

Original Article

Hybrid governance: The integration of legacy and contemporary business administration in the Yogyakarta Royal Palace

Noviana Tursanurohmad¹, Made Wilantara^{2*}

¹Department of Law, Sekolah Tinggi Ilmu Hukum dan Politik Pelopor Bangsa, Depok, Indonesia

²Faculty of Communication Sciences, Universitas Jayabaya, Jakarta, Indonesia

*Corresponding author: drmadewilantara@gmail.com

Article Info	Abstract
Article history: Received Jun 9th, 2026 Revised Jun 27th, 2026 Accepted Jun 29th, 2026 Published Jun 30th, 2026 Keywords: <i>Hybrid governance; Yogyakarta Palace; business administration; cultural governance; organizational modernization</i>	This study critically analyzes how the Yogyakarta Palace integrates traditional administrative systems and modern business administration within its governance structure, evaluating its potential to balance cultural preservation with organizational efficiency. Employing a qualitative approach with an organizational ethnography design, the analysis involved participant observation, in-depth interviews, and document analysis. Results show that the Palace adopts a hybrid governance model and normatively acknowledges the need for modernization, with cultural leadership remaining central to decision-making. However, crucial operational tensions and a clash of institutional logics remain significantly prevalent. Identified challenges include the friction between traditional devotion and professional merit, the rigid formalization of royal decrees into standardized operating procedures, and the dilemma between cultural sacrality and measured commodification. The study concludes that while the integration of modern administrative tools offers a strong operational foundation, its efficacy in fostering genuinely adaptive cultural governance depends on a continuous process of Vernacular Modernization. Ultimately, this research produces the Javanese Cultural Hybrid Governance Framework to realize the transformative potential and sustainability of traditional monarchical institutions. How to Cite (APA Style): Tursanurohmad, N., & Wilantara, M. (2026). Hybrid governance: The integration of legacy and contemporary business administration in the Yogyakarta Royal Palace. <i>Jurnal Ilmu Sosial</i>, 25(1), 122-143. https://doi.org/10.14710/jis.25.1.2026.122-143

INTRODUCTION

The governance of cultural heritage has emerged as a pressing concern across the globe. From UNESCO World Heritage sites to local customary institutions, the tension between preservation and modernization defines much of contemporary cultural policy discourse (Labadi & Logan, 2021; Saba et al., 2023). Cultural institutions rooted in tradition face particularly acute challenges. They must safeguard intangible heritage, including rituals, languages, arts, and knowledge systems, while responding to the administrative and economic demands of the modern state (Cano-Mejía & Arias-

Suárez, 2025; Pieterse, 2021). This dual imperative is not merely technical. It cuts to the core of institutional legitimacy, cultural identity, and organizational sustainability.

Indonesia offers a compelling case in this regard. The enactment of Law No. 5 of 2017 concerning the Advancement of Culture formalized a national commitment to cultural preservation and development, establishing a decentralized framework that empowers regional governments to formulate policies attuned to local cultural contexts (Saputra, 2024; Caspari et al., 2025). This legislative shift reflects a broader recognition that cultural governance cannot be imposed from the center; it requires sensitivity to local values, institutional arrangements, and community participation. Yet decentralization also introduces complexities: coordination challenges, capacity constraints, and the persistent risk that top-down frameworks may inadvertently marginalize the very cultural expressions they seek to protect (Caspari et al., 2025).

Within this landscape, traditional monarchical institutions occupy a distinctive and underexplored position. The Yogyakarta Palace (*Kraton Ngayogyakarta Hadiningrat*) functions not merely as a symbol of Javanese cultural identity but as a living organization that administers assets, manages economic activities, sustains ritual traditions, and maintains institutional relations with government and society (Anderson, 2020; Ricklefs, 2018). It is, in other words, both a cultural repository and an administrative entity. This duality has become increasingly pronounced as the Palace navigates the demands of modern governance: transparency, accountability, efficiency, and public service. At the same time, it must preserve the *paugeran*: the customary rules and spiritual values that underpin its legitimacy as a monarchical institution (Suryo, 2020; Purwanti et al., 2025).

This dual role generates persistent tension. The Palace must transform to remain functionally sustainable in the modern era. Yet transformation risks eroding the cultural legitimacy that defines its very existence. If modernization proceeds too quickly, the institution may lose its spiritual-cultural essence, what is referred to in Javanese tradition as *ruwah*. If it proceeds too slowly, the Palace may be perceived as an anachronism, unable to justify its role in the contemporary administrative and economic landscape. This is not a binary choice. Rather, it is a continuous institutional negotiation between tradition and modernity, charisma and bureaucracy, cultural value and organizational efficiency (Wijaya et al., 2022).

The concept of hybrid governance offers a productive lens for analyzing this negotiation. Hybrid governance refers to organizational forms that integrate multiple institutional logics, such as tradition, bureaucracy, market mechanisms, and collaborative networks, within a single system (Battilana & Lee, 2014; Denis et al., 2015; Skelcher & Smith, 2015; Charountaki, 2022). In public administration, this governance hybridity has been examined primarily in the health sector, policy implementation, and professional organizations (Rulinawaty et al., 2025). Its application to traditional cultural institutions, particularly monarchies, remains limited. This is a significant gap. Traditional institutions are not passive recipients of modern administrative practices. They actively reinterpret, adapt, and embed these practices within their own cultural frameworks, producing distinctive hybrid institutional arrangements that challenge conventional assumptions about modernization.

The Yogyakarta Palace exemplifies this adaptive process. In recent decades, the Palace has restructured its organizational units, adopted information technology, introduced standardized operating procedures (SOPs), and aligned its financial reporting with public sector accountability standards (Yogyakarta Palace, 2025). These changes are not superficial. They reflect a deeper institutional logic: the selective adoption of modern administrative tools and managerial techniques, not as replacements for tradition, but as instruments for sustaining cultural values within the bureaucratic framework of the modern state. This logic, which will be elaborated in the literature review, is neither wholesale Westernization nor static traditionalism. It is a negotiated synthesis.

In parallel, the institutional logics perspective provides a useful analytical vocabulary for understanding how different value systems, such as tradition, bureaucratic rationality, and market orientation, interact within the Palace's governance system (Urbano et al., 2025). This perspective suggests that organizations are not monolithic. They are arenas where competing logics coexist, sometimes in tension, sometimes in productive complementarity. At the Yogyakarta Palace, the logic of *ngabdi* (devotion to the monarch) coexists with the logic of professional competency. The logic of *sabda dalem* (royal decree) coexists with the logic of formalized standard operating procedures. These tensions are not pathologies. They are constitutive features of mixed governance systems.

The cultural governance literature further enriches this analysis. Cultural governance emphasizes that the management of cultural institutions involves not only organizational administration but also social relations, symbolic values, and community participation (Cano-Mejía & Arias-Suárez, 2025). It recognizes that cultural institutions operate at the intersection of economic, political, and symbolic interests. This perspective is particularly relevant for the Yogyakarta Palace, which functions simultaneously as a site of cultural preservation, a driver of cultural tourism, and a symbol of Javanese identity (Timothy & Nyaupane, 2020; Woodward, 2019). Collaborative governance and robust governance theories complement this framework. Collaborative governance emphasizes multi-stakeholder engagement and co-creation in decision-making processes. Robust governance highlights the capacity of organizations to maintain institutional stability while adapting flexibly to environmental changes (Ansell et al., 2023). Together, these theoretical perspectives enable a comprehensive analysis of how the Yogyakarta Palace navigates the competing demands of cultural preservation, administrative modernization, economic development, and public accountability.

