

**Vol. 7  
No. 1  
January  
2015**

**ISSN: 2075-4124**

**E-ISSN: 2075-7107**

**An international journal**

**BEYNƏLXALQ ELMİ ARAŞDIRMALAR JURNALI**

**INTERNATIONAL  
JOURNAL OF  
ACADEMIC  
RESEARCH**

**PART B**

**SOCIAL  
SCIENCES AND  
HUMANITIES**



**PROORES**  
BAKU, AZERBAIJAN

*The nation's future success lies with science and education!*

**Heydar Aliyev**

*National Leader of Azerbaijan*

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January, 2015

**PART B.**  
**SOCIAL  
SCIENCES AND  
HUMANITIES**

Member of  **crossref**

DOI: 10.7813/2075-4124.2015

**Daxil edildiyi elmi bazalar:  
Indexed by:**

**Master Journal List** (ISI-Thomson Reuters, USA)  
**CAB Abstracts** (ISI-Thomson Reuters, USA)  
**Zoological Records** (ISI-Thomson Reuters, USA)  
**Norwegian Social Science Data Services** (Norway)  
**Zentralblatt MATH** (Springer-Verlag, European Math. Society, Germany)  
**IndexCopernicus International** (Poland)  
**EBSCO-Academic Search Complete** (USA)  
**ULRICH's Web** (USA)

**"PROGRESS" IPS**

Baku, Azerbaijan, 2015



# INTERNATIONAL JOURNAL of ACADEMIC RESEARCH

Vol.7. No.1. Iss.1, January, 2015, Part B

DOI for issue: 10.7813/2075-4124.2015/7-1

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Publishing bimonthly

Print ISSN: 2075-4124

Online ISSN: 2075-7107

National reg. No. 2996

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Tel: (+994 12) 510 02 80  
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URL: [www.eu-print.org](http://www.eu-print.org)

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2009-cu il, Milli Mətbuat Günündə Azərbaycan Respublikası Ədliyyə Nazirliyi tərəfindən rəsmi Dövlət Qeydiyyatına alınıb (№ 2996). BEAJ Beynəlxalq ISSN Mərkəzində (Paris, Fransa) qeydiyyatdan keçərək mətbu orqan kimi ISSN 2075-4124, elektron jurnal kimi E-ISSN 2075-7107 nömrələri ilə beynəlxalq nəşr statusu qazanıb.

Jurnal dünyanın 83 ölkəsinə (universitet və kitabxanalar) paylanır. Jurnalın təsisçisi "Proqres" Internet və Poliqrafiya Xidmətləri MMC-dir. BEAJ ildə 6 dəfə - Yanvar, Mart, May, İyul, Sentyabr və Noyabr aylarında dərc olunur. Redaksiyanın yazılı icazəsi olmadan materialların təkrar nəşri, tərcümə edilərək yayılması qadağandır. Məqalələr bir qayda olaraq Beynəlxalq Redaksiya Heyətinin yekun qərarı ilə dərc olunur. Məqalələr unikal DOI ilə nömrələnir.

Növbəti buraxılış tarixi: 30.03.2015

Materiallar toplanıb: 15.11.2014 - 15.01.2015. Çapa imzalanıb: 10.02.2015.

Format: 60x84 1/8. Şrift: Arial. Səhifələrin sayı: 310. F.ç.v. 39. Tiraj: 300

Jurnal "Proqres IPX" tərəfindən nəşrə hazırlanıb və çap olunub.

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Library of Congress Classification: HT321-325

## THE ROLE OF HUMAN CAPITAL IN THE DEVELOPMENT OF SULAM KARAWO CREATIVE INDUSTRY IN GORONTALO

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DOI: 10.7813/2075-4124.2015/7-1/B.27

Received: 10.09.2014

Accepted: 03.12.2014

### ABSTRACT

Sulam Karawo or Karawo embroidery from Gorontalo is an important capital to compete in creative industry. However, the problems faced by most small enterprises like this are inability to produce demands in a massive scale within short term, limited number of embroiders (of pattern design); and the spread of embroiders in rural areas. The purpose of this research is to analyze the role of human capital as a creative actor in the development of *sulam karawo* creative industry in Gorontalo. The method used in this research is qualitative with case study approach. This research concludes that there are six aspects of human capital which play important part in *sulam karawo* industry: knowledge, experience, ability, skill, and creativity. Innovation aspect is still lacking from it because the production phase of this embroidery is still done manually.

