

STRENGTHENING HUMAN RESOURCE PERFORMANCE IN ENDEK SME's OF KLUNGKUNG REGENCY THROUGH TEAMWORK AND DIGITAL LITERACY: THE MEDIATING ROLE OF WORK MOTIVATION

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ABSTRACT

Human resource performance has become a critical determinant of organizational sustainability, particularly for traditional creative industry SMEs facing increasing digital transformation and market competition. Endek SMEs in Klungkung Regency are required to preserve cultural heritage while simultaneously improving workforce capabilities through effective organizational practices and technological adaptation. This study aims to examine the effects of teamwork and digital literacy on human resource performance, as well as the mediating role of work motivation. A quantitative explanatory research design. Primary data were collected through structured questionnaires distributed to 218 employees of Endek SMEs selected using proportionate random sampling. The data were analyzed using Partial Least Squares–Structural Equation Modeling. The findings reveal that teamwork and digital literacy have positive and significant direct effects on both work motivation and human resource performance. Work motivation also exerts a significant positive effect on human resource performance. Work motivation partially mediates the relationships between teamwork and human resource performance and between digital literacy and human resource performance, indicating that organizational collaboration and digital competence improve employee performance both directly and indirectly by strengthening employee motivation. The structural model demonstrates substantial explanatory power in predicting work motivation and human resource performance. These findings extend the application of the AMO Theory within the context of traditional creative industry SMEs and provide practical implications for SME owners and policymakers to strengthen organizational competitiveness through integrated strategies emphasizing collaborative work systems, digital literacy development, and employee motivation enhancement in the era of digital transformation.

Keywords: digital literacy, creative industry, human resource performance, teamwork, work motivation

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economic development by creating employment opportunities, increasing household income, and strengthening regional economic resilience (Sinha, et al, 2024). Beyond their economic contribution, MSMEs also preserve local culture and encourage the development of creative industries based on traditional knowledge (Irjayanti & Lord, 2024). In Bali, one of the most important creative industries is the traditional weaving sector, particularly the Endek industry in Klungkung Regency. Endek fabric represents a distinctive Balinese cultural heritage that has been preserved across generations while simultaneously serving as an important economic resource for local communities.

Klungkung Regency is widely recognized as one of Bali's centers of traditional textile production. According to the Executive Summary of the Integrated Business Service Center (PLUT KUKM) of Klungkung Regency, Endek is officially identified as one of the region's flagship MSME products alongside other traditional crafts such as songket, cepuk weaving, rangrang weaving, and Kamasan paintings. The report also shows that Endek weaving is produced across several villages, including Tegak, Sampalan Klod, Sampalan Tengah, Sulang, Gelgel, and Nusa Penida, with approximately 150 artisans and around 330 workers involved in the industry, indicating its significant contribution to local employment and the regional creative economy. Although the Endek industry possesses strong cultural identity and considerable market potential, it faces increasing challenges arising from business competition and digital transformation. Traditional weaving enterprises are expected to preserve their cultural heritage while simultaneously improving productivity, expanding digital marketing, and responding to changing customer preferences (Bugheanu, et al, 2026). These challenges require MSMEs to strengthen their human resources, as employee performance directly influences product quality, innovation, operational efficiency, and long-term business sustainability.

Human resource performance has therefore become a critical factor in enhancing the competitiveness of Endek MSMEs. Previous studies suggest that effective teamwork promotes communication, coordination, and knowledge sharing, enabling employees to complete production activities more efficiently. Likewise, digital literacy has become an essential competency because employees are increasingly required to utilize digital technologies for communication, business operations, and market expansion. However, these organizational capabilities may not fully improve performance unless employees possess sufficient work motivation to apply their knowledge and collaborate effectively. Empirical evidence indicates that teamwork contributes positively to human resource performance through improved collaboration and organizational support. Tripathi and Kalia (2022) found that a supportive work environment and a strong organizational learning culture encourage teamwork, which ultimately enhances organizational performance. Li et al. (2022) reported that digital collaboration among employees through enterprise social media improves job performance when used appropriately. Similarly, Sameer (2022) demonstrated that organizational support and workforce agility developed through collaborative work significantly improve employees' task performance. Dhone and Sarwoko (2022) further explained that effective internal communication as an essential element of teamwork strengthens employee performance. More recently, Sudarman et al. (2025) concluded that teamwork supported by digital literacy and employee motivation contributes significantly to higher employee performance. Nevertheless, some studies also indicate that the relationship is not always direct. Li et al. (2022) revealed that excessive digital collaboration may reduce performance because employees experience

technology usage regret. Likewise, Sameer (2022) found that digitalization alone does not significantly improve task performance without workforce agility, suggesting that other behavioral factors should also be considered.

