

## The Role of Talent Management in Mediating the Influence of Innovation and Dynamic Capabilities on the Performance of Cultural Economic Actors in the Palu Valley

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### ABSTRACT

This study aims to analyse the role of talent management as a mediating variable in the influence of innovation and dynamic capabilities on the performance of cultural economic actors in the Palu Valley. The background of this study is based on the phenomenon of low cultural economic performance in Central Sulawesi, as reflected in the decline in the Cultural Development Index (CDI), particularly in the cultural economic dimension, which has not been able to utilise the potential of local arts and wisdom optimally. This study uses a quantitative approach with cultural economic actors who are members of arts and cultural communities in the Palu Valley region, including Palu City, Donggala Regency, and Sigi Regency. Data collection was conducted through questionnaires. The results of this study are expected to show that innovation and dynamic capabilities have a positive effect on the performance of cultural economic actors, both directly and indirectly through talent management. Effective talent management is believed to strengthen the ability of cultural actors to manage creative potential, adapt to environmental changes, and increase the competitiveness of the local wisdom-based economy. Theoretically, this study contributes to the development of culture-based human resource management literature. At the same time, it can serve as a basis for formulating policies to strengthen the cultural economy sector in the Palu Valley sustainably.

**Keywords:** Talent management, innovation, dynamic capabilities, performance.

## 1. INTRODUCTION

The development of global society today is marked by rapid transformation in the economic, social, and cultural fields due to technological advances, digitalisation, and increased cross-border interaction. One sector that has received significant attention is the cultural economy, which is now recognised as having a substantial contribution to global economic growth. UNESCO positions culture as an enabler and driver for the achievement of the Sustainable Development Goals (SDGs), while also pointing out that the global creative economy driven by the cultural industry is highly resilient, even amid global economic instability (UNESCO, 2019; Florida, 2022). AOL (2024) also emphasises that arts and culture not only contribute economically but also play a role in maintaining diversity of identity, strengthening social cohesion, and expanding cultural diplomacy between nations. Thus, arts and culture have a strategic position as instruments of sustainable development.

In this context, cultural economic actors play an essential role in the regional economic growth ecosystem. They not only produce works of art with aesthetic value but also drive innovation, open up opportunities for collaboration, and create new economic opportunities. Recent research shows that innovation in the cultural economy serves a dual purpose: it strengthens the commercial value of creative products while preserving the local wisdom that forms the social identity of a region (Comunian, 2017; Kober, 2025; Firmansyah et al., 2024). This makes cultural economic actors an essential pillar in responding to the challenges of globalisation while preserving the sustainability of local culture.

From a philosophical perspective, Immanuel Kant emphasised that work culture should not only be understood as an economic activity but as a moral obligation inherent to human beings. Through the principle of categorical imperative, cultural work must be carried out with good intentions that respect human dignity and universal values (Dubiel-Zielińska, 2020; Yermolenko, 2024). Therefore, cultural economic actors are not only responsible for creating commercially valuable works, but also have a moral responsibility to preserve cultural heritage, maintain collective identity, and strengthen social cohesion across generations.

The national policy framework also strengthens the strategic position of arts and culture, as outlined in the Guidelines for the Preservation of Traditions (Ministry of Education and Culture of the Republic of Indonesia, 2014) and the Law on the Promotion of Culture (Indonesia, 2017). In addition, Article 32, Paragraph 1 of the 1945 Constitution emphasises that the state shall promote Indonesian national culture by guaranteeing the freedom of the

people to preserve and develop their cultural values. Thus, the development of arts and culture is an integral part of multidimensional national development, covering economic, social, and national identity aspects.

One of the essential instruments in cultural advancement policy is the compilation of the Cultural Development Index (IPK), which has seven dimensions: cultural economy, education, socio-cultural resilience, cultural heritage, cultural expression, cultural literacy, and gender. The first IPK in 2018 recorded a national score of 53.74 (Ministry of Education and Culture, 2018). The position of the CPI was further strengthened by Permendikbudristek Number 55 of 2022, which emphasised that the CPI not only serves as a tool for measuring cultural achievements but also as a basis for formulating cross-sectoral development policies. This regulation places culture as the foundation of national development in the era of globalisation.

