



THE DYNAMIZATION OF CREATIVE ECONOMY DEVELOPMENT IN THE COASTAL AREA OF JENEPONTO REGENCY

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ABSTRACT

The creative economy has become a strategic pillar for regional development, especially in coastal areas with distinctive cultural and natural resources. However, the dynamization referring to the accelerated growth, adaptability, and sustained momentum of creative economy development in the coastal periphery remains underexplored. This study examines the determinants influencing the dynamization of the creative economy in the coastal zone of Jeneponto Regency, South Sulawesi, Indonesia. A quantitative survey was conducted among 210 creative economy actors selected through stratified random sampling across four coastal sub-districts. Data were collected via a structured questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that digital technology adoption, innovation capability, and government support exhibit the strongest positive effects on creative economy dynamization, while infrastructure and social capital show moderate but significant influences. Human capital and market access, although positive, had weaker direct effects. The structural model accounts for 67.8% of the variance in dynamization. These results underscore the necessity of a technology-enabled, innovation-driven, and institutionally supported ecosystem to accelerate creative economy transformation in coastal Jeneponto. The study contributes empirical insights for policymakers aiming to revitalize peripheral maritime economies through creative industry interventions.

1. INTRODUCTION

The global economic landscape has undergone a paradigm shift in which creativity, knowledge, and innovation serve as principal drivers of value creation. The creative economy, encompassing sectors such as crafts, culinary arts, fashion, design, performing arts, and digital media, has demonstrated resilience and growth potential, even in times of global crisis. In the Indonesian context, the creative economy contributed approximately IDR 1,300 trillion to the national GDP in 2023 and absorbed over 18 million workers, positioning Indonesia as one of the leading creative economy ecosystems in Southeast Asia (Ministry of Tourism and Creative Economy, 2024). The national government, through the Creative Economy Agency (Bekraf) and its successor institutional arrangements, has formulated grand strategies to mainstream creative economy development across the archipelago, including in rural and coastal peripheries (Wu et al., 2025).

Despite national-level optimism, the translation of creative economy agendas at the subnational level presents persistent challenges. Many regencies with abundant natural and cultural assets remain marginalized from the mainstream creative value chain due to structural constraints such as inadequate infrastructure, limited human capital, weak institutional support, and low digital connectivity (Aliyeva, 2025) (Fadel & Yuliana, 2026). The coastal areas, in particular, face a dual burden: geographical remoteness and economic vulnerability arising from climate sensitivity, yet they simultaneously hold unique cultural expressions and maritime-based resources that can be harnessed for creative industries.

Jeneponto Regency, located on the southern coast of South Sulawesi Province, epitomizes this paradox. The regency possesses a coastline extending approximately 114 kilometers along the Flores Sea, comprising mangrove ecosystems, white-sand beaches, and small-scale fishing communities. Jeneponto is culturally rich, home to the distinctive lipa' sabbe woven silk, traditional boatbuilding knowledge, pallubasa culinary heritage, and a nascent community of visual and performing artists inspired by the coastal

landscape. In recent years, local government initiatives have attempted to promote Jeneponto as a creative tourism destination, hosting annual cultural festivals and facilitating small business training. The number of creative economy enterprises in Jeneponto, according to the Regional Planning and Development Agency (Hakim, 2025), grew by 23% between 2019 and 2023, with culinary and craft sub-sectors dominating. However, the growth trajectory remains uneven and insufficient to lift the region out of its classification as one of the least developed regencies in South Sulawesi (BPS, 2023). The critical question is not merely whether the creative economy is growing, but whether it is “dynamizing” that is, undergoing a self-reinforcing process of structural transformation characterized by accelerated innovation, adaptability, network expansion, and sustained economic upgrading (Aslinda et al., 2025).

The concept of “dynamization” in this study refers to the process by which a regional creative economy moves from a nascent, static state to a vibrant, adaptive, and continually evolving system (Bektosheva, 2025). Dynamization involves multiple dimensions: business growth and income enhancement, product and process innovation, inter-sectoral linkages, employment generation, and resilience to external shocks. Understanding the drivers of such dynamization is essential for designing targeted interventions, yet empirical research on this construct in the Indonesian coastal context remains scarce.

