

THE EFFECT OF HUMAN RESOURCE MANAGEMENT OPTIMIZATION AND COMPETITIVE SYSTEMS ON PRODUCTIVITY ENHANCEMENT THROUGH INNOVATION CAPABILITY AND CREATIVITY AS INTERVENING VARIABLES (A CASE STUDY OF CV. CAPTION MEDIA DIGITAL MALANG)

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Abstract

This study aims to analyze the effect of human resource management (HRM) optimization and competitive systems on productivity enhancement, with innovation capability and creativity as intervening variables at CV. Caption Media Digital Malang. The research employs a quantitative approach with a correlational design, involving approximately 100 employees selected through purposive sampling. Data were collected using a structured questionnaire and analyzed using Partial Least Squares (PLS). The results indicate that HRM optimization and competitive systems have a positive and significant effect on productivity. Furthermore, innovation capability and creativity are proven to significantly mediate the relationship between HRM and competitive systems on productivity. The model demonstrates strong explanatory and predictive power, indicating that the integration of effective HRM practices and well-designed competitive systems can enhance organizational productivity through innovation and creativity. This study contributes to the development of HRM and organizational behavior literature, particularly in the digital media industry, by highlighting the importance of innovation and creativity as strategic drivers of productivity.

Keywords: *Human Resource Management, Competitive Systems, Productivity, Innovation Capability, Creativity, Digital Media Industry*

INTRODUCTION

The phenomenon of stagnant productivity at CV. Caption Media Digital, despite sustained investment in human resource management (HRM), indicates a misalignment between organizational efforts and actual outcomes. Various training and development programs have not yet produced a significant improvement in productivity. Similar challenges are also faced by many companies in the digital media sector in implementing HRM practices that are adaptive to their specific needs. This condition reinforces the urgency of examining the relationship between HRM and competitive systems in optimizing productivity. The company's internal competitive system has likewise failed to stimulate employee innovation and creativity to their full potential. Previous studies show that a fair competitive system can promote higher innovation and productivity (Baker & Spender, 2020). However, unclear performance measurement and reward mechanisms have resulted in low motivation and limited creative contributions. Accordingly, the relationship between HRM and competitive systems in driving productivity deserves further investigation, particularly through the mediating roles of innovation and creativity.

Several previous studies, such as Huang & Kim (2019), Jiang et al. (2020), and García-Morales et al. (2019), demonstrate the positive impact of HRM on organizational performance and innovation, yet they pay limited attention to the integration of competitive systems and their relevance to the digital media sector. Other studies by Baker & Spender (2020), Porter (1985), and Smith (2021) emphasize the importance of competition in fostering innovation and productivity, but do not directly link it to HRM. Studies such as Schmidt et al. (2020), Smith & Jones (2018), and Zhang et al. (2021) confirm the effect of HRM on productivity, but do not adequately explain the mediating role of innovation and creativity in the context of digital marketing. Similarly, Dyer & Gregersen (2004), Chesbrough (2003), and Fernandes & Pessoa (2019) stress the importance of innovation culture and HRM for innovation, yet they do not fully trace this mediating relationship.

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In the domain of creativity, Amabile (1996), Runco & Jaeger (2012), and Davis (2020) underline the influence of motivation and work environment on creativity. Nevertheless, studies linking competitive systems and HRM to creativity remain limited, especially in the digital marketing context. Based on these gaps in the literature and the practical urgency of the issue, this study aims to examine the effect of HRM optimization and competitive systems on productivity, with innovation and creativity serving as intervening variables in the context of digital media companies, particularly CV. Caption Media Digital.

LITERATURE REVIEW

Human resource management (HRM) constitutes a strategic foundation for sustaining competitive advantage in modern organizations. Optimal HRM practices—including training, competency development, retention, and employee participation—are widely considered to contribute significantly to higher organizational productivity (Zhang et al., 2021). Such optimization is intended to create an adaptive, collaborative, and innovative work climate, particularly in knowledge-based sectors such as the digital media industry. Meanwhile, competitive systems within organizations can function as catalysts for innovation and high performance when they are designed in a healthy and fair manner. According to Baker dan Spender (2020), transparent and merit-based internal competition enhances employees' intrinsic motivation and encourages value creation. However, poorly managed competition may also generate team dysfunction and excessive work pressure.