**Keywords:** human capital, creative industry, *sulam karawo*.

### 1. INTRODUCTION

Creative economy is a strategic formula to develop the economy that takes citizens' side. This is no means to oppress and turn down the people's economy, which goes along with the dream of Wallerstein to create the democratic and egalitarian economy of the world<sup>[1]</sup> (Fakih, 2001). Creative industry era is a reality faced by Indonesian people as well as challenge within the democratic and transparent atmosphere.

Creative industry is an integral part of creative economy. It is shown by its significant contribution to PDB in 2002-2006 (Trade Ministry of Indonesia, 2009), which is 6.3 % or equal to 104.6 trillion rupiahs (constant value) and 152.5 trillion rupiahs (nominal value). From the laboring aspect, creative industry in 2002-2004 can absorb approximately 5.4 labors with participation rate 5.8 %. This contribution is obtained from fourteen subsector of creativity-based industries in which the biggest donors come from fashion sectors 43,71% (5.8 trillion rupiahs), handcraft 25.51 % (26,7 trillion rupiahs), and advertisement 7.93% (8.3 trillion rupiahs).

The culture legacy owned by every region in Indonesia is a significant capital to compete in creative industry. Kerawang embroidery or *sulam karawo* is one of the examples of the unique and significant capital from Gorontalo. Kerawang or Karawo (Gorontalo mother tongue) comes from "*mokarawo*" which means chopping or making hole. The work process needs perseverance because all the processes are done without machine (handmade masterpiece), starting from the design, chopping the materials, taking out the thread, *mengerawang*, until the embroidery. In social life context, karawo embroidery includes educational aspects that in life, human should appreciate the process to achieve one goal, not just concern with the result.

KBI Gorontalo (2009) identifies that *sulam karawo* is one of potential *local genius* to be developed into industrial cluster under the Cooperation and Industry Ministry of Gorontalo<sup>[2]</sup>. Massive promotion/exhibition to many locations (local, national, and international) and Karawo festival has been conducted somehow annually since November 2011 until now. There are also government policies which support this activity, such as the obligation to wear karawo cloth at special days in the government and private institutions; as uniforms of pilgrims to Mecca, and as school uniforms. Government policies create bigger opportunity for Sulam Karawo production which stimulates a better progress in the future. The creative industry practitioners (designer, embroider, entrepreneur, and government) involved are optimistic that they can manage this industry to be an excellent commodity.

However, Sulam Karawo industry often got complains that the embroidery design is monotonous and out-dated. It apparently reduces the buyers' interest who mostly come from outside Manado. The emergence of *bentenan*, various batik motif from North Sulawesi is claimed to be able to dominate the spread of Sulam Karawo of Gorontalo. Other problems are that Sulam Karawo cannot accommodate massive demands in short term, there are only limited embroiders, and the embroiders are spread in many different rural areas.

Based on this problem, a study entitled The Role of Human Capital in the Development of Sulam Karawo Creative Industry in Gorontalo is significant to be conducted. Based on the background of the problem, this research addresses what is the role of *human capital* (motif designer) as a creative actor Sulam Karawo creative industry in Gorontalo? The purpose of this research is to know and analyze the role of *human capital* (motif designer) as a creative actor in the development of Sulam Karawo creative industry in Gorontalo.



## 2. LITERATURE REVIEW

### Human Capital Concept

Hall and Cynthia A. Lergnick argue that human capital "...is the knowledge of how, skill, and capabilities of individual in organization"<sup>[5]</sup>. Human capital reflects the competencies people bring to their work." According to Becker, human capital means that human is not a mere resource but a capital which can produce return and every expense and effort in developing the quality and quantity of the capital is called investment<sup>[6]</sup>.

According to Davenport, human capital is all the effort carried out by the labor to be invested in their jobs, including ability, attitude, spirit, and time. that "human capital is the individual knowledge, experience, capability, skill, creativity, innovations"<sup>[7]</sup>. In other words, human capital is something owned by individuals in relation to knowledge, experience, ability, skill, creativity, and innovation aspects. Grasping this definition, we can finally understand that human capital is an important factor in organization because it can give great contribution to the progress and development of organization, including enterprise.

The previous research about human capital was conducted by Schultz (1961); he stated his research result in this research entitled *Investment in Human Capital* and become the founder of human capital theory<sup>[8]</sup>. This concept sees that human being is a human capital reflected in a form of knowledge, ideas, creativity, skills, and work productivity. Unlike any other capital that is merely needed as tools, human capital can invest itself through many form of human resource investment such as formal and informal education, work experience, health and nutrition, and transmigration. Human resource investment can improve the productivity and becomes the only way out of slavery<sup>[9]</sup>.