Among these factors, work motivation has been widely recognized as an important mechanism linking teamwork and digital literacy with employee performance. Dhoni and Sarwoko (2022) found that effective internal communication within teams increases employees' work motivation. Famdan and Hartono (2022) reported that a supportive work environment and leadership practices encourage higher employee motivation. Mikael et al. (2022) also concluded that communication and workplace conditions positively influence employees' motivation to perform. Furthermore, Tripathi and Kalia (2022) explained that supportive organizational environments foster learning and strengthen employees' motivation. In terms of digital capability, Sudarman et al. (2025) demonstrated that digital literacy significantly improves employees' work motivation because individuals become more confident in utilizing digital technologies. Marli and Deccasari (2025) likewise found that digital competence enhances employees' motivation to accomplish work tasks effectively. These findings are reinforced by Sameer (2022), who showed that digitalization increases workforce agility, which subsequently encourages work motivation. Finally, motivated employees consistently achieve better performance outcomes. Hariroh et al. (2022) confirmed that work motivation has a significant positive effect on employee performance, while Dhoni and Sarwoko (2022), Famdan and Hartono (2022), Sudarman et al. (2025), and Marli and Deccasari (2025) similarly concluded that motivated employees demonstrate higher productivity and work quality. Therefore, work motivation is expected to mediate the influence of teamwork and digital literacy on human resource performance in Endek MSMEs.

Existing studies have investigated the relationships among teamwork, digital literacy, work motivation, and employee performance across various organizational settings. Nevertheless, the majority of these studies have been conducted in manufacturing firms, public institutions, or large-scale organizations, leaving traditional creative industries such as Endek weaving MSMEs relatively underexplored. Given their distinctive organizational characteristics, including strong cultural values, labor-intensive production processes, and limited technological resources, further empirical investigation is needed to explain how teamwork and digital literacy enhance human resource performance through work motivation in this context.

Based on these considerations, this study investigates the influence of teamwork and digital literacy on human resource performance in Endek MSMEs in Klungkung Regency, with work motivation serving as a mediating variable. The findings are expected to enrich the literature on human resource management in culturally based MSMEs while providing practical recommendations for MSME owners and policymakers in strengthening the sustainability and competitiveness of Bali's traditional Endek industry.

2. LITERATURE REVIEW

Human resource performance has become one of the most important determinants of organizational competitiveness, particularly for micro, small, and medium enterprises (MSMEs) facing rapid technological transformation (Sameer, 2022; Yang & Yasmin, 2022). The Ability–Motivation–Opportunity (AMO) Theory proposed by Appelbaum et al. (2000) explains that employee performance is influenced by three fundamental components: employees' abilities, motivation, and opportunities to contribute effectively within the

organization. Within this framework, digital literacy represents employees' ability, work motivation reflects the motivational component, while teamwork provides opportunities for collaboration and knowledge sharing (Appelbaum et al., 2000). The integration of these three dimensions provides a comprehensive explanation of how organizations can improve employee performance in dynamic business environments (Tripathi & Kalia, 2024; Yang & Yasmin, 2022).

Teamwork has been widely recognized as an important organizational capability that improves employee performance through effective collaboration and coordination (Mohammed et al., 2022; Tripathi & Kalia, 2024). Previous studies suggest that teamwork strengthens communication, trust, participation, and commitment among employees, enabling them to solve problems collectively and achieve organizational objectives more efficiently (Mohammed et al., 2022; Rui & Ju, 2022). Effective teamwork also creates a supportive working environment that encourages knowledge sharing and mutual assistance among team members (Zhang, 2022; Che et al., 2022). Although previous research consistently confirms the positive contribution of teamwork to employee performance, most studies focus on large organizations or manufacturing industries, providing limited evidence regarding the role of teamwork in preserving productivity and competitiveness within traditional MSMEs that rely heavily on collective collaboration (Tripathi & Kalia, 2024; Mohammed et al., 2022).