Despite the richness of these theoretical resources, empirical research on the governance of traditional monarchical institutions in Southeast Asia remains sparse. Studies of the Yogyakarta Palace have predominantly focused on its historical role, cultural symbolism, and contributions to Javanese tradition (Florida, 2019; Woodward, 2019). Relatively little attention has been paid to the Palace as an administrative and economic organization: an institution with organizational structures, decision-making mechanisms, resource management systems, and institutional relations that evolve over time. This is a significant oversight. The Palace does not merely represent tradition. It enacts tradition through organizational practices. Understanding these practices requires analytical frameworks drawn from business administration, organizational communication, and governance studies: frameworks that have rarely been applied to the study of royal institutions.

Recent scholarship on cultural heritage governance in Indonesia and Southeast Asia has begun to address this gap. Studies have examined the role of multi-stakeholder collaboration in managing heritage sites (Basyar et al., 2025; Delina, 2025), the challenges of integrating preservation with economic development (Saba et al., 2023), and the tensions between formal regulations and local cultural practices (Caspari et al., 2025). Yet these studies have largely focused on tangible heritage, such as archaeological sites and cultural landscapes. The governance of living cultural institutions, including monarchies, royal courts, and customary organizations that continue to function as administrative and economic entities, remains underexplored (Mat et al., 2025).

Moreover, research on hybrid organizational configurations has predominantly examined sectors such as healthcare, social services, and public policy (Rulinawaty et al., 2025). Its application to cultural institutions, particularly those with traditional authority structures, is nascent. Studies on the relationship between culture and governance have shown that cultural values significantly influence institutional quality and organizational practices (Evan & Holý, 2023). However, most of these studies adopt macro-level approaches that do not adequately explain how traditional values are operationalized within specific organizational settings. There remains a need for conceptual

frameworks that connect cultural governance, governance hybridity, and institutional logics in the context of traditional cultural organizations.

In light of these gaps, the present inquiry investigates the dynamics of institutional integration at the Yogyakarta Palace. It examines how traditional administrative systems and modern business administration coalesce into a cohesive governance model. The analysis further explores the interplay between cultural legitimacy, traditional administrative structures, and contemporary management practices, while also identifying the inherent tensions and adaptive strategies that characterize this institutional hybridization. This investigation serves as the empirical foundation for developing a context-sensitive conceptual framework: the Javanese Cultural Hybrid Governance Framework. This model explains how Javanese cultural values, the Palace's traditional administrative structures, and modern management practices are synthesized into an organizational governance system capable of maintaining historical legitimacy while achieving functional efficiency. The framework is not intended as a universal prescription. Rather, it emerges from the specific cultural, historical, and institutional conditions of the Yogyakarta Palace.

The urgency of this inquiry is underscored by the Palace's expanding economic role. The Palace manages significant cultural tourism assets, participates in the creative economy, and administers land holdings known as *Sultan Ground*. It receives regional budget allocations through the Special Region Fund (*Danais*) and is therefore subject to public sector accounting and accountability standards (Yogyakarta Palace, 2025). In 2025, the Palace was designated by the Indonesian Ministry of Law as an Intellectual Property Based Zone: a recognition that formalizes the economic value of its cultural heritage, including traditional dances, gamelan, language, architecture, and attire (Kementerian Hukum Republik Indonesia, 2025). This designation underscores the economic stakes of Palace governance. It also heightens the tension between cultural preservation and commercialization, a tension that governance hybridity must continuously negotiate.

Conceptually, this research draws on the integration of hybrid governance, cultural governance, institutional logics, collaborative governance, and robust governance to build an analytical framework that is both comprehensive and contextually grounded. This framework is elaborated in the literature review and operationalized in the methods section. The study contributes to several academic conversations: business administration studies, organizational communication, cultural governance, and the study of customary institutions in the modern state. It offers empirical insights into how a living monarchy navigates the pressures of administrative modernization. It also proposes a model that may have relevance beyond the Javanese context, offering a lens for examining institutional adaptation in other traditional organizations grappling with similar tensions.

LITERATURE REVIEW

Hybrid governance

Theoretically, hybrid governance explains a form of organizational governance that integrates various different institutional logics within a single organizational system. In this model, elements of traditional bureaucracy, market mechanisms, and collaborative networks can operate simultaneously to achieve complex organizational goals. Hybrid governance emerges as a response to increasingly complex organizational environment dynamics, where a single governance approach is no longer adequate to address constantly changing social, economic, and political needs.

In the context of public organizations and cultural institutions, hybrid governance enables a combination of formal structures and complementary informal practices. This model emphasizes organizational flexibility in integrating traditional values with modern management practices, thereby producing governance that is adaptive to social and institutional changes. The hybrid

governance approach also highlights the importance of an organization's ability to manage conflicts between various differing institutional logics within one organizational system (Charountaki, 2022).

Studies on hybrid governance in public administration have predominantly examined sectors such as healthcare, social services, and professional organizations (Rulinawaty et al., 2025). Its application to cultural institutions, particularly those with traditional authority structures, is nascent. Research on the relationship between culture and governance has shown that cultural values significantly influence institutional quality and organizational practices (Evan & Holý, 2023). However, most of these studies adopt macro-level approaches that do not adequately explain how traditional values are operationalized within specific organizational settings. There remains a need for conceptual frameworks that connect cultural governance, governance hybridity, and institutional logics in the context of traditional cultural organizations.

In the Yogyakarta context, recent scholarship has refined the analysis of hybrid governance. Nugroho and Nastain (2026) propose the concept of "double panoptics" to describe how the Sultan-Governor is simultaneously subjected to state-bureaucratic oversight and palace-based symbolic expectations. This dual surveillance mechanism, they argue, stabilizes the monarchy-democracy coexistence by producing layered forms of internalized discipline that exceed the logic of institutional checks and balances. Their framework draws on Foucault to interpret how power circulates through institutional monitoring and self-discipline, while also engaging Habermas to analyze the public justifications of Yogyakarta's exceptional status. The concept of double panoptics is analytically useful because it explains political stability as a product of layered visibility rather than unrestricted sovereignty. The Sultan's authority is constituted through two intersecting regimes of observation: state-based legal-bureaucratic supervision and palace-based symbolic-dynastic control.

Cultural governance

The concept of cultural governance has developed as an interdisciplinary approach examining how governance practices are applied in the management of the cultural sector. Cultural governance emphasizes that the management of cultural institutions is not only related to organizational administration but also to social relations, symbolic values, and the cultural legitimacy inherent in the institution (Cano-Mejía & Arias-Suárez, 2025). From this perspective, cultural governance involves various actors such as the government, cultural communities, arts organizations, and the broader public interacting in the management and reproduction of cultural values. Cultural governance also indicates that cultural management frequently sits at the intersection of economic, political, and symbolic interests, thereby requiring an adaptive and collaborative governance approach.

Cultural heritage governance, as a related concept, emphasizes coordination between cultural institutions, the government, and the community in maintaining the historical values and collective identity of a community (Labadi & Logan, 2021). The Yogyakarta Palace, as the center of Javanese culture, plays a strategic role in managing various forms of cultural heritage, from palace architecture, traditional arts, and royal rituals to culturally inherited knowledge. From a governance perspective, the management of this cultural heritage is not only geared towards preserving tradition but also involves institutional arrangement processes allowing these cultural values to remain relevant in modern society.

The cultural governance literature reveals that studies remain highly diverse conceptually and lack a systematically integrated theoretical framework bridging cultural, organizational, and economic aspects. A global literature review of cultural governance identifies that most research remains fragmented across approaches in public policy, cultural management, and cultural anthropology (Cano-Mejía & Arias-Suárez, 2025). This fragmentation presents both a challenge and an opportunity for studies of traditional cultural institutions like the Yogyakarta Palace.