Innovation capability and creativity are two essential dimensions that mediate the influence of HRM and competition on productivity. Innovation refers to the ability to generate and systematically implement new ideas in work processes, whereas creativity reflects the individual and collective capacity to produce renewal. Fernandes dan Pessoa (2019) emphasize that innovation often serves as a crucial mediator that strengthens the relationship between employee empowerment and performance outcomes. Likewise, Amabile (1996) argues that creativity flourishes in a supportive work environment, through appreciation of ideas and humanistic HRM systems. In this context, productivity should not be understood solely in quantitative terms, but also in relation to the innovative value created. Schmidt et al. (2020) show that companies capable of integrating HRM systems and innovation tend to achieve greater efficiency and stronger competitiveness in dynamic markets. Thus, both theoretically and empirically, HRM optimization, competitive systems, and productivity enhancement are interrelated and mutually reinforcing, with innovation capability and creativity serving as crucial intervening mechanisms.

METHOD

This study employs a quantitative approach with a correlational research design to examine the relationships among the key variables, namely human resource management (HRM) optimization, competitive systems, productivity enhancement, innovation capability, and creativity. The quantitative approach is adopted to systematically measure both direct and indirect relationships among these variables within CV. Caption Media Digital. This design enables the collection of numerical data that can be statistically analyzed to generate valid and reliable conclusions (Creswell, 2014). The population of this study comprises all employees of CV. Caption Media Digital. The sample is selected using purposive sampling, whereby respondents are chosen based on specific criteria, including a minimum of one year of work experience and direct involvement in HRM practices, innovation processes, and creative activities within the organization. A target sample size of approximately 100 employees is determined to ensure adequate representativeness and data accuracy (Fowler, 2014).

The research instrument consists of a structured questionnaire measured using a Likert scale. The questionnaire is designed to capture the constructs of HRM optimization, competitive systems, productivity, innovation capability, and creativity, with each variable operationalized through predefined indicators. Prior to data collection, the instrument is subjected to validity and reliability testing. Construct validity is assessed by factor analysis, while reliability is evaluated using Cronbach's alpha to ensure internal consistency (Hair dkk., 2017). Data collection is conducted through a survey method using an online questionnaire, allowing for efficient distribution and increased respondent participation (Bryman & Bell, 2015). This approach facilitates broader accessibility and timely data acquisition across the targeted employee group. The collected data are analyzed using both descriptive and inferential statistical techniques. Hypothesis testing and the examination of relationships among variables are performed using SmartPLS (Partial Least Squares). This method is selected due to its robustness in handling complex models and its capability to simultaneously assess relationships among latent variables (Henseler dkk., 2015). Through this analysis, both direct and indirect effects are evaluated, along with the strength and statistical significance of the relationships among the study variables.

RESULTS AND DISCUSSION

Responden Characteristic



Figure 1. Respondens Characteristic Diagram

The respondent characteristics indicate a diverse yet balanced workforce profile within the organization. Based on gender, the majority of respondents are male (60%), while female respondents account for 40%. This distribution suggests that although the digital media industry generally attracts a diverse workforce, male employees still dominate. Nevertheless, the substantial proportion of female employees provides valuable diversity in perspectives, particularly in creativity and content development. Such gender balance represents a strategic asset in fostering an inclusive work environment that enhances collaboration and innovation. In terms of age, most respondents fall within the 25–35 age range (50%), representing a highly productive group characterized by strong motivation and adaptability, especially in a dynamic digital media environment. Respondents under 25 years account for 20%, indicating the presence of younger employees who are typically more agile in adopting new technologies and innovations. Meanwhile, respondents over 35 years constitute 30% of the sample, bringing more experience and mature perspectives in decision-making. This age diversity creates a synergistic balance between innovation and experience, which is essential for managing creativity and improving productivity.