Existing literature on creative economy development in Indonesia has predominantly focused on urban agglomerations such as Bandung, Yogyakarta, and Denpasar (Hermawan, 2024). Studies examining rural and coastal regions tend to be qualitative case studies that, while rich in contextual nuance, lack generalizable causal inference regarding the factors that accelerate dynamization. Quantitative investigations that model the multivariate determinants of creative economy performance in peripheral maritime areas are virtually absent. This gap is significant because coastal creative economies face distinct structural conditions—intermittent infrastructure, seasonal tourism patterns, limited access to formal financial services, and a labor force with lower educational attainment—that may alter the relative importance of conventional drivers identified in urban-centric studies. Moreover, the rapid digitalization of the Indonesian economy through the expansion of 4G and 5G networks, e-commerce platforms, and digital payment systems presents a potentially transformative force for coastal creative actors, but its role in fostering dynamization requires empirical validation.

Against this backdrop, the present study seeks to address the following research question: What are the determinants of creative economy dynamization in the coastal area of Jeneponto Regency, and to what extent do human capital, social capital, innovation capability, infrastructure, government support, market access, and digital technology adoption influence this dynamization? The primary objective is to develop and empirically test a structural model that quantifies the direct effects of these seven latent constructs on the dynamization of the creative economy. A quantitative cross-sectional design employing PLS-SEM is employed to capture the complex interrelationships among predictors in a data-scarce, emerging regional context.

The theoretical contribution of this study lies in extending the creative economy development framework to the under-researched context of Indonesian coastal peripheries, integrating elements from the creative class theory, social capital theory, innovation systems and technology acceptance models into a unified predictive model. By operationalizing dynamization as a multidimensional latent variable comprising business growth, innovation frequency, employment expansion, and adaptive capacity, the study moves beyond static performance indicators to capture the transformative momentum of the sector.

Practically, the research is significant for regional development planning in Jeneponto and comparable regencies. The findings can inform the allocation of limited public resources toward the most impactful drivers whether it be digital infrastructure investment, capacity-building programs, innovation grants, or institutional coordination mechanisms. In line with the national government’s *Dari Desa Membangun Indonesia* (Building Indonesia from the Villages) agenda, this evidence can support bottom-up creative economy activation that leverages local uniqueness while integrating with broader market networks.

The paper is structured as follows. Section 2 reviews the relevant literature and develops the conceptual framework and hypotheses. Section 3 describes the research methodology, including sampling, instrumentation, and analytical techniques. Section 4 presents the empirical results, accompanied by data tables and figures. Section 5 discusses the findings in light of theoretical expectations and practical implications, while Section 6 concludes with a summary and policy recommendations.

2. METHODS

This study adopts a quantitative, cross-sectional explanatory design. The aim is to test the hypothesized relationships among latent variables through empirical data collected at a single point in time. The unit of analysis is the individual creative economy actor (business owner or manager) operating in the coastal area of Jeneponto Regency.

The target population comprises all creative economy enterprises registered under the 17 creative economy sub-sectors (as defined by Law No. 24/2019) that are located in the coastal sub-districts of Jeneponto. Based on data from the Jeneponto Office of Cooperatives, SMEs, and Industry (2024), approximately 1,340 creative economy businesses were identified in the four coastal sub-districts: Bangkala, Tamalatea, Binamu, and Batang. The sub-sectors represented include culinary (traditional seafood processing, pallubasa), crafts (woven silk, lontar leaf weaving, boat miniatures), fashion (coastal-inspired textiles), visual arts (painting, photography), and performing arts.

A stratified random sampling technique was employed to ensure proportional representation across sub-districts and dominant sub-sectors. The sample size was determined based on the rule of thumb for PLS-SEM, which recommends a minimum of 10 times the maximum number of structural paths directed at any latent construct (Hair et al., 2019). Given that the dynamization construct receives seven structural paths, the minimum sample is 70. To enhance statistical power and account for potential non-response, a target sample of 220 respondents was set. After data cleaning and removal of incomplete responses, 210 valid questionnaires were retained for analysis.

Data were collected using a structured questionnaire comprising three sections: respondent demographics, measurement items for the seven exogenous constructs, and measurement items for the endogenous construct (dynamization). All latent variables were measured using multiple items on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was developed in Bahasa Indonesia, pretested with 30 respondents to ensure clarity, and refined accordingly.

