	,850	,867	1,883

Table 12. Coefficient of Determination Test Results

Based on the results of the coefficient of determination test above, it can be explained as follows:

- R value = 0.956, where the number explains the relationship betweencompensation (X1), and work motivation (X2) with employee performance variables (Y)can be knowninterconnected by 0.956 correlation which is classified as a very strong correlation.
- b. R Square value = 0.850 where this number explains the variable compensation (X1), and work motivation (X2) can explain the employee performance variable

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(Y) of 0.850 or a percentage of 85%. while the remaining 15% is influenced by other variables not included in this study

5 Discussion

5.1 Effect of Compensation on Employee Performance

Based on the results of research carried out by distributing questionnaires to 110 respondents of PT XYZ employees, it can be seen that compensation(X1) has an influence on employee performance. The coefficient obtained is 0.345, where this number is positive, so the relationship between compensation (X1) and employee performance is also positive. This means that the greater the compensation provided by PT XYZ to its employees, the higher the resulting employee performance will be. On the other hand, if the compensation provided by PT XYZ is small, the performance of its employees will be lower.

One way for management to improve work performance, motivate and increase employee job satisfaction is through compensation. In simple terms, compensation is something that employees receive as compensation for their work. Simamora said that financial compensation is important for employees, because with this compensation they can meet their needs directly, especially their physiological needs. However, of course employees also hope that the compensation they receive is in accordance with the sacrifices they have made in non-financial form which is also very important for employees, especially for their career development (Jakson, 2014).

The existence of good financial and non-financial compensation in the company will have a positive impact on the company. If employees receive compensation in accordance with what they have done within the company, employees will tend to do their best for the company. However, if employees feel that the compensation provided by the company is not in accordance with the contribution they have made to the company, then the employee's performance tends to be less than optimal in carrying out their duties and responsibilities for the company (Handoko, 2014).

The results of this research are also in line with research by Desfitriady & Pandini (2023), Rika & Suci (2022), Heriyanto (2022) and Sularmi (2018) which shows that compensation has a positive influence on employee performance.

5.2 The Effect of Work Motivation on Employee Performance

Based on the results of research conducted by distributing questionnaires to 110 PT XYZ employee respondents, it can be seen that work motivation(X2) has an influence on employee performance. The coefficient obtained is 0.200, where this number is positive, so the relationship between work motivation (X2) and employee performance is also positive. This means that the higher the work motivation of PT XYZ employees, the higher the employee performance will be. On the other hand, if the work motivation of PT XYZ employees is low, the performance of the employees there will be even lower.

Motivation is a desire within a person that causes that person to take action. A person often takes action to achieve a goal. Motivation asks how to encourage subordinates' enthusiasm for work, so that they are willing to work hard by giving all their abilities and skills to realize the company's goals.

A person's motivation begins with needs, desires and the urge to act to achieve needs or goals. This indicates how strong the drive, effort, intensity and willingness to make sacrifices is to achieve the goal. In this case, the stronger the drive or motivation and enthusiasm, the higher the performance.

Mangkunegara (2015) stated that the factors that influence performance are ability factors and motivation factors.

Meanwhile, Hasibuan (2017) stated that the performance that companies seek from a person depends on the ability, motivation and support the individual receives. According to Desfitriady & Pandini (2023) there is a positive relationship between motivation and performance and achievement, meaning that employees who have high achievement motivation tend to have high performance, whereas those who have low performance are likely to have low motivation. Research by Rika & Suci (2022) also tested the relationship between motivation and employee performance, that work motivation has a positive effect on employee performance.

The results of this research are also in line with research by Desfitriady & Pandini (2023), Rika & Suci (2022), Heriyanto (2022) and Sularmi (2018) which shows that work motivation influences employee performance.

6 Conclusion

Based on the results of the research that has been carried out, this research has reached several conclusions, namely as follows:

- a. Compensation (X1) has a positive and significant effect on employee performance with a coefficient value of 0.345. This means that the greater the compensation given by PT XYZ to its employees, the higher the employee performance will be. Vice versa.
- b. Work motivation (X2) has a positive and significant effect on employee performance with a coefficient value of 0.200. This means that the higher the work motivation that employees have, the higher the performance of PT XYZ employees will be. Vice versa.

Sugestion

Some suggestions that can be made based on the research results obtained are as follows:

1. Managers are expected to be able to increase employee work motivation well. This is because work motivation is a variable that has a greater influence on performance formation.

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2. Future researchers can add other variables not included in this research and use more different data analysis techniques, such as using moderating variables such as leadership style.

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