Institutional logics theory

Institutional Logics Theory states that organizations are often influenced by various different value systems and norms within their institutional environment. In hybrid organizations, various institutional logics such as cultural traditions, bureaucratic rationality, and market orientation can interact simultaneously in the organization's decision-making process. Urbano, Alvarez, and Lopez (2025) explain that institutional structures in modern organizations often consist of a combination of formal rules, social norms, and organizational practices that shape actor behavior within the organization. Interactions among these various logics can produce complex and dynamic forms of governance. In the context of the Yogyakarta Palace, institutional logics theory helps explain how traditional cultural values can coexist with modern management practices in the organizational governance system. The logic of *ngabdi* (devotion to the monarch) coexists with the logic of professional competency. The logic of *sabda dalem* (royal decree) coexists with the logic of formalized standard operating procedures. These tensions are not pathologies but constitutive features of mixed governance systems.

Collaborative governance

Collaborative governance theory emphasizes the importance of collaboration among various actors in the process of organizational governance and public policy. According to Ansell and Torfing, collaborative governance enables various stakeholders to actively engage in the decision-making process and public value creation through inclusive collaborative mechanisms (Ansell & Torfing, 2021). This approach also highlights the importance of the co-creation process, where various actors share knowledge, resources, and experiences to produce more innovative solutions to complex social problems. In modern governance systems, collaborative governance has become a crucial mechanism for integrating diverse perspectives and interests into the organizational management process.

Robust governance

The robust governance concept emphasizes the importance of an organization's ability to adapt to uncertain environmental conditions. Robust governance combines stable organizational structures with flexible managerial processes, enabling the organization to face rapid and complex changes. From this perspective, effective organizations must be able to integrate formal structures with adaptive mechanisms such as innovation, organizational learning, and cross-sectoral collaboration (Ansell et al., 2023; Sørensen & Torfing, 2024). This model also stresses that robust governance requires a balance between institutional stability and organizational flexibility in the face of environmental changes. This concept helps explain how the Yogyakarta Palace maintains the stability of its traditions while adapting to the demands of modern governance.

Vernacular modernization

The theoretical synthesis of hybrid governance, cultural governance, institutional logics, collaborative governance, and robust governance points toward a distinctive form of institutional adaptation that merits explicit conceptualization. This study uses vernacular modernization to describe the selective adoption of modern administrative tools and managerial techniques, not as replacements for tradition, but as instruments for sustaining cultural values within the bureaucratic framework of the modern state. The term "vernacular" here draws on a broader scholarly tradition that examines how universal categories such as governance, modernity, or human rights are appropriated, translated, and shaped into local contextual realities. In the context of organizational adaptation, vernacular modernization captures a specific logic: the negotiation between external pressures for modernization and internal cultural commitments that define institutional identity. This

is neither wholesale Westernization nor static traditionalism. It is a negotiated synthesis in which modern administrative practices are selectively adopted and embedded within existing cultural frameworks.

Habib's (2024) study of digital transformation in the Yogyakarta Palace provides an empirical anchor for this concept. His analysis demonstrates that the Palace's adoption of information technology, standardized operating procedures, and performance metrics is not a departure from tradition but a strategic adaptation that positions modern tools as protective instruments for cultural preservation. This logic using modernity to sustain tradition distinguishes vernacular modernization from other forms of institutional change that might be characterized as assimilation, co-optation, or resistance. The concept of vernacular modernization also resonates with broader debates in political science about the coexistence of monarchy and democracy. Nugroho and Nastain (2026) argue that Yogyakarta should not be seen simply as a rare survival of monarchy within Indonesia's post-authoritarian democracy, but as a political formation shaped by dual surveillance. The Sultan-Governor is rooted in both the symbolic authority of the palace and the Indonesian state's legal-bureaucratic oversight. This double panoptics structure ensures that monarchy survives not outside modern government, but through forms of discipline, normalization, and managed accountability embedded within it.

Jatmika and Marlinda (2023) further examine the Yogyakarta Sultanate as the only monarchy that still exists administratively within the political system of the Republic of Indonesia. Their study finds that Yogyakarta's political system fulfils holistic and adaptive elements, combining old and new elements to secure asymmetric decentralization status from the central government. However, they also note that Yogyakarta faces challenges in its succession system, which lacks the written and open rules found in British, Dutch, and Spanish monarchies. This observation underscores the ongoing negotiation between tradition and modernity that characterizes vernacular modernization.

Theoretical synthesis

Based on the integration of these theories, it can be concluded that research regarding the governance of the Yogyakarta Palace requires a multidimensional theoretical approach. Hybrid governance serves as the main framework explaining the integration of traditional and modern administrative systems within one organizational structure. This framework is then strengthened by New Public Governance, which highlights the importance of collaborative networks among actors in the governance of public and cultural institutions (Osborne, 2021). Furthermore, cultural governance provides a perspective on how symbolic values and cultural legitimacy serve as a crucial foundation in the management of traditional institutions like the Yogyakarta Palace. This perspective shows that cultural governance is related not only to administrative efficiency but also to the reproduction of values and cultural identities attached to the institution.

On the other hand, institutional logics help explain the dynamic interactions among various value systems that influence the organizational decision-making process. In the context of the Palace, the logic of tradition, modern bureaucracy, and economic orientation can be present simultaneously, forming a unique pattern of governance. This approach is then reinforced by collaborative governance, which emphasizes the importance of multi-party collaboration in the organizational governance process, and robust governance, which highlights the organization's ability to maintain institutional stability while adapting to environmental changes.

METHODS

Research design and approach

This study utilizes a phenomenological approach with an organizational ethnography design to gain a deep understanding of governance practices within a traditional cultural institution that

possesses unique organizational characteristics. This approach was chosen because the research aims to explore the meanings, social practices, and dynamics of actor interactions within the governance system of the Kraton Ngayogyakarta Hadiningrat, which cannot be adequately explained through a quantitative approach (Creswell & Poth, 2018).

Organizational ethnography is used as a research strategy to examine organizational culture, power structures, administrative practices, and social interactions that shape institutional governance. This approach allows researchers to understand how cultural values, symbols, and traditional practices interact with modern management mechanisms within the governance system of the Yogyakarta Palace (Ybema et al., 2020). Through this approach, the research observes not only formal organizational structures but also informal practices, rituals, and power relations that influence the decision-making processes within the organization. In the context of this study, organizational ethnography is used to examine how the Palace's traditional administrative system, based on Javanese cultural values, interacts with modern administrative practices to form a hybrid governance model in managing the cultural institution.

