

## THE IMPACT OF EMPLOYEE COMPETENCE ON PERFORMANCE IN THE HOSPITALITY INDUSTRY: EMPIRICAL EVIDENCE FROM HOTEL GAMMARA MAKASSAR

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### **Abstract**

This study examines the influence of employee competence on performance in the hospitality industry, with a particular emphasis on Gammara Hotel Makassar as a case study. This study employs quantitative approaches and path analysis using SmartPLS 4.0 to investigate the relationship between employee competency and performance. The results demonstrated that competence positively influences performance, as indicated by a path coefficient (T-Statistics = 2.256, P-Value = 0.024). This result indicates that improved competence does not necessarily correspond with performance, presumably affected by factors such as motivation, leadership, or a more aggressive work environment. The R-Square score of 0.027 indicates that competence contributes just 2.7% to performance variability, requiring a more comprehensive approach to improve employee productivity. This study emphasizes the need for a more targeted training program and the incorporation of additional supportive factors to improve employee performance in the hospitality industry. Nevertheless, many limitations identified in the study are primarily concentrated on recommendations for future research.

### **Keywords:**

Employee Competence, Employee Performance, Hospitality Industry, Gammara Hotel Makassar

### **Introduction**

The performance of employees is a fundamental element that determines the success of an organization, especially in the competitive hospitality sector, such as the hotel industry where Gammara Hotel Makassar functions. Individuals who excel in their performance not only meet customer requirements but also play a crucial role in establishing a sustainable competitive advantage for their organizations (2)(3). Therefore, It is crucial for management to possess a comprehensive understanding of the elements that can enhance employee performance, with competence being one of these key factors.

When it comes to gaining a competitive advantage in the hospitality business, the performance of employees is a vital component. This is especially true in light of the heightened competition that has emerged as a result of globalization (4). (4). The hospitality business, which includes Indonesia, places a significant degree of importance on the quality of service that personnel deliver in order to both attract new clients and keep the ones they already have. When it comes to enhancing employee performance, one of the most significant factors is the abilities of employees, which comprise both technical and non-technical skills. Employees not only have technical skills that are pertinent to their work, but they also have superior interpersonal, leadership, and time management abilities. This is because employees know how to manage their time effectively. For companies like the Gammara Hotel in Makassar, understanding how talents affect performance is crucial.

The competence of employees has been highlighted as one of the major indications in the process of increasing the productivity of a company (5–7)(5); (6);(7). Strong competences have been shown to boost job efficiency and minimize the incidence of errors made by employees, according to a study that was carried out by (8) (8), strong competencies can increase work efficiency and decrease the rate of errors made by employees (7,9,10), (9);(8); (7). To be competent as an employee in the hospitality industry means not only being able to provide excellent service to customers, but also being able to deal with unforeseen circumstances and keep the quality of service at a high level. In recent years, a significant number of hospitality businesses have begun to place an emphasis on the development of employee competences in order to guarantee that they are able to fulfill the ever-increasingly complicated expectations of their customers.

Numerous hotels, including the Gammara Hotel, continue to struggle with improving employee performance, even though people are aware of the value of worker skills. Uncertainty regarding the direct connection that exists between personnel capabilities and performance is one of the most significant challenges. The improvement of competences does not necessarily lead to an increase in performance, according to the findings of several studies. Employee performance is also impacted by additional factors, such as the motivation to execute their job, the culture of the company, and the environment in which they work. Considering the growing competition in Makassar's tourism industry, which is characterized by the proliferation of new hotels, the performance of employees at Gammara Hotel is of the utmost importance.

Previous research conducted by (11)(10) demonstrated that for competency development training to be successful, it must be accompanied by managerial help and a work climate that is supportive. A complete approach that considers a variety of factors, including effective management techniques, is required in order to cultivate the skills of staff members, as this illustrates. Due to this, it is imperative that additional study be conducted in order to shed light on the influence that the skills of employees have on their performance within the hospitality industry, particularly at the Gammara Hotel.

