

Do digital marketing, integrated supply chain, and innovation capability affect competitiveness, and creative industry performance?

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ABSTRACT

This study tried to explain the effect of digital marketing, supply chain integration, and innovation capabilities in increasing competitiveness and creative industries performance. There were three creative industry business sectors as units of analysis, namely culinary, craft and fashion sectors. A quantitative approach was used through a survey of 163 creative industries located in five regions i.e.: Makassar City, ParePare City, Wajo Regency, Tana Toraja Regency and North Toraja Regency. While respondents were business owners, managers, and supervisors. Descriptive statistics, and structural equation modelling as a method of analysis. Results showed that digital marketing and integrated supply chain significantly influences competitiveness as well as creative industry performance. Meanwhile, innovation capability significantly influences competitiveness, but not significantly on creative industry performance. This study also proved that competitiveness significantly affected creative industry performance. In addition, this study also confirmed that competitiveness mediated partially on effect digital marketing and integrated supply chain toward business performance and mediated fully on effect innovation capability toward business performance, primarily in the context of creative industry development.

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1. Introduction

The growth of digital technology rapidly increased, giving some impacts on changes in product and service marketing strategies for every company, including creative industries in Indonesia. Marketing activities which were initially conventional and offline-based are slowly undergoing be transformed to be contemporary online-based marketing which is generally better known as digital marketing. It has been empirically proven that digital technology enhancement is the impact of technological innovation carried out continuously and consistently by every organization in the industrial environment (Munizu, 2011; Saunila, 2020).

As we know, in practice, e-technology-based business activities have been adopted and applied to all functions and business lines within a company. For example, in the marketing field, several creative industries have adopted digital marketing in promotional activities, branding and distribution of goods and services to customers. In general, digital marketing involves websites, social media marketing, and e-commerce applications with the aim to expand and improve customer access to company products, and extend product marketing areas (Sok et al., 2013). Through adoption and use intensively of digital marketing, business actors can more easily monitor, and provide all customer wants and needs. On the other hand, customers can also more easily search and find data and information about products and services which are provided by the companies. Customer participation in providing some suggestions is an important element to create both competitiveness and sustainable creative industry performance (Salam & Houque, 2019).

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The dynamic of the competitive environment is increasingly high after the Covid-19 pandemic has become seriously challenging for creative industries to recover and develop. However, online based marketing activities that have been carried out during Covid-19 pandemic have proven as one of fit strategies to maintain business sustainability, especially for the creative industry. Opportunities to increase product sales, market share, and marketing area can be achieved by digital marketing adoption in marketing activity and strategy (Singh et al., 2022). Moreover, the challenges of an external business environment can be used as opportunities to develop business performance through collaboration among parties such as suppliers, distributors, and customers in a supply chain system. Another advantage of the supply chain system is its capability to solve some important problems like distribution of products to customers (Tambunan, 2011; Jamaludin, 2021). The effectiveness of the supply chain system not only reduces costs but also increases consumer satisfaction, employee productivity, product sales, and profitability (Armayah et al., 2019; Saragih et al., 2020; Pono & Munizu, 2021).

Some of the important elements in the strategic and operations management that can affect competitiveness as well as organizational performance are innovation capabilities (Le & Ikram, 2022). Innovation capability involves several characteristics and company resources for improving business results. Therefore, the effort to improve innovation capabilities is a crucial element in increasing both competitiveness and company performance. Some previous studies found that innovation capability had a strong effect toward competitiveness and performance in all business aspects (Bahta et al., 2021; Abudaqa et al., 2022). From literature review and some previous studies, it was found that measuring the role of competitiveness as an intervening variable in the model of digital marketing, integrated supply chain, and innovation capability impact toward creative industry performance is still very limited, primarily in Indonesia context. Therefore, this study was conducted with the aim to explain the competitiveness role in mediating influence of digital marketing, integrated supply chain, and innovation capability on creative industry performance.

