

Martini, Ida Ayu Oka; Gorda, A. A. N. Eddy Supriyadinata; Gorda, A. A. N. Oka Suryadinatha; Sari, Desak Made Febri Purnama; Antara, Made Ermawan Yoga

Article

Impact of competence development, on work creativity, employee performance, and competitiveness of woven products

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Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia

ABSTRACT

This study was conducted to analyze the role of work competence on work creativity, employee performance, and the competitiveness of woven products produced by SMEs. The research population is weaving employees in 152 weaving companies in Bali. The research sample was determined using the Slovin formula with a precision of 7%, so the total sample was 187 respondents spread over seven districts/cities in Bali. The process of collecting research data is done by distributing questionnaires to respondents, and then the collected data was analyzed using the SmartPLS 3.0 program. The results of the analysis show that competence has a significant positive effect on work creativity, employee performance, and product competitiveness. Work creativity also has a significant positive effect on employee performance. Employee performance shows a significant positive effect on product competitiveness. Work creativity and employee performance separately and together act as a mediation on the relationship between competence and product competitiveness.

IMPACT STATEMENT

Woven products in Bali are well known locally, and even internationally. This cloth is traditionally worked on. The work results of the workers have not been optimal, given the limited competency they have because they have never received education/training related to weaving work. In terms of work competence (knowledge, skill, and attitude) are needed to support the performance of workers.

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1. Introduction

The Ikat weaving industry is one of the growing SMEs in the Province of Bali, Indonesia, which consistently maintains traditional patterns, making it very well known locally, nationally, and even internationally. Balinese endek weaving which carries local wisdom culture is very popular with both foreign and local tourists to buy as souvenirs. However, the popularity of these woven products has encouraged competitors to create similar products at more competitive prices, so that gradually the woven products have begun to decline. If this matter is not handled more quickly, woven products may become extinct along with the loss of interest from entrepreneurs to produce woven products. In response to this pessimism, it is necessary to make efforts to give the dedication of the weaving entrepreneurs to always improve their competence to be able to be more creative in their work, so that their performance is better. Increased competence and creativity, in addition to producing better performance (quantity and quality), is also intended to be able to work more efficiently so that the cost per unit of product can be kept to a minimum. Thus, the resulting products are expected to have higher competitiveness.

Research on the relationship between competence, creativity, performance and product competitiveness has been carried out by a number of researchers. The relationship between creativity and employee performance has been studied, among others, by Hassan et al. (2013); Liu et al. (2013); Yee et al. (2014);

CONTACT Ida Ayu Oka Martini ✉ dy.oka.martini@gmail.com 📍 Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia.

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Shahzadi et al. (2014); and Hsu (2016), where the results of their research found that creativity has a significant effect on employee performance.

The relationship between competence and creativity has been studied by a number of researchers including Purwanti and Sitorus (2018); Ardianto et al. (2015); Latifah et al. (2016), where evidence was found that competence has a significant effect on creativity. The relationship between competency and employee performance has been examined in a number of studies which found that competency has a significant effect on employee performance, namely by Winarno and Perdana (2015), Martini et al. (2018), and Esthi and Savhira (2019). However, research by Pulka et al. (2021) produced different findings, competence effect on performance is insignificant.

Competence is also able to significantly influence product competitiveness, which has been proven by the results of research conducted by Jerab et al. (2011), Agha et al. (2011), and Marczewska et al. (2020). The different results give rise to a research gap, which in this research will add creativity as a mediation to strengthen these relationships.

This research was conducted at weaving companies spread across seven districts and cities in Bali, Indonesia. This study is intended to explain the role of competence and creativity on employee performance and their impact on product competitiveness, specifically woven products in Bali. This research is designed in the form of correlational research, which links work competency with work creativity, employee performance, and product competitiveness, which by integrating into a research model will become a novelty. It is hoped that the implications of the results of this study can contribute to efforts to increase competence and creativity to lead to high product performance and competitiveness in Balinese endek weaving companies.