Previous research has conducted a number of examinations that have investigated the connection between competences and employee performance in a variety of different industries. It has been demonstrated that there is a significant positive association between staff abilities and performance in the service sector, as indicated by the findings presented in (8). (11). On the other hand, a study that was conducted in the banking industry reveals that improving non-technical competencies, such as communication skills and time management, is an essential component in the process of raising employee performance by (8). From the background of the research, this study conducts a new novelty of finding the impact of the employee competences on performance in hospitality sector, in this case of Gammara Hotel Makassar.

## Literature Review

In a variety of industries, particularly the hospitality industry, the level of expertise possessed by personnel is a significant factor that plays a role in determining organizational effectiveness. Both technical and non-technical abilities that are necessary for the successful completion of tasks are included in the concepts that make up competencies. The underlying characteristics of persons that are associated to excellent work performance are referred to as competencies. According to (4)(4), Competencies include abilities, knowledge, and attitudes from individuals. To achieve optimal performance in the field of hospitality, it is necessary to possess both technical skills, such as the ability to provide excellent service to customers, and non-technical abilities, such as the ability to manage one's time well, communicate effectively with others, and provide solutions to problems (12). Research by (10) also found that

competence has a beneficial influence on employee performance. This suggests that the strengthening of both interpersonal and technical abilities can lead to enhanced productivity and improved service quality within the service sector, notably in the hotel industry.

The relationship between employee performance and competence is also impacted by the assistance provided by management and the environment in which employees are required to do their jobs. The research that was carried out by (10) demonstrates that it is of utmost significance to provide management with support in the form of training and staff development programs in order to maximize the potential of employee competence. Increasing one's level of competence will not have a substantial impact on enhancing one's performance, according to this study, which also highlights the importance of excellent organizational support (12)(10). This is reinforced by (11)(11) which claims that a suitable work environment and sustainable managerial assistance can promote the application of employee capabilities, which ultimately results in greater performance, this is supported by the fact that this is the case. Therefore, studies of competence in the hospitality industry need to take into consideration features of the working environment and the support provided by the organization as factors that encourage performance.

Consequently, the premise of this investigation posits that the proficiency of personnel significantly influences the operational efficacy of Gammara Hotel. This hypothesis is grounded in the connections that were elaborated upon in the preceding study, as shown in figure 1 below.

## Research Methods

This study employs a survey methodology and takes a quantitative approach to the topic. The workers of the Gammara Hotel Makassar were given questionnaires to fill out in order to collect the necessary information. In this particular investigation, the independent variable that was examined was employee competency, which was evaluated based on their technical skills, communication skills, and ability to manage their time effectively. The performance of the employees, which is the dependent variable, was evaluated based on work performance evaluations that included productivity, service quality, and customer happiness. The method of analysis that was utilized was SmartPLS-SEM 4.0 (Hair, 2022)(13)and it was used to determine the considerable impact that competence has on performance. The research and measurement items on this study describes in the table 1 below.

**Table 1. Measurement Items**

Variable	Items
Competencies (X)	I have sufficient technical knowledge to complete my tasks effectively.
	I can proficiently utilize pertinent equipment or technologies in my profession.
	I possess proficiency in executing jobs that necessitate technological expertise.
	I can articulate ideas clearly and successfully with coworkers.
	I consistently comprehend and react positively to comments.
	I am assured in articulating ideas and viewpoints in the workplace.

Performance (Y)	I accomplished the assignment within the required quantity and timeframe.
	I operate effectively to attain superior outcomes in my profession.

## Results and Discussions

An examination of the impact that staff competency has on performance at Gammara Hotel Makassar is the focus of the following data analysis, which shows the findings of the investigation. In order to assess the extent to which competency variables such as knowledge, abilities, and work attitudes contribute to the enhancement of employee performance, the study was carried out using the linear regression approach. A traditional assumption test was performed on the data in order to guarantee that it is both valid and reliable before the analysis was carried out. A detailed illustration of the outcomes of statistical computations is provided in the following table. This table includes the values of the regression coefficient, the significance levels, and the coefficient of determination (R<sup>2</sup>), which indicates the extent to which the competency variable is able to explain changes in employee performance. In addition to serving as a foundation for further debate, it is anticipated that the presentation of these results will provide a more distinct image of the connection between competence and performance.