2. Literature Review and Hypothesis

2.1 Digital Marketing

Recently, digital marketing use in business has become increasingly popular and massive within business organizations as a strategy and tool to improve product sales, expand markets, and enhance marketing performance. Digital marketing relates to digital-based marketing activity, including branding using various electronic-based media such as websites, social media marketing, and e-commerce platforms that enable active interaction among product providers, distributors, and customers through online systems. E-based marketing activity or digital marketing is also related to product promotion through online media by utilizing various media such as internet and social media networks (Yasmin et al., 2015). Digital marketing is to attract customers and potential markets. Several types of digital marketing are widely known for improving sales products and services like e-based advertising, e-billboards, and mobile marketing. Some advantages are using digital marketing such as speed of disseminating information, wide reach, effectiveness, and as media of building company brand (Alam & Khan, 2015). Some previous studies have proven that use of digital marketing in marketing activities influences competitiveness and performance (Kawira et al., 2019; Tarsakoo & Charoensukmongkol, 2020). Social media marketing as one digital marketing type has an important role in improving company performance. Types of social media marketing that are widely used and popular in the business world include Facebook, Instagram, and TikTok (Giantari et al., 2022).

2.2 Integrated Supply Chain

Process of managing company's business activities that consists of three flows i.e.: material flows, information flows and money flows that move from upstream to downstream, or vice versa, which is expected to provide added value for consumers and all business partners along the supply chain system (Jacobs & Chase, 2018). The concept of integration more shows a process of strategic cooperation among members in the supply chain system, which if managed effectively can increase operational efficiency, profit, value and satisfaction for all parties involved (Cao et al. al., 2015). Integrated supply chain relates to the extent to which all manufacturing activities from suppliers to customers can be integrated in a system (Huo et al., 2016).

Integrated supply chain can be used either as an approach or strategy that is useful for improving company performance in various aspects or sizes. This concept consists of internal and external integration. Internal integration covers collaboration, coordination, communication, and cooperation within functional areas, which make organization to be cohesive. Then, external integration relates to integration with customers, and suppliers. Several empirical study results revealed the importance of integrated supply chain in improving competitive advantage as well as company performance (Otchere et al., 2013; Munizu et al., 2019).

2.3 Innovation Capability

Capability relates to a company's ability in integrating and optimizing the use of resources organizational to achieve goals. In management and organizational literature, innovation is a company's ability to apply ideas and creativity in solving company problems and enhancing business performance. A company's ability to innovate is an important factor so that companies are able to compete and survive in the competitive environment. Because of innovation, each company can create growth in

terms of market share and company profits (Ali et al., 2020).

Putra et al. (2020) said that many organizations try to improve their capability with considered sources of innovation such as knowledge, and expertise within an organization. Innovation capabilities contain some dimensions i.e.: technology management, research and development and technological innovation. It also consists of a comprehensive set of characteristics in each organization to support business strategy and performance. Innovation capability is also related to a company's ability to improve product quality, develop new products, and utilize the latest technology. Innovation capability has a strong influence on a company's success, especially in managing costs and business performance. Some studies recently proved that key factor in the success of an organization related to innovation capability (Jin & Choi, 2019). Additionally, innovation capabilities are also able to create competitive advantages (Purwati et al., 2021; Sitohang & Wiwoho, 2022).

2.4 Competitiveness

Conceptually, competitiveness contains several organization assets to build relative position among competitors in the market. It also consists of several capabilities that make each organization unique and different in a competitive environment. One of the ways that can be taken to increase competitiveness is through improving the company's capabilities or competencies consistently as well as continuously. Competitiveness also depends on how much organizational resources are owned compared to its competitors (Tambunan, 2011; Pono et al., 2018).

The concept and measurement of competitiveness can vary from one study to another, because the concept of competitiveness contains multidimensional concepts. Therefore, it is possible that there are various definitions, understandings and measurements in the concept of competitiveness. Lakhali (2009) measured company competitiveness using four indicators i.e.: low price, high product quality, product innovation, speed of product introduction on the market. Companies will gain high competitiveness if they are able to implement flexibility, innovation, quality, and cost efficiency strategies optimally (Lin & Tsai, 2016). The main competitive dimensions can be divided into several dimensions including price, quality and reliability, delivery speed and its reliability, and flexibility (Jacobs & Chase (2018). Some of previous studies explain that companies will have superior competitiveness if they are consistently in managing and fixing competitiveness elements. Competitiveness has a strong relationship and effect toward performance. High competitiveness will generate best results for each organization (Hutahayan & Yufra, 2019; Wijaya & Suasih, 2020; Riyadi & Munizu, 2022).