Table 1. Research Informant

Informant Group	Initial Code	Profile / Relevant Position	Rational for Selection (Purposive)
Internal Management (Modern Structure)	Kanjeng Raden Tumenggung Widoatmojo	<i>Penghageng</i> (Head) of <i>Kawedanan Hageng Panitrapura</i>	Possesses understanding of the integration of administrative correspondence and the Palace's strategic policies.
	Mas Bekel Sepuh Purojo Gadinanto (MBSPG)	Vice <i>Penghageng</i> of <i>Tanda Yekti</i> Division	Expert in data modernization, digitalization, and the Palace's internal information systems.
<i>Abdi Dalem</i> (Traditional Structure)	Taufiq Hartanto	<i>Kanca Punakawan</i> / Senior <i>Abdi Dalem</i>	Possesses deep understanding regarding ethics (<i>paugeran</i>) and traditional hierarchy.
	Mas Bekel Probo Kusnawan	<i>Abdi Dalem</i> of <i>Riyaya</i> Division	Manages ritual aspects that currently intersect with modern operational management.
Local Government (Regulator)	Arisanti Ahlu Fatirah	Official at the Yogyakarta Cultural Office (<i>Kundha Kabudayan</i>)	Understands the synchronization between the Special Region Fund (<i>Danais</i>) and Palace programs.
	KRT Widyadipura	Official at the Yogyakarta Tourism Office	Manages collaboration between the government and the Palace in cultural tourism promotion.
Academics & Observers (Experts)	Mas Bekel Sepuh Purojo Gadinanto (MBSPG)	Professor of Javanese History/Culture (UGM/UNY)	Provides historical and critical perspectives regarding the shift in monarchical governance.
	MB Probowarasta	Public Sector Governance Researcher	Analyzes the effectiveness of integrating modern business management within feudal institutions.
Economic Actors (Practitioners)	RM A.	Business Unit/Tourism Manager within the Palace Area	Experiences firsthand the implementation of hybrid policies in real economic practices.
	Ibu N.	Head of Local Cultural Community Association	Represents the voice of the community interacting with the Palace bureaucracy.

Source: Authors own work

Research site and case selection

This research was conducted at the Yogyakarta Palace, one of the cultural institutions that still implements a traditional monarchical system within the social and cultural structure of Javanese society. The Yogyakarta Palace was selected as the research location due to its unique characteristics

as an institution that functions not only as a center for cultural preservation but also executes various administrative activities, economic functions, and institutional relations with the government and the community. The Palace's status as the only officially recognized monarchy within the administrative structure of the Republic of Indonesia, formalized through Law No. 13 of 2012 on the Privileges of the Special Region of Yogyakarta, makes it a particularly significant case for examining hybrid governance in traditional cultural institutions.

Informants and sampling

Research informants were selected using a purposive sampling technique, meaning informants were deliberately chosen based on their relevance to the research focus (Patton, 2015). This technique ensures that the selected informants possess adequate knowledge and experience regarding governance practices at the Yogyakarta Palace. As presented in Table 1, the informants in this study consist of several main groups: 1) Internal Palace officials involved in administrative management and institutional activities; 2) Palace *Abdi Dalem* (court officials) who possess an understanding of the traditional structures and cultural practices within the Palace organization. 3) Local government officials who maintain institutional relations with the Palace in the management of cultural and tourism activities; 3) Academics and observers of Javanese culture who possess knowledge regarding the history and governance system of the Palace; 4) Cultural economic actors, such as tourism managers or cultural communities, who interact with the Palace in economic and social activities. The number of informants follows the principle of data saturation, wherein the data collection process is terminated when the information obtained has reached a saturation point and no longer yields new findings.

Data Collection Techniques

Data collection in this study was conducted through several primary techniques commonly employed in organizational ethnography. First, participant observation. This technique was conducted to gain a firsthand understanding of governance practices and social interactions within the Palace's organizational environment. Through this observation, the researcher examined administrative activities, interactions among organizational actors, and various rituals and cultural practices that constitute the Palace's organizational life. This observation also enabled the researcher to comprehend how Javanese cultural values are reflected in decision-making practices and organizational management. Observations were conducted over a period of several months, allowing the researcher to observe both routine administrative activities and ceremonial events.

Second, in-depth interviews. These were conducted to obtain a more comprehensive understanding of the organizational actors' perspectives on the Palace's governance system. The interviews were semi-structured, allowing the researcher to explore the informants' experiences, interpretations, and views regarding the organizational dynamics of the Palace. Interview topics included the Palace's organizational structure, decision-making mechanisms, traditional administrative systems, the integration of modern management practices, and the Palace's relationship with the government and society. Each interview lasted between 60 to 120 minutes and was conducted in Bahasa Indonesia to allow informants to express themselves freely in their native language.

Third, document analysis. This was used as a secondary data source to understand the Palace's administrative and governance systems. The analyzed documents comprised the Palace's institutional archives, government policy documents related to the Palace, academic publications concerning the Yogyakarta Palace, and historical records and Javanese cultural literature. Document analysis assisted the researcher in understanding the historical development of the Palace's

governance system and the relationship between traditional structures and modern administrative practices.

Table 2. Thematic Coding Structure

Theme	Category	Code	Data Source
Hybrid Governance	Structural Dualism	Modern administrative systems within traditional hierarchy	Interviews with Abdi Dalem, observations of organizational units
Hybrid Governance	Institutional Negotiation	Balancing professionalism and customary rules	Interviews with internal management, observations of decision-making
Hybrid Governance	Gradual Transformation	Modern systems as supporting instruments	Interviews with Abdi Dalem, document analysis
Cultural Leadership	Symbolic Authority	Sultan as source of cultural legitimacy	Interviews with Abdi Dalem, observations of ceremonial events
Cultural Leadership	Anchor Institution	Maintaining stability during change	Interviews with senior Abdi Dalem, document analysis
Cultural Economy	Asset Commercialization	Revenue generation through tourism and creative economy	Interviews with business unit managers, observations of tourism sites
Cultural Economy	Intellectual Property Protection	Recognition as IP-Based Zone	Document analysis (Kemenkum), interviews with local government
Tensions in Hybridity	Devotion vs Professionalism	Shift from seniority to merit system	Interviews with senior Abdi Dalem
Tensions in Hybridity	Formalization vs Flexibility	Documentation of titah into SOPs	Interviews with internal management, document analysis
Tensions in Hybridity	Commodification vs Sacrality	Commercialization of sacred symbols	Interviews with cultural observers, document analysis
Tensions in Hybridity	Hidden Resistance	Passive resistance from conservative groups	Observations, interviews with informants
Danarto Puro	Cultural Finance	Financial management as cultural practice	Interviews with Danarto officials, document analysis
Danarto Puro	Hybrid Institution	Combination of custom and administration	Comparison with modern ministry of finance

Source: Authors own work

Data analysis

Data analysis in this study utilized a thematic analysis approach, carried out incrementally through several core processes (Braun & Clarke, 2021). The resulting pattern is summarized in Table 2. First, data reduction. Data from interviews, observations, and documentation were selected and categorized based on primary themes relevant to the research focus. This process involved transcribing all interview recordings, organizing field notes from observations, and sorting documentary evidence into preliminary categories.

Second, thematic coding. Data were then coded to identify patterns, concepts, and relationships among various governance practices emerging within the Palace organization. The coding process followed a deductive approach, guided by the theoretical frameworks of hybrid governance, cultural governance, institutional logics, collaborative governance, and robust governance. A codebook was developed prior to the coding process, containing definitions and examples for each code derived from the theoretical literature. The primary researcher served as the sole coder, conducting multiple rounds of coding to ensure consistency. To enhance the trustworthiness of the coding process, peer debriefing sessions were conducted with a colleague familiar with qualitative research methods but not involved in the data collection, who reviewed a sample of coded transcripts to verify the consistency and appropriateness of code application. Any discrepancies were discussed and resolved

through consensus, ensuring that the coding remained grounded in the data while maintaining theoretical coherence.

Third, conceptual categorization. The identified themes were further analyzed to determine the relationship between cultural values, organizational structure, and modern management practices within the Palace's governance system. This stage involved grouping related codes into broader categories and examining patterns across different informant groups.

Fourth, theoretical interpretation. The analytical results were interpreted using the theoretical frameworks of hybrid governance, cultural governance, institutional logics, and collaborative governance to explain the hybrid governance model within the Yogyakarta Palace. This stage connected the empirical findings to the broader theoretical literature on governance hybridity in traditional institutions.