According to Table 2, the loading factor values for items X2, X3, X4, X5, X6, Y1, and Y2 exceed the threshold of 0.7, while item X1 is marginally below this threshold. The Cronbach's Alpha for variable X is 0.915, accompanied by a Composite Reliability of 0.935 and an Average Variance Extracted (AVE) of 0.744, which indicates high reliability. Variable Y exhibits a Cronbach's Alpha of 0.946, a Composite Reliability of 0.974, and an Average Variance Extracted (AVE) of 0.949, indicating high reliability. Variables X and Y demonstrate adequate reliability for subsequent analysis.

Table 3, this indicates that the Fornell-Larcker criterion and HTMT are the two primary methods for evaluating the discriminant validity of variance-based structural equation models, such as partial least squares(14) (Hanseler, 2015). Based on the Fornell-Larcker table 3, the diagonal values (in bold) represent the square root of the Average Variance Extracted (AVE) for each variable, which should be greater than the correlations with other variables to indicate discriminant validity. The diagonal values for X (0.862) and IB (0.974), are higher than the correlations with other variables, confirming discriminant validity. From the HTMT results (shown off-diagonal), the correlation values between variables such as Y and X (0.169) are below the threshold of 0.9. This indicates that the variables exhibit good discriminant validity according to the HTMT criterion.

**Table 2. Reliability and Validity Overview**

Variables	Items	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
X	X2	0.858	0.915	0.935	0.744
	X3	0.937			
	X4	0.858			
	X5	0.837			
	X6	0.816			
Y	Y1	0.977	0.946	0.974	0.949
	Y2	0.971			

Source: Authors



**Table 3. Fornell-Larcker & HTMT**

Variable	X	Y
X	<b>0.862</b>	0.169
Y	-0.164	<b>0.974</b>

Source: Authors

In the first step of the model evaluation process, the objective was to locate and address any collinearity problems that may have been present. Collinearity, on the other hand, was not a problem in this investigation because the Variance Inflation Factor (VIF) values for each construct were lower than the recommended threshold of (13)3.3 (Hair Jr et al., 2022). For the purpose of determining the significance of the postulated correlations, a bootstrapping method was utilized, which consisted of 5,000 subsamples consisting of two-tailed and one-word samples. Through the examination of the path coefficients, the hypotheses were put to the test (Figure 2). According to the findings, there was a statistically significant positive correlation between X and Y, as evidenced by the p-value being less than 0.024.

Previous research has shown that the findings of this study are consistent with those of other studies, particularly regarding the link between the variables X and Y. Due to the fact that the majority of earlier studies have shown that there is a positive association between these two variables, this discovery provides a novel viewpoint in cities that have been extensively researched, particularly in the Gammara Hotel Makassar. This study found that the positive link between the two variables was controlled by a number of factors, and that the performances of the individuals were affected by their competences and skills. As a consequence of this, the link between X and Y tends to exhibit a positive trend within the framework of this research.

The findings presented in Table 4 of the Path Coefficients indicate that the variable X has a positive and statistically significant impact on the variable Y. The T Statistics for X are 2.256, which is larger than 1.96, and the P Values for X are 0.024, which is less than 0.05. According to (14) Cohen (2013), the coefficient of determination has a value of 0.027, which indicates that the performance of the model in terms of prediction has a substantial impact on the coefficient. Several important conclusions can be derived from the outcomes of the research that was conducted to investigate the impact that X has on Y among the staff members working at the Gammara Hotel Makassar. In this particular setting, the findings suggest that X does, in fact, have a favorable influence on Y. As a matter of fact, the outcomes for the X variable were positive, which suggests that the competences and skills of employees do, in fact, have a substantial impact on the performances of the Gammara Makassar Hotel.