2.5 Business Performance

Measuring company performance is a very important activity to determine the organization's achievements in each period. It is related to an organization's work in a certain period in implementing its programs and activities based on the vision and mission that have been set before. Performance measurement is designed to assess how well an organization's activities are carried out, and to identify whether continuous improvements have been made in relevant aspects. In general, measuring performance in an organization can use one of two main approaches, namely traditional approach, and contemporary approach. The traditional approach emphasizes comparing actual performance with budgeted performance or standard costs, while the contemporary approach uses business activities as a basis for measuring company performance. Traditional approach measurement focused on financial aspects. Meanwhile, contemporary performance measurement includes broader aspects such as: marketing aspects, operational aspects, internal business processes, and customer satisfaction (Hansen & Mowen, 2006). Measurement of business performance by researchers found various indicators. For example, Lakhali (2009) measures company performance based on strategic management, marketing and operations management literature using three performance dimensions namely financial, operational and product quality performance. Sahoo (2019), and Tang et al. (2020) measure company performance using indicators of sales, profits, market share, investment turnover, employee productivity and customer satisfaction. Moreover, Munizu et al. (2019) use financial and non-financial aspects in explaining business performance. Furthermore, the following figure is a conceptual framework model that describes the pattern of relationships and influences among variables based on both empirical and theoretical studies. The conceptual model above comprehensively describes the influence among variables which are constructed based on systematic scientific steps. Thus, hypothesis can be formulated as follows:

H₁: *Digital marketing influences competitiveness.*

H₂: *Integrated supply chain influences competitiveness.*

H₃: *Innovation capability influences competitiveness.*

H₄: *Digital marketing influences business performance.*

H₅: *Integrated supply chain influences business performance.*

H₆: *Innovation capability influences business performance.*

H₇: *Competitiveness influences business performance.*

H₈: *Competitiveness can mediate the impact of digital marketing toward business performance.*

H₉: *Competitiveness can mediate the impact of integrated supply chains toward business performance.*

H₁₀: *Competitiveness can mediate the impact of innovation capability toward business performance.*

