

# The Role of Competence and Work Loyalty in The Bandung City Champion Market

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## Abstract

The purpose of this study is to gather empirical evidence about the effects of work motivation and competence on employee loyalty, as well as the relationship between work motivation and competence, in Pasar Jaya Office Area 7, Bandung City. This study's research design was quantitative. All of the participants in this study were staff members of Bandung City's Pasar Jaya Office Area 7. and the goals are skill, motivation for the job, and staff loyalty. This research was a population study because the 40 employees who made up the study's population were all employed as the observational unit. Direct interviews, document recording, questionnaires, and path analysis were the methods used to gather and analyse the data. The study's findings show that job motivation and competence both positively impact employee loyalty. job motivation positively impacts employee loyalty.

**Keywords:** Skill, Motivation At Work, And Loyalty

## Introduction

Market Jaya, a BUMD of the DKI Bandung Provincial Government, is a part of a more competent regional company that continues to push for advancement in the market business in DKI Bandung. This is very reasonable and has growing benefits in its role and contribution in the context of efforts to develop Market Jaya's contribution. The market keeps expanding with time. At first, the market served as a venue for direct communication between vendors and consumers. However, as time went on and consumer demand increased, the market expanded to serve more purposes than just serving as a meeting place for vendors and consumers. Hence, the market is an exact and sophisticated commercial object where the primary goal is client satisfaction, or serenity and happiness.

The city of Bandung is experiencing tremendous population increase, which has an impact on public spaces and facilities as well as regulations and municipal planning. The availability of markets, facilities, and markets is another aspect of citizens' access to facilities and pre-facilities. The DKI Bandung Regional Government's Regional Owned Enterprise (BUMD), the Regional Public Company Market Jaya, places emphasis on its capacity to generate Regional Original Income (PAD) rewards that benefit people and regional economic movements that can produce social ambassadors. Productive employee human resources are crucial to Market Jaya's rapid development because the quality of human resources is an issue for the firm's performance in the presence of a company that is the pride of the regional treasury. The workforce, which is the primary resource during development, is the quality of human resources. The best work impacts can be produced by high-quality labour force factors in line

with the objectives of the workplace. Humans are the company's most valuable resource since they possess the aptitude, vigour, and inventiveness required to meet and surpass its goals. Despite the fact that human resources have various needs, they will be met. Employees' willingness to meet these needs might inspire them to take action, which may include completing regular chores at work. Competence is fundamental to human resources since it pertains to the fundamental human intellect required to perform tasks.

A person's competency can be determined by evaluating how well they work; this indicates that an employee must possess a certain quality because competence, knowledge, and abilities are typically observable. Each employee aspires to perform more productively in accordance with their aptitudes and abilities. In order for workers to properly perform their jobs and contribute the most to the advancement of the business. Since motivation is what propels someone to perform an action, it is invariably combined with an element that propels an individual's attitude. Actually, there are elements in every action a person takes that provide the catalyst for the work flow. Therefore, a person's needs and desires are typically what motivate them to be able to perform a certain task. Employee work motivation provides insight into the performance of the company. Workplace motivation, which is influenced by paying employees fairly, is demonstrated by how well they execute in their job obligations. It is ideal for employees' abilities and skills as well as their work motivation to be able to boost performance if the organisation places more emphasis on compensation. This will raise employee job satisfaction. Marketing is a key component in helping dairy industry participants boost their sales volume.

When this competency is applied well, it will lead to the development of work motivation or encouragement for employees who are willing to take on responsibility. Additionally, work performance will improve, and there will be opportunities to advance towards recognition of improved performance, particularly in the very Area 7 environment. It necessitates quickness and adaptability to work duties that come in quickly from head office. Competency/competition, skills, and employee performance motivation will all be necessary for leaders to inspire high levels of loyalty and employee attitudes that adhere to rules, take responsibility, collaborate well, and feel a sense of ownership for the business, thereby fostering positive working relationships. But there haven't been any attempts to raise the calibre of excellent human resources up to this point. Employees at Market Jaya must be very motivated to work and competent. Naturally, there are a lot of things that can be acquired through HR, and naturally, this results in strong performance loyalty among employees.