Digital literacy has also emerged as a critical competency in the era of digital transformation (Sameer, 2022; Li et al., 2022). Employees with adequate digital literacy possess the ability to access, evaluate, utilize, and communicate information through digital technologies effectively, ethically, and responsibly (Sameer, 2022). Previous studies have demonstrated that digital literacy improves employees' adaptability, work efficiency, problem-solving capability, and decision-making quality (Li et al., 2022; Sameer, 2022). Furthermore, digitally literate employees are better prepared to respond to technological changes and organizational innovation (Tripathi & Kalia, 2024; Yang & Yasmin, 2022). Nevertheless, existing studies mainly examine digital literacy in modern organizations or educational contexts, while relatively limited research investigates its contribution to improving human resource performance among traditional MSMEs that are currently undergoing digital transformation (Sameer, 2022).

Work motivation has long been acknowledged as an essential psychological factor influencing employee performance. Based on McClelland's Theory of Needs, employees are motivated by their needs for achievement, affiliation, and power, which encourage them to exert greater effort in accomplishing organizational goals (McClelland, 1961). Previous empirical findings indicate that motivated employees generally demonstrate higher commitment, responsibility, productivity, and job performance (Fadhilillah & Desiana, 2022; Ibrahim et al., 2022; Yang & Yasmin, 2022). In addition, both supportive teamwork and strong digital competencies are believed to enhance employees' intrinsic motivation by creating a positive work environment and increasing confidence in completing work tasks (Tripathi & Kalia, 2024; Sameer, 2022). However, relatively few studies have simultaneously examined work

motivation as the mediating mechanism through which teamwork and digital literacy improve human resource performance, particularly within the context of Indonesian MSMEs (Fadhlillah & Desiana, 2022; Mohammed et al., 2022).

The theoretical foundation of this study is based on the Ability–Motivation–Opportunity (AMO) Theory proposed by Appelbaum et al. (2000). The theory argues that superior employee performance is achieved when employees possess adequate abilities, strong motivation, and sufficient opportunities to contribute effectively within the organization (Appelbaum et al., 2000). In this study, digital literacy represents employees' ability to utilize digital technologies, teamwork reflects the opportunity for collaboration and knowledge sharing, while work motivation represents the motivational component that encourages employees to perform effectively. Human resource performance is conceptualized as employees' achievement in fulfilling organizational responsibilities in terms of work quality, work quantity, timeliness, attendance, and teamwork ability (Yang & Yasmin, 2022; Ibrahim et al., 2022). These theoretical perspectives provide the analytical foundation for explaining the mechanisms through which teamwork and digital literacy contribute to strengthening human resource performance.

Based on these theoretical perspectives, this study adopts a conceptual framework that links four major constructs: teamwork, digital literacy, work motivation, and human resource performance. The framework assumes that teamwork provides employees with collaborative opportunities, while digital literacy strengthens employees' competencies in utilizing digital technologies (Appelbaum et al., 2000; Sameer, 2022). Both factors are expected to increase work motivation, which subsequently enhances human resource performance (Fadhlillah & Desiana, 2022; Ibrahim et al., 2022). In addition to their direct effects, teamwork and digital literacy are also expected to influence human resource performance indirectly through work motivation (Mohammed et al., 2022; Yang & Yasmin, 2022). This conceptual framework provides the basis for analyzing the mechanisms underlying human resource performance improvement among Endek SMEs in Klungkung Regency and offers practical implications for strengthening workforce competitiveness in traditional MSMEs.