The operationalization of constructs was as follows:

- a. Human Capital (HC) was measured by 4 items adapted from Florida (2002) and Marijan (2019), capturing education level, creative skills training, entrepreneurial experience, and self-assessed creative capability.
- b. Social Capital (SC) used 5 items based on Putnam (2000) and Woolcock & Narayan (2000), covering trust among actors, membership in creative associations, collaboration frequency, information sharing, and collective action.
- c. Innovation Capability (IC) was measured by 4 items drawn from Hotho & Champion (2011), including frequency of new product introduction, process improvement, use of new materials, and novelty of marketing approaches.
- d. Infrastructure (INF) comprised 4 items assessing availability and quality of roads, electricity reliability, internet access quality, and availability of communal creative spaces.
- e. Government Support (GS) was measured by 5 items adapted from Pratt (2005), including access to training programs, financial assistance, promotional support, regulatory ease, and intellectual property facilitation.
- f. Market Access (MA) included 4 items measuring ease of reaching customers, participation in exhibitions, use of intermediaries, and revenue from outside the regency.
- g. Digital Technology Adoption (DTA) used 5 items based on Davis (1989) and Nambisan et al. (2019), capturing the use of social media for marketing, e-commerce platforms, digital payment systems, online collaboration tools, and perceived usefulness of digital tools.

h. Creative Economy Dynamization (DYN) as the endogenous construct was measured by 5 indicators: business revenue growth over the past two years, number of new products/services introduced, employee growth, expansion of customer base, and ability to adapt during crises (e.g., COVID-19 disruption).

The survey was administered face-to-face by trained enumerators between March and May 2025, supplemented by an online version for respondents who preferred digital completion. Enumerators visited creative economy actors at their business premises, community gatherings, and local government facilitation events. Participation was voluntary, and informed consent was obtained. Anonymity and confidentiality were guaranteed.

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.1 software. PLS-SEM was chosen for its suitability in predictive modeling and handling complex models with many constructs and indicators, as well as its less stringent assumptions regarding normality and sample size (Hair et al., 2019).

The analysis followed a two-stage approach. First, the measurement model was assessed to confirm the reliability and validity of the constructs. Indicator reliability was evaluated using outer loadings (>0.70), internal consistency via Cronbach's alpha and composite reliability (>0.70), convergent validity via Average Variance Extracted (AVE >0.50), and discriminant validity using the Fornell-Larcker criterion and Heterotrait-Monotrait (HTMT) ratio of correlations (<0.90). Second, the structural model was evaluated by examining path coefficients (β), t-statistics, p-values, coefficient of determination (R^2), and predictive relevance (Q^2). Bootstrapping with 5,000 subsamples was performed to test the significance of the hypothesized paths.

3. RESULTS AND DISCUSSIONS

Descriptive Statistics of Respondents

Table 1 presents the demographic profile of the 210 respondents. The majority were female (62.4%), reflecting the gender composition of craft and culinary sub-sectors. The largest age group was 31–40 years (38.6%), and most respondents had senior high school education (51.4%). The culinary sub-sector dominated (38.1%), followed by crafts (29.5%) and fashion (14.3%). Figure 1 illustrates the proportional distribution.

Table 1. Respondent Demographics (n=210)

Characteristic	Category	Frequency	Percentage
Gender	Male	79	37.6%
	Female	131	62.4%
Age Group	20–30 years	54	25.7%
	31–40 years	81	38.6%
	41–50 years	52	24.8%
	>50 years	23	10.9%
Education	≤Junior High School	49	23.3%
	Senior High School	108	51.4%
	Diploma/University	53	25.3%

Characteristic	Category	Frequency	Percentage
Sub-sector	Culinary	80	38.1%
	Crafts	62	29.5%
	Fashion	30	14.3%
	Visual Arts	18	8.6%
	Others (Performing, etc.)	20	9.5%

Measurement Model Evaluation

Indicator reliability was assessed; all outer loadings exceeded 0.70 except for one item of Government Support (GS3, loading 0.684), which was retained because its removal did not significantly improve composite reliability or AVE, and its loading was above 0.60, considered acceptable in exploratory research (Hair et al., 2019). Table 2 shows the final loadings, Cronbach's alpha, composite reliability (rho_c), and AVE for each construct.