Research with the title "The Influence of Competency and Work Motivation on the Loyalty of Market Jaya Employees at the Area 7 office in Bandung City" is of interest to researchers given this backdrop.

## Methods

The associative research approach is employed in this study to determine the partial and simultaneous influence of the independent variable (performance loyalty), which is composed of three variables: competence (x1), motivation (x2), and variable y. This study falls under the genre of quantitative research. Employees of the market jaya area 7 office in bandung city made up the study's population. Forty workers from market jaya area 7 office in bandung city, both contract and permanent employees (npp and pkwt), made up the sample for this study. Non probability sampling is used in the sampling method. Non-probability sampling is defined as "a sampling technique that does not provide every element or member of the population the same chance/opportunity to be selected as a sample" by sugiyono (2015: 84). Among these sample strategies are snowball, quota, accidental, purposive, saturation, and systematic sampling. The author of this study employed a saturated sampling method from non-probability sampling. Sugiyono (2015: 85) defines saturated sampling as "a sampling method in which every member of the population is employed as a sample. This is frequently used in research

that aims to make generalisations with extremely small mistakes or in populations that are relatively small—less than 30 people. A census, in which every member of the population is included in the sample, is another word for a saturated sample." as all 40 respondents, or members of the population, will be studied, the author did not choose the sample, as can be seen from the explanation of the sampling technique above.

Method of partial least squares (pls). An alternative approach to variance-based structural equation modelling (sem) analysis is partial least squares (pls). This method's benefit is that it may be estimated with a comparatively small sample size and does not require any assumptions. The programme smartpls version 3, which is intended especially for structural equation estimation on a variance basis, is the instrument utilised. In order to collect data for this study, the author distributed questionnaires as part of a survey procedure. In this study, a quantitative method was adopted. Sugiyono (2019: 17) defines quantitative research as a positivist-based research methodology that is used to study particular populations or samples, gather data through the use of research instruments, analyse quantitative and statistical data, and test preconceived hypotheses.

## Results and Discussion

Hypothesis testing in this research uses

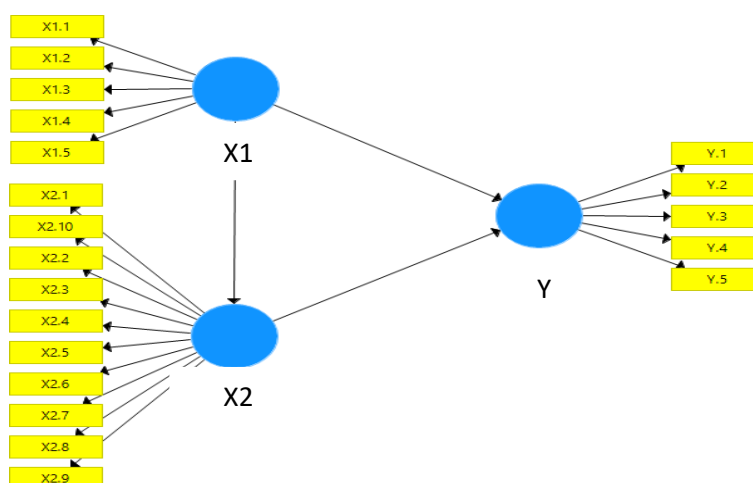


Figure 5. 1 Structural Model

The figure shows that the Competency construct (X1) is measured by 5 indicator components, namely X1.1, X1.2, X 1.3, X 1.4, and X 1.5. Likewise, the work motivation construct (X2) is measured by 9 indicator components, namely X2.1, X2.2, and X2.3, X2.4, X2.5, X2.6, X2.8, X2.9 and the Loyalty (Y) construct with 5 indicator components, namely Y1, Y2, Y3, Y4 and Y5. The direction of the arrow between the indicator and the latent construct is towards the indicator which shows that research using reflective indicators is suitable for measuring perception. The relationship to be studied (hypotheses are represented by arrows between constructs).

### 1. Evaluation of the Measurement Model (Outer Model)

#### a) Validity Test

An indicator is said to be valid if the loading factor of an indicator is positive and greater than  $> 0.5$ .

