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Research pa

Human Capital in Improving Creative Industrial Performance: A study in the Creative Industry of Batik Trusmi, Cirebon District, West Java

Deden Sutisna MN, Mohd Haizam Mohd Saudi*

Widyatama University, Bandung, Indonesia
**Corresponding author E-mail: haizam@widyatama.ac.id*

Abstract

The research objective was to identify the dominant factors of Human Capital, the partial and simultaneous influence of human capital and Business Performance that built the Batik creative industry in Trusmi in Cirebon, West Java. The respondents of business actors and workers in this industry sector are 10 creative industries with 10 employees each. Survey research methods, data sources are primary with questionnaires, interviews and observations as data collection tools in the object of analysis. Test data using the validity, reliability and classic assumptions test with Confirmatory Factor Analysis software. The results show that of the 20 factors analyzed, there are dominant factors of Intellectual Capital as many as 6 factors namely 1) Batik training is very helpful in working, 2) status as permanent workers are very important, 3) heredity, family as a reason for batik craftsmen, 4) batik skills obtained from education and training, 5) workers have relationships with business owners still family or family, and 6) there are requirements that must be fulfilled, while working in the batik company. Contributions from human capital both to financial and non-financial performance are in large categories. Thus, to develop the Batik creative industry in Trusmi Cirebon currently seen from the aspect of human capital determined 6 dominant factors and their contribution to the performance of the creative industry.

Keywords: *Human Capital; Creative Industry; Confirmatory Factor Analysis.*

1. Introduction

The creative industry needs to be continuously developed and improved because of the increasing potential and trend of market needs. That matter due to the increasingly rapid progress of information and communication technology will have consequence for the need for products and services requires a touch of creativity and technology. Flashbacks about the success stories of this sector in the past year can be listened to in many notes that until now still leave homework, for example about the regulation of creative industries, managerial capabilities of creative industry entrepreneurs as well must be improved. This is important to develop and improve the performance of the creative industry. For example, marketing capabilities and opening markets is an ability that is not yet owned by a moving business actor in the creative industry. This business model prioritizes value artistic or products that have high artistic value but are difficult to throw at the market. This is the time for relationship capital (relational capital) very much needed by this business actor. This relationship capital for entrepreneurs is capital to relate to external parties such as relating to satisfaction customers, customer loyalty, attract new and other customers. Other abilities must also be improved for all matters related to knowledge, skill, and attitude that must be possessed by creative industries. Thing this is important for developing the creative industry as a whole. If thus the business capital of the human capital must be done developed and improved. With good human capital, it is expected will develop the next capital namely structural or organizational capital. Structural capital will be related to how to run a business and running business operations in the creative industry. Thus, three capitals this is what must be improved and developed, namely relational capital (RC), human capital (HC), and structural capital (SC). This study will discuss improving performance creative industry through Human Capital Management, in selected regions of creative industry centers both in the Province, City or Regency in Indonesia. As an initial step, research will be conducted on the object of creative batik industry analysis in Trusmi Kabuapten Cirebon, West Java. Stages of research are carried out using problem identification as follows: 1) Dominant Human Capital factors which are dominant in influencing the performance of the batik creative industry in Trusmi Kulon, Cirebon District. 2) How big is the contribution of Human Capital in driving the performance of the industry creative batik in Trusmi Kulon Cirebon.

2. Literature Review

The concept of Creative Economy is an economic concept in the new economic era that intensifies information and creativity by relying on ideas and stock of knowledge from Human Resources (HR) as the main production factors in its economic activities. The structure of the world economy has undergone a rapid transformation along with economic growth, from which it was based on Natural Resources (SDA) now to being HR based. In [1] states that creative industries are a new thing for people in Indonesia. This creative industry is not limited to one type of product, the scope is very wide and diverse. The creative industry is proven to be able to contribute to the economy in the countries

that develop it. Creative industries are defined as industries that focus on the creation and exploitation of intellectual property works such as art, film, games, design, fashion, and include creative services between companies such as advertising [2]. The creative industry starts from ideas, art, and technology that are managed to create prosperity. Whereas, the economy that comes from economic activities and creative industries is called the creative economy.