Central Sulawesi's IPK data for the 2018–2023 period shows variations in achievements in each cultural dimension (Ministry of Education and Culture, 2023). In the cultural economy dimension, there were sharp fluctuations: increasing from 27.61 (2018) to 30.92 (2019), but then experiencing a drastic decline to only 2.08 in 2023. This trend shows that the contribution of culture to the economic sector is not yet consistent, which is likely related to the weak integration of local cultural potential with the market and the lack of creative infrastructure support. Meanwhile, the education and socio-cultural resilience dimensions show stable achievements, indicating the strength of local wisdom values. On the other hand, the cultural heritage and cultural expression dimensions tend to be stagnant, indicating a lack of attention to documentation, preservation, and youth participation. The literacy and gender dimensions show positive trends despite still facing challenges in access to equity.

Overall, the most significant cultural challenges in Central Sulawesi lie in the dimensions of cultural economy, cultural heritage, and cultural expression. The sharp decline in the cultural economy underscores the need for more sustainable policy strategies to strengthen the cultural sector, both in terms of organisation, human resources, and its supporting ecosystem.

Human resource issues in arts and culture are one of the key factors contributing to low cultural economic achievement. First, arts and culture talent management is still weak, as evidenced by the low regeneration of traditional artists. Younger generations are less interested in continuing traditional arts because they are considered economically unpromising. Second, the dynamic capabilities of arts and culture practitioners are still limited, especially in terms of their ability to adapt to modern markets and digital technology. Third, innovation and cross-

sector collaboration are still minimal. Cultural economy practitioners in the Palu Valley, for example, face limitations in developing cultural arts derivative products and creative entrepreneurship strategies. Fourth, the professionalism and welfare of cultural arts practitioners are still low, which affects their motivation and the sustainability of cultural arts activities.

The Palu Valley, as one of the cultural centres of Central Sulawesi, has a rich tradition of dance, music, and traditional rituals. However, the dynamics of globalisation and competition with the modern entertainment world pose serious challenges to the sustainability of arts and culture in this region (Wahyuni & Wulandari, 2021). Weak regeneration, lack of innovation, low dynamic capabilities, and limited performance of the arts community are factors that reinforce the urgency of this research. UNESCO (2021) emphasises that cultural sustainability is highly dependent on the success of intergenerational knowledge transfer.

This phenomenon shows a gap between the cultural potential of Central Sulawesi and the ability of human resources to manage it into economic competitiveness. Therefore, this study is essential to examine how talent management based on local wisdom, innovation, and dynamic capabilities can improve the performance of cultural economic actors in the Palu Valley. The academic urgency is to enrich the literature on the relationship between these three variables in the context of Southeast Asian arts and culture, which has been minimally studied (Rahman & Utami, 2022). Meanwhile, the practical urgency is to provide recommendations for strategies to strengthen arts and culture communities so that they are adaptive to global challenges and sustainable.

Thus, this research is not only theoretically relevant but also strategically crucial for supporting the sustainability of cultural economic actors in the Palu Valley. The research results are expected to contribute to the development of talent management based on local wisdom, the enhancement of innovation capacity, and the strengthening of dynamic capabilities to boost regional cultural economic performance.

## 2. THEORETICAL STUDY

### 2.1 Talent Management

Talent management in modern human resource studies is understood as a strategic approach to attracting, developing, retaining, and utilising individuals with superior competencies to support the achievement of organisational goals. This concept initially

developed in the multinational corporate sector, where companies faced global competition in obtaining the best workers. According to Mshengu & Hoque (2018), talent management is not only about managing employees with specific technical skills, but also about creating an integrated system that enables organisations to gain a competitive advantage through their people. In recent developments, talent management has been expanded to various fields, including educational institutions, social organisations, and even arts and cultural communities, each with its own unique characteristics.

In the context of arts and culture communities, the application of talent management presents both challenges and opportunities. Artistic talent is not limited to creative skills such as dancing, playing music, painting, or acting in performances, but also includes managerial skills, community leadership, and the ability to connect traditional values with contemporary innovation. Jeffcutt & Pratt (2002) emphasise that arts and culture-based organisations have specific needs in talent management, because their orientation is not solely profit, but cultural sustainability, creative expression, and social engagement. Therefore, talent management in the arts community cannot be separated from the cultural context that surrounds it.