Validity and reliability

To ensure data validity, this study employed several validation techniques standard in qualitative research. First, source triangulation. Data was compared across different informants and documents to identify convergence and divergence in perspectives. This technique ensured that findings were not based solely on a single informant's account. Second, methodological triangulation. The combination of observation, interviews, and document analysis provided multiple perspectives on the same phenomena, enhancing the credibility of the findings.

Third, member checking. This involved seeking confirmation from informants regarding the interpretation of the obtained data. Selected informants were asked to review preliminary findings and provide feedback, ensuring that the interpretations accurately reflected their experiences and perspectives. Fourth, audit trail. Systematic recording of the research process was maintained to ensure the transparency of data analysis. This included documenting all research decisions, analytical steps, and interpretations to allow for external review.

Ethical considerations

This research was conducted in accordance with standard ethical practices for qualitative research involving human subjects. All informants were provided with clear information about the research objectives, the nature of their participation, and their right to withdraw at any time without consequence. Informed consent was obtained verbally from all participants prior to data collection, with participants confirming their willingness to be interviewed and for their responses to be used in the research. Some participants, given their public and official roles, agreed to be identified by name and position. However, a number of participants requested anonymity, for these individuals, pseudonyms or generic positional descriptors have been used in place of actual names, and specific identifying details have been removed to protect their privacy. The research did not involve vulnerable populations or sensitive personal matters that would require formal ethical clearance from an institutional review board. All interview data were stored securely. The research activities did not involve procedures that could cause physical or psychological harm to participants.

RESULTS AND DISCUSSION

The transformation of palace administrative structure toward a hybrid governance model

The results of the organizational ethnographic observations show that the governance of the Yogyakarta Palace today is not entirely traditional, but has undergone a transformation process toward a hybrid governance model combining elements of royal tradition with modern administrative principles. This change is visible in the restructuring of several Palace organizational units, especially those related to the management of cultural assets, museums, and cultural tourism activities. One example of this transformation is the formation of a Palace museum management unit

operated by the Kawedanan Radya Kartiyasa, which is responsible for the administration and management of museum units such as Kedhaton, Wahanarata, Pagelaran, and Tamansari (Pritandari et al., 2024). This unit executes modern administrative functions such as asset management, collection archiving, and coordination of cultural tourism programs, while remaining within the traditional hierarchical structure of the Palace.

Research findings indicate that strategic decision-making still follows the traditional hierarchical structure of the Palace. The Penghageng Kawedanan, as the head of the unit, must still obtain approval from higher Palace authority structures, especially from the core royal family who hold cultural legitimacy in the traditional governmental system. This demonstrates the existence of organizational structural dualism, where a modern administrative system runs parallel to traditional legitimacy mechanisms based on paugeran (customary royal rules). One research informant, who is an Abdi Dalem in the administration division, explained:

"The Palace is indeed starting to use more modern management systems now, especially for museums and tourism activities. However, strategic decisions still follow the Palace's customary ways. So, the modern system is only an administrative tool, not a replacement for tradition." (Interview with Abdi Dalem of Kawedanan Nitya Budaya, Yogyakarta, March 2026)

Another informant involved in managing the Palace's cultural programs stated:

"We must maintain balance. On one hand, there are demands for professionalism in managing cultural assets, but on the other hand, the Palace has customary rules that cannot be changed quickly like a modern organization." (Interview with MBSPG, March 2026)

These findings demonstrate that the governance model of the Yogyakarta Palace reflects the concept of hybrid governance, integrating traditional institutional logics with modern management mechanisms. In cultural contexts, this model enables customary institutions to maintain their cultural identity while bolstering administrative capabilities. This model conforms to previous findings on cultural organizations indicating that modern management integration can boost organizational efficiency without undermining the cultural legitimacy central to traditional institutions' existence (Santosa et al., 2024). Thus, the transformation at the Yogyakarta Palace can be understood as institutional adaptation to changing social and economic environments demanding cultural organizations to be more responsive to modern societal dynamics.

Therefore, the administrative transformation at the Palace is not a modernization process replacing traditional systems, but an institutional negotiation between cultural values and professional demands. Hybrid governance here acts not only as a managerial strategy but also as an adaptation mechanism keeping traditional monarchies relevant in modern societies. Within this framework, integrating modern administration and traditional structures represents a synthesis between Javanese cultural values emphasizing social harmony and contemporary management practices demanding efficiency and accountability.

The transformation of the Yogyakarta Palace's governance can be understood through the perspective of hybrid governance, an organizational management model combining various differing institutional logics, such as traditional logic, modern bureaucracy, and market mechanisms (Ansell & Gash, 2018; Skelcher & Smith, 2015). In the Palace context, this model emerges as a response to the demands of organizational modernization without losing the cultural legitimacy that acts as the historical foundation of the Javanese monarchical institution. Hybrid governance enables traditional institutions like the Palace to maintain value structures, symbols, and cultural authority derived from royal traditions while integrating modern administrative practices that emphasize efficiency, transparency, and organizational accountability (Pierre & Peters, 2020). In this framework, Palace governance is no longer viewed solely as a traditional government system but as a cultural organization adapting dynamically to social, political, and economic environmental changes.

Beyond administrative structural transformations, research findings also reveal that the Yogyakarta Palace is increasingly integrating cultural management with creative economy and cultural tourism development. This transformation is visible in the development of museums, traditional arts performances, and the management of cultural zones as tourist destinations. The Yogyakarta Palace has also begun to develop a model of cultural enterprise governance, which is the management of a cultural institution that merges traditional preservation functions with cultural economic functions. This model is vital because many traditional cultural institutions face financial sustainability challenges in the modern era. Creative economy integration allows cultural institutions to secure alternative funding sources without relying entirely on state support. Researchers interpret this cultural economic integration in the Palace's governance as an adaptive strategy to ensure the sustainability of the traditional cultural institution. From a hybrid governance perspective, this strategy shows that traditional organizations can develop modern economic mechanisms without losing the cultural legitimacy that serves as the basis of their identity.

At the same time, these governance practices are closely related to the concept of cultural heritage governance, which is an approach emphasizing the coordination between cultural institutions, the government, and the community in maintaining the historical values and collective identity of a community (Labadi & Logan, 2021). The Yogyakarta Palace, as the center of Javanese culture, plays a strategic role in managing various forms of cultural heritage, from palace architecture, traditional arts, and royal rituals to culturally inherited knowledge. From a governance perspective, the management of this cultural heritage is not only geared towards preserving tradition but also involves institutional arrangement processes allowing these cultural values to remain relevant in modern society.

Furthermore, research results also demonstrate that leadership within the Palace's organizational structure is not solely administrative but also symbolic and cultural. The Sultan and the core royal family play a crucial role as a source of cultural legitimacy in organizational decision-making. This culture-based leadership acts as a critical mechanism in maintaining organizational cohesion, particularly in an institution with a strong hierarchical structure. This shows that culture-based leadership can act as a catalyst in bureaucratic transformation without eliminating the organization's cultural identity (Purwanti et al., 2025).