3. METHODS

This study employed a quantitative research. Teamwork and digital literacy were treated as exogenous variables, work motivation as the mediating variable, and human resource performance as the endogenous variable. The target population consisted of 480 employees working in Endek SMEs in Klungkung Regency. The sample size was determined using the Slovin formula with a 5% margin of error, resulting in 218 respondents selected through proportionate random sampling. Primary data were collected using a structured questionnaire with measurement items assessed on a five-point Likert scale ranging from strongly disagree to strongly agree. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS software. The analysis included the assessment of the measurement model through convergent validity, discriminant validity, and composite reliability, followed

by the evaluation of the structural model using the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), path coefficients, and bootstrapping procedures to examine both direct and mediating relationships among the research variables.

4. RESULTS AND DISCUSSION

4.1 Results

Measurement Model Assessment

The measurement model was evaluated to ensure that the research constructs met the requirements of validity and reliability before testing the structural relationships. The assessment included convergent validity, discriminant validity, and composite reliability using SmartPLS.

Convergent Validity

Convergent validity was assessed based on the outer loading values and the Average Variance Extracted (AVE). According to Hair et al. (2022), indicator loadings should exceed 0.70, while AVE values should be greater than 0.50. The analysis results indicate that all measurement indicators achieved loading values above the recommended threshold, demonstrating that each indicator adequately represents its respective construct. Furthermore, the AVE values for Teamwork, Digital Literacy, Work Motivation, and Human Resource Performance all exceeded 0.50, confirming satisfactory convergent validity.

Discriminant Validity

Discriminant validity was evaluated using the Heterotrait–Monotrait Ratio (HTMT). The HTMT values among all constructs were below the recommended threshold of 0.90, indicating that each construct is empirically distinct from the others. These findings confirm that the measurement model possesses adequate discriminant validity.

Reliability Assessment

Construct reliability was assessed using Composite Reliability (CR) and Cronbach's Alpha. The results show that all constructs achieved Composite Reliability values greater than 0.70 and Cronbach's Alpha values above the acceptable threshold, indicating a high level of internal consistency among the measurement items. Therefore, all constructs were considered reliable and suitable for further structural model analysis.

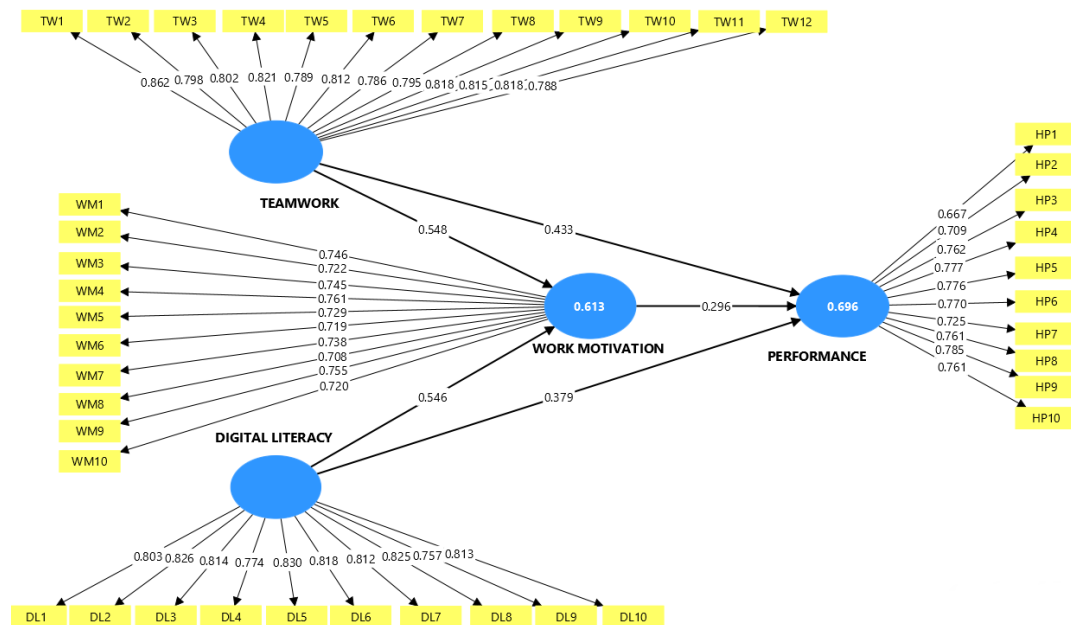


Figure 1. Consumer Transaction Rate 2019-2022 (10pt)

Structural Model Assessment

Following the satisfactory evaluation of the measurement model, the structural model was assessed to examine the predictive capability of the proposed research model. The evaluation included the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), and hypothesis testing using the bootstrapping procedure.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) measures the proportion of variance in the endogenous constructs explained by the predictor variables.