Hastarini Dwi Atmanti (2005) found that human capital investment through education in developing countries is badly needed. Although it is in a form of macro long term investment, the benefit of the education can only be achieved after decades<sup>[10]</sup>. Fund limitation demands priority determination from various investments in suitable education fields, which in long term will stimulate rapid economic development. Profitable investment is human capital investment which prepares creative, productive, and competitive individuals within society.

### Human Capital Role In Small Enterprise

Based on the theory and model, human capital has important role in the creation of economical and business value<sup>[11]</sup>. Human capital involves all processes that can upgrade knowledge rate and create competitive entrepreneurs who can run a better business. The ability and skill of quality human capital is needed to improve the company work rate especially in small and medium enterprises<sup>[12]</sup>.

Study about the quality achievement of entrepreneur human resource has started to get attention from governments of many countries. It has happened in United States of America, in which Bates's research has proved that although small enterprises get big capital (capitalization) to start up their business, they eventually fail due to low educational and experience level in the business field<sup>[13]</sup>. It also happens to small enterprise in Indonesia, many capital loan and incentives are given by Indonesian government; however, all of them do not give satisfying result<sup>[12]</sup>. Although human capital is believed to have significant value to economy and business, many researches fail to prove its significance. Many studies have proved its insignificance, such as Pritchett 1997; Wayne et al. 1999; Pennings et al. 1998; Dolton & Vignoles 2000<sup>[13][14]</sup>. Those researches usually focus more on the quantitative human capital, and tend to ignore its qualitative side.

Becker thinks that formal education is not the only way of investing in human capital<sup>[15]</sup>. Besides investing in education, the workers should also learn through trainings outside their working time especially for impermanent job. Therefore, training outside the working time is also very important especially for a complicated job which needs a long time to finish.

Besides having important role in the development of one country, human capital is also important for production. Through Centre for the Study of Living Standard research (2003), it is stated that development in capital perspective can easily be explained in a form of human capital, either in educational aspect, skill aspect, or health aspect<sup>[17]</sup>. Without skill, human cannot make use of the capital for production, and cannot use the natural resource for economical development. This research also stated that human capital development can be done formally and informally.

In relation to the work of company, there are several researches which confirm that human capital is a significant factor in explaining the company work<sup>[18][19]</sup>. Rahmah Ismail noted that human resource development is proved important in developing the work of small and medium enterprises<sup>[20]</sup>.

### Sulam Karawo Small Enterprise

Small enterprise is defined as economical activity to process raw materials and in-process material to be materials of higher value, including in design and industrial engineering. Small enterprise is a micro business with basic capital below 500 millions and uses simple tools to process the production<sup>[21]</sup>. The main characteristic of small industry, according to Schmitz and Nadvi in Hartanto is sectoral and spatial concentration of firms, or similar business concentration on certain location<sup>[22]</sup>.

Sulam karawo is a special industry from Gorontalo that has existed for a long time. This industry decorates many kinds of cloth with different transparent embroidery motifs using one color or colourful threads. The process of making Sulam karawo is by chopping and taking out the thread from cloth fiber, then embroidering it using hand sewing needle manually and different colour of threads to create the desired motif. The embroidery is done by females or housewives.

Sulam Karawo has gotten the Copyright from Indonesian government. To sustain, promote, and develop Sulam Karawo, on November 2011, Indonesian Bank of Gorontalo along with Provincial Government of Gorontalo held the first Karawo Festival. Karawo home industries are spread in Gorontalo regency especially Bongomeme, Telaga, Batudaa, Tapa and Isimu. In Gorontalo, there are special shops that sell many kinds of Sulam Karawo products.

### Conceptual Framework

Sulaman Karawo is an important part of Gorontalo which has been through such a long social cultural construction process. Social process and self identification have been the most significant of all construction. As a social construction process, individual self externalization is a part of mental actualization adjusted to social environment. After having been through adaptation, objectification process happens, in which individuals and environment bind each other. In the end, in the objectification internalization phase, individual subjectification that emerges later becomes part of the cultural construction.