Table 2. Outer Loadings, Reliability, and Convergent Validity

Construct	Item	Outer Loading	Cronbach's Alpha	rho_c	AVE
HC	HC1	0.832	0.861	0.902	0.698
	HC2	0.856			
	HC3	0.794			
	HC4	0.858			
SC	SC1	0.785	0.884	0.915	0.684
	SC2	0.861			
	SC3	0.842			
	SC4	0.809			
	SC5	0.835			
IC	IC1	0.871	0.896	0.928	0.762
	IC2	0.893			
	IC3	0.841			
	IC4	0.886			

Construct	Item	Outer Loading	Cronbach's Alpha	rho_c	AVE
INF	INF1	0.813	0.844	0.895	0.680
	INF2	0.845			
	INF3	0.792			
	INF4	0.847			
GS	GS1	0.823	0.870	0.907	0.662
	GS2	0.852			
	GS3	0.684			
	GS4	0.844			
	GS5	0.851			
MA	MA1	0.838	0.881	0.918	0.737
	MA2	0.891			
	MA3	0.834			
	MA4	0.870			
DTA	DTA1	0.882	0.921	0.941	0.762
	DTA2	0.895			
	DTA3	0.864			
	DTA4	0.857			
	DTA5	0.865			
DYN	DYN1	0.871	0.912	0.934	0.740
	DYN2	0.876			
	DYN3	0.849			
	DYN4	0.856			

Construct	Item	Outer Loading	Cronbach's Alpha	rho_c	AVE
	DYN5	0.847			

All constructs demonstrated satisfactory internal consistency with Cronbach’s alpha and composite reliability above 0.80. AVE values ranged from 0.662 to 0.762, confirming convergent validity.

Discriminant validity was assessed using the Fornell-Larcker criterion. Table 3 shows that the square root of each construct’s AVE (diagonal) is greater than its correlations with any other construct. The HTMT values (Table 4) were all below 0.90, reinforcing discriminant validity.

Table 3. Fornell-Larcker Criterion

	HC	SC	IC	INF	GS	MA	DTA	DYN
HC	0.835							
SC	0.524	0.827						
IC	0.586	0.613	0.873					
INF	0.472	0.504	0.543	0.825				
GS	0.554	0.576	0.602	0.561	0.814			
MA	0.491	0.533	0.578	0.492	0.553	0.858		
DTA	0.512	0.557	0.614	0.535	0.589	0.562	0.873	
DYN	0.552	0.572	0.662	0.575	0.654	0.568	0.691	0.860

Table 4. Heterotrait-Monotrait Ratio (HTMT)

	HC	SC	IC	INF	GS	MA	DTA	DYN
SC	0.602							
IC	0.665	0.701						
INF	0.548	0.584	0.621					
GS	0.635	0.664	0.683	0.649				
MA	0.563	0.615	0.655	0.568	0.637			
DTA	0.579	0.634	0.693	0.613	0.674	0.644		
DYN	0.628	0.652	0.812	0.662	0.742	0.651	0.796	

Table 5 summarizes the hypothesis testing results. Five hypotheses were supported with statistically significant paths ($p < 0.05$). Digital technology adoption exhibited the strongest direct effect ($\beta = 0.334$, $t = 5.427$, $p < 0.001$), followed by innovation capability ($\beta = 0.249$, $t = 3.821$, $p < 0.001$) and government support ($\beta = 0.218$, $t = 3.415$, $p < 0.001$). Infrastructure ($\beta = 0.167$, $p = 0.004$) and social capital ($\beta = 0.143$, $p = 0.028$) had moderate significant effects. Human capital ($\beta = 0.091$, $p = 0.147$) and market access ($\beta = 0.076$, $p = 0.229$) were not significant.

Table 5. Path Coefficients and Hypothesis Testing

Hypothesis	Path	Std. Beta	t-value	p-value	Decision
H1	HC → DYN	0.091	1.452	0.147	Not Supported
H2	SC → DYN	0.143	2.198	0.028	Supported
H3	IC → DYN	0.249	3.821	0.000	Supported
H4	INF → DYN	0.167	2.876	0.004	Supported
H5	GS → DYN	0.218	3.415	0.001	Supported
H6	MA → DYN	0.076	1.203	0.229	Not Supported
H7	DTA → DYN	0.334	5.427	0.000	Supported

The R^2 for dynamization was 0.678, Q^2 was 0.473. Effect sizes (f^2) showed DTA medium (0.165), IC and GS small-to-medium (0.089 and 0.078). ANOVA (Table 6) revealed significant sub-sectoral differences ($F=8.24$, $p<0.01$), with culinary highest (mean 3.87).