Table 1. Coefficient of Determination (R^2)

Endogenous Variable	R^2	Interpretation
Work Motivation	0.613	Moderate
Human Resource Performance	0.696	Substantial

The R^2 value of 0.613 indicates that teamwork and digital literacy jointly explain 61.3% of the variance in work motivation, while the remaining 38.7% is explained by other variables not included in this study. Meanwhile, the R^2 value of 0.696 shows that teamwork, digital literacy, and work motivation explain 69.6% of the variance in human resource performance. According to Hair et al. (2022), these values indicate that the proposed model has moderate to substantial explanatory power.

Predictive Relevance (Q^2)

Predictive relevance was assessed using the blindfolding procedure. The Q^2 values for both endogenous constructs were greater than zero, indicating that the proposed model possesses satisfactory predictive relevance. This finding suggests that the model has sufficient predictive

capability in explaining employee motivation and human resource performance in Endek SMEs.

Effect Size (f^2)

The effect size analysis was conducted to determine the individual contribution of each exogenous construct to the endogenous variables. The results indicate that teamwork and digital literacy provide moderate effects on work motivation, while teamwork, digital literacy, and work motivation demonstrate small to moderate effects on human resource performance. These findings indicate that each predictor contributes meaningfully to improving employee performance.

Hypothesis Testing

The proposed hypotheses were tested using the bootstrapping procedure in SmartPLS. A hypothesis is accepted when the t-statistic exceeds 1.96 and the p-value is below 0.05.

Table 2. Direct Effects

Structural Path	Path Coefficient (β)	t-value	p-value
Teamwork → Human Resource Performance	0.433	8.477	<0.001
Digital Literacy → Human Resource Performance	0.379	6.973	<0.001
Teamwork → Work Motivation	0.548	13.836	<0.001
Digital Literacy → Work Motivation	0.546	13.469	<0.001
Work Motivation → Human Resource Performance	0.296	4.674	<0.001

The findings indicate that teamwork has a positive and significant effect on human resource performance. Employees who experience effective collaboration, coordination, and mutual support tend to demonstrate better work performance. Similarly, digital literacy significantly enhances employee performance by enabling employees to utilize digital technologies effectively in daily operations.

Furthermore, teamwork and digital literacy significantly improve work motivation. Employees who work within collaborative environments and possess adequate digital competencies tend to exhibit higher enthusiasm and commitment toward achieving organizational goals. In addition, work motivation significantly contributes to improving human resource performance, indicating that motivated employees demonstrate greater productivity and work effectiveness.

The mediating role of work motivation was evaluated using the bootstrapping procedure.

Table 3. Indirect Effects

Indirect Relationship	Path Coefficient (β)	t-value	p-value
Teamwork → Work Motivation → Human Resource Performance	0.162	4.368	<0.001
Digital Literacy → Work Motivation → Human Resource Performance	0.161	4.352	<0.001

The indirect effects are statistically significant, indicating that work motivation mediates the relationships between teamwork and human resource performance as well as between digital literacy and human resource performance. Since both the direct and indirect effects remain significant, work motivation functions as a partial mediator. This finding suggests that teamwork and digital literacy improve employee performance directly while simultaneously strengthening employee motivation, which subsequently enhances performance.