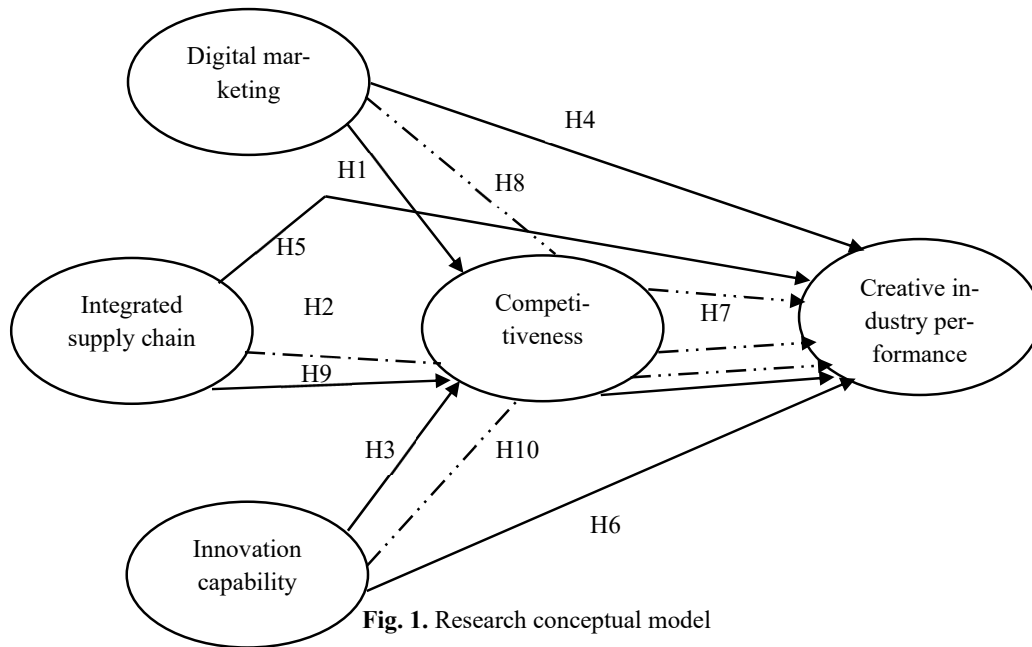


Fig. 1. Research conceptual model

3. Research Methods

This study used a survey approach in collecting data, both primary data and secondary data. Unit analysis involves the creative industry operating in culinary, craft and fashion sectors. The location of this study is around five creative industry center areas, namely: Makassar City, ParePare City, Tana Toraja Regency, North Toraja Regency, and Wajo Regency. This study used samples of 163 creative industries, where the respondents consisted of managers, supervisors, and business owners. The research variables consist of exogenous variables which include digital marketing, integrated supply chain, and innovation capability. While endogenous variables consist of competitiveness, and company performance. Perception of respondents on indicators in the questionnaire were measured using a 1-5 Likert Scale.

Based on a review of empirical study and testing of questionnaire instruments, three indicators were reflected in the digital marketing variable (X1), namely intensity of product marketing activities via websites (X1.1), social media marketing (X1.2), e-commerce platforms (X1.3). Then, integrated supply chain variable (X2) is reflected with four indicators, namely partnership in the supply chain system (X2.1), internal, and external integration (X2.2), active customer involvement in providing input to companies (X2.3), feedback and follow-up (X2.4). Innovation capability variable (X3) is also formed through four indicators, namely product and service design development (X3.1), production process efficiency (X3.2), production and service process quality (X3.3), product and service innovation (X3.4). Variable of competitiveness (Y1) is formed by three indicators, i.e.: cost (Y1.1), product quality (Y1.2), speed of product delivery to customers (Y1.3). Furthermore, variable of creative industry performance (Y2) is reflected through five indicators, i.e.: product sales growth (Y2.1), market share growth (Y2.2), profit growth (Y2.3), investment turnover rate (Y2.4), and employee productivity growth (Y2.5). This study collected data and information through field surveys. Its results are tabulated, processed and analyzed by using descriptive statistical, and structural equation modeling (SEM). Structural equation model analysis used to test research hypotheses include both direct and indirect effects among variables. Moreover, testing of significance the indirect effect between variables used Sobel test (Hair et al., 2018).

4. Results and Discussion

4.1 Description of Respondent

The results showed that of 163 respondents, there were 124 men (76.1%) and 39 women (23.9%) with a dominant age of 121 people between 30-50 years (74.3%). Then, there were 119 people (73.1%) with high school and bachelor's degrees. Then, description of type of businesses, age of business, and locations of business as described below.

Table 1
Respondent profile

| No | Description | Frequency | Percentage (%) |
|----|--------------------------|-----------|----------------|
| 1 | Business type: | | |
| | a. Culinary | 56 | 34.36 |
| | b. Crafts | 72 | 44.17 |
| | c. Fashion | 35 | 21.47 |
| 2 | Age of business (years): | | |
| | a. < 5 | 24 | 14.72 |
| | b. 6-15 | 29 | 17.79 |
| | c. 16-25 | 64 | 39.26 |
| | d. > 25 | 46 | 28.22 |
| 3 | Locations of business: | | |
| | a. Makassar City | 48 | 29.45 |
| | b. ParePare City | 34 | 20.86 |
| | c. Wajo Regency | 22 | 13.50 |
| | d. Tana Toraja Regency | 33 | 20.25 |
| | e. Toraja Utara Regency | 26 | 15.95 |

The results of data analysis in Table 1 showed that creative industries operated in three business sectors, namely culinary, crafts and fashion. The dominant type of business is the craft sector, amounting to 72 people (44.2%), with length of business between 11-20 years, namely 64 people (39.3%). Based on business location, mostly it came from Makassar City (29.5%), and ParePare City (20.9%), while the rest were in Tana Toraja Regency, North Toraja Regency, and Wajo Regency (49.6%)

4.2 Description of Variable Characteristics

An overview of variable characteristics is obtained from output of descriptive statistical and confirmatory factor analysis. Brief description of characteristics of variables and indicators based on mean, loading factor, and goodness of fit index as follows.