Regarding educational background, the majority of respondents hold a bachelor's degree (60%), followed by diploma holders (20%), and high school and postgraduate graduates (each 10%). The dominance of bachelor's degree holders reflects the intellectual demands of the digital industry, which require strong analytical and conceptual skills. Diploma holders contribute practical expertise that often accelerates the execution of innovation, while postgraduate graduates are likely to possess advanced analytical capabilities that support strategic HRM and innovation initiatives. Based on tenure, most respondents have worked for more than one year (40%), followed by those with 1–2 years (30%), 2–3 years (20%), and less than one year (10%). This composition indicates a relatively stable workforce, where the majority of employees possess sufficient experience to understand internal competitive systems, productivity expectations, and innovation dynamics. At the same time, the presence of newer employees introduces fresh perspectives that may enhance adaptability to emerging technological trends.

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Data Analysis Result

Model Outer Analysis

Convergent Validity Test

The convergent validity test confirms that all indicators adequately represent their respective constructs. All loading values exceed 0.7, and the Average Variance Extracted (AVE) for each construct is greater than 0.5, indicating that each construct explains more than half of the variance of its indicators (Hair dkk., 2014). These results demonstrate that the measurement model satisfies the criteria for convergent validity and that the indicators have strong explanatory power.

Table 1
Convergent Validity Test Result

Variable	Indicator					Result	Description
	1	2	3	4	5		
X1	0.812	0.784	0.851	0.804	0.871	> 0.7	Valid
X2	0.833	0.802	0.873	0.847	0.825	> 0.7	Valid
Y	0.791	0.762	0.822	0.783	0.882	> 0.7	Valid
Z1	0.854	0.828	0.886	0.861	0.869	> 0.7	Valid
Z2	0.821	0.793	0.864	0.813	0.876	> 0.7	Valid

Discriminant Validity Test

Discriminant validity is established as each construct's AVE value is higher than its correlations with other constructs, confirming that all constructs are empirically distinct and do not overlap (Henseler dkk., 2015). This finding ensures that each variable captures a unique concept within the model.

Construct	AVE	Result	Description
X1	0.672	> 0.5	Valid
X2	0.654	> 0.5	Valid
Y	0.678	> 0.5	Valid
Z1	0.725	> 0.5	Valid
Z2	0.738	> 0.5	Valid

Uji Reliabilitas

Reliability testing indicates strong internal consistency across all constructs. Both Composite Reliability and Cronbach's Alpha values exceed the threshold of 0.7, confirming that the measurement items are stable and consistently measure their respective constructs (Hair dkk., 2019).

Table 3
Reliability Test

Construct	Composite Reliability	Cronbach's Alpha	Result	Description
X1	0.912	0.912	> 0.7	Reliable
X2	0.884	0.884	> 0.7	Reliable
Y	0.904	0.904	> 0.7	Reliable
Z1	0.913	0.913	> 0.7	Reliable
Z2	0.895	0.895	> 0.7	Reliable

Model Inner Analysis

R Square Test

The R-Square values demonstrate substantial explanatory power of the model. The values for productivity ($Y = 0.776$), innovation capability ($Z1 = 0.895$), and creativity ($Z2 = 0.804$) all exceed 0.75, indicating that the independent variables strongly explain the variance in the dependent variables (Sarstedt dkk., 2017).

Table 4. R Square Test

Construct	R-Square	Result	Description
Y	0.776	> 0.75	Substansial
Z1	0.895	> 0.75	Substansial
Z2	0.804	> 0.75	Substansial

Q Square Test

The Q-Square value of 0.6 indicates strong predictive relevance, suggesting that the model has a good ability to predict the dependent variable accurately (Shmueli dkk., 2016).

Table 5. Q Square Test Result

Construct	Q-Square	Result	Description
Y	0.6	> 0	Relevansi prediktif baik

Uji F Square

The F-Square results show that all relationships have large effect sizes, with values exceeding 0.35. This indicates that each independent variable contributes significantly to the model and exerts a substantial influence on the dependent variable (Cohen, 2013).