4.2 Discussion

The Effect of Teamwork on Human Resource Performance

Effective teamwork contributes significantly to improving human resource performance in Endek SMEs in Klungkung Regency. The weaving production process requires close coordination among employees, ranging from preparing raw materials and operating traditional looms to maintaining product quality. A collaborative working environment enables employees to exchange knowledge, support one another in solving operational problems, and complete production activities more efficiently, ultimately resulting in higher performance. This finding is consistent with the Ability–Motivation–Opportunity (AMO) Theory, which emphasizes that employee performance improves when organizations provide sufficient opportunities for collaboration and participation. Within this framework, teamwork represents the opportunity dimension that enables employees to utilize their competencies effectively through collective interaction. This finding is supported by Tripathi and Kalia (2022), who found that a supportive work environment and organizational learning culture enhance organizational performance through collaborative work. Li et al. (2022) also reported that effective digital collaboration among employees improves job performance when communication and knowledge sharing are well managed. Similarly, Sameer (2022) demonstrated that organizational support and workforce agility developed through teamwork significantly improve task performance. Furthermore, Dhone and Sarwoko (2022) concluded that effective internal communication, as an integral component of teamwork, positively influences employee performance. More recently, Sudarman et al. (2025) found that collaboration supported by digital literacy and employee motivation contributes significantly to improving employee performance. Therefore, strengthening collaborative work practices should become a strategic priority for Endek SMEs seeking to improve workforce productivity and organizational competitiveness.

The Effect of Digital Literacy on Human Resource Performance

Digital literacy plays a crucial role in strengthening human resource performance in Endek SMEs in Klungkung Regency. Employees with stronger digital competencies are better equipped to utilize digital technologies for communication, production planning, inventory management, and online marketing, allowing them to perform their responsibilities more effectively. As traditional weaving businesses continue to adapt to digital transformation, the ability to use digital tools has become an essential competency for improving operational efficiency and maintaining competitiveness. According to the Ability–Motivation–Opportunity (AMO) Theory, digital literacy represents the ability component because employees' knowledge and technological skills determine their capacity to achieve superior performance. Higher levels of digital competence enable employees to make better decisions, adapt more quickly to technological changes, and accomplish tasks with greater accuracy. This finding is supported by Sudarman et al. (2025), who found that digital literacy has a positive and significant effect on employee performance by improving employees' ability to utilize digital technologies in the workplace. Similarly, Marli and Deccasari (2025) reported that digital

competence significantly enhances employee performance by increasing employees' effectiveness and productivity. Sameer (2022) also demonstrated that digital capability improves task performance through workforce agility, indicating that employees with stronger digital skills can respond more effectively to organizational changes. Furthermore, Li et al. (2022) found that appropriate utilization of enterprise social media enhances job performance by facilitating communication and knowledge sharing among employees. In addition, a study published in *Information & Management* (2022) concluded that technology-enabled digital practices improve employee performance by increasing employee engagement and job satisfaction. Therefore, continuous digital literacy development is essential for enhancing the long-term performance of employees in traditional creative SMEs.

The Effect of Teamwork on Work Motivation

A collaborative working environment significantly enhances employees' work motivation in Endek SMEs in Klungkung Regency. Employees who experience mutual trust, effective communication, and strong cooperation tend to feel more valued and supported in accomplishing organizational goals, which increases their enthusiasm and willingness to contribute. Such conditions encourage employees to participate actively in production activities and develop stronger commitment toward their work. From the perspective of the Ability–Motivation–Opportunity (AMO) Theory, teamwork reflects the opportunity dimension because it provides employees with an organizational environment that encourages participation, interaction, and collaboration. These opportunities stimulate employees' intrinsic motivation, allowing them to become more engaged in their daily responsibilities. This finding is supported by Dhone and Sarwoko (2022), who found that effective internal communication within organizations significantly increases employees' work motivation. Similarly, Famdan and Hartono (2022) reported that supportive work environments and leadership practices positively influence employees' work motivation. Mikael et al. (2022) also demonstrated that effective communication and a conducive work environment encourage higher employee motivation. Furthermore, Tripathi and Kalia (2022) found that supportive organizational environments and learning cultures strengthen employees' motivation by promoting collaboration and continuous development. Sameer (2022) further explained that organizational support enhances workforce agility, which subsequently encourages employees to become more motivated in performing their work. Therefore, fostering collaborative work cultures is essential for maintaining employee motivation within traditional SMEs.