Sulam Karawo is integrated to small and medium enterprise. This industry which is expected to bear cultural values has now faced several problems such as human capital. This industry is not capable of production within massive scale in short



period, and has only limited embroiders which are spread in different rural areas. Therefore, knowledge, experience, skill, ability, creativity, and innovation are needed in Karawo industry to keep it sustained and developing.<sup>[14]</sup>

### 3. RESEARCH METHOD

This research uses qualitative method with case study approach, which is meant to dig and analyze further the social phenomenon of creative industry development of Small and Medium Enterprise in Gorontalo Province. The location of this research is in three areas: Gorontalo city, Gorontalo regency and Bone Bolango regency which is the central of Sulam Karawo industry.

The main subjects in this research are the artisans which involves motif designer, cloth choppers, and embroiders. The informants are chosen with snowball sampling. The data are collected using observation, indepth interview, and documentation. Data analysis techniques in this research are: reduction data, data display and data development described in research report.

### 4. FINDINGS AND DISCUSSION

This part describes the findings and discussion of human capital role in the development of Karawo industry which consists of three aspects: knowledge, experience, ability, skill, creativity, and innovation.

#### Knowledge Aspect

The knowledge in this research means something obtained by formal and informal education to help doing everyday work. The findings show that knowledge aspect has a role in the development of Sulam Karawo industry, as it is elaborated by an informant:

*"I have knowledge about Karawo art after joining training held by provincial government of Gorontalo for three days in Pekalaungan (Ramlah Evelin Dunga, 2013).*

Herlina, on the other side, has obtained the knowledge of Sulam Karawo from her mother since she was in elementary school. Another informant, Darmawati, obtain Sulam Karawo autodidactically beyond her parents' knowledge since she did it in secret. John Koraag, on the other hand, learnt it by the request of Chinese enterpreneur by adopting *kristik* motif and implementing it to Karawo art.

In his aspect, knowledge is a result of knowing, and it happens after a person uses his senses on certain object. This senses involves five senses of human beings: sight, hearing, nose, touch, and taste. Most of human knowledge is obtained through eyes and ears.<sup>[23]</sup>

According to James Hatch, human capital is everything about human (labor), intellectual, knowledge, and their experience<sup>[24]</sup>. Labor is a physical or mental effort used by an employee to process a product or provide service. Human capital involves all the processes necessary to trigger human's knowledge rate into higher level and create competitive enterpreneur who can run his business to a better level. Ability and skill capital of quality human is needed to upgrade the work of company especially in small and medium enterprises.<sup>[10]</sup>

#### Experience Aspect

Experience aspect in this research is the involvement in the process related to certain knowledge and skill within certain period of time; this is one of the factors of human capital. The finding shows that experience aspect has a role in the development of Sulam Karawo industry as it is elaborated by informants.

Ramlah Evelin Dunga has experience for 25 years in Karawo industry which makes him possible to develop this art. Herlina, another informants, also has experience for 26 years, has been a collector. Darmawati Muhammad, like any other informant, also has been in this industry for quite a long time, 23 years. John Koorag even has 27 year experience and is becoming one of Karawo observers due to his experience and dedication to this art industry.

Experience has indeed often become the parameter of one's work. Experience makes someone dedicated to a profession which makes the person sources of knowledge by everybody else. Bates (2005) has proved that although small enterprise got huge capital in the beginning of their business (*start-up*), they eventually fail because of their low experience and education in relation to the specific entrepreneur field they are working on. This is why experience is one of factors of human capital which has significant influence to Sulawan Karawo industry. A person's involvement in a profession or field within certain period of time does not only increase the ability of doing his job but also his dedication towards it.

#### Ability Aspect

Sulam Karawo industry development, until today, cannot be separated from the influence of one's ability to learn, imagine, create, and one's talents which are usually called *street smart*. The reserach findings elaborated that ability in Sulam Karawo is sustained by educational background. Ramlah who has learnt in vocational high school has the ability to draw which then she applied in Sulam Karawo art.

Another informant, Herlina, explained:

*"My ability in Sulam Karawo art is not only as an artisan, but also in organizing the artisans. The informant is now working as a collector."*

Informant John Koorag has ability which is acknowledged by his fellow artisans due to the quality of motif design that makes Karawo art a considerable commodity. Differently, Kalsum's ability as an embroider, is supported by his previous profession as an artisan in a famous Sulam Karawo industry in Gorontalo which makes him easier to move to the position of chief of Sulaman Karawo creative industry group.

In Sulam Karawo industry, ability influences the development of human capital in fulfilling his duty as an artisan. As it is stated by Stockey that human capital is a concept that explains human in organization and business as an important asset and has essential contribution towards the same development and progress of physical asset such as machine and work capital<sup>[25]</sup>. Attitude, skill, and human ability has contribution to the work and productivity of an organization.