One crucial dimension that distinguishes talent management in the arts and culture community from other sectors is its attachment to local wisdom. Local wisdom is understood as a set of values, norms, social practices, and traditional knowledge that has developed over generations within a community. Local wisdom serves as a guide for life, a mechanism for regulating social relations, and a source of inspiration for the creation of works of art. Based on the opinion of Amin & Ritonga (2024), the application of local wisdom values in community management can increase social legitimacy and strengthen cohesion among members. In other words, local wisdom-based talent management not only manages skills but also instils values that enhance cultural identity.

The integration of local wisdom into talent management is becoming increasingly relevant in the era of globalisation. On the one hand, globalisation brings opportunities in the form of wider market access, easier cross-cultural collaboration, and digital technology support in distributing works of art. However, on the other hand, the tide of globalisation has the potential to erode local cultural values if it is not balanced with appropriate preservation strategies. According to Chavraiparn et al. (2024), talent management that ignores local wisdom risks creating cultural homogenization, thereby weakening the uniqueness and appeal of the arts community. Therefore, the arts community needs to place local wisdom as the

foundation for talent management in order to remain relevant while remaining distinct from global cultures that tend to be uniform.

The Ministry of Education and Culture (2021) also emphasises the importance of strengthening community-based cultural preservation. According to the institution, preservation is not enough to be done only through documentation or annual cultural festivals, but must be realised in real practices that provide space for the younger generation to participate actively. In this regard, talent management based on local wisdom can be a strategy that connects traditional values with the need for regeneration. Young people can be encouraged to learn, develop, and modify traditional arts in accordance with the context of the times, so that cultural arts not only survive but also develop sustainably.

In the context of the Palu Valley, the application of talent management based on local wisdom is becoming increasingly strategic. The Palu Valley is known for its rich traditions, ranging from traditional rituals, dances, music, to cultural practices steeped in the philosophy of life. This potential has significant economic and tourism value, but the reality on the ground shows that the management of cultural arts talent still faces various obstacles. According to Nurjatisari et al. (2023), many art communities in this region find it difficult to regenerate because the younger generation's interest in traditional arts is relatively low. Traditional arts are often perceived as outdated and irrelevant to modern lifestyles. This condition is exacerbated by the lack of a structured talent management system within the community, resulting in the potential of local wisdom not being fully utilised.

These challenges have significant implications. First, without systematic talent management, the sustainability of the arts and culture community in the Palu Valley will face serious threats. Second, the absence of a regeneration strategy based on local values could lead to the loss of cultural traditions amid the tide of globalisation. Third, limitations in talent management also impact the low competitiveness of the arts community when faced with a modern art market that demands innovation. Therefore, talent management based on local wisdom is not only a technical necessity but also a fundamental strategy in maintaining the existence of the arts community.

Furthermore, recent literature confirms a number of benefits of implementing talent management based on local wisdom. First, this approach creates a distinctive organisational identity, thereby differentiating certain arts and culture communities from other communities (Nawangsari & Sutawidjaya, 2018). Second, local wisdom embedded in the talent management

process strengthens community member loyalty, as individuals feel emotionally and socially connected to the traditions they have inherited (Pradnyana, 2024). Third, the connection between talent and local cultural values encourages tradition-based innovation, namely creativity that arises from the reinterpretation of old values into new forms that are in line with the modern context (Massis et al., 2016). Fourth, talent management based on local wisdom contributes to social sustainability because the arts community not only produces works but also strengthens the social structure of the surrounding community (Sagajoka & Fatima, 2023).

From these various presentations, it can be emphasised that talent management based on local wisdom plays a crucial role in improving the performance of arts and culture communities. This concept not only provides a new approach to human resource development within the community but also offers a relevant model for maintaining a balance between cultural preservation and adaptation to external environmental changes. By integrating local wisdom as the basis for talent management, arts and cultural communities not only survive but are also able to transform into dynamic, competitive entities that remain rooted in their authentic cultural identity.