Table 6. Mean Dynamization Score by Sub-sector

Sub-sector	Mean DYN Score	Std. Deviation
Culinary	3.87	0.76
Crafts	3.32	0.84
Fashion	3.55	0.79
Visual Arts	3.15	0.92
Others	3.41	0.88

Discussion

The results provide a nuanced understanding of the determinants driving creative economy dynamization in the coastal area of Jeneponto. The model confirms that transforming a static, fragmented creative sector into a dynamic system is multifaceted and contextually contingent (Lubis et al., 2025).

The strongest predictor is digital technology adoption ($\beta = 0.334$, $p < 0.001$). This aligns with literature positioning digitalization as a game-changer for MSME creative enterprises in emerging

economies (Baranova et al., 2025). In Jeneponto, actors using social media, e-commerce, and digital payments experienced higher revenue growth, product innovation, and resilience. Digital technology reduces spatial friction a traditional silk artisan in Bangkala can now reach customers in Jakarta. The large effect size ($f^2 = 0.165$) emphasizes that technology is not a mere supplement but a core infrastructure for dynamization in peripheral settings.

Innovation capability emerged second ($\beta = 0.249$, $p < 0.001$), corroborating the thesis that innovation is the engine of creative value creation (Suljic, 2025). In coastal Jeneponto, innovation manifested in ready-to-cook pallubasa pastes, contemporary lontar leaf weaving, and modern lipa' sabbe fashion. Innovative actors participated more in festivals and attracted boutique orders. The significant path suggests that fostering design thinking workshops and prototyping facilities could accelerate the creative economy (Anubhav Mittal, 2025).

Government support ($\beta = 0.218$, $p < 0.001$) challenges skeptical views of top-down interventions in creative sectors (Pratt, 2005). Programs like Kampung Kreatif and the Festival Bahari provided tangible benefits. This supports the argument that in peripheral regions with weak private sectors, the state plays an indispensable catalytic role. The moderate effect suggests support must be sustained and participatory.

Infrastructure ($\beta = 0.167$) and social capital ($\beta = 0.143$) were significant but smaller. Infrastructure significance confirms basic connectivity remains a prerequisite—road access, electricity, internet. Social capital underscores the value of trust, networks, and collective action through tourism awareness groups and cooperatives. However, bonding capital that resists external collaboration may limit its effect.

Human capital did not have a significant direct effect ($\beta = 0.091$), likely because its influence is mediated through innovation capability and digital adoption. In this context, tacit knowledge and artistic talent may matter more than formal education. Market access was also non-significant ($\beta = 0.076$), possibly because digital adoption subsumes its variance—in the digital age, market access is increasingly a function of digital engagement rather than geographic proximity.

The R^2 of 67.8% indicates strong explanatory power. Sub-sectoral differences show culinary having the highest dynamization due to everyday demand and faster turnover, while visual arts lag. The findings imply a dual strategy: invest in digital infrastructure and literacy while strengthening local innovation ecosystems. Policy recommendations include establishing creative digital hubs, innovation grants for heritage-contemporary fusion products, and multi-stakeholder platforms connecting local actors with urban designers and markets. Limitations include the cross-sectional design, reliance on self-reported data, and geographical scope. Future research should employ longitudinal designs and explore mediating mechanisms.

4. CONCLUSION

This study investigated the determinants of creative economy dynamization in the coastal area of Jeneponto Regency using PLS-SEM. The findings reveal digital technology adoption, innovation capability, and government support as the most potent drivers, while infrastructure and social capital provide significant supporting roles. Human capital and market access did not exert significant direct effects, likely due to mediation by digital and innovation pathways. The model explains 67.8% of the variance in dynamization, underscoring the multifaceted nature of the phenomenon. For Jeneponto and similar coastal regencies, the priority is to accelerate digital transformation and cultivate innovation, backed by responsive government facilitation. Future research should extend this work through longitudinal and comparative designs across coastal regions to refine the dynamization construct.

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