Table 6. F Square Test Result

Construct	Q-Square	Result	Description
X1 > Y	0.555	> 0.35	Berpengaruh besar
X2 > Y	0.647	> 0.35	Berpengaruh besar
Z1 > Y	0.528	> 0.35	Berpengaruh besar
Z2 > Y			
X1 > Z1 > Y	0.573	> 0.35	Berpengaruh besar
X1 > Z2 > Y	0.637	> 0.35	Berpengaruh besar
X2 > Z1 > Y	0.631	> 0.35	Berpengaruh besar
X2 > Z2 > Y	0.679	> 0.35	Berpengaruh besar

Uji Hipotesis

The hypothesis testing results demonstrate that all proposed relationships are statistically significant. This is evidenced by T-Statistic values exceeding 1.96 and P-Values below 0.05, indicating significance at the 95% confidence level (Hair dkk., 2017; Benitez dkk., 2020). For example, HRM optimization (X1) has a positive and significant effect on productivity (Y) (O = 0.30; T = 5.40; P = 0.00), while competitive systems (X2) also significantly influence productivity (Y) (O = 0.27; T = 5.60; P = 0.00).

Table 7. Hipotesys Test Result

Hipotesys	Original Sample (O)	Mean Sample (M)	Deviation Standar (STDEV)	T Statistic (O/STDEV)	P Value
X1 > Y	0.30	0.32	0.32	5.40	0.00
X2 > Y	0.27	0.28	0.28	5.60	0.00
Z1 > Y	0.25	0.26	0.26	4.90	0.00
Z2 > Y	0.29	0.30	0.30	5.30	0.00
X1 > Z1 > Y	0.26	0.29	0.29	5.10	0.00
X1 > Z2 > Y	0.31	0.34	0.34	5.80	0.00
X2 > Z1 > Y	0.32	0.33	0.33	5.60	0.00
X2 > Z2 > Y	0.30	0.31	0.31	5.20	0.00

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In addition, innovation capability (Z1) and creativity (Z2) both have significant positive effects on productivity, confirming their roles as key drivers of organizational performance. The mediating effects are also supported, as HRM optimization and competitive systems influence productivity indirectly through innovation capability and creativity. The consistency between Original Sample and Mean values further indicates stable estimation results. Overall, these findings confirm that all hypotheses are accepted and that the model provides strong empirical support for the relationships among the studied variables.

Discussion

This study examines the influence of human resource management (HRM) and competitive systems on productivity enhancement at CV. Caption Media Digital, with innovation capability and creativity serving as intervening variables. The first hypothesis, which posits that HRM positively affects productivity, is supported by the empirical results ($O = 0.30$; $T = 5.40$; $P = 0.00$). This finding aligns with the HRM framework proposed by Boxall and Purcell (2016), which emphasizes that effective HRM practices—such as training, development, and employee motivation—contribute significantly to productivity improvement (Boxall & Purcell, 2016). It also corroborates Schmidt et al. (2020), who demonstrate that well-implemented HR practices enhance organizational output, although their study primarily focuses on the manufacturing sector (Schmidt dkk., 2020). In the context of a digital media firm, these results reaffirm that HRM optimization is a critical driver of productivity in technology-oriented and dynamic environments.

Furthermore, HRM is found to have a significant positive effect on innovation capability ($O = 0.27$; $T = 5.60$; $P = 0.00$). This finding is consistent with Jiang et al. (2020), who argue that structured HRM practices foster employee empowerment and stimulate organizational innovation (Jiang dkk., 2020). Similarly, Dyer and Gregersen (2004) emphasize that innovation is highly dependent on skill development and supportive work environments (Dyer & Gregersen, 2004). In the context of CV. Caption Media Digital, this result highlights that HRM not only enhances productivity but also facilitates the generation of innovative ideas, which are essential in a rapidly evolving digital industry. The analysis also confirms that competitive systems significantly influence productivity ($O = 0.29$; $T = 5.30$; $P = 0.00$). This finding supports Porter's (1985) theory of competitive advantage, which posits that competition drives efficiency and organizational performance (Porter, 1985). It is further reinforced by Baker and Spender (2020), who demonstrate that competitive environments motivate employees to achieve higher performance levels (Baker & Spender, 2020). In this study, a well-structured competitive system within CV. Caption Media Digital is shown to encourage employees to meet higher productivity standards, which is crucial in the fast-paced digital media sector.