Table 2
Variable characteristics based on mean, loading factor, and GFI

| No | Variable | Mean | Loading factor | GFI | Description |
|----|------------------------------------|-------|----------------|----------------|-------------|
| 1 | Digital marketing (X1) | | | | |
| | X1.1 | 4.150 | 0.721 | 1.000 (fit) | Good |
| | X1.2 | 4.198 | 0.724 | | Good |
| | X1.3 | 3.987 | 0.590 | | Good |
| | | | | | |
| 2 | Integrated supply chain (X2) | | | | |
| | X2.1 | 4.210 | 0.694 | 0.992 (fit) | Very good |
| | X2.2 | 3.908 | 0.791 | | Good |
| | X2.3 | 3.981 | 0.828 | | Good |
| | X2.4 | 3.638 | 0.420 | | Good |
| | | | | | |
| 3 | Innovation capability (X3) | | | | |
| | X3.1 | 3.834 | 0.592 | 0.995 (fit) | Good |
| | X3.2 | 3.736 | 0.733 | | Good |
| | X3.3 | 3.754 | 0.824 | | Good |
| | X3.4 | 3.797 | 0.630 | | Good |
| | | | | | |
| 4 | Competitiveness (Y1) | | | | |
| | Y1.1 | 3.926 | 0.588 | 1.000 (fit) | Good |
| | Y1.2 | 3.877 | 0.940 | | Good |
| | Y1.3 | 3.754 | 0.690 | | Good |
| | | | | | |
| 5 | Creative industry performance (Y2) | | | | |
| | Y2.1 | 3.570 | 0.424 | 0.984 (fit) | Good |
| | Y2.2 | 3.785 | 0.644 | | Good |
| | Y2.3 | 3.969 | 0.902 | | Good |
| | Y2.4 | 3.895 | 0.724 | | Good |
| | Y2.5 | 3.975 | 0.543 | | Good |
| | | | | | |

Data and information on Table 2 revealed completely variable characteristics. Results of analysis showed that generally respondents perceive five variables and their indicators at a good level, except for indicator X2.1, namely partnership in the supply chain system at variable of integrated supply chain at a very good level (4.210). In addition, the indicator that is perceived lower than other indicators of Y2.1, that is product sales growth (3.570). Furthermore, the table also provides results of confirmatory factor analysis through loading factor values for each indicator and model fit index for each variable. The loading factor value of each indicator confirms that these indicators have good values, and a high suitability index (0.90-1.00).

The digital marketing variable is more dominantly reflected by indicator X1.2, namely product marketing via social media marketing like Instagram, and TikTok (0.724). Then, integrated supply chain is more dominantly reflected by indicator X2.2, that is internal and external integration (0.791). Then, the variable of innovation capability is more dominantly reflected by indicator X3.3, namely quality of production and service processes (0.824).

The results of analysis also showed that competitiveness variable is more dominantly reflected by indicator Y1.2, that is product quality with a loading factor of 0.940. Meanwhile, the creative industry performance variable is more dominantly reflected by indicator Y2.3, namely profit growth with a loading factor of 0.902. In accordance with the results of this analysis, there were several important elements that must be improved by managers of creative industries. That includes intensity of product marketing on e-commerce platforms such as Alibaba, Tokopedia, Lazada, and Shopee, feedback and follow-up on customer suggestions or voice of customer, efficiency of production process, speed of product delivery to customers, and growth of product sales.

4.3 Results of Structural Equation Modeling

Testing of research hypotheses in this study used covariance-based structural equation model analysis (SEM-AMOS). The first step is to test the suitability of the model or fit model by using standard criteria. A good model must have a good suitability index, and it meets at least one of the standard criteria. The second step is to analyze the influence among variables at confidence level of 95% and error rate of 5%. A significant effect occurs when probability value is <0.05 , or value of critical ratio is > 1.960 (Hair et al., 2018). The following table completely presented research model suitability level test results.

