

# Network Governance in the Development of a Creative Economy Based on Local Wisdom in Baubau City, Southeast Sulawesi

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## ABSTRACT

The development of a creative economy based on local wisdom in Baubau City, Southeast Sulawesi Province, still faces several obstacles. The main issues include low involvement of relevant institutions, limited capital experienced by business actors without adequate policy follow-up from the government, and a lack of attention to awards for creative economy actors. Furthermore, the network structure of the local wisdom-based creative economy in Baubau City is not centrally integrated and remains weak in terms of external government oversight. This study aims to analyze network governance by focusing on the Network Structure of creative economy development based on local wisdom in Baubau City and the Network Context of creative economy development based on local wisdom in Baubau City in the perspective of Provan and Milward (1995). This study uses a qualitative approach, the informants of this study are the government, creative economy actors, academics, and the private sector, cultural and media communities, these parties are involved in the development of creative economy based on local wisdom in Baubau City, Southeast Sulawesi Province. Data collection includes observation, in-depth interviews and documentation studies. Data analysis includes data reduction, data presentation and drawing conclusions. The results of this study are expected to provide theoretical and practical contributions related to Network Governance, especially in the development of a creative economy based on local wisdom in Baubau City, Southeast Sulawesi Province.

**Keywords:** Network Governance, Local Culture, Creative Economy

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## INTRODUCTION

The paradigm shift in public administration, from government to government, has marked a new era in contemporary public administration practice. In this situation, the government is no longer considered the sole party controlling the entire development process. Instead, the government is now required to implement policies through networks involving various stakeholders, including local communities, the private sector, and civil society. This method gave rise to the idea of network governance. This is a collaborative governance model that emphasizes cooperation, coordination, and synergy between parties to achieve shared development goals. Within this paradigm, the concept of *network governance* emerges as an approach that emphasizes the importance of cross-sector coordination, collaboration, and synergy in governance and development. Network governance in the development of a creative economy based on local wisdom emphasizes how autonomous and interdependent actors form institutional networks that transcend traditional hierarchies, in order to share resources, knowledge, and collective responsibility to generate innovation and cultural value (Jones et al., 1997).

On the other hand, global developments indicate that the creative economy is now a strategic sector capable of making significant contributions to economic growth, employment, and increasing national competitiveness. The Indonesian government has positioned the creative economy as a national development priority, as outlined in the *National Medium-Term Development Plan (RPJMN)* and strengthened through the establishment of the Creative Economy Agency (Bekraf), now integrated within the Ministry of Tourism and Creative Economy. The creative economy is expected to be a driving force for an economy based on knowledge, innovation, and culture.

Baubau City, as a tourist destination in Southeast Sulawesi Province, has significant potential for creative economic development, oriented toward local wisdom and culture, which are also key to regional development. According to data from the Baubau City Tourism Office in 2024, there were 761 businesses divided into 15 creative economy sub-sectors, dominated by the craft sub-sector. These community craft activities offer promising business development prospects in Baubau City. Besides being the center of

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regional government, the city is also known as the center of the Buton Kingdom and Sultanate in ancient times. It boasts historical and cultural heritage sites that, in addition to attracting domestic and international tourists, are also expected to become locations for creative economy development.

Based on initial observations made by researchers, there are still obstacles in the development of the creative economy in the aspect of networking governance, where limited information and networks with creative economy actors, then the stability of the program is not optimal which is not sustainable because there are no regulations or policies made by the Baubau city government. As with the research conducted by Syafieyana Yana, Muhammad Kamil (2021) who studied "Networking Governance in Fulfilling Food Availability in Malang City" where the problem of this research is that Malang City does not have regional regulations that specifically regulate food security.

Based on the explanation above, the research question is "How Network Governance in the Development of a Creative Economy Based on Local Wisdom in Baubau City, Southeast Sulawesi Province?".