Integration of cultural asset management and the creative economy

Research findings indicate that the Yogyakarta Palace is increasingly integrating cultural management with the development of the creative economy and cultural tourism. This transformation is evident in the development of museums, traditional arts performances, and the management of cultural areas as tourist destinations. In 2025, the Yogyakarta Palace even achieved national recognition as an intellectual property-based zone, confirming the economic value of the cultural heritage managed by the Palace. This recognition shows that the Palace is viewed not only as a cultural institution but also as an entity with strategic economic value in developing a culture-based creative industry. A manager of the Palace's cultural tourism programs stated:

"Now the Palace not only guard's tradition, but also has to think about how that tradition can live economically. Cultural tourism programs are one way to maintain the sustainability of cultural activities." (Interview, March 2026)

The designation as an Intellectual Property (IP) Based Zone by the Indonesian Ministry of Law was awarded during the Decade of Performance Expose and 2025 Intellectual Property Appreciation event held in Jakarta. This designation confirms that Palace cultural heritage, such as traditional dances, gamelan, language, architecture, and traditional attire, is seen as communal intellectual property holding high economic, social, and cultural value. Furthermore, this status makes the Yogyakarta Palace a priority in programs aimed at empowering, promoting, and protecting

intellectual property meant to strengthen the culture-based creative economy ecosystem in the Special Region of Yogyakarta (Kementerian Hukum Republik Indonesia, 2025). This recognition asserts that various cultural expressions of the Palace are viewed as communal intellectual property with significant economic, social, and cultural value for the creative economy in Yogyakarta. Meanwhile, a cultural academic in Yogyakarta explained:

"The Palace is undergoing organizational adaptation. Cultural values are preserved, but the management system is starting to follow modern cultural management practices like museum management and cultural tourism." (Interview, March 2026)

These findings demonstrate that the Yogyakarta Palace is starting to develop a cultural enterprise governance model, which combines tradition preservation with cultural economic functions. This model is crucial given the financial sustainability challenges faced by traditional institutions. Creative economy integration provides alternative funding without total state dependence. In the perspective of hybrid governance, this shows that traditional organizations can deploy modern economic mechanisms without forfeiting the cultural legitimacy that forms their identity.

The development of Palace cultural governance shows links to intellectual property governance, particularly in efforts to protect traditional cultural expressions and knowledge as communal intellectual property. The recognition of the Yogyakarta Palace as an Intellectual Property Based Zone in 2025 reflects state efforts to integrate intellectual property protection systems with cultural heritage management (Kementerian Hukum Republik Indonesia, 2025). In this framework, cultural expressions like dance, gamelan, language, architecture, and attire are viewed as intellectual assets holding significant economic, social, and cultural value. This aligns with global studies concerning the protection of traditional knowledge and cultural expressions under a more inclusive intellectual property regime (Drahos, 2020).

The integration of cultural governance and intellectual property protection ultimately contributes to developing the culture-based creative economy of the Palace. Within the creative economy, cultural heritage is viewed as an economic resource generating added value via cultural tourism, performing arts, traditional crafts, and other forms of cultural production (UNESCO, 2022). The Palace functions not only as a preservation institution but as a center for the production and distribution of cultural value contributing to the creative economy in Yogyakarta. By integrating hybrid governance, cultural heritage governance, and intellectual property governance, the Palace has built a cultural governance model that preserves tradition and encourages sustainable culture-based economic transformation.

Cultural leadership as an organizational coordination mechanism

Research results show that leadership within the Palace's structure is not just administrative but symbolic and cultural. The Sultan and his core family serve as vital sources of cultural legitimacy for organizational decisions. This culture-centric leadership serves as a key cohesion mechanism in a highly hierarchical institution. The aristocratic structure reveals that culture-based leadership can act as a bureaucratic transformation catalyst without erasing cultural identity. A senior Abdi Dalem explained:

"The Palace is not just an administrative organization. There are cultural and spiritual values acting as the basis for decisions. Therefore, the Sultan's leadership is not just about his position, but also cultural legitimacy." (Interview with senior Abdi Dalem, March 2026)

Thus, cultural leadership within the Palace can be seen as symbolic leadership, merging formal authority with symbolic legitimacy. Under hybrid governance, this symbolic leadership coordinates the traditional structure and modern systems.

Researchers concluded that the success of the hybrid governance model at the Yogyakarta Palace depends heavily on the capability of cultural leadership to manage the balance between

tradition and modernization. The Sultan's leadership functions as an anchor institution, maintaining the stability of cultural values during organizational transformation. A senior Abdi Dalem detailed in an interview that:

"The Palace is not just an administrative organization. There are cultural and spiritual values acting as the basis for decisions. Therefore, the Sultan's leadership is not just about his position, but also cultural legitimacy." (Interview, March 2026)

This statement indicates that leadership in the Palace cannot be understood through modern bureaucracy alone but requires the symbolic dimensions inherent to cultural monarchies.

Analytically, cultural leadership in the Palace represents symbolic leadership, blending formal authority with symbolic legitimacy. In hybrid governance, this acts as a coordinator between traditional structures and modern systems. The success of this hybrid model heavily relies on cultural leadership maintaining balance between tradition and organizational modernization.

Structural transformation: Kawedanan Hageng Punakawan (KHP) Wahono Sastro

Modernization is highly visible in unit restructuring. The Palace now adopts corporate-like departmentalization but with traditional nomenclature. A prime example is the KHP Datu Dana Suyasa handling finances and KHP Tanda Yekti functioning as the IT and Digital Documentation division. Interview Result:

"We no longer rely on collective memory or fragile paper records. Through the hybrid system, the digitization of every ancient manuscript is managed with international asset management standards. KHP Tanda Yekti is the Palace's 'Data Center'. We use KPIs (Key Performance Indicators) to measure the team's response speed in public information services via the official portal."

This integration of performance evaluation metrics within cultural services demonstrates an operational commitment to modern administrative standards (Ananda et al., 2024). This has strategic correlations with the challenges of Digitalization and the Accountability of the Special Region Fund (Danais). As an entity receiving regional budget allocations via Danais, the Palace is obligated to adopt strict public sector accounting systems. This is the intersection where modern business administration (transparency and audits) enters the previously closed-off Palace space. The implementation of this is realized through the use of e-budgeting systems synchronizing cultural programs with the DIY Cultural Office (Kundha Kabudayan). This aligns with DIY Regional Regulation (Perdais) No. 1 of 2018 regarding the Management and Utilization of Sultanate Land, providing the legal basis for land administration that is now managed digitally.

Measured cultural commercialization (cultural entrepreneurship)

The utilization of assets like Taman Pintar, Pagelaran, and other tourism units is now managed with revenue-generation principles to support the welfare of Abdi Dalem. Interview Result (RM A. Palace Business Unit Manager):

"In the past, tourism management was passive. Now, we apply SWOT analysis and market research. However, the obstacle is 'paugeran' (customary rules). Not all spaces can be commercialized. This is where the hybridity lies: finding a middle ground between profitability and the sacredness of a location."

Hence, the Palace is not completely undergoing "Westernization," but instead performing "Vernacular Modernization." Modern business administration (such as ISO 9001 for public services in certain units) is wrapped in the value of Hamemayu Hayuning Bawono. Table 3 presented comparison for traditional and modern business practice.

The paradox of cult and competence in hybrid governance

Although the integration of modern administration brings efficiency, this study found a "clash of logics" functioning as the main challenge in implementing Hybrid Governance. First, *tension between "Devotion" (Ngabdi) and professionalism*. One of the most crucial findings is the shift in the meaning of devotion. In the traditional system, positions were granted based on loyalty and seniority

(seniority-based). However, in the modern system adopted by the Palace (especially in IT and Finance), demands have shifted to a merit system or competency-based approach. Interview Result (Senior Abdi Dalem) revealed:

"There is a sense of 'pakewuh' (social awkwardness/hesitation) when a newly recruited youth (new Abdi Dalem) immediately leads a technical division because of their computer skills, while we, who have been here for decades, must follow their instructions. Traditionally, we are seniors, but administratively, we are their subordinates. This often creates a rigid atmosphere in the 'panti' (office)."