Human capital approaches as a system designed to create sustainable competitive superiority by developing its employees. Not every important role in a company has the same equal level in satisfying the customers and stock holder. However, the



most important thing is each employee should present his best to satisfy the customer better than other employees in other companies.

#### Skill Aspect

Skill is one of the requirements to create a reliable quality product. The skill is psychomotorical capability in doing something. Based on Ramlah's explanation, skill is something that bears from perseverance and needs patience especially in the case of art since it will affect the result. Obtaining skill in Sulam Karawo is a long process because Karawo demands carefulness in each detail.

Meanwhile, according to Arfah Hamid, skill is obtained through repetition. Herlina said that the skills in Sulam Karawo have several levels so that in the production of Karawo cloth, more than one person is necessary to complete the job.

Human capital, just like any other capitals, is needed to improve life rate in terms of economical, social, cultural, political, law, religious aspects, and any others. Human capital refers to a collection of knowledge and skill that adheres to someone's ability to commit a job that produce certain economical result.

#### Creativity Aspect

In art industry, creativity is something that matters a lot. Creativity can be found in all professional lines especially in art. Creativity in Sulam Karawo is someone's sense of creation to make something new.

Finding in this research explains that creativity affects the development of Sulam Karawo industry. As it is elaborated by informant John Koorag who stated that motif development in karawo art has grown bigger. When the informant started learning the art of Karawo, the motif of Karawo cloth was still monotonous. Today, Karawo motif has grown to many variations due to the creativity of its artisans. Beside the motif and design, the materials of Karawo is now too has various kinds which successfully attracts the customers.

In the context of creative economy, creative industry development is based on intellectual capital and life skill which is a basic component of human capital and has central role in stimulating the establishment of competitive creative industry. From knowledge and skill, creative people are born and grow. Wenig defined knowledge as an understanding of cognitive system process owned by individuals, groups, and organization<sup>[20]</sup>. Addleson defines knowledge as a process created when someone interacts and shares ideas with others.

#### Innovation Aspects

Innovation aspects in this research is a process and/or result of development of knowledge mobilization, skill (including technological skill), and experience to create or repair product (tool and/or service), new process and/or system, that gives meaningful or significant value (especially in economical and social aspect).

Innovation in Karawo art is still in material usage level which is different from silk cloth, batik cloth, common embroidery cloth, and other clothes. Besides, innovation done by Karawo artisans is trying to make Karawo art product not only as materials for cloth but also for hat, wallet, and other art products.

Innovation in Karawo art industry has not yet been significant. It is shown from several informants' explanation that the use of technology to Karawo art is still far from enough. Karawo cloth making process is still done manually (*hand made masterpiece*), starting from the design and motif creation until the printing. This is because the limitation of the artisans' ability in technology and inexistence of the production machine.

Human capital theory assumes that business profit develops and sustains when a company is capable of producing better products and services according to customer's needs compared to its competitors. In other words, the company has competitive quality, a quality which keeps on going for a long time and keeps concerning on what the customers need dynamically.

The approach involves placing human capital as an asset and main role in creating maximum business work. The way of calculating and managing human capital is the same with the management of financial capital. In this approach, company manager should be able to learn from its own experience to make progressive and better decision.

Human capital approach is a system designed to create sustainable competitive superiority through upgrading its employee. Not every important roles in a company has the same equal level in satisfying the customers and stock holder. However, the most important thing is each employee should present his best to satisfy the customer better than other employees in other companies.

From the explanations of interview result above, we can conclude how the role of human capital in developing Sulam Karawo industry is. In the development, human capital concept can be explained as ability or capacity which is genetic or collecting along work life accompanied by other input or capital aimed to obtain economical sustainability. Another definition mentions in specific that the concept of human capital is education or intellectual, skill, and work experience. The human capital is then generally defined as an accumulation of education, including knowledge and skill in working age obtained through formal education, training, and experience.