2. Literature review

2.1. Product competitiveness

Competitiveness is one of the criteria to determine the success and achievement of a better goal by an organization in increasing income and economic growth. Competitiveness is identified with productivity problems, namely by looking at the level of output produced for each input used. This increase in productivity is due to an increase in the number of physical inputs of capital and labor, an increase in the quality of the input used, and an increase in technology (Purwanti & Sitorus, 2018). The approach that is often used to measure competitiveness is seen from several indicators, namely comparative advantage, competitive advantage, there is also an absolute advantage. According to Sigalas (2015), Comparative advantage is an economic activity which according to comparison is more profitable for regional development. Furthermore, according to Sigalas (2015), the term comparative advantage was first put forward by Grant (1991), when discussing trade between two countries in the theory, it was stated that if two countries trade with each other and each country concentrates on exporting goods that are if the country has a comparative advantage, both countries will reap the benefits. Competitive advantage comes from the process of value creation and distribution of an organization in integrating internal and external resources to achieve organizational superiority in the form of resources or capabilities that are rare, inimitable, valuable and irreplaceable (Pei et al., 2020). Absolute advantage can be said to be owned by a country or company when it can produce goods at a cheaper price due to its supply contribution compared to other countries or companies (Reinhert, 2012).

The dimensions of a company's competitiveness as stated by Ma (2000) consist of cost, quality, delivery, flexibility, and service. The cost dimension is measured based on indicators of production costs, labor productivity, use of production capacity, and inventory. Dimensions of quality include indicators of product appearance, product acceptance period, product durability, speed of resolving consumer complaints, and product conformity to design specifications. The dimension of product delivery time is measured by indicators of timeliness of production, reduction of production waiting time, and timeliness of product delivery. The dimensions of flexibility include indicators of the type of product produced, the speed at which it adapts to the interests of the environment. The service dimension consists of indicators of equipment convenience (trolley or shopping basket), comfortable parking, good room lighting, as well as the friendliness of employees.

Factors that can affect the competitiveness of a product such as employee performance, work creativity, employee competence. The results of the work of employees both in terms of quantity and quality as well as the accuracy of completion of work allow the company to have better competitiveness. The results of work that are increasingly innovative and creative, allow the product to have a uniqueness that is different from other similar products. This also allows the product to have better competitiveness. Likewise, the work competence of an employee allows producing a product more efficiently and with higher quality, thus enabling it to have better competitiveness.

2.2. Employee performance

Schein (1990), said that employee performance is the result of work achieved by an employee or organization within a certain period of time. Boxall and Purcell (2011) stated that performance is a real behavior that is displayed by everyone as a result of work performance. According to Diamantidis and Chatzoglou (2019), performance is the output produced by the functions or indicators of a job or a profession within a certain time. According to Armstrong and Baron (2000), performance is the result of doing the right thing at the right time. Uha (2013, p. 214), states that performance is the result of a person's/group's work function or activity, which is influenced by several factors to achieve a goal within a certain period of time. According to Altman et al. (2013), performance is the result obtained from carrying out activities both profit and non-profit in a certain time. Thus, employee performance is the result of work or output that can be produced by an employee in carrying out work activities at a certain time.

The performance indicators in this study are based on Suparyadi (2015), namely aspects of performance appraisal specifically for manufacturing companies consisting of the quantity of work, quality of work, timeliness of work completion, work creativity, and cooperation. Mondy, (2005) state that performance dimensions are performance standards or factors that are evaluated in carrying out work consisting of: quantity of work, quality of work, initiative, adaptability, and corporation. Employees who can produce products in quantity, quality, and the accuracy of product completion, initiative, adaptability, and good cooperation may increase customer confidence, thus enabling them to have better competitiveness.

The factors that can affect an employee's performance, work motivation, job satisfaction, work attitude, work morality, work involvement, work discipline, work stress, and conflict behavior (Mahal, 2009). Shahzadi et al. (2014), revealed that individual factors that affect performance are motivation, commitment, expertise, knowledge, and thinking ability. According to Uha (2013, p. 14), the work/achievement of a person or group is influenced by internal factors and external factors. Internal factors consist of intelligence, skills, emotional stability, motivation, role perception, family conditions, and physical conditions. External factors consist of labor regulations, competitors, social values, economic conditions, work location. Another factor that is also able to affect employee performance is the level of creativity and competence of an employee.

H1: Performance has a significant positive effect on product competitiveness.