According to [9, 5], creative economy or creative industry is an industry that originates from the use of creativity, skills and individual talents to create welfare and employment by generating and exploiting the individual's creative and creative power. In some countries, the creative industry plays a significant role. Britain is a pioneer country in the development of the creative economy. This industry grows at an average of 9% per year, and is far above the country's average economic growth of only 2%-3%. Its contribution to national income reached 8.2% or US $ 12.6 billion and was the second largest source after the financial sector. This exceeds the income from the manufacturing and oil and gas industries. In South Korea, the creative industry since 2005 contributed more than manufacturing. In Singapore, the creative economy accounts for 5% of GDP or US $ 5.2 billion. The global creative economy is estimated to grow 5% per year, will grow from US $ 2.2 trillion in January 2000 to US $ 6.1 trillion in 2020. In [8] states that the development of small industries (creative) is influenced by various factors and subfactors namely:

Table 1: Effect of Factors Small Business Development

No	Factors	Subfactors
1	Human Resources	1. Education Quality 2. HR Skill 3. Creativity and Bravery for Strategy Choice
2	Economic Resources	1. Financial Aspect (Capital) 2. Raw Material (Price, Quality and Availability)
3	Information Resources	1. Market Information and Produser Supply 2. Technology that can be used to improve production performance 3. Technology that can be used to improve production performance 4. Information About Market Products Offered
4	Support Resources	1. The government and other agencies in providing regulations and infrastructure that can be accessed by small businesses 2. Support for small businesses (technical support, financial support, support for materials, marketing support)

In [6-7, 3] state that human capital, structural capital, and relational capital. Particularly related to Human Capital to the three experts said that Human Capital is a lifeblood in intellectual capital [3]. Here is the source of innovation and improvement, but it is a component that is difficult to measure. Human capital is also a place to source very useful knowledge, skills, and competencies in an organization or company. Human capital reflects the collective ability of the company to produce the best solution based on the knowledge held by the people in the company. Human capital will increase if the company is able to use the knowledge possessed by its employees. In [2] provides some basic characteristics that can be measured from this capital, namely training programs, credential, experience, competence, recruitment, mentoring, learning programs, individual potential and personality.

Based on several reviews of the literature above, the essence of Human Capital has a strong influence in shaping the performance of the creative industry with the research paradigm model as follows.

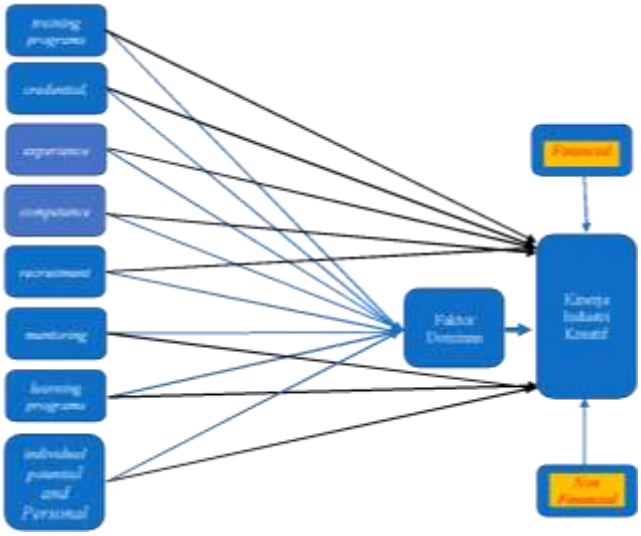

Fig. 1: Research Paradigm

The above paradigm also shows that the research hypothesis it is "Training programs, credential, experience, competence, recruitment, mentoring, learning programs, individual potential and personality have an influence in improving the performance of workers in the creative industry".

3. Methodology

The object of this research is human capital and the performance of batik creative industry entrepreneurs in Trusmi Cirebon District. The location of the research was chosen because Trusmi was a concentration area of batik artisans, who had been famous before Indonesian independence. This creative industry has its ups and downs, along with the development of economic, social, political and cultural conditions. The orientation of production experienced a shift from traditional to modern, such as from batik to printed batik or printing. Judging from its development population, the industry has experienced ups and downs according to Rukadi as Chair of the Association of Batik Craftsmen and Entrepreneurs in Ciebon District, stating that the number of batik entrepreneurs is not less than 500 artisans and 75 batik entrepreneurs (https: // id. Wikipedia Trusmi # History Batik.