#### 5. CONCLUSION

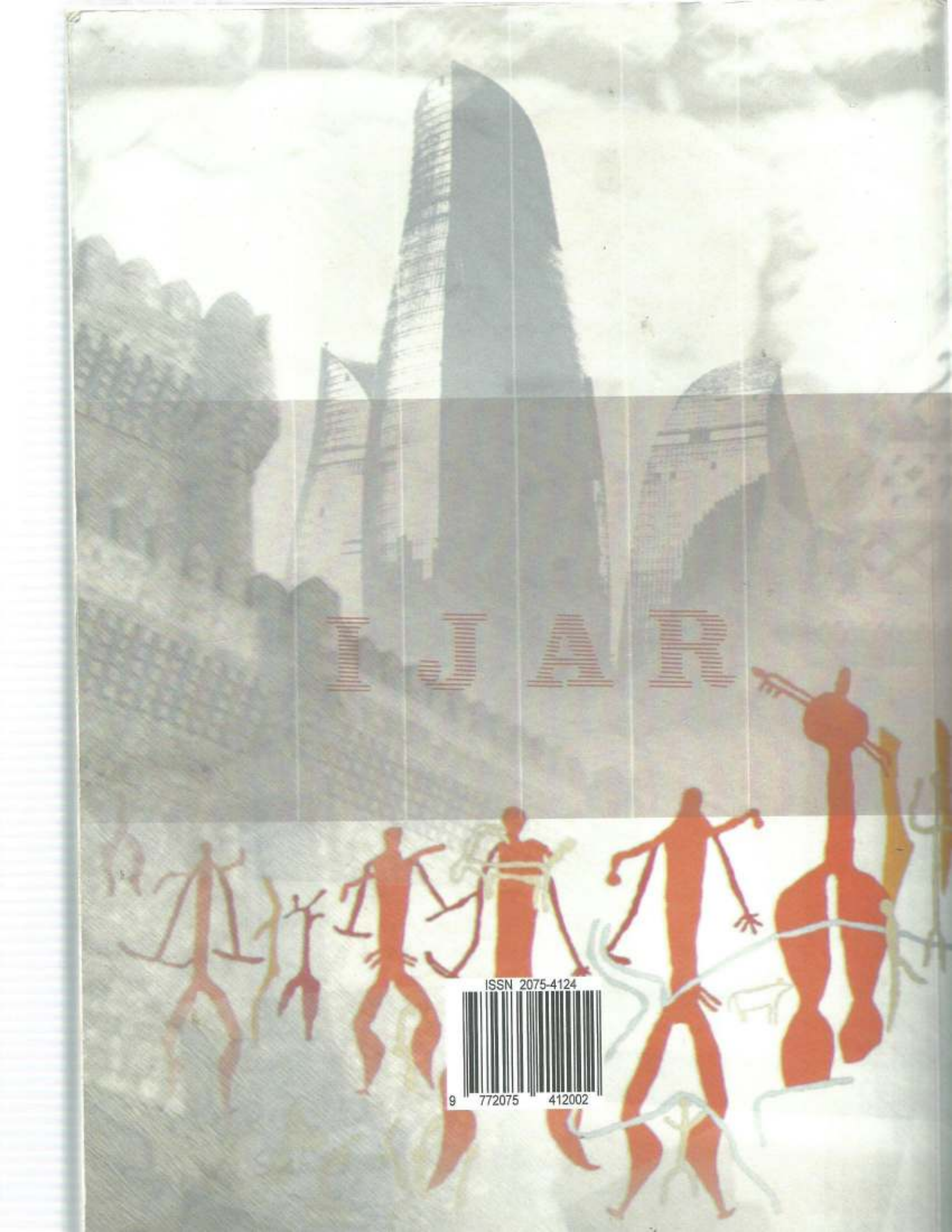
This research concludes that human capital role in Sulam Karawo industry involves six aspects, in which from knowledge aspects, Karawo artisans obtain more knowledge through informal line such as learning autodidactically or learning from environment/family. Although there are some Sulam Karawo training, there are not effective in transferring knowledge to the participants.

From the experience, the artisans of Sulam Karawo have mastered this art for a long time. In terms of ability, the artisans do not only have the ability to make the Karawo art but also to manage this industry. In terms of skill, the artisans need a medium to obtain the skill in Karawo art and patients to be able to improve their skills. The skill in this industry affects the products produced. Creativity aspect of the artisans is enough to make the motif and design that attract the customers. The materials used are various starting from the ordinary cloths until silk cloths. Meanwhile, from innovation aspects, karawo industry is still lacking because the production phase starting from the designing to finishing the product is still done manually.



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The cover features a stylized illustration. The upper half shows a cityscape with three prominent, curved skyscrapers in shades of grey and blue against a cloudy sky. The lower half depicts a group of stylized human figures in red and yellow, some holding hands or objects, set against a light background. The title 'IJAR' is printed in a red, striped, sans-serif font across the middle.

IJAR

ISSN 2075-4124



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