2.3. Creativity

Work creativity is an important aspect of employee problem solving because it encourages finding solutions to existing problems (Sourchi & Jianqiao, 2015). Work creativity is one of the basic human needs, namely the need for self-realization (self-actualization), and is the highest need for humans (El-Murad & West, 2004). According to El-Murad and West (2004), work creativity is the ability to create new combinations, based on existing data, information, or elements. The results created are not always new things, but can also be a combination of things that already exist. According to Wenjing et al. (2013), work creativity is an action, idea, or product that replaces something old into something new. Meanwhile, according to Rogers and Sophia (2014) work creativity is the human tendencies to actualize themselves according to their abilities.

According to Chang et al. (2014), work creativity is defined as the ability to explore new ideas that are useful for completing work. Lee and Tan (2012) stated that work creativity is the ability and expertise

of individual creative thinking that is accumulated based on education and experience. Yung (in Vasudevan, 2013) states that work creativity is a skill that brings something new and valuable to others to do more new things and break away from the old. So based on this definition, work creativity becomes very important to increasing employee creativity, organizational performance, organizational competitiveness, and organizational sustainability.

An employee's work creativity can be known through responsibility, expected, contributory, and proactive (Hassan et al., 2013). According to Beheshtifar and Zare (2013), employee creativity indicators consist of expertise, creating thinking skills, and motivation. Meanwhile, according to Tang and Chang (2010), the components of work creativity can be broken down into (1) new inventions, (2) ideas, (3) new products, (4) service quality, (5) sources of creative ideas, (6) not afraid of risk, (7) struggle for ideas, (8) creativity at work, (9) scheduling, (10) innovative, (11) solutions, and (12) new approaches, new ways. In this study, the indicators of creativity consist of imagination, ideas, self-confidence, energy, and dare to take risks.

Everyone has creative power or has the potential to be creative, which has the nature of finding new ways, new ideas, new products, quality of service, sources of creative ideas, not afraid of risk, struggle for ideas, work creativity, scheduling, innovative, solutions, new approaches and new ways, original and unique (Young et al., 2014). According to Hassan et al. (2013) that work creativity has a significant positive effect on worker performance. The same thing was stated by Liu et al. (2013) and Hsu (2016) where work creativity is significantly positively related to worker performance. Several other research results also found that work creativity had a significant positive effect on worker performance (Hassan et al., 2013; Shahzadi et al., 2014; Yee et al., 2014). The work creativity of an employee is also largely determined by the level of competence of the employee. Employees who have more adequate competence allow them to do work more creatively.

H2: Creativity has a significant positive effect on employee performance.

2.4. Competence

Spencer and Spencer (1993) stated that competence is a person's basic characteristics consisting of knowledge, skills, and attitudes that have a causal relationship with extraordinary work performance or work effectiveness. Understanding competence according to Butler (1978) stated that competence is the ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. Meanwhile, according to Storey (2016) competence is a characteristic of an employee who can make a meaningful contribution to the successful implementation of work. Boulter et al. (2003) suggest competence is a basic characteristic of a person that allows him to provide superior performance in a particular job, role, or situation.

The competency indicators that were widely used by several previous researchers were task skills, task management skills, contingency management skills, job role skills, transfer skills (Ardianto et al., 2015; Latifah et al., 2016; Purwanti & Sitorus, 2018). Other researchers use competency dimensions such as knowledge, ability, legal/ethical requirements, and biased self-awareness (Francis, 2015; Rahardjo, 2014; Sriekaningsih & Setyadi, 2015). The dimensions of competence according to Spencer and Spencer (1993), and based on the Decree of the Minister of Manpower of the Republic of Indonesia # 459 (2015) concerning the Indonesian national work competence standards in the traditional weaving sector are knowledge, skill, and attitude.

Spencer and Spencer (1993, p. 9) also suggested competence as a person's characteristics that directly impact work creativity and performance at work. Workers who have more knowledge, skills, attitudes, and work experience tend to be more creative, resulting in more work results.

Competence is said to be one of the factors that affect performance. Competence is needed to help organizations to create a high-performance culture. The number of competencies used by human resources will improve performance (Armstrong & Baron, 2000). Parashakti et al. (2020) expressed their opinion that the performance and effectiveness of employees in carrying out their duties are largely determined by the competencies required by the field of work. This is supported by research conducted by Esthi and Savhira (2019) in their research which also concludes that

competence affects employee performance. Research conducted by Winarno and Perdana (2015), Martini et al. (2018) also obtained research results that competence has a significant and positive influence on performance.