**Table 4. Path Coefficients**

Variable	Original	Mean	Standard Deviation	T Statistics	P Values	R Square	Remark
X → Y	-0.164	-0.181	0.073	2.256	0.024	0.027	Positive

Source: Authors

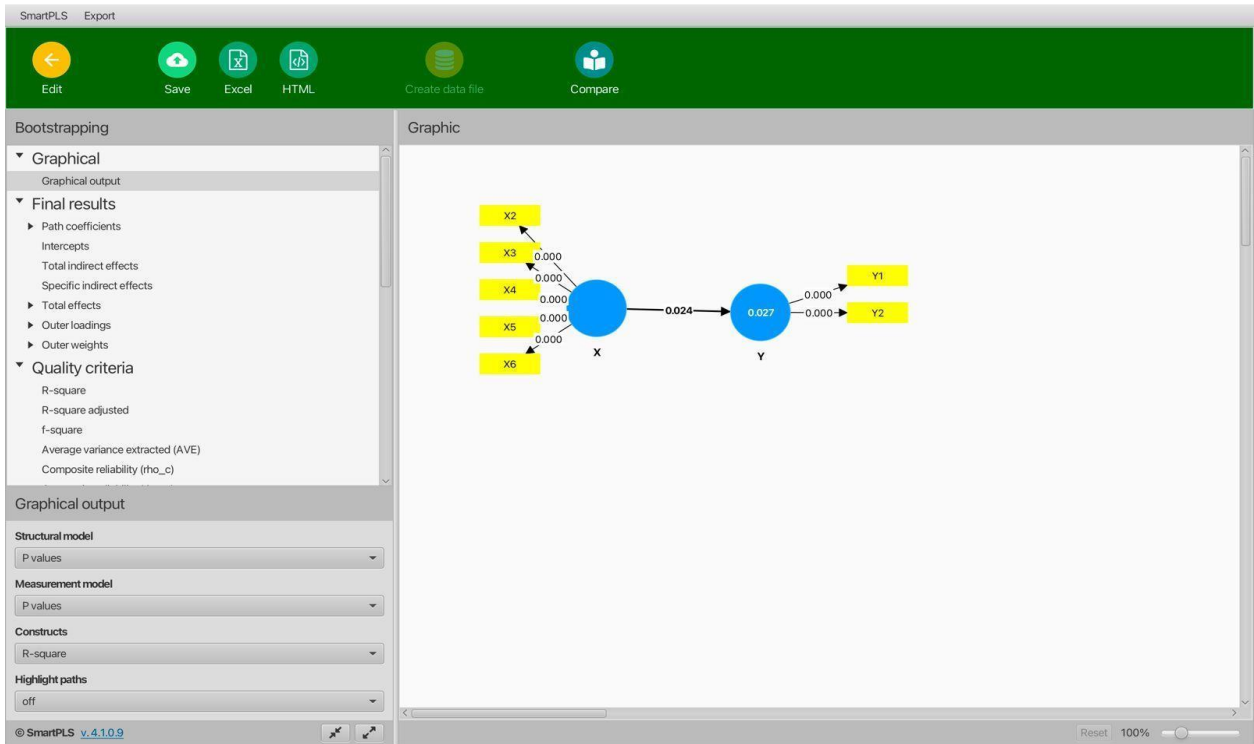


Figure 2. Bootstrapping Outcomes  
Source: Auhtors

## Conclusion

In conclusion, the findings of this study indicate that the level of employee competence at Gammara Hotel Makassar has a favorable and significant impact on the hotel's overall performance. Employee productivity and service quality have been shown to be improved when certain aspects of knowledge, skills, and work attitudes are taken into consideration. According to the findings of the SmartPLS-SEM analysis, the development of competencies makes a significant contribution to the explanation of variances in employee performance. This conclusion provides more evidence that it is essential to make investments in programs that provide continual training and development as a strategy for managing human resources. Therefore, putting an emphasis on improving one's competencies can be an effective way to reach operational aims and raise the level of satisfaction experienced by guests.

## Acknowledgements

This research would not have been carried out without the support of various parties. We would like to thank the management and staff of Gammara Hotel Makassar for the cooperation and opportunity given to conduct this research. Our sincere appreciation also goes to the respondents who have taken the time to participate in filling out the questionnaire. Our gratitude goes to the supervisor and colleagues who have provided valuable input during the research process. Moral and material support from family and friends also motivated us to complete this research. Hopefully the results of this study will be useful for the development of human resources in the hospitality industry.

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