The loading factor value shows the weight of

**Table 5. 1**  
Result Outer Loading

<b>Variabel</b>	<b>Indikator</b>	<b>Outer Loading</b>
<b>Kompetensi (X1)</b>	<b>X1.1</b>	<b>0.860</b>
	<b>X1.2</b>	<b>0.742</b>
	<b>X1.3</b>	<b>0.813</b>
	<b>X1.4</b>	<b>0.785</b>
	<b>X1.5</b>	<b>0.680</b>
<b>Motivasi Kerja (X2)</b>	<b>X2.1</b>	<b>0.776</b>
	<b>X2.2</b>	<b>0.755</b>
	<b>X2.3</b>	<b>0.764</b>
	<b>X2.4</b>	<b>0.767</b>
	<b>X2.5</b>	<b>0.728</b>
	<b>X2.6</b>	<b>0.708</b>
	<b>X2.7</b>	<b>0.727</b>
	<b>X2.8</b>	<b>0.780</b>
	<b>X2.9</b>	<b>0.749</b>
	<b>X2.10</b>	<b>0.733</b>
<b>Loyalitas (Y)</b>	<b>Y.1</b>	<b>0.794</b>
	<b>Y.2</b>	<b>0.804</b>
	<b>Y.3</b>	<b>0.804</b>
	<b>Y.4</b>	<b>0.745</b>
	<b>Y.5</b>	<b>0.760</b>

Each indicator/item as a measure of each variable. An indicator with a large loading factor shows that the indicator is measuring the strongest (dominant) variable. SmartPLS output for loading factor gives the following results:

Validity testing for reflective indicators uses the correlation between item scores and construct scores. Measurement with reflective indicators shows that there is a change in an indicator in a construct if other indicators in the same construct change (or are removed from the model). Reflective indicators are suitable for measuring perceptions, so this research uses reflective indicators.

Based on the table above, it is known that the loading factor value produced by each indicator variable of Competence (X1), Work Motivation (X2), and Loyalty (Y) is more than 0.5. In this way, these indicators are declared valid as measures of the latent variable.

The following is a loading factor diagram for each indicator in the research model:

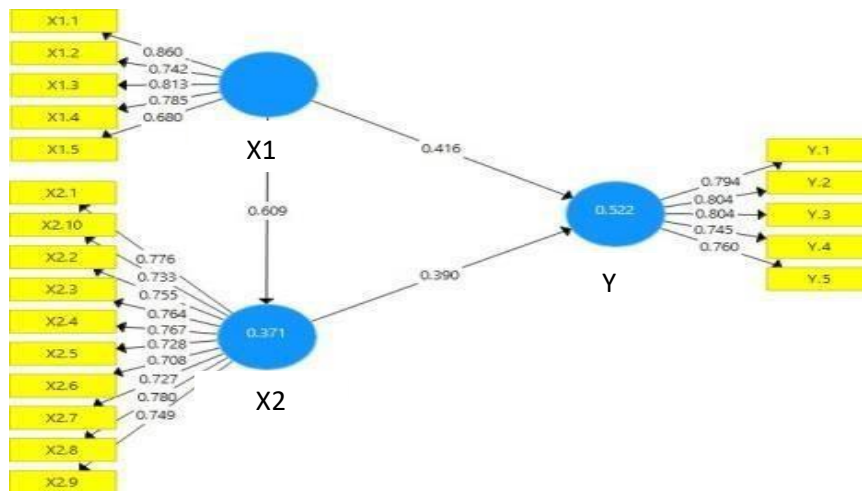


Figure 5. 2 Loading Factor Values

Furthermore, reflective indicators also need to be tested for discriminant validity with cross loading as follows:

Table 5. 2 Cross Loading

	Competence (X1)	Work Motivati on (X2)	Loyalty (Y)
X1.1	<b>0.860</b>	0.426	0.518
X1.2	<b>0.742</b>	0.393	0.044
X1.3	<b>0.813</b>	0.524	0.468
X1.4	<b>0.785</b>	0.560	0.417
X1.5	<b>0.680</b>	0.446	0.654
X2.1	0.356	<b>0.776</b>	0.515
X2.2	0.518	<b>0.755</b>	0.551
X2.3	0.636	<b>0.764</b>	0.466
X2.4	0.560	<b>0.767</b>	0.673
X2.5	0.343	<b>0.728</b>	0.303
X2.6	0.295	<b>0.708</b>	0.475
X2.7	0.268	<b>0.727</b>	0.529
X2.8	0.486	<b>0.780</b>	0.405
X2.9	0.565	<b>0.749</b>	0.406
X2.10	0.361	<b>0.733</b>	0.367
Y.1	0.581	0.552	<b>0.794</b>
Y.2	0.648	0.509	<b>0.804</b>
Y.3	0.533	0.569	<b>0.804</b>
Y.4	0.344	0.420	<b>0.745</b>
Y.5	0.310	0.420	<b>0.760</b>

If an indicator's loading factor on the target construct is higher than its loading factor on other

constructs, it is deemed valid. According to the following table, each item's cross loading value is greater than 0.70, and each item's value is at its highest when connected with When a latent variable is linked to other latent variables, it is compared to them. This demonstrates how each manifest variable in the study adequately explains the latent variable and supports the validity of each item's discriminant validity.

As a result, latent contracts are more accurate in predicting indicators within their own blocks than those within other blocks. Examining the average variance extracted (AVE) value square root is another way to determine discriminant validity. Comparing the  $\sqrt{\text{AVE}}$  value can be used to test a variable's discriminant validity. It can be inferred that the variable has excellent discriminant validity if value  $\sqrt{\text{AVE}}$  is more than 0.5. The  $\sqrt{\text{AVE}}$  computation results for each variable are shown below.

Table 5. 3  
Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
X1	0.606
X2	0.561
Y	0.611

Based on table 5.8, it shows that the resulting  $\sqrt{\text{AVE}}$  value can be seen that the Competency variable (X1),

Work Motivation (X2), and Loyalty

(Y) has a  $\sqrt{\text{AVE}}$  value greater than 0.5. So the variable above is declared valid.

b) Reliability Test

The reliability test is carried out by looking at the composite reliability value of the indicator block that measures the construct. Reliability in PLS uses Cronbach alpha and Composite reliability values. It is declared reliable if the Composite reliability value is above 0.7 and the recommended Cronbach's alpha value is above 0.6. The following are the Cronbach alpha and Composite reliability values in the table below:

Table 5. 4 Composite Reliability

	Composite Reliability
X1	0.884
X2	0.927
Y	0.887

The table above shows that the composite reliability value for all constructs is above 0.7, which indicates that all constructs in the estimated model meet the discriminant validity criteria. The lowest composite reliability value is 0.884 in Construct X1 (Competency)

The reliability test can also be strengthened with Cronbach's Alpha where the SmartPLS Version 3 output gives the following results:

Table 5. 5 Cronbach’s Alpha

	<b>Cronbach’s Alpha</b>
<b>X1</b>	<b>0.836</b>
<b>X2</b>	<b>0.914</b>
<b>Y</b>	<b>0.844</b>

Based on table 5.8 above, it can be seen that the composite reliability value for all research variables is > 0.6. These results indicate that each variable has met composite reliability so it can be concluded that all variables have a high level of reliability, and the lowest value is 0.836 for variable X1. So further analysis can be carried out by checking the goodness of fit of the model by evaluating the inner model.

## 2. Structural Model Testing (Inner Model)

After testing the outer model, the next step is to test the inner model. Testing of the inner model or structural model is carried out to see the relationship between constructs, significance values and R-square of the research model.