Companies that have employees with good work competencies (knowledge, skills, and attitudes) allow them to be able to produce work results more efficiently so that the resulting products have better competitiveness. The results of Jerab et al. (2011) found that employee competence has a significant effect on the competitiveness of a company's products. Agha et al. (2011) also found that employee competence has a significant effect on the competitiveness of the company's products.

Referring to several explanations, where employee competence can affect employee work creativity (Spencer and Spencer (1993). Furthermore, work creativity can also affect employee performance (Hassan et al., 2013; Hsu, 2016; Liu et al., 2013; Shahzadi et al., 2014; Yee et al., 2014). Employee performance can also affect the competitiveness of a company's products. Based on this description, it can be predicted that competence can indirectly affect product competitiveness through work creativity and employee performance as a mediator.

This study aims to explain the role of competence and work creativity on employee performance and their impact on product competitiveness, especially weaving products in Bali. This study also intended to analyze the mediating role of work creativity and employee performance on the relationship between competence and product competitiveness.

H3: Competence has a significant positive effect on creativity.

H4: Competence has a significant positive effect on employee performance.

H5: Competence has a significant positive effect on product competitiveness.

H6: Creativity and employee performance are significantly positive as a mediator on the relationship between competence and product competitiveness.

Referring to the literature review, a conceptual framework was built (Figure 1).

3. Research method

This research is designed in the form of correlational research, which links work competence with work creativity, employee performance, and product competitiveness at a weaving company in Bali, Indonesia. The research population is the employees of weaving companies in Bali with a total of 2,215 weaving workers spread over seven districts and cities in Bali. The number of research samples was determined based on the Slovin formula with a precision of 7%, so the number of samples was 187 weaving workers. The number of samples in each district/city is carried out proportionally. The population and research samples in each district/city are shown in Tables 1 and 2.

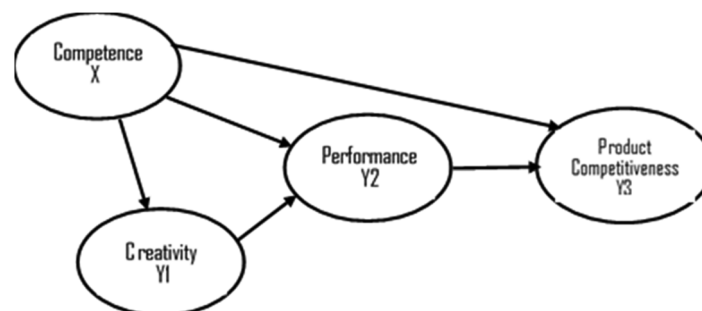


Figure 1. Research concept framework.

Table 1. Population and Sample distribution of weaving workers in Bali province in 2020.

| No | District/city | Number of industries | Number of employees | |
|----|---------------|----------------------|---------------------|--------|
| | | | Population | Sample |
| 1 | Gianyar | 9 | 289 | 24 |
| 2 | Badung | 2 | 13 | 1 |
| 3 | Denpasar | 15 | 178 | 15 |
| 4 | Klungkung | 53 | 1069 | 90 |
| 5 | Karangasem | 25 | 356 | 30 |
| 6 | Buleleng | 7 | 86 | 8 |
| 7 | Jembrana | 41 | 224 | 19 |
| | Total | 152 | 2215 | 187 |

Source: Bali Province Trade and Industry Department (2020).

Table 2. Items of questionnaire.

| Variable | Items |
|----------------------------|---|
| X/Competence | I feel competent in my job I really master my tasks at my job I am able to execute my job properly I am good at the things I do in my job I have the feeling that I can even accomplish the most difficult tasks I feel like I can be myself at my job The tasks I have to do at work are in line with what I really want to do I feel free to do my job the way I think it could best be done I am able to mix with other people at my job |
| Y1/Creativity | I often develops creative custom-made product/service packages for clients I often develop creative methods for promotion and sales. My work is creative. My work is original and practical My work is adaptive and practical. |
| Y2/Performance | I make significant contributions to the overall performance of our work unit I am one of the best employees in our work unit. I always completes job assignments on time My work performance always meets the expectations of the supervisor. My work productivity is high |
| Y3/Product Competitiveness | Our products offer unique features/attributes to customers Our products are superior to competing products Our products offer benefits that are not found in competing products Our products are of higher quality than competing products Our products are superior in technical performance than competing products |

Source: Authors' elaboration.