**METHODS**

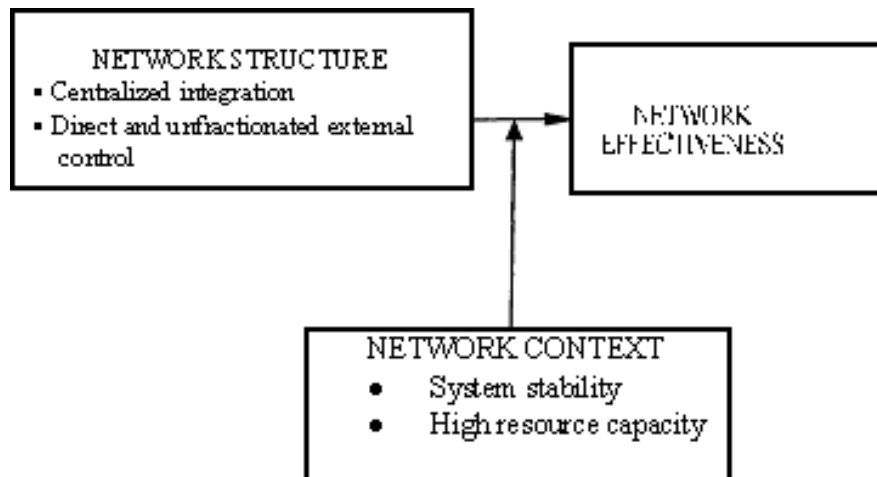
This study uses a qualitative approach with the aim of understanding in depth the form of *network governance* in the development of a creative economy based on local wisdom in Baubau City, Southeast Sulawesi Province. The research informants numbered 11 informants consisting of the Deputy Mayor of Baubau, Head of the Tourism Office, Head of the Cooperative

and MSME Office, Head of the Industry and Trade Office, Academics, Head of the Creative Economy Section, Media, Cultural Figures, Creative Economy Actors (1 brass craftsman, 1 weaving craftsman).

Data collection was conducted through three main techniques: observation, in-depth interviews, and documentation studies of policies, programs, and activities related to the creative economy in Baubau City. Through this approach, the research is expected to comprehensively describe the patterns of relationships between actors, the networks established between stakeholders, and the dynamics of *network governance* in the context of developing a creative economy based on local wisdom in Baubau City.

**LITERATURE REVIEW**

In a comparative study of four mental health systems, Provan and Milward suggested that centralized systems and dense networks can contribute to better service integration. In other words, a centralized agency can effectively coordinate a network of services that are less centralized. A centralized structure allows the central agency to facilitate and coordinate the activities of member organizations within the service delivery network (Provan & Milward, 1995). The relationship between network structure and network effectiveness is complex and depends on many other factors, such as the application domain (Provan & Milward, 1995; Raab et al., 2013). Networks will be effective under conditions of centralized integration and direct and undivided external control, but their effectiveness will be highest when the system is also stable and the environmental resources are relatively large, as shown in the figure below:



**Figure 3.** Initial Network Effectiveness Model (Provan & Milward, 1995;24)

**Integration centralized**

**Proposition 1:** Other things being equal, network effectiveness will be enhanced when the network is integrated, but only when integration is achieved through network centralization. Networks that are centrally integrated, through core institutions, and

those that are decentralized, through cohesive relationships among network members, will be less effective than networks that are largely centralized.

**External Control**

**Proposition 2:** Other things being equal, network effectiveness will be highest when external control mechanisms are direct and unfragmented. Low network effectiveness will occur when external control is indirect and when there are no strong local mechanisms for monitoring and control.

### System Stability

**Proposition 3:** Other things being equal, network effectiveness will be enhanced under conditions of general system stability, although stability alone is not sufficient for effectiveness. A network that has recently undergone substantial change will be significantly less effective than a stable network. The impact of instability on network effectiveness will be greater if the network's clients are themselves affected by instability and uncertainty.

### High resources

**Proposition 4:** When a network is embedded in a resource-scarce environment, the network's effectiveness will range from low to moderate, depending on the other network/system characteristics. When a network is embedded in a resource-rich environment, the network's effectiveness will range from low to high, depending on the other network/system characteristics.