## 2.2 Innovation

Innovation is a concept that plays a central role in developing organisational sustainability, including cultural arts communities. In general, innovation is understood as the process of creating, adopting, or implementing new ideas, products, methods, or practices that can provide added value to individuals, groups, or organisations (Kuzma et al., 2020). In the context of arts and culture, innovation does not only mean the creation of new works, but also includes community management strategies, financing models, the use of digital technology, and ways to maintain the relevance of local culture amid the tide of globalisation.

Theoretically, the Great Innovation Theory, according to Schumpeter (1934), has laid the foundation for innovation through the concept of creative destruction, which emphasises that economic and social growth is born from the process of destroying old structures and creating new ones. According to Schumpeter, the dimensions of innovation begin with the introduction of new products, which create goods that did not previously exist in the market. An example of this is the arrival of smartphones, which replaced regular mobile phones. Of course, this has implications for providing new added value to consumers, expanding choices, and triggering industrial growth. Furthermore, the application of new production methods (Introduction of

New Methods of Production), using the latest techniques, processes, and technologies in production, even if the product is the same, can reduce costs, increase efficiency, and improve the quality of products or services.

Next is the opening of new markets to reach consumers in regions or market segments that were previously untapped in order to expand revenue opportunities, encourage diversification, and increase global competitiveness. Access to New Sources of Supply of Raw Materials or Semi-Manufactured Goods, to discover or access new sources of raw materials, either from new locations or through material substitution, to reduce dependence on old sources, reduce production costs, and support sustainability. Creation of New Industrial Organizations, which is to create new organisational forms or business models that can support more effective production and distribution.

General Systems Theory (Bertalanffy, 1950) states that the basis for organisational innovation is an open system that interacts with its environment. Organisations are open systems that interact with their environment by placing innovation as a function of long-term system survival. Through innovation, organisations are able to respond to environmental changes, improve process efficiency, create new products or services, and develop business models that are relevant to the needs of the times. Thus, within the GST framework, innovation is positioned as the primary mechanism for organisations to maintain their existence, increase competitiveness, and ensure long-term survival amid the pressures of a constantly changing environment.

Open Innovation in the Industry 4.0 era focuses on the importance of organisational openness to external knowledge in the digital age, including the breadth and depth of strategies for seeking external sources of ideas. Companies that can open themselves up to more external partners and use digital technology will have higher innovation performance. There is a curvilinear effect: being too open without good management can lead to risks (Capone et al., 2023).

Industry 4.0 and Innovation Performance focuses on how the adoption of Industry 4.0 technologies, IoT, big data, and automation impacts product and process innovation, particularly in the manufacturing and service sectors. Research findings indicate that Industry 4.0 increases the tendency to create product innovations and has a positive impact on the intensity of product innovation in the service sector compared to manufacturing companies. (Sarbu, 2022).

## 2.3 Dynamic Capabilities

Dynamic capabilities are an essential concept in modern strategic management that emphasises an organisation's ability to adapt, integrate, and reconfigure internal and external resources to respond to environmental changes (Teece, Pisano, & Shuen, 1997). In recent developments, dynamic capabilities are not only seen as an adaptation strategy, but also as a mechanism for continuous innovation that enables organisations to maintain competitive advantage amid uncertainty (Teece, 2020).

According to Eisenhardt and Martin (2000), dynamic capabilities include predictable yet flexible strategic routines, enabling organisations to create new patterns in response to market changes and social demands. Furthermore, Teece (2018) divides dynamic capabilities into three main dimensions: (1) sensing, the ability to detect opportunities and threats; (2) seizing, the ability to capitalise on opportunities through appropriate investments and strategies; and (3) transforming, the ability to change and reconfigure assets, resources, and organisational structures to remain relevant.

In the context of arts and culture communities, dynamic capabilities are crucial because the external environment is becoming increasingly complex. Globalisation, the development of digital technology, and shifting preferences among the younger generation require arts and culture communities to not only survive, but also transform. Dynamic capabilities enable arts communities to reorient their strategies, for example, by integrating digital platforms as a medium for promoting and distributing artworks, or by transforming traditional festivals into hybrid performances that combine physical and virtual presence (Ben Letaifa & Rabeau, 2021).