Table 3
Results of goodness of fit model

| Criteria | Standard score | Results | Conclusion |
|------------|----------------|---------|------------|
| Chi-Square | Expected small | 216.376 | Good |
| CMIN/DF | ≤ 2.00 | 1.642 | Good |
| GFI | ≥ 0.90 | 0.881 | Marginal |
| RMSEA | ≤ 0.08 | 0.063 | Good |
| CFI | ≥ 0.90 | 0.926 | Good |
| TLI | ≥ 0.90 | 0.904 | Good |

Based on Table 3, it can be concluded that research model has met five criteria as requirements for a good model, namely Chi-Square, CMIN/DF, RMSEA, CFI, and TLI, whereas one another criteria, that is GFI still in marginal category with value of 0.881 ($GFI > 0.90$). In brief, results of hypothesis testing can be seen in the following table.

Table 4
Results of research hypothesis test

| Hypothesis | Description | Path Coeff. | C.R. | Prob. | Conclusion |
|------------|--------------|-------------|-------|-------|------------------|
| 1 | X1 → Y1 | 0.290 | 2.670 | 0.008 | H1, supported |
| 2 | X2 → Y1 | 0.216 | 2.603 | 0.009 | H2, supported |
| 3 | X3 → Y1 | 0.561 | 4.837 | 0.000 | H3, supported |
| 4 | X1 → Y2 | 0.360 | 2.443 | 0.015 | H4, supported |
| 5 | X2 → Y2 | 0.364 | 3.173 | 0.002 | H5, supported |
| 6 | X3 → Y2 | 0.187 | 1.633 | 0.102 | H6, rejected |
| 7 | Y1 → Y2 | 0.347 | 2.376 | 0.017 | H7, supported |
| 8 | X1 → Y1 → Y2 | 0.101 | 2.104 | 0.035 | H8, supported*) |
| 9 | X2 → Y1 → Y2 | 0.075 | 2.103 | 0.034 | H9, supported*) |
| 10 | X3 → Y1 → Y2 | 0.195 | 2.507 | 0.012 | H10, supported*) |

*) Result of Sobel test

Based on Table 4 above, from ten hypotheses tested, nine hypotheses were supported, while one other hypothesis was rejected. The Variability of digital marketing significantly affects competitiveness. This result is supported by a significant critical ratio ($2.670 > 1.960$). Therefore, the first hypothesis formulated, namely digital marketing has a significant impact on competitiveness of creative industries supported by empirical data (Hypothesis 1, supported). Then, the variable of the integrated supply chain significantly affects competitiveness. This result is supported by a significant critical ratio ($2.603 > 1.960$). So, the second hypothesis formulated, namely integrated supply chains has a significant impact on competitiveness of creative industries supported by empirical data (Hypothesis 2, supported). In addition, the variable of innovation capability significantly influences competitiveness. This result is supported by a significant critical ratio ($4.837 > 1.960$). Therefore, the third hypothesis formulated, namely innovation capabilities has a significant impact on competitiveness of creative industries supported by empirical data (Hypothesis 3, supported).

This study also found that variables of digital marketing significantly affect business performance. This result is supported by a significant critical ratio ($2.443 > 1.960$). So, the fourth hypothesis formulated, namely digital marketing has a significant influence on creative industry performance supported by empirical data (Hypothesis 4, supported). Variability of integrated supply chains also significantly affects performance. This result is supported by a significant critical ratio ($3.173 > 1.960$).

Therefore, the fifth hypothesis formulated, namely integrated supply chain, has a significant impact on creative industry performance supported by empirical data (Hypothesis 5, supported). Then, the variable of innovation capability has a positive impact, but not significant on creative industry performance. This result is supported by a non-significant critical ratio ($1.633 < 1.960$). So, the sixth hypothesis formulated, namely innovation capability has a significant impact on creative industry performance is not supported by empirical data (Hypothesis 6, rejected). Additionally, the variable of competitiveness significantly affects performance. This result is supported by a significant critical ratio ($2.376 > 1.960$). Therefore, the seventh hypothesis formulated, namely competitiveness, has a significant impact on creative industries performance supported by empirical data (Hypothesis 7, supported).