## RESULTS AND DISCUSSION

Networking Governance in the development of a local wisdom-based creative economy in Baubau City, Southeast Sulawesi Province, was analyzed using the Network Governance Model approach by Provan and Milward (1995). This model was used to understand the effectiveness of inter-actor networks in managing public policy, particularly in the creative economy sector, which is based on local wisdom values. The analysis is as follows:

### Network Structure

Network effectiveness will be enhanced when the network is integrated, but only when integration is achieved through network centralization. Networks that are centrally integrated, through core institutions, and those that are decentralized, through cohesive relationships among network members, will be less effective than networks that are largely centralized, Provan and Milward (1995)

In the context of Baubau City, research findings indicate that the formal concept of inter-stakeholder networks has not been optimally implemented in the development of a local wisdom-based creative economy. This is due to the lack of regulations and policies that specifically regulate the direction, mechanisms, and coordination between actors in developing a local wisdom-based creative economy in Baubau City. As explained by the Head of the Creative Economy Division:

*"Formally, the network structure between actors has not yet been institutionally established. Interactions are*

*still limited to communication and coordination in the implementation of specific programs and activities, without any ongoing collaboration mechanisms." (Interview, September 29, 2025)*

This explanation demonstrates that cooperation between actors lacks a formal and permanent network structure. This means there is no formal institution or forum that serves as a platform for coordination and joint decision-making.

Then the Secretary of the Department of Industry and Trade said the same thing:

*"There is no institution or institutional mechanism that specifically coordinates synergy between the industrial service, tourism service, and business actors" (Interview, October 8, 2025)*

The Deputy Mayor of Baubau said the same thing, saying that:

*"Currently, there is no formal institution that handles the creative economy sector, due to its horizontal nature and lack of vertical structure. This means that each regional government agency (OPD) has overlapping authorities and involvement in creative economy development." (Interview, October 20, 2025)*

The explanation above demonstrates the continued weakness of the formal network structure in creative economy development in Baubau City. Therefore, a collaborative forum is needed to bring together various actors, particularly business actors, the creative economy community, and the private sector, as a platform for sustainable planning and network strengthening, which must be in line with regulatory support from the local government.

In Baubau City, research shows that external control mechanisms for developing a creative economy based on local wisdom have not been optimal. One reason is the lack of a dedicated forum or platform for the creative economy. This weakens the local government's external control over the activities of each agency and network, as each agency implements its own programs. As explained by the Head of the Creative Economy Division of Baubau City:

*"We monitor the development of creative economy actors. We also have specific data for creative economy actors, so based on that data, we develop training programs or propose data on these actors to the agency implementing the program." (Interview, September 29, 2025)*

Based on the interview results, the Creative Economy Sector has monitored and evaluated the development of Creative Economy actors and then compiled data on Creative Economy actors, which will then be proposed to the relevant agency implementing the program. Furthermore, the weaving artisan also stated that:

*"Usually, there's direct coordination from the Department of Industry and Trade, but it's not routine.*

*The coordination that does occur regularly is mostly carried out by the Regional Crafts Department." (Interview, October 1, 2025)*

From the explanation above, it can be seen that coordination in developing the creative economy has

not been running consistently, where communication patterns between agencies are still sectoral and do not yet have a structured and sustainable coordination mechanism.

No	Subsektor	Kecamatan									
		Botoambari	Murhum	Batupoaro	Wofo	Kokakukuna	Bungi	Lea Lea	Sorawulo	Jumlah	
1	Kriya	74	138	124	15	43	27	6	18	445	
2	Desain Interior	0	1	0	0	0	0	0	0	1	
3	Fashion	2	20	13	20	3	0	2	0	60	
4	Seni Pertunjukan	3	3	1	3	2	2	0	2	16	
5	Kuliner	3	59	8	37	12	0	7	0	126	
6	Penerbitan	3	2	1	1	0	0	0	0	7	
7	Aplikasi	0	1	0	2	0	0	0	0	3	
8	Periklanan	3	2	0	0	0	0	0	0	5	
9	Film, Animasi, Video	2	1	1	1	0	0	0	0	5	
10	Desain Komunikasi Visual	8	6	0	0	0	0	0	0	14	
11	Seni Rupa	1	0	1	3	0	2	0	0	7	
12	Arsitektur	1	2	1	1	1	0	0	0	6	
13	Desain Produk	7	7	1	1	0	0	0	0	16	
14	Teknologi Berbasis Media	Musik	4	15	3	11	2	0	0	0	34
		Foto	4	5	4	4	0	0	0	0	16
Total		115	260	158	99	63	31	15	20	761	

**Figure I.** Data on Creative Economy Actors in Baubau City

*Source:* Baubau City Tourism and Creative Economy Office, 2025

Then, from the results of research conducted by researchers, there is no formal forum and collaboration from various stakeholders which then causes, as stated by academics who say that:

*"Comprehensive support for creative economy actors is essential. This support should involve various parties, such as journalists for publication and promotion, the private sector for market development, academics as scientific advisors, and the government as facilitator. All these parties need to be connected in a structured network so that the development process can proceed synergistically." (Interview, October 3, 2025)*

From the explanation above, it is necessary to form a formal forum and collaboration so that external government parties can control and evaluate the creative economy in Baubau City.