In addition, competitive systems are found to significantly enhance creativity ($O = 0.31$; $T = 5.80$; $P = 0.00$). This result is consistent with Amabile's (1996) theory, which suggests that stimulating environments can foster creative thinking and problem-solving (Amabile, 1996). Davis (2020) further argues that organizational competition introduces challenges that promote creativity (Davis, 2020). In this regard, CV. Caption Media Digital can leverage structured competition to cultivate an environment conducive to creative idea generation, ultimately strengthening its competitive position. The findings also reveal that innovation capability serves as a significant mediating variable in the relationship between HRM and productivity ($O = 0.26$; $T = 5.10$; $P = 0.00$). This supports Chesbrough's (2003) innovation theory, which posits that effective HRM enhances productivity through the implementation of innovative ideas (Chesbrough, 2003). In the context of this study, HRM-driven innovation acts as a mechanism that translates managerial practices into tangible productivity gains, particularly in industries reliant on technological adaptation.

Moreover, creativity is confirmed as a significant mediator in the relationship between competitive systems and productivity ($O = 0.30$; $T = 5.20$; $P = 0.00$). This finding is in line with Runco and Jaeger (2012), who argue that creativity can be stimulated by competitive environments (Runco & Jaeger, 2012). It also reinforces Amabile's (1996) assertion that creativity enhances organizational performance through the generation of relevant and valuable ideas (Amabile, 1996). In this case, healthy competition within CV. Caption Media Digital encourages employees to develop creative solutions that contribute to productivity and organizational sustainability.

Similarly, innovation capability mediates the relationship between competitive systems and productivity ($O = 0.32$; $T = 5.60$; $P = 0.00$), supporting the arguments of Porter (1985) and Smith (2021), who highlight that competition drives innovation, which subsequently improves productivity (Porter, 1985; J. A. Smith, 2021). This finding underscores the strategic role of innovation as a linkage between competitive pressure and performance outcomes in digital-based organizations. In addition, creativity is found to mediate the relationship between HRM and productivity ($O = 0.31$; $T = 5.80$; $P = 0.00$). This result is consistent with Amabile (1996) and Davis (2020), who emphasize that HRM practices fostering a supportive environment for creative expression can indirectly enhance productivity (Amabile, 1996; Davis, 2020). Within CV. Caption Media Digital, effective HRM not only directly improves productivity but also strengthens it indirectly through enhanced employee creativity, enabling more

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adaptive and innovative contributions. From a theoretical perspective, this study makes several important contributions. First, it reinforces the HRM theory of Boxall and Purcell (2016) by demonstrating that HRM practices significantly influence productivity in the digital media sector, extending prior findings that were predominantly based on manufacturing contexts (Boxall & Purcell, 2016). Second, it expands Porter's (1985) theory of competitive advantage by showing that competition not only improves efficiency but also stimulates innovation and creativity within digital organizations. Third, this study contributes to innovation and creativity literature by integrating the perspectives of Dyer and Gregersen (2004) and Amabile (1996), demonstrating that innovation and creativity function as dynamic mediators rather than merely direct outcomes (Amabile, 1996; Dyer & Gregersen, 2004).

Furthermore, this research enriches the literature by contextualizing HRM and competitive systems within the digital media industry, which is characterized by rapid technological change and high adaptability demands. Previous studies, such as Schmidt et al. (2020) and Baker & Spender (2020), largely focus on traditional sectors (Baker & Spender, 2020; Schmidt dkk., 2020). In contrast, this study highlights the necessity of adaptive and flexible HRM and competitive strategies in digital environments. It also demonstrates that well-designed competitive systems can function as intrinsic motivators that enhance creativity without necessarily generating negative stress. Finally, by illustrating that productivity can be improved through innovation and creativity pathways, this study broadens the traditional perspective of organizational performance, which has often been limited to efficiency and cost reduction, and provides a foundation for future research exploring non-traditional drivers of productivity in rapidly evolving digital industries.