The preparation of the questionnaire was based on the number of indicators for each research variable. The research instrument used in this research is a questionnaire which is designed in such a way with closed statements, where for each statement an answer is prepared on a Likert scale which has a value ranging from 1 as representing the most negative opinion (strongly disagree), to a score of 5 as representation of the most positive opinion (strongly agree). After the research data was collected, the data analysis stage was then carried out using the SmartPLS 3.2.9 program which included three stages, namely the validity and reliability testing stage, the model accuracy testing stage, and research hypothesis testing. Validity testing was carried out through discriminant validity and convergent validity tests, while reliability testing was carried out using Cronbach's alpha. Model accuracy testing is carried out through R-Square (R^2), Q-Square Predictive Relevance (Q^2), and Goodness of Fit (GoF). Testing whether the research hypothesis is accepted/rejected is based on the p-value coefficient, where if the p-value < 0.05 then the hypothesis is accepted, conversely if the p-value > 0.05 then the hypothesis is rejected (Table 2).

4. Result and discussion

4.1. Results

Based on the tabulation of the data collected through the distribution of questionnaires as many as 187 respondents which were then processed with the SmartPLS 3.2.9 program, it shows that all variables used in the research model are valid and reliable. This is indicated by outer loading coefficient presented

in Table 3 which shows the p-value of all items < 0.05 so that the research instrument is declared valid. Meanwhile, Cronbach's Alpha coefficient and composite reliability were greater than 0.70 so that the research instrument was declared reliable (Table 4).

Table 5 show the effect of competence and creativity on employee performance shows a value of 0.681, this means that employee competence and creativity can explain 68.1% of employee performance, the rest (31.9%) is other factors. Likewise, the effect of competence, work creativity, and employee performance shows a value of 0.693 which means that competence, work creativity, and employee performance can explain 69.3% of product competitiveness. The rest (30.7%) are factors outside the research model. The influence caused by work competence and work creativity on employee performance is included in the category of strong correlation. Likewise, the effect of work competence, work creativity, employee performance on product competitiveness is also in the strong category. Evaluation of fit models based on Q^2 Predictive Relevance can be calculated with the following formulations:

$$Q^2 = 1 - \{(1 - R_{21}) \times (1 - R_{22})\}$$

$$Q^2 = 1 - \{(1 - 0.681) \times (1 - 0.693)\}$$

$$Q^2 = 1 - 0.0979$$

$$Q^2 = 0.9021$$

The Q^2 value of 0.9021 means that 90.21% of the variation in product competitiveness can be explained by variations in competence, work creativity, and employee performance, while the remaining 9.79% is explained by other variables outside the study.

Evaluation of the accuracy of the research model based on the Goodness of Fit criteria, calculated by the following formulation:

$$GoF = V(\text{average AVE} \times \text{average } R^2)$$

Table 3. Outer loading coefficient.