**Network Context**

Network effectiveness will be enhanced under conditions of general system stability, although stability alone is not sufficient for effectiveness. A network that has recently undergone substantial change will be significantly less effective than a stable network. The impact of instability on network effectiveness will be greater if the network's clients are themselves affected by instability and uncertainty.

In Baubau City, one of the main obstacles to developing a creative economy based on local wisdom is the periodic change in leadership. This change in leadership results in the unsustainability of government programs and policies, as each leadership period brings different priorities than the previous leadership. Consequently, the stability of the inter-sectoral network

in creative economy development becomes inconsistent, and previous collaborative relationships are not maintained. As explained by the media:

*"Under the previous leadership, we signed an MoU with the government regarding public media support, specifically to help promote and develop markets for MSMEs. However, under this new leadership, no such MoU has been signed." (Interview, October 16, 2025)*

The explanation above shows that the sustainability of collaboration between actors in the creative economy network in Baubau City still depends on political leadership. Changes in leadership disrupt the continuity or sustainability of formal commitments.

According to Provan When a network is embedded in a resource-scarce environment, the network effectiveness will range from low to moderate, depending on the characteristics of the other networks/systems. When a network is embedded in a resource-rich environment, the network effectiveness will range from low to high, depending on the characteristics of the other networks/systems:

In the context of developing a creative economy based on local wisdom, Baubau City possesses relatively diverse resource potential. This potential encompasses not only human resources creatively embracing local cultural values, but also natural resources and preserved cultural heritage. As stated by a Baubau Cultural Figure:

*"The concept of craft development in Baubau City applies the principle of One Village One Product, where each region or sub-district has its own distinctive products that represent the potential and*

local identity of each region." (Interview, October 16, 2025)

From the explanation above, Baubau City's development of a creative economy based on local

wisdom is based on the strength of local resources, both in terms of community skills, raw materials, and cultural values that have been passed down from generation to generation.

**Table I.** Product Classification by Region

No	Product	Area
1	Brass Silver Crafts	Melai Village, Wajo Village, Lamangga Village, Tanganapada Village
2	Food Cover Craft	Melai Village, Labalawa Village, Kadolomoko Village, Bugi Village
3	Pottery Crafts	Lipu Village, Kotabengke Village
4	Weaving Crafts	Sulaa sub-district, Sukanaeyo sub-district, Lowu-lowu sub-district, Bone-Bone sub-district, Melai sub-district, Baadia sub-district, Wameo sub-district, Tarafu sub-district, Kaobula sub-district, Lamangga sub-district, and Tanganapada sub-district
5	Accessory Crafts	Melai sub-district, Wolio Palace Fort area and Baadia sub-district.
6	Pearl shell crafts	Palabusa sub-district and Kadolomoko sub-district
7	Nentu crafts	Gonda Baru sub-district, Bugi sub-district, Kaisabu Baru sub-district, and Kampeonaho sub-district
8	Souvenir crafts	Wale sub-district, BWI sub-district, Wangkanapi sub-district, Kadolomoko sub-district, Kadolo sub-district, Karingkaring sub-district, Lowu-lowu sub-district and Waborobo sub-district.

**CONCLUSION**

**Based on the research results, it can be concluded that**

The network structure for developing a local wisdom-based creative economy in Baubau City has not yet been formally established and institutionalized. The absence of a central coordinating body has resulted in sectoral and unsustainable collaboration between actors. Weak cross-sector integration hinders the network's effectiveness in supporting creative economy development, necessitating a collaborative forum capable of coordinating communication and joint planning.

Regarding the network context, the system stability of the creative economy network in Baubau City remains relatively low. Changes in government leadership have led to policy inconsistencies and the stagnation of previously established collaborations, thus hampering the sustainability of collaborative networks between actors. Institutional strengthening, policy consistency across periods, and increased capacity and market networks are needed to ensure effective, adaptive, and sustainable development of the creative economy in Baubau City

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