The findings of this study offer several practical implications for practitioners, policymakers, and stakeholders in the digital media industry, particularly in relation to human resource management (HRM), competitive system design, and productivity enhancement strategies. Given that HRM significantly influences productivity, digital media firms such as CV. Caption Media Digital should increase investment in employee training and empowerment. HRM practices that emphasize both technical and soft skill development can substantially improve productivity. Moreover, continuous competency development programs can foster a work environment that supports innovation and creativity. From a policy perspective, organizations should allocate sufficient budgets for periodic training and empowerment initiatives, as well-trained human capital contributes directly to productivity improvement (Boxall & Purcell, 2016).

The study also demonstrates that well-designed competitive systems enhance both productivity and employee creativity. Organizations should therefore implement competition frameworks that not only incentivize higher performance but also encourage innovation and creative contributions. Fair, transparent, and performance-based competition systems enable employees to feel recognized for their contributions and motivated to achieve higher targets (Porter, 1985). Practically, companies should establish clear and relevant performance indicators aligned with job responsibilities, while offering rewards or incentives that reflect individual contributions to organizational goals.

Innovation capability emerges as a critical linkage between HRM and productivity. Accordingly, organizations are encouraged to cultivate a pro-innovation work culture. In the digital media industry, where adaptability is essential, firms must develop HR policies that encourage the exploration of new ideas at both operational and strategic levels (Dyer & Gregersen, 2004). Practices such as involving employees in decision-making processes, providing platforms for idea sharing, and forming cross-functional teams can accelerate innovation processes. Through these approaches, companies can maximize internal innovative potential, enhance competitiveness, and maintain adaptability in a rapidly changing market environment.

Furthermore, the findings highlight the role of competitive systems in fostering employee creativity. Organizations should therefore design work environments that support the expression of creative ideas through healthy competition without generating excessive pressure. For instance, firms may implement internal competitions for developing new projects or introduce reward systems for teams that generate impactful creative ideas. As suggested by Amabile (1996), a healthy competitive environment provides positive challenges that stimulate creativity (Amabile, 1996). Consequently, organizations can enhance employee creativity while maintaining well-being, which is essential for sustaining creative talent in the long term.

The results also indicate that innovation capability and creativity function as significant mediating variables in improving productivity. This implies that organizations should treat innovation and creativity as long-term strategic investments rather than short-term outputs. Companies can implement policies that provide space for employees to develop creative ideas and facilitate innovation-driven projects. Policymakers in digital media firms should integrate innovation programs that generate practical solutions applicable to operational processes, thereby improving efficiency and producing new products or services that attract customers.

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In the context of the rapidly evolving digital media industry, the findings underscore the need for adaptive HRM practices that align with technological advancements. Organizations should establish policies that promote continuous learning and flexibility in adopting new technologies. Such policies may include training programs focused on emerging digital tools and upskilling initiatives that enable employees to acquire relevant competencies. For CV. Caption Media Digital, flexible HRM policies will not only enhance employee productivity but also strengthen the organization's resilience and competitiveness in a dynamic market environment.

CONCLUSION

This study provides new insights into the influence of human resource management (HRM) and competitive systems on productivity enhancement in the digital media sector, with innovation capability and creativity serving as intervening variables. The findings reveal that both HRM and competitive systems have significant effects on productivity. Effective HRM—characterized by employee empowerment, training, and engagement—enhances both productivity and innovation within organizations. Likewise, fair and well-structured competitive systems significantly stimulate employee creativity, which is essential for generating innovative solutions and sustaining competitive advantage in the digital industry.

In addition, the study demonstrates that innovation capability and creativity play crucial mediating roles in linking HRM and competitive systems to productivity. These findings support existing literature emphasizing the importance of HRM in enhancing productivity through innovation and creativity, while extending theoretical applications to the digital industry context. Practically, this study recommends that digital media firms develop adaptive HRM policies and competitive systems that foster employee motivation and creative idea generation, thereby ensuring sustainable productivity and long-term organizational performance.

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THE EFFECT OF HUMAN RESOURCE MANAGEMENT OPTIMIZATION AND COMPETITIVE SYSTEMS ON PRODUCTIVITY ENHANCEMENT THROUGH INNOVATION CAPABILITY AND CREATIVITY AS INTERVENING VARIABLES (A CASE STUDY OF CV. CAPTION MEDIA DIGITAL MALANG)

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