The Effect of Digital Literacy on Work Motivation

Digital literacy contributes positively to strengthening employees' work motivation in Endek SMEs in Klungkung Regency. Employees who possess adequate digital skills generally feel more confident when using technology to complete work tasks, access business information, and adapt to evolving production and marketing practices. Increased confidence reduces work-related uncertainty and encourages employees to become more enthusiastic in carrying out their responsibilities. This relationship is well explained by the Ability–Motivation–Opportunity (AMO) Theory, in which digital literacy represents the ability dimension that enhances employees' confidence and readiness to perform effectively. Employees who perceive themselves as capable of utilizing digital technologies tend to demonstrate stronger motivation and greater commitment toward achieving organizational objectives. This finding is supported by Sudarman et al. (2025), who found that digital literacy has a positive and significant effect on employees' work motivation by improving their confidence in using digital technologies. Similarly, Marli and Deccasari (2025) reported that

digital competence enhances employees' motivation by enabling them to perform work tasks more effectively. Sameer (2022) also demonstrated that digitalization improves workforce agility, which subsequently encourages higher levels of employee motivation. Furthermore, a study published in *Information & Management* (2022) concluded that technology-enabled digital practices increase employee engagement and job satisfaction, thereby strengthening work motivation. Li et al. (2022) additionally found that appropriate use of enterprise social media improves employees' productivity and work enthusiasm by facilitating communication and knowledge sharing. Therefore, digital capability development should be integrated into human resource development programs within Endek SMEs.

The Effect of Work Motivation on Human Resource Performance

Work motivation serves as an essential driver of human resource performance in Endek SMEs in Klungkung Regency. Motivated employees demonstrate greater commitment, persistence, and responsibility in completing their tasks, enabling them to maintain product quality and achieve organizational objectives more effectively. High levels of motivation also encourage employees to exert additional effort, adapt to work challenges, and continuously improve their productivity. Within the Ability–Motivation–Opportunity (AMO) Theory, motivation constitutes one of the three fundamental determinants of employee performance, complementing employees' abilities and the organizational opportunities available to them. Employees who are highly motivated are more likely to transform their competencies into productive work behavior and achieve superior performance outcomes. This finding is supported by Hariroh et al. (2022), who found that work motivation has a positive and significant effect on employee performance by encouraging employees to perform their duties more effectively. Similarly, Dhone and Sarwoko (2022) reported that motivated employees demonstrate higher levels of productivity and work effectiveness. Famdan and Hartono (2022) also concluded that employees with stronger work motivation consistently achieve better performance outcomes. Furthermore, Sudarman et al. (2025) found that work motivation strengthens employee performance and mediates the relationship between digital literacy and employee performance. Likewise, Marli and Deccasari (2025) demonstrated that work motivation enhances employee performance and serves as an important mechanism through which organizational conditions improve employee outcomes. Therefore, organizational efforts aimed at improving work motivation are expected to strengthen workforce performance and support the long-term sustainability of Endek SMEs.

The Mediating Effect of Work Motivation on the Relationship between Teamwork and Human Resource Performance

Work motivation partially mediates the relationship between teamwork and human resource performance in Endek SMEs in Klungkung Regency, indicating that collaborative work practices improve performance both directly and indirectly through enhanced motivation. A supportive team environment encourages employees to feel appreciated, respected, and actively involved in organizational activities, thereby increasing their willingness to contribute to organizational success. As employees become more motivated, they tend to demonstrate greater commitment, productivity, and work effectiveness, leading to improved performance outcomes. This mechanism is consistent with the Ability–Motivation–Opportunity (AMO) Theory, which explains that organizational opportunities, represented by teamwork, stimulate employees' motivation before ultimately enhancing performance. The presence of partial mediation further suggests that teamwork not only directly improves employee performance but also strengthens employees' motivation, which subsequently contributes to better

performance outcomes. This finding is supported by Dhone and Sarwoko (2022), who found that effective internal communication improves both employees' work motivation and performance. Famdan and Hartono (2022) also reported that supportive workplace conditions enhance employees' motivation, which subsequently contributes to improved performance. Similarly, Tripathi and Kalia (2022) demonstrated that supportive organizational environments promote collaboration and organizational performance by encouraging employee development and engagement. Sameer (2022) further explained that organizational support enhances workforce agility, which ultimately contributes to higher task performance, indicating the importance of motivational mechanisms in translating collaborative environments into superior outcomes. In addition, Sudarman et al. (2025) found that employee motivation plays an important role in strengthening the positive impact of organizational capabilities on employee performance. Therefore, strengthening teamwork while maintaining employee motivation represents an effective strategy for improving workforce performance in Endek SMEs.