Second, the formalization of "Titah" into procedures. Hybridity creates a paradox in the decision-making process. Previously, the Sultan's commands were absolute and oral (Sabda Dalem). Now, to meet public accountability standards (related to the use of Danais), every command must be documented in the form of a formal Decree (SK) or rigid Gubernatorial Regulation. While this formalization provides legal certainty for implementers, it simultaneously reduces the flexibility of customary practices that are usually fluid and situational. Third, commodification vs. Sacrality: the public space dilemma. The application of modern business management techniques, such as brand management on Palace symbols (e.g., the Hanyakrakusuma logo), triggers debates regarding the boundaries of commercialization. Table 4 shows potential conflict commercialization,

Third, hidden resistance. Observations show passive resistance from conservative groups. They utilize the rhetoric of "maintaining customary purity" to slow down the digitization process deemed too "western" or "secular". Interview Results (MBSPG):

"The Yogyakarta Palace is currently undergoing organizational 'stretching'. If modernized too quickly, they will lose cultural legitimacy. If too slow, they will be considered state budget parasites. This is the core of Hybrid Governance: a dance between bureaucracy and mysticism."

These tensions reflect what institutional logics theory describes as the interaction between competing value systems within hybrid organizations (Urbano et al., 2025). The logic of ngabdi (devotion to the monarch) coexists with the logic of professional competency. The logic of sabda dalem (royal decree) coexists with the logic of formalized standard operating procedures. These are not pathologies but constitutive features of mixed governance systems.

Table 3. Traditional and Modern Business Practice Comparison

Aspect	Traditional Practice	Modern Business Practice	Hybrid Result
Authority	<i>Sabda Dalem</i> (Royal Decree)	Standard Operating Procedures (SOP)	<i>Titah</i> (Decrees) formalized into official SK (Decree Letters).
Human Resources	<i>Ngabdi</i> (Devotion to the Monarch)	Competency Certification	<i>Abdi Dalem</i> required to possess technical expertise (IT, Architecture, Accounting).
Assets	Sultanate Land (<i>Sultan Ground</i>)	Geographic Information System (GIS)	Inventory of customary land based on satellite coordinates.

Source: Authors own work

Table 4. Potential Commercialization Conflicts

Potential Conflict	Traditional Logic (Paugeran)	Modern Business Logic	Hybrid Resolution
Land Utilization	Land intended for public welfare (<i>Magersari</i>).	Land as a productive economic asset.	Certification of Sultanate Land (<i>Sultan Ground</i>) which continues to permit community residency but requires formal written permission (<i>Kekancingan</i>) recorded in a digital database.
Information Access	Palace knowledge is considered secret, sacred, and esoteric (<i>wingit</i>).	Transparency and public information disclosure.	Information classification: Restricted (Rituals) vs. Open (Budgetary & Cultural Programs).

Source: Authors own work

Table 5. Danarto and Ministry of Finance Comparison

Aspect	Danarto (Palace)	Ministry of Finance (State)
Basis of Legitimacy	Tradition and culture	Constitution and law
Management System	Combination of custom and administration	Formal bureaucratic system
Objective	Cultural and Palace sustainability	National economic stability
Funding Source	Palace assets and state support	Taxes and APBN

Source: Authors own work

Danarto Puro: Cultural finance and hybrid institution

Danarto Puro Kraton Ngayogyakarta functions as the Palace's internal finance department, operating under the direct authority of the Sultan. Etymologically combining "Dana" (wealth) and "Arta" (money), Danarto manages income, expenditures, Sultan Ground assets, and funding for traditional ceremonies such as Sekaten and Grebeg Maulud. Beyond financial administration, the institution oversees the compensation system (*pangrembak*) for Abdi Dalem, maintaining a reward structure that emphasizes loyalty and symbolic service over mere economic exchange.

Rooted historically in the Treaty of Giyanti (1755), Danarto represents a classical Javanese governance system that synthesizes administrative order with cultural cosmology. The Palace developed its own administration reflecting a synthesis of Javanese traditions, including harmony, hierarchy, and spirituality, with later colonial influences in administrative order and systematic financial records. Within this framework, Danarto emerges not merely as a financial tool but as a cultural symbol, indicating that financial management is intrinsic to the Palace's value system. A senior Abdi Dalem explained the institution's dual character:

"Danarto is not just about counting money. It is about maintaining the balance between the Palace's material needs and its spiritual obligations. The financial decisions we make are always considered in light of cultural continuity and the dignity of the institution." (Interview with MBSPG, March 2026)

The comparison between Danarto and a modern ministry of finance illuminates the hybrid nature of Palace governance. Table 5 summarizes the fundamental differences across four key dimensions: basis of legitimacy, management system, objective, and funding source. Danarto's legitimacy stems from tradition and culture, whereas a modern ministry relies on constitutional and legal frameworks. In management, Danarto combines customary practices with administrative procedures, while modern institutions depend on standardized bureaucracy. Danarto's primary objective is the sustainability of cultural heritage and Palace continuity, contrasting with modern ministries focused on national economic stability and macroeconomic management. Funding sources further distinguish the two. Danarto draws from Palace assets and state support, while modern states rely on taxation and national budgets. This comparison affirms that Danarto operates under a distinct governance paradigm where economic practices remain inseparable from cultural meanings and institutional identity.

The institution exemplifies the hybrid governance framework developed throughout this study. First, Danarto reflects the integration of traditional and modern administrative systems. It maintains Javanese financial practices rooted in court traditions while simultaneously adopting formal accounting procedures to meet contemporary accountability standards. Second, the institution embodies institutional logics theory in practice, as the logic of tradition, characterized by loyalty, symbolic service, and cultural legitimacy, coexists with the logic of modern bureaucratic rationality, which demands transparency, documentation, and measurable performance. Third, Danarto functions as a site of cultural governance, where financial management operates not merely as technical administration but as a communicative act that strengthens institutional legitimacy, reinforces shared cultural narratives, and sustains symbolic power.

Moreover, Danarto illustrates the pragmatic dimensions of vernacular modernization. The institution selectively adopts modern financial tools, including budgeting systems, audit procedures,

and performance metrics, not as replacements for traditional practices but as instruments for sustaining the Palace's cultural and economic functions. This selective integration allows the Palace to maintain its cultural identity while fulfilling the accountability requirements of the modern state, particularly in relation to the Special Region Fund (*Danais*) and regional budgeting processes.

From an analytical perspective, Danarto demonstrates that hybrid governance in customary institutions is not merely an abstract concept but a lived reality. The institution navigates multiple institutional logics daily, balancing the expectations of palace tradition with the demands of state bureaucracy. Its enduring presence from the Treaty of Giyanti to the contemporary era testifies to the adaptability of Javanese governance systems and their capacity to incorporate modern administrative practices without sacrificing cultural authenticity. Danarto thus stands as a compelling case of how local administrative structures can adapt and persist within changing political and economic frameworks.

Comparative perspectives from other traditional governance contexts

The hybrid governance model observed at the Yogyakarta Palace closely resembles governance arrangements in other post-colonial contexts, where traditional institutions coexist with democratic state structures. In Somaliland, the Beel system, facilitated by the Guurti (Council of Elders) and the Borama Conference, has merged traditional clan-based governance with modern state structures since 1991 (Biruk & Getachew, 2024). Despite criticisms over clan representation, administrative efficiency, gender inclusivity, and transparency, this hybrid model has been pivotal in maintaining peace and fostering state development in a post-conflict setting. The Somaliland case demonstrates that traditional authority structures can serve as effective anchors for governance modernization, a pattern that resonates with the Yogyakarta Palace's adaptation of customary hierarchies alongside contemporary managerial tools. As in the Palace, the Guurti's role in mediating between clan-based legitimacy and formal state governance mirrors the Sultan's function as both cultural anchor and administrative coordinator.