| | Original sample | Sample mean | Standard deviation | T statistics | P values |
|---------------------------------|-----------------|-------------|--------------------|--------------|----------|
| X11<-X/Competence | 0.776 | 0.771 | 0.049 | 15.881 | 0.000 |
| X12<-X/Competence | 0.728 | 0.727 | 0.048 | 15.219 | 0.000 |
| X13<-X/Competence | 0.640 | 0.637 | 0.065 | 9.905 | 0.000 |
| X14<-X/Competence | 0.642 | 0.639 | 0.063 | 10.256 | 0.000 |
| X21<-X/Competence | 0.508 | 0.509 | 0.088 | 5.736 | 0.000 |
| X22<-X/Competence | 0.621 | 0.614 | 0.059 | 10.596 | 0.000 |
| X23<-X/Competence | 0.618 | 0.619 | 0.062 | 9.908 | 0.000 |
| X31<-X/Competence | 0.526 | 0.515 | 0.086 | 6.108 | 0.000 |
| X32<-X/Competence | 0.590 | 0.578 | 0.017 | 6.343 | 0.000 |
| X33<-X/Competence | 0.548 | 0.544 | 0.092 | 5.870 | 0.000 |
| X34<-X/Competence | 0.529 | 0.528 | 0.083 | 5.833 | 0.000 |
| Y11<-Y1/Creativity | 0.564 | 0.553 | 0.104 | 5.395 | 0.000 |
| Y12<-Y1/Creativity | 0.689 | 0.682 | 0.077 | 8.922 | 0.000 |
| Y13<-Y1/Creativity | 0.577 | 0.573 | 0.037 | 5.489 | 0.000 |
| Y14<-Y1/Creativity | 0.749 | 0.752 | 0.045 | 16.546 | 0.000 |
| Y15<-Y1/Creativity | 0.560 | 0.551 | 0.022 | 5.782 | 0.000 |
| Y21<-Y2/Performance | 0.594 | 0.568 | 0.052 | 5.587 | 0.000 |
| Y22<-Y2/Performance | 0.552 | 0.557 | 0.028 | 6.326 | 0.000 |
| Y23<-Y2/Performance | 0.582 | 0.578 | 0.014 | 5.104 | 0.000 |
| Y24<-Y2/Performance | 0.598 | 0.577 | 0.055 | 5.218 | 0.000 |
| Y25<-Y2/Performance | 0.524 | 0.511 | 0.065 | 5.956 | 0.000 |
| Y31<-Y3/Product Competitiveness | 0.515 | 0.599 | 0.019 | 5.346 | 0.000 |
| Y32<-Y3/Product Competitiveness | 0.772 | 0.758 | 0.064 | 12.060 | 0.000 |
| Y33<-Y3/Product Competitiveness | 0.577 | 0.561 | 0.127 | 4.544 | 0.000 |
| Y34<-Y3/Product Competitiveness | 0.583 | 0.580 | 0.108 | 5.378 | 0.000 |
| Y35<-Y3/Product Competitiveness | 5.174 | 0.581 | 0.074 | 4.998 | 0.000 |

Source: Data processed.

Table 4. Construct reliability & validity.

| | Cronbach's alpha | rho_A | Composite reliability | Average variance extracted |
|----------------------------|------------------|-------|-----------------------|----------------------------|
| X/Competence | 0.787 | 0.814 | 0.840 | 0.540 |
| X1/Knowledge | 0.741 | 0.750 | 0.838 | 0.565 |
| X2/Skill | 0.729 | 0.720 | 0.722 | 0.514 |
| X3/Attitude | 0.707 | 0.741 | 0.707 | 0.548 |
| Y1/Creativity | 0.727 | 0.787 | 0.729 | 0.720 |
| Y2/Performance | 0.935 | 0.750 | 0.954 | 0.540 |
| Y3/Product Competitiveness | 0.729 | 0.840 | 0.962 | 0.569 |

Source: Data processed.

Table 5. R-square.

| | R square | R square adjusted |
|----------------------------|----------|-------------------|
| X/Competence | 1.000 | 1.000 |
| Y1/Creativity | 0.660 | 0.656 |
| Y2/Performance | 0.681 | 0.674 |
| Y3/Product Competitiveness | 0.693 | 0.686 |

Source: Data processed.

$$\text{GoF} = V\{(0.5709) \times (0.6870)\}$$

$$\text{GoF} = 0.3922$$

$$\text{GoF} = 0.6262$$

Based on the three results of testing the accuracy of the model (R Square, Q Square, and GoF), it shows that the model has a strong degree of accuracy, therefore it can be continued to the research hypothesis testing. The effect of each independent variable on the dependent variable is shown in Figure 2 and Table 6.

Looking at Figure 2 and Table 6, it can be seen that employee performance shows a significant positive effect on product competitiveness in weaving companies in Bali. This is indicated by the path coefficient of 0.598 with a p-value of $0.000 < 0.05$ (significant), thus hypothesis 1 which stated performance has a significant effect on product competitiveness can be accepted. Better performance will be directly proportional to higher product competitiveness. Furthermore, the performance of weaving company employees is also significantly influenced by employee creativity, this can be seen from the path coefficient of 0.565 with a p-value of $0.000 < 0.05$, so hypothesis 2 is accepted. The higher the work creativity, the higher the employee performance. Meanwhile, the work creativity of weaving workers is significantly influenced by the competence of the employees concerned. This can be seen from the path coefficient of 0.812 with a p-value of $0.000 < 0.05$ (significant), thus hypothesis 3 can be accepted. Increased competency is directly proportional to increased work creativity as well.