In addition, dynamic capabilities are closely related to innovation. Without dynamic capabilities, innovation is often short-term and unsustainable. Conversely, with sensing, seizing, and transforming capabilities, innovations that arise in arts and culture communities can continue to adapt to environmental changes, thereby strengthening organisational sustainability (Helfat & Peteraf, 2020). This shows that dynamic capabilities serve as an adaptive foundation that maintains the continuity of innovation in the long term.

In the Palu Valley, the arts and culture community faces a double challenge: on the one hand, it must preserve local cultural values that are deeply rooted in tradition and local wisdom; on the other hand, it must be able to adapt to the times, which demand modernisation. For example, traditional arts such as bamboo music, traditional dances, and local rituals require new management patterns to remain attractive to the community, especially the younger

generation. Dynamic capabilities are an essential instrument for communities in formulating adaptation strategies that continue to respect local values while aligning with the demands of the digital age and the creative economy.

Furthermore, dynamic capabilities also contribute to improving the performance of arts and culture communities. Communities that are able to identify opportunities and threats, manage resources effectively, and transform themselves in line with external dynamics tend to perform better in terms of community participation, sustainability of activities, and contribution to regional economic development.

Thus, in this study, dynamic capabilities are positioned as a mediating variable that bridges the relationship between local wisdom-based talent management and innovation with the performance of arts and culture communities. Dynamic capabilities are believed to strengthen the influence of talent management on innovation, while ensuring that such innovation can be implemented consistently to produce optimal community performance.

## 2.4 Performance of Cultural Economic Actors

The performance of cultural economic actors can be understood as the degree of success of a community in achieving its collective goals, both in terms of preserving cultural values, developing creativity, contributing to society, and achieving economic success. According to Richard et al. 2009), organisational performance is generally measured by its effectiveness, efficiency, and sustainability in achieving its stated goals. In the context of cultural arts communities, performance is not solely viewed from a financial perspective, but also from the ability to maintain cultural relevance, increase member participation, and provide broad social benefits (Bakhshi & Throsby, 2020).

Conceptually, the performance of arts and culture communities can be viewed through several dimensions. First, the dimension of cultural preservation, which relates to efforts to maintain the continuity of values, traditions, and artistic practices that have been passed down from generation to generation. Second, the dimension of creativity and innovation, which refers to the extent to which communities can produce new works of art or adapt old works to the needs of the times. Third, the social dimension, which includes the community's contribution to strengthening social cohesion, collective identity, and the psychosocial recovery of the community, especially in areas that have experienced disasters. Fourth, the economic

dimension, which is the contribution of arts and culture communities to improving the welfare of their members and the development of the local creative economy (UNESCO, 2021).