Furthermore, the variable of digital marketing significantly affects creative industries performance mediated by competitiveness. The results of the Sobel test showed a significant critical ratio ($2.104 > 1.960$). The mediating role of competitiveness variables is included in the category "partial mediation". Therefore, the eighth hypothesis, namely digital marketing affecting creative industries performance mediated by competitiveness is supported by data (Hypothesis 8, supported). Then, the variable of integrated supply chain significantly affects creative industries performance mediated by competitiveness. The results of the Sobel test showed a significant critical ratio ($2.103 > 1.960$). Mediating role of competitiveness variables is included in the category as "partial mediation". Therefore, the ninth hypothesis, namely integrated supply chain affected creative industries performance mediated by competitiveness is supported by data (Hypothesis 9, supported). Moreover, the variable of innovation capability significantly affects creative industries performance mediated by competitiveness. The results of the Sobel test showed a significant critical ratio ($2.507 > 1.960$). So, the mediating role of competitiveness is included in the category as "full mediation". Therefore, the tenth hypothesis, namely innovation capability affecting creative industries performance mediated by competitiveness is supported by data (Hypothesis 10, supported).

Research findings showed that use of digital marketing can positively increase creative industries competitiveness. As much as 29% of competitiveness variation is influenced by use of digital marketing. Product promotion and marketing activities through websites, social media marketing, and e-commerce platforms will encourage increasing competitiveness which can be observed in cost dimension, quality aspect, and also speed product delivery. Digital marketing also positively improves creative industries performance. As much as 36% of performance variations are influenced by digital marketing. The use of digital marketing that is increasingly optimal will increase product sales, market share, profit growth, investment turnover, and employee productivity. Then, the findings of this study also showed that use of digital marketing can indirectly improve creative industry performance through the role of competitiveness as a mediating variable with a contribution value of 10.1%, and significant ($0.035 < 0.05$). The role of competitiveness in this context includes the partial mediation category. This study supports Afifah & Najib (2022), adopting digital marketing has a positive relationship with performance. Then strengthen some findings that digital marketing through internet applications, social media marketing, and e-commerce platforms is a contemporary marketing strategy that can improve competitiveness, marketing performance, and overall organizational performance (Kawira et al., 2019; Tarsakoo & Charoensukmongkol, 2020; Singh et al., 2022). Both competitiveness and performance are affected by digital marketing, especially during the Covid-19 pandemic (Giantari et al., 2022). Digital marketing use needs to be improved for supporting business performance in competitive era, including hospitality and tourism sectors (Yasmin et al., 2015; De Pelsmacker et al., 2018).

These findings also confirm that integrated supply chains can positively improve creative industries' competitiveness. As much as 21.6% of competitiveness variation is influenced by integrated supply chains. A better partnership built in the supply chain system, integration of internal and external, active involvement of customers giving input, and rapid feedback and follow-up will encourage increased competitiveness. Efficient production costs, product quality, and faster product delivery to customers are indications that the company's competitiveness is good. In addition, an integrated supply chain can also positively improve creative industry performance. As much as 36.4% of business performance variation is influenced by integrated supply chains. Furthermore, these results also showed that integrated supply chains can indirectly improve performance of creative industry through the role of competitiveness as a mediating variable with a contribution value of 7.5%, and significant ($0.034 < 0.05$). The role of competitiveness in this context includes the partial mediation category. This confirmed and strengthened Pono & Munizu (2021) that concluded effective supply chain management not only creates lower costs but also supports company performance improvement, especially on aspects of profitability, productivity, and market share. It also confirmed both partnerships and collaboration in supply chain systems can improve company efficiency, value, and performance (Lii & Kuo, 2016; Mofokeng et al., 2019). Furthermore, Kherbach & Mocan (2016), and Cerchione et al. (2018) argued that a supply chain system can promote value for all supply chain members, increase competitiveness, and company performance. Effective supply chain management has a significant and positive impact on competitiveness as well as business performance (Munizu et al., 2019; Jamaluddin, 2021). In addition, results of study by Ricardianto et al. (2023) confirm the importance of competitiveness on performance improvement. In a dynamic and competitive industrial environment, every company is advised to focus on efforts to manage supply chains, and improve their innovation capabilities, because these two elements are key success factors to generate best performance within companies (Saragih et al. 2020; Kurdish et al., 2023).