Employee competence is also significantly able to affect the performance of the employee concerned. This is shown from the results of the study where the path coefficient is 0.297 with a p-value of $0.008 < 0.05$ (significant), so that hypothesis 4 is accepted. The higher the competency, the employee performance will of course increase. Employee competence significantly affects product competitiveness. This result is shown from the path value of 0.282 with a p-value of $0.007 < 0.05$ (significant), thus hypothesis 5 can be accepted. High competency will be directly proportional to higher product competitiveness.

Based on the results from hypothesis 1 to hypothesis 5, it can be stated that work creativity and employee performance play a significant role in mediating the relationship between work competence and the competitiveness of weaving products in Bali, so hypothesis 6 can be accepted. This is also supported by the results of statistical analysis as shown in Table 4. The path coefficient on the relationship between work competence and product competitiveness through work creativity and employee performance shows a value of 0.275 with a p-value of $0.000 < 0.05$ (significant).

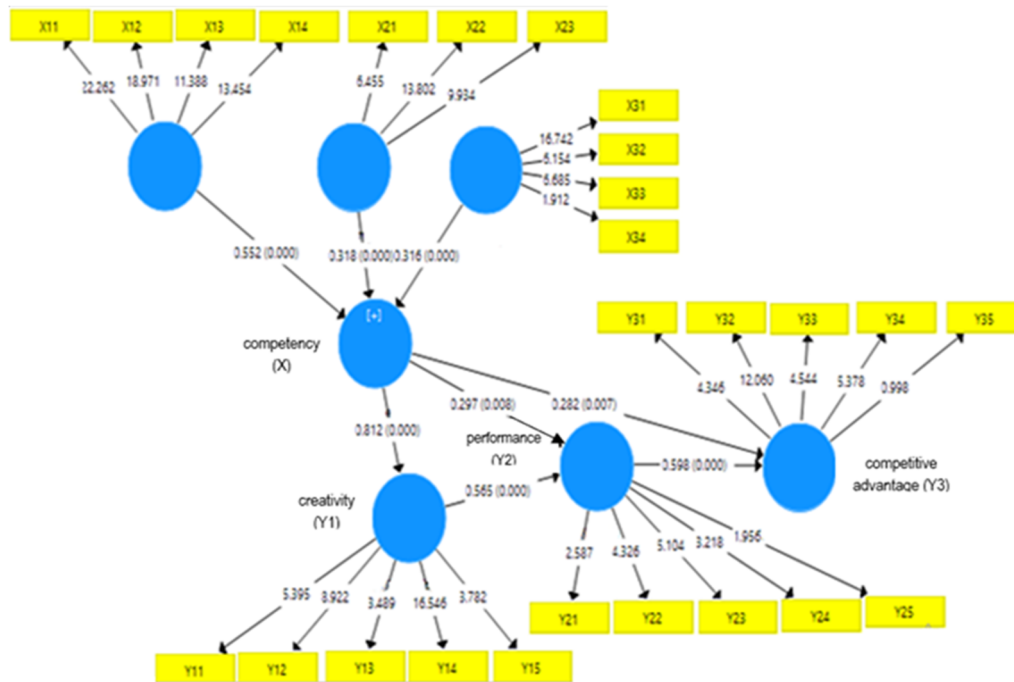


Figure 2. The effect of competence on creativity, employee performance, and products competitiveness.

Table 6. Path coefficient of the effect of competence on creativity, employee performance, and products competitiveness.

| Independent variable | Mediation variable | Dependent variable | Path coeff | p-Value | Info |
|----------------------|--------------------|-------------------------|------------|---------|-------------|
| Competence | Creativity | Employee performance | 0.812 | 0.000 | Significant |
| Competence | | Employee performance | 0.297 | 0.008 | Significant |
| Competence | | Product competitiveness | 0.282 | 0.007 | Significant |
| | Creativity | Employee performance | 0.565 | 0.000 | Significant |
| | | Employee performance | 0.598 | 0.000 | Significant |
| | | Product competitiveness | 0.275 | 0.000 | Significant |

Source: Authors' elaboration.