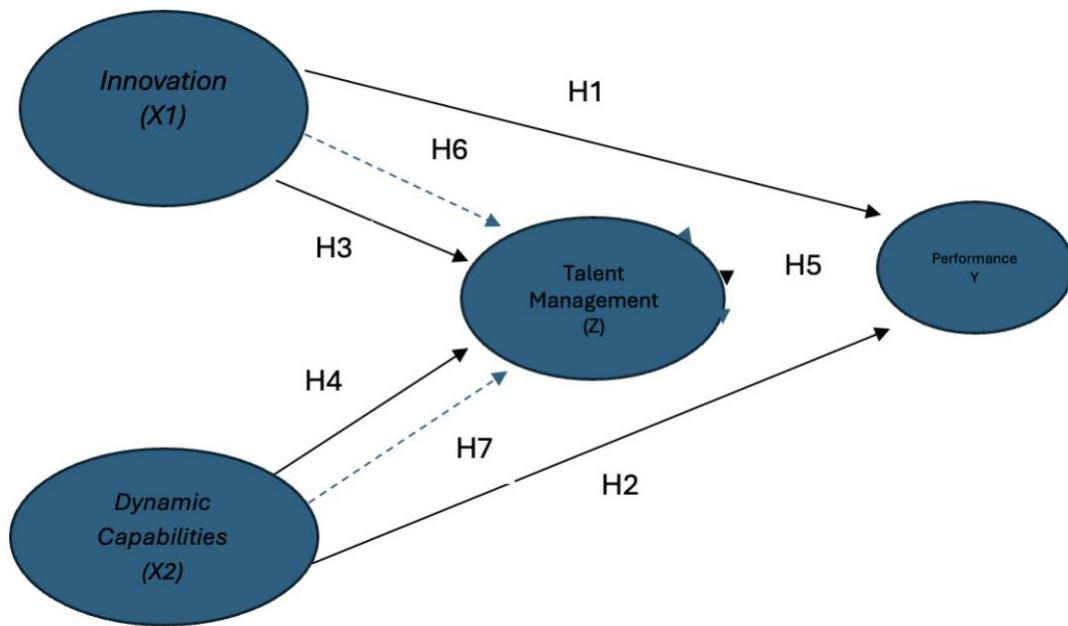
Within the framework of this study, the performance of the arts and culture community in the Palu Valley has specific characteristics. The Palu Valley is an ethnically and culturally diverse region, where traditional arts such as traditional dances, bamboo music, and local rituals form the collective identity of the community. However, the arts community in this region also faces serious challenges due to modernisation, urbanisation, and the impact of natural disasters that have struck the area. Therefore, the performance of the community is not only measured in terms of artistic production, but also in terms of its role in strengthening cultural identity, building social solidarity, and increasing the competitiveness of the local creative economy (Wahid & Arfan, 2022).

The performance of cultural economic actors is also closely related to talent management, innovation, and dynamic capabilities. Communities that have talent management based on local wisdom are able to produce authentic and high-value works of art. Similarly, innovation acts as an engine that drives renewal and adaptation, so that community performance can continue to improve. Meanwhile, dynamic capabilities ensure that communities are able to survive in the face of environmental changes, while maintaining long-term performance sustainability (Hidayat et al., 2023).

Furthermore, cultural arts community performance indicators are often linked to member participation, community satisfaction with arts programs, the level of youth involvement, the number and quality of arts activities organised, and contributions to regional creative economic development (Florida, 2019). In practice, these indicators serve as benchmarks for the success of communities in carrying out their dual roles: preserving cultural heritage and creating new opportunities in the creative economy.

Thus, the performance of arts and culture communities in the Palu Valley not only reflects the internal success of the organisation but also plays a vital role in regional development. This study places the performance of arts and culture communities as a dependent variable influenced by talent management based on local wisdom, innovation, and dynamic capabilities. I hope this study shows how the interaction between internal and external factors can produce optimal and sustainable performance for arts and culture communities in the Palu Valley.

### 3. FRAMEWORK



**Figure 1.** Conceptual framework.

In the context of cultural economic development in the Palu Valley, the improvement in the performance of cultural actors is primarily determined by their ability to remain relevant, adaptive, and creative in facing environmental dynamics. Two main factors that influence this ability are innovation and dynamic capabilities. Innovation is the main driving force that enables cultural economic actors to create new ideas, products, or services that are in line with market needs while remaining rooted in local values. Through innovation, cultural actors can produce creative works that not only have aesthetic value but also higher economic and social value. Therefore, innovation has strong potential to improve the performance of cultural actors in terms of productivity, income, and the cultural impact they generate.

In addition to innovation, dynamic capabilities also play an essential role in improving the performance of cultural economic actors. Dynamic capabilities refer to the ability to continuously integrate, build, and reconfigure internal and external resources. Cultural actors work in an ever-changing environment, in terms of art trends, digital technology developments, and cultural market preferences. Those with strong dynamic capabilities are able to read these changes more quickly and respond to them effectively. With a high level of adaptability, cultural actors are able to maintain business sustainability, increase market access, and strengthen their position in the creative economy ecosystem.

Among these two factors, talent management emerges as a strategic element that acts as a bridge or connecting mechanism. Talent management in the cultural economy includes systematic efforts to identify, develop, motivate, and retain cultural actors with creative potential. In the context of the Palu Valley, talent management reflects the cultivation of local artists, assistance for innovative enterprises, strengthening the capacity of the arts community, and providing spaces that enable intergenerational knowledge transfer. When innovation emerges from creative ideas but is not followed by good talent management, the potential of that innovation often does not develop optimally. Therefore, talent management strengthens the relationship between innovation and performance by ensuring that the creativity of cultural actors develops in a focused, managed manner and is connected to market needs.