The company's innovation capability consists of the ability to develop product and service design, production process efficiency, quality production and service processes, and product and service innovation capabilities. The results showed that innovation capabilities can positively increase competitiveness. As much as 56.1% of variation in competitiveness is

influenced by the company's innovation capabilities. However, research findings showed that innovation capabilities have an insignificant effect on performance of creative industry ($0.102 > 0.05$). The contribution of innovation capabilities in improving performance of the creative industry is only 18.7%. Furthermore, the results of findings showed that innovation capability can indirectly improve performance of creative industry through the role of competitiveness as a mediating variable with a contribution value of 19.5%, and significant ($0.012 < 0.05$). The role of competitiveness in this context is included in the full mediation category. The results of this study are in line with several previous studies such as Omar et al. (2016), and Waseem et al. (2018) which emphasized the importance of the company's innovation ability as an important element in improving competitiveness as well as organizational performance. The findings of this study are also consistent with the research of Puspita et al. (2020) which confirmed and proved capability of innovation to increase both competitiveness and performance, especially furniture industries. Company's ability to develop product design, efficient production processes, and timely product delivery are important elements of innovation capabilities that influence business results (Hanaysha et al., 2022). In a competitive industrial environment, innovation capabilities play a very important role in creating sustainable company competitiveness (Sari et al., 2023; Al-Sharif et al., 2023).

Furthermore, the study's findings confirmed the role of competitiveness improving creative industry performance. As much as 34.7% of the variation in performance is influenced by competitiveness. Companies that operate with efficient costs, quality products, and fast delivery of products to customers will have an impact on business results such as sales, and profit. Then, it is consistent with Udriyah et al. (2019), and Cahyono et al. (2023) that found a significant impact of competitiveness on performance. Lestari et al. (2020) suggest that in the context of creative industry management, high company competitiveness can be seen in increasingly efficient production costs, competitive product prices, quality, flexibility, fast and precise delivery of products and services, and speed in responding to changes in market demand. Then high business performance can be seen from growth in several important aspects, namely sales, market share, profits, assets, and employee productivity.

Based on several findings as explained before, this study suggests to managers of creative industries an understanding of the importance of digital marketing including e-commerce platforms such as Toko Pedia, Shopee, Lazada, and Ali Baba to encourage sales of company products and services. The importance of feedback from customers, and follow-up quickly. Then it is necessary to consider of importance of a company's ability to carry out a more efficient production process and efforts to provide product delivery to consumers quickly and real-time. In addition, creative industries need to evaluate and analyze trends in selling products and services periodically which will be used as a basis for compiling programs and activities for development both competitiveness and performance.

5. Conclusions

This study has confirmed that competitiveness can mediate on impact digital marketing, integrated supply chain, and innovation capability toward creative industry performance. The findings of this study showed that competitiveness partially mediates impact digital marketing, and supply chain integration toward creative industry performance, and fully mediates impact innovation capability toward creative industry performance. Findings of this study also confirmed that innovation capability has a direct, and significant effect toward competitiveness, but not significant on business performance. Meanwhile, digital marketing and supply chain integration significantly affect competitiveness and creative industries performance. Therefore, a number of efforts to improve creative industry performance can be carried out by management and business actors through a number of strategies, policies, programs, and activities that focus on increasing cost efficiency, competitive pricing, quality products, and real-time product delivery. The intensity of digital marketing using, the existence of an integrated supply chain system, and innovation capabilities can generate significant impact on creative industries performance, when elements of the company's competitiveness are improved consistently, continuously, and sustainably.

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