The Mediating Effect of Work Motivation on the Relationship between Digital Literacy and Human Resource Performance

Work motivation also partially mediates the relationship between digital literacy and human resource performance in Endek SMEs in Klungkung Regency. Employees with stronger digital competencies tend to experience greater confidence in utilizing technology to support their daily activities, which increases their motivation to perform effectively. This increased motivation encourages employees to apply their digital knowledge more consistently, resulting in higher productivity and better work performance. The Ability–Motivation–Opportunity (AMO) Theory explains this mechanism by proposing that employees' ability, represented by digital literacy, enhances motivation before generating optimal performance outcomes. The existence of partial mediation demonstrates that digital literacy contributes directly to employee performance while simultaneously improving performance indirectly through increased work motivation. This finding is supported by Sudarman et al. (2025), who found that work motivation mediates the positive relationship between digital literacy and employee performance. Similarly, Marli and Deccasari (2025) reported that digital competence improves employees' motivation, which subsequently contributes to higher employee performance. Sameer (2022) also demonstrated that digital capability enhances workforce agility, enabling employees to adapt more effectively to technological changes and achieve better performance. Furthermore, a study published in *Information & Management* (2022) found that technology-enabled digital practices increase employee engagement and job satisfaction, which ultimately improve employee performance. Li et al. (2022) additionally reported that the appropriate use of digital technologies enhances employees' productivity and job performance by facilitating effective communication and knowledge sharing within organizations. Accordingly, investment in digital literacy programs accompanied by motivational initiatives can strengthen the competitiveness and sustainability of Endek SMEs in the era of digital transformation.

Research Implications

Theoretically, this study extends the application of the **Ability–Motivation–Opportunity (AMO) Theory** by demonstrating that teamwork (opportunity), digital literacy (ability), and work motivation (motivation) jointly explain variations in human resource performance within the context of traditional creative SMEs. Practically, the findings suggest that owners and managers of Endek SMEs in Klungkung Regency should prioritize collaborative work systems, continuous digital literacy training, and employee motivation programs. Such integrated human resource development initiatives are expected to strengthen organizational productivity,

improve employee performance, and enhance the long-term competitiveness of Endek SMEs in an increasingly digital business environment.

5. CONCLUSION AND LIMITATION

This study concludes that teamwork and digital literacy play significant roles in strengthening human resource performance in Endek SMEs in Klungkung Regency. Effective teamwork creates opportunities for employees to collaborate, communicate, and coordinate more efficiently, while digital literacy enhances employees' ability to utilize technology in supporting work processes and organizational productivity. In addition, work motivation serves as an important mechanism through which teamwork and digital literacy further improve employee performance, indicating that motivated employees are more capable of translating collaborative practices and digital competencies into superior work outcomes. The findings support the Ability–Motivation–Opportunity (AMO) Theory by confirming that employee performance is strengthened through the interaction of organizational opportunities, individual abilities, and motivation. The study also contributes to the human resource management literature by providing empirical evidence from the context of traditional creative industry SMEs and highlights the importance of integrating teamwork development, digital literacy enhancement, and motivational strategies to improve organizational competitiveness in the era of digital transformation.

This study has several limitations. First, the research was conducted only in Endek SMEs located in Klungkung Regency, which may limit the generalizability of the findings to other MSME sectors or regions with different organizational and cultural characteristics. Second, the study employed a cross-sectional research design, preventing the examination of causal relationships and changes in employee performance over time. Third, the model focused only on teamwork, digital literacy, and work motivation, while other factors that may influence human resource performance, such as leadership style, organizational culture, job satisfaction, employee engagement, or organizational commitment, were not included. Future research is therefore encouraged to involve broader industrial sectors and geographical areas, adopt longitudinal research designs to capture dynamic relationships among variables, and incorporate additional organizational and psychological factors to develop a more comprehensive understanding of the determinants of human resource performance in SMEs undergoing digital transformation.

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