The role of talent management mediation is also evident in the relationship between dynamic capabilities and performance. Although cultural actors may have the ability to adapt, this ability will not contribute optimally without a process of competency development, mentoring, and capacity building carried out through talent management. With talent management, cultural actors can develop new knowledge, utilise technology more effectively, build collaborative networks, and adapt their creative strategies to environmental changes. This makes dynamic capabilities more structured and has a tangible impact on performance improvement.

From the Resource-Based View (RBV) perspective, innovation and dynamic capabilities are valuable strategic resources that are unique, difficult to imitate, and not easily replaced by other resources. Talent management plays a role in strengthening the strategic value of these two resources because, through talent management, the potential of cultural actors can produce distinctive and sustainable competitive advantages. The integration of innovation, dynamic capabilities, and talent management creates synergies that can improve the quality of cultural products, expand markets, and strengthen the position of cultural actors in the creative industry.

Thus, the research framework of this study confirms that the improved performance of cultural economic actors in the Palu Valley is the result of interaction and mutual reinforcement between innovation, dynamic capabilities, and talent management. Talent management not only acts as a mediating variable but also as a strategic mechanism that can optimise the value of innovation and the adaptability of cultural actors, thereby producing higher, more sustainable performance that is better able to preserve local cultural roots.

## 4. THEORETICAL AND PRACTICAL IMPLICATION

### 4.1 Theoretical Implications

Theoretically, research on the role of talent management in mediating the influence of innovation and dynamic capabilities on the performance of cultural economic actors contributes significantly to the development of conceptual models in the creative economy and cultural economy. The findings of this study reinforce the Resource-Based View (RBV) perspective, which positions innovation and dynamic capabilities as valuable and difficult-to-imitate strategic resources (Barney & Clark, 2021). Furthermore, this research expands the talent management literature with a unique local cultural context, where talent is not only viewed as a human asset but also as a representation of inherited cultural values (Cunningham et al., 2022). Thus, this study provides a theoretical contribution by strengthening the relationship between variables and emphasising the importance of integrating creativity, adaptive capabilities, and talent management in enhancing the competitive advantage of cultural economic actors.

### 4.2 Practical Implications

From a practical standpoint, this study has significant implications for local governments, cultural communities, and creative economy support institutions in the Palu Valley. The results of the study show that talent management is a key component that can optimize innovation and dynamic capabilities, so that more structured coaching, training, and mentoring programs are needed for cultural actors (Ratten, 2022). The government and supporting institutions can design policies that strengthen the cultural talent ecosystem through local culture-based education, digitalization facilitation, and broader marketing networks. In practical terms, this research confirms that improving the performance of cultural actors does not only depend on individual creativity, but also on targeted system support to develop and maintain cultural talent as an economic asset and regional identity (Sánchez-García et al., 2023).

## 5. CONCLUSION

This study concludes that the improved performance of cultural economic actors in the Palu Valley is greatly influenced by their ability to innovate and adapt through their dynamic capabilities. However, these two factors will not have an optimal impact without structured talent management that is oriented towards developing creative potential. Talent management

has been proven to play an important mediating role in connecting the creativity and adaptive abilities of cultural actors with their improved performance, both in economic terms and in terms of cultural value preservation. Thus, the integration of innovation, dynamic capabilities, and talent management becomes a strategic foundation for strengthening the competitiveness, sustainability, and relevance of cultural economic actors amid rapid environmental change.

Overall, this study confirms that the development of the cultural economy sector requires not only individual creativity, but also a talent management system capable of directing, developing, and maintaining the capacity of cultural actors. These findings provide a strong theoretical basis for the development of a cultural economy development model, while offering practical recommendations for policymakers and supporting institutions to strengthen the cultural ecosystem through coaching, digitization, and strengthening collaborative networks. Through this approach, the cultural economy in the Palu Valley has the potential to develop into a leading sector that not only creates economic value but also preserves local cultural identity in a sustainable manner.

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