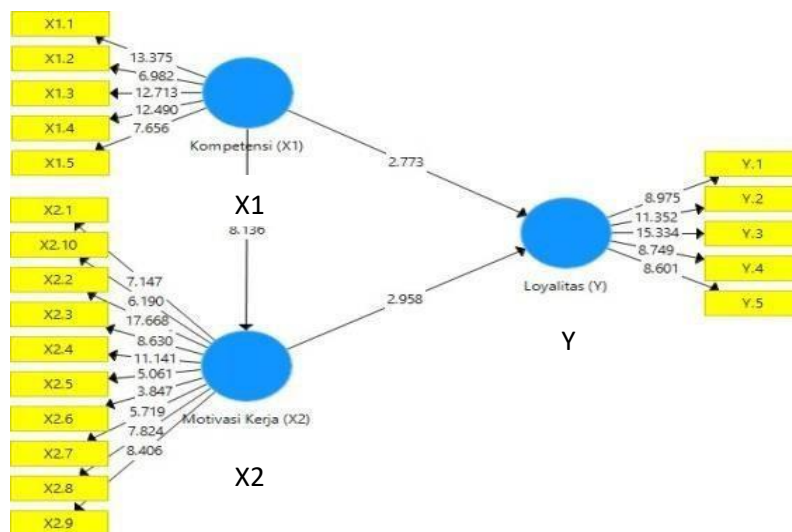


Figure 5. 3 Validity Test, T-Statistic

Source: SmartPLS Output Results (v.3.2.9)

Evaluation of the PLS structural model begins by looking at the R-square of each dependent latent variable. Table 5.8. is the result of R-square estimation using PLS.

Table 5. 6 R-Square

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>Work Motivation (X2)</b>	<b>0.371</b>	<b>0.355</b>
<b>Loyalty (Y)</b>	<b>0.522</b>	<b>0.497</b>

The table above provides an R Square value (.371 for construct X2 (Work Motivation) which means that Loyalty is able to explain Work Motivation by 37.1%. The R value is also found at 0.511 which is influenced by Competence and Work Motivation, namely 52.2%. Hypothesis testing is as follows:

Table 5. 7 Result Hypotesis Test

	<b>Original Sampel (O)</b>	<b>Sampel Mean (M)</b>	<b>Standart Deviation (STDEV)</b>	<b>T Statistic ( O/STDEV)</b>	<b>P Value</b>
Competence (X1) - > Loyalty (Y)	0.416	0.412	0.150	2.773	0.006
Competence (X1) - > Work Motivation (X2)	0.609	0.646	0.075	8.136	0.000
Motivasi Kerja (X2) -> Loyalty (Y)	0.390	0.401	0.132	2.968	0.003

1) Validating Hypothesis 1: Loyalty is positively and significantly impacted by competence

With a T-Statistic of 2.773, the table above demonstrates the significance of the association between competence (XI) and loyalty (Y). The initial sample estimate value, which is 0.416, is positive, indicating that there is a positive correlation between loyalty (Y) and competence (XI). As a result, the study's hypothesis H1, which claims that competence (XI) influences loyalty (Y), is accepted.

2) Validating Hypothesis 2: Work Motivation is positively and significantly impacted by competence.

The aforementioned table demonstrates the significant association (T-statistic of 8.136 (> 1.96) between work motivation (X2) and competency (X1). first sample value



The estimate, which is 0.609, indicates a positive association between work motivation (X2) and competence (X1). As a result, the study's second hypothesis, H2, which claims that competency (X1) affects work motivation (X2), is accepted.

3) Validating Hypothesis 3: Loyalty is positively and significantly impacted by work motivation.

With a T-Statistic of 2.968, the table above demonstrates the significance of the association between work motivation (X2) and loyalty (Y). The initial sample estimate value, which is positive at 0.390, indicates that work motivation (X2) and loyalty (Y) have a positive association. Accordingly, research hypothesis H3 asserts that "Work Motivation (X2) influences Accepted Loyalty (Y)."

## Conclusion

The following conclusions can be drawn from the SEM (Structural Equation Modeling) analysis results and the talks held throughout this research project:

1. The data analysis's findings indicate that competence significantly and positively affects loyalty. This implies that higher levels of competence will lead to greater loyalty. Similarly, low competence will contribute to a drop in loyalty.

2. The data analysis's findings demonstrate that competence significantly and positively affects work motivation. It is possible to conclude from this research that expertise plays a significant part in raising work motivation. High competency will positively impact how motivated employees are at work. On the other hand, low competence will have an effect on decreased motivation at work.

3. Data analysis results indicate that work motivation significantly and positively affects loyalty. Based on the study's findings, it can be said that a key factor in boosting employee loyalty to a company is work motivation. The increase in loyalty to the company is directly correlated with the accuracy and precision of the work motivation objective; conversely, the larger the uncertainty in the growth of loyalty to the company, the more inaccurate and inappropriate the work motivation target.

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