4.2. Discussion

Employee performance shows a significant positive effect on product competitiveness at weaving companies in Bali, meaning that the better employee performance is shown through quantity, quality, timeliness, and then this can increase the competitiveness of the company's products. The most important indicators in employee performance that support increased competitiveness are product quality and timeliness of product completion. This means that the higher the quality of the products produced, and the more timely completion time, the stronger the competitiveness of the products. The results of this study strengthen the argument of Sembiring (2012, p. 83), where individual performance can be influenced by an employee's competence (skills, knowledge, and attitude).

The performance of weaving company employees is significantly affected by employee creativity, meaning that higher employee creativity can increase employee performance as well. The results of this study strengthen several research results conducted by previous researchers such as Hassan et al. (2013); Liu et al. (2013); Yee et al. (2014); Shahzadi et al. (2014); Hassan et al. (2013); and Hsu (2016), where the results of his research found that creativity had a significant effect on employee performance.

The work creativity of weaving workers in this study is significantly influenced by the competence of the employee concerned, meaning that increasing employee competence can increase the creativity of the employee concerned. The results of this study are in line with the arguments of Spencer and Spencer (1993, p. 9) which suggests that competence is a person's characteristic that directly affects the work creativity of a worker.

Employee competence in addition to influencing their work creativity is also able to significantly affect the performance of the employee concerned. The results of this study illustrate that increased creativity can improve the performance of the employee concerned. The results of this study are in line with a number of previous studies which found that competence had a significant positive effect on employee performance, namely Winarno and Perdana (2015), Martini et al. (2018), and Esthi and Savhira (2019).

Employee competence is also able to significantly affect product competitiveness, meaning that increasing employee competencies can increase the competitiveness of the company's products. Employees who are more competent in their work will be able to produce products more efficiently, more on time, and of higher quality, so that they can compete better. The results of this study are in line with the results of research conducted by Jerab et al. (2011) and Marczewska et al. (2020).

Work creativity and employee performance are significantly able to mediate the relationship between work competence and product competitiveness. Higher work creativity accompanied by better employee performance is able to encourage positive improvements that occur between work competence and product competitiveness. The results of this analysis illustrate that work creativity and employee performance are getting better able to strengthen the relationship between work competence and the competitiveness of weaving products in Bali.

5. Conclusion

The research aims to analyze the role of competence and work creativity on employee performance and their impact on competitiveness of the traditional weaving in Bali. The results of this research prove that competence has a significant effect on creativity, performance and product competitiveness. Creativity has a significant effect on performance and performance has a significant effect on product competitiveness. The results of this study indicate that increasing competence is able to increase work creativity, employee performance, and product competitiveness. On the other hand, increasing work creativity is also able to improve employee performance. Likewise, increased employee performance is able to encourage competitiveness of woven products in Bali. Furthermore, the results of the study also found that work creativity and employee performance were able to mediate the relationship between competence and product competitiveness. This means that work creativity and employee performance can provide a significant additional contribution to the relationship between competence and the competitiveness of woven products. From the results of this research, it can be suggested that to maintain and improve the competitiveness of woven products in Bali, company management needs to pay serious attention to employee competencies, especially on aspects of employee knowledge about various things related to weaving work, such as understanding the working mechanism of looms, weaving techniques, how to make connections and install motifs correctly, improve skills in terms of using looms, choosing threads, and making tool repairs.

6. Limitation and future research

This study still has a number of limitations that require more in-depth research, especially in the scope of research is still limited to the variable competence, creativity, employee performance, and product competitiveness. This study also only focused on weaving industry in Bali Province. Theoretically and empirically, an employee performance is influenced by complex factors. Therefore, researchers are expected to expand this research by adding other relevant variables, the object of research can also be developed in other work activities, as well as different research locations. Thus, the results of the research on factors that influence the employee performance become more complete.

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About the authors



Ida Ayu Oka Martini is a lecturer at the Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia. Some studies have been conducted relating to human resource management, specifically in Small and Medium Enterprises.

A. A. N. Eddy Supriyadinata Gorda is a lecturer at the Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia.

A. A. N. Oka Suryadinatha Gorda is a lecturer at the Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia.

Desak Made Febri Purnama Sari is a lecturer at the Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia.

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