In South Africa, the Dukuduku area in KwaZulu-Natal has witnessed persistent tensions between traditional leaders (Amakhosi) and democratically elected local government officials over jurisdictional boundaries, land administration, and service delivery responsibilities (Nyathi & Ajani, 2024). The introduction of local government structures under the Amakhosi jurisdiction precipitated confrontations, particularly where duties intersected. The recognition of traditional authority in areas proclaimed as state forest created disputes over land ownership and governance, complicating the administration of land and impacting service delivery. This case illustrates how hybrid governance in customary institutions often involves contested authority and overlapping jurisdiction, echoing the challenges faced by the Yogyakarta Palace in balancing customary legitimacy with state-mandated accountability.

Similarly, in Nigeria, scholars have argued that traditional institutions hold significant potential for sustainable leadership and good governance, yet their formal participation remains constrained by the absence of clearly defined constitutional roles (Olu-Owolabi et al., 2024). Customary institutions are regarded as the most proximate form of governance to the populace, and community members frequently convey concerns regarding essential amenities directly to traditional leaders. However, the absence of well-defined legal responsibilities within the constitutional framework presents a significant hurdle. This mirrors the Yogyakarta Palace's situation, where the Sultan's role is legally recognized but operationally negotiated through continuous institutional adaptation.

Within Indonesia, similar dynamics can be observed in the management of the Asta Tinggi pilgrimage site in Sumenep, Madura, where the descendants of the Sumenep Kings, organized through YAPASTI and the Kaji Asta traditional guard groups, play an irreplaceable role in maintaining the site's cultural and religious functions (Musleh et al., 2023). As in the Yogyakarta Palace, these

traditional guardians cannot be replaced by outsiders; their authority is rooted in hereditary legitimacy. Yet the Asta Tinggi case also reveals tensions between competing lineages, where the Surabaya High Court's recognition of YPS as the rightful manager remains contested by YAPASTI, which continues to hold de facto control. This parallel underscores the broader pattern that hybrid governance in cultural heritage sites often involves layered, contested, and evolving authority structures.

These comparative cases suggest that the integration of traditional authority into modern governance is a global challenge, one that requires not only legal recognition but also continuous negotiation, institutional adaptation, and cultural sensitivity. The Yogyakarta Palace's experience, viewed alongside these international and domestic examples, contributes to a broader understanding of how traditional institutions navigate the pressures of administrative modernization while preserving their cultural legitimacy.

Institutional outcomes of hybrid governance

The findings from this study indicate several institutional outcomes that emerge from the hybrid governance model at the Yogyakarta Palace, as shown in Figure 1. First, the integration of tradition and modern administration has resulted in adaptive governance of Keraton culture, where customary practices are preserved while administrative systems are modernized. Second, the legal protection of cultural heritage, particularly through the recognition of the Palace as an Intellectual Property Based Zone, has strengthened the institutional framework for cultural preservation. Third, the development of a culture-based creative economy has enhanced the Palace's financial sustainability and reduced its dependence on state support. Fourth, the sustainability of Keraton institutions in the modern era is contingent upon the continuous negotiation between cultural legitimacy and administrative efficiency, a process that requires ongoing institutional adaptation.

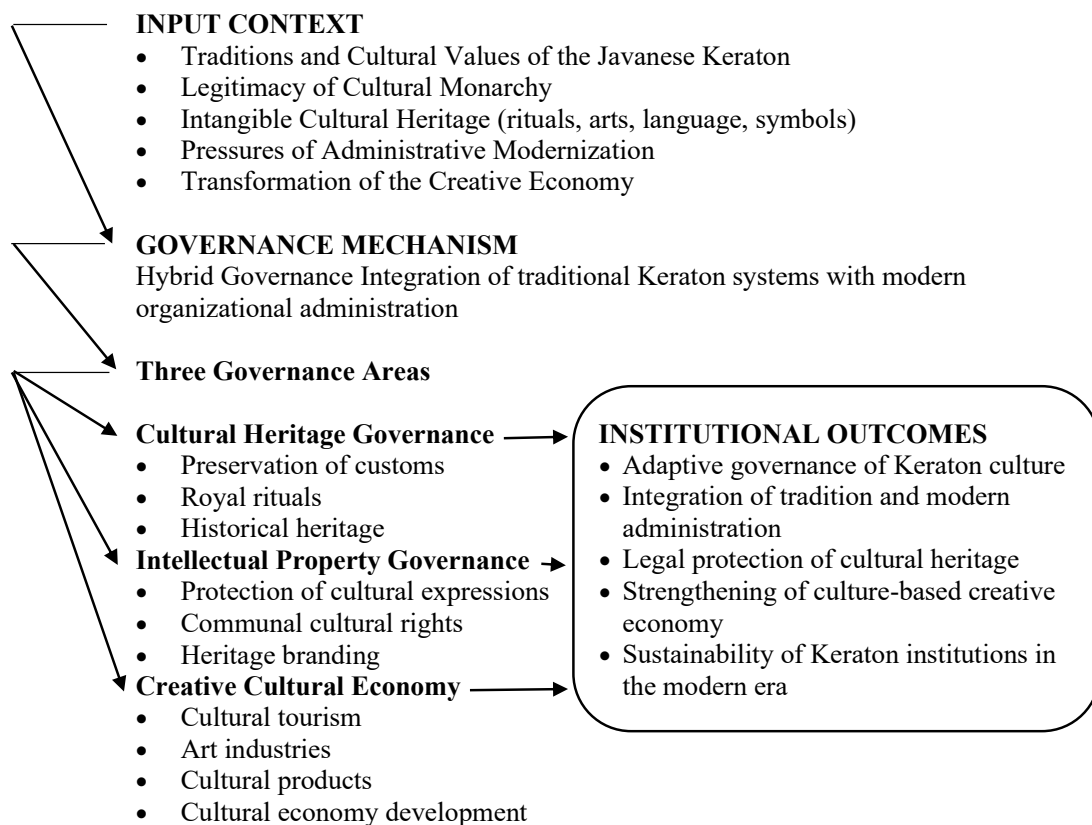


Figure 1. Javanese Cultural Hybrid Governance Framework

Source: Authors own work

CONCLUSION

This study concludes that hybrid governance at the Yogyakarta Palace represents an evolving form of adaptive governance rather than a fixed structural model. The integration of modern administrative systems and traditional authority is sustained through continuous negotiation rather than achieved through definitive resolution. The Palace has successfully adopted modern managerial tools without abandoning its customary foundations, yet this integration generates persistent tensions that are not pathologies but constitutive features of governance hybridity. The comparative cases examined across Somaliland, South Africa, Nigeria, and Sumenep reinforce that the coexistence of hereditary authority and democratic governance is a global challenge requiring legal recognition, institutional flexibility, and cultural sensitivity. Danarto Puro exemplifies how financial management can function as a site of cultural governance, where economic practices remain inseparable from symbolic authority and institutional legitimacy, proving that governance systems are historically and culturally embedded rather than universally applicable.

Author Contribution

Conceptualization, N.T. and M.W.; methodology, N.T. and M.W.; validation, N.T. and M.W.; formal analysis, N.T. and M.W.; investigation, N.T. and M.W.; data curation, N.T.; writing original draft preparation, N.T.; writing, review and editing, M.W.; project administration, M.W. All authors have read and agreed to the published version of the manuscript.

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