The research method used in this study is a quantitative descriptive method. As the primary data this research was obtained from direct respondents namely batik creative industry entrepreneurs in the Trusmi-Weru District, Cirebon Regency, using questionnaires, observations, while the secondary data was obtained from various sources such as other parties' research, books, references, laws and regulations from other relevant agencies such as UMKM Cooperative Office and Industrial and Trade, West Java city Statistic Centre Bureau, Business Associations in West Java.

The population of this study were batik creative industry entrepreneurs spread in the Trusmi area (Trusmi Kulon, Trusmi Wetan, Kebon Asem, Sibunder Block, and Panembahan), Weru District and Cirebon District. The number of entrepreneurs or batik artisans in all industrial and trade centers was obtained from the Association of Batik Craftsmen and Entrepreneurs of Ciebon Regency that the number of batik entrepreneurs was not less than 500 artisans and 75 batik entrepreneurs. Taking into account the accuracy of data and business reality such as: 1) business continuity, 2) medium to large scale business, 3) ownership of large roadside show rooms / shops, 4) having permanent employees in accordance with Law No. 13 of 2003, 5) following the latest developments in information and technology, 6) owning and using virtual business media such as online shop, web etc., and 7) managed / owned by the younger generation. Then selected 10 companies / entrepreneurs / batik artisans from 75 companies / entrepreneurs / artisans in the area of Trusmi batik center Weru

District Cirebon Regency with the following identities: 1) Batik Enchantment, 2) Sinar Gunung Jati, 3) Batik Trusmi, 4). Cirebon Batik Salis, 5) Lola Batik, 6) Kenza Batik, 7) Azlia Batik, 8) Salma Batik, 9) Asofa Batik, and 10) Keny Batik.
The research method uses Causal Associative by taking Library Study data and Field Study with data collection techniques 1) interviews, 2) observations and 3) questionnaires. The data obtained are ordinal and the analysis technique is aided by confirmatory factor analysis and coefficient of determination.

4. Results and Discussion

Dominant Factor Analysis based on the results of the study obtained values from Initial Eigenvalue as in the table below. Thus, from the 19 factors analyzed, there were only 6 factors with values above 1 indicating that these five factors were considered dominant factors.

Table 2: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
5.760	43.652	43.652	5.760	43.652	43.652
2.143	16.239	59.890	2.143	16.239	59.890
1.558	11.808	71.698	1.558	11.808	71.698
1.285	9.737	81.435	1.285	9.737	81.435
1.009	7.644	89.079	1.009	7.644	89.079
.903	6.844	95.924	.903	6.844	95.924
.327	2.477	98.401			
.211	1.599	100.000			
1.602E-15	1.138E-14	100.000			
4.509E-16	3.410E-15	100.000			
2.036E-16	1.545E-15	100.000			
1.942E-16	1.472E-15	100.000			
1.118E-16	8.472E-16	100.000			
8.886E-18	6.736E-17	100.000			
-1.778E-17	-1.348E-16	100.000			
-3.701E-17	-2.805E-16	100.000			
-2.018E-16	-1.529E-15	100.000			
-2.543E-16	-1.927E-15	100.000			
-4.067E-16	-3.082E-15	100.000			

Furthermore, based on the Communalities table, the five factors can be identified as follows:

Table 3: Human Capital Factors

No	Variable Code	Value	Factors Name
1	Var X_{11}	1.000	The batik training that I follow is very helpful in batik making.
2	Var X_{11}	0.997	I work here, because this company appointed me as a permanent worker.
3	Var X_{10}	0.997	I work as a batik artist because of heredity or family who are also batik artisans.
4	Var X_{10}	0.995	My skills in batik are obtained from education and training.
5	Var X_{11}	0.994	I work here because the owner is still a family or family.
6	Var X_{11}	0.992	There are requirements that I must fulfill, while working here.

Table 4: Communalities

	Raw		Rescaled	
Variable	Initial	Extraction	Initial	Extraction
VAR00001	.194	.189	1.000	.970
VAR00002	.611	.564	1.000	.922
VAR00003	.250	.240	1.000	.961
VAR00004	.278	.273	1.000	.984
VAR00005	.278	.274	1.000	.987
VAR00006	.611	.596	1.000	.975
VAR00007	.194	.120	1.000	.620
VAR00008	.750	.728	1.000	.970
VAR00009	.528	.400	1.000	.758
VAR00010	.361	.359	1.000	.995
VAR00011	1.444	1.441	1.000	.997
VAR00012	1.278	1.267	1.000	.992
VAR00013	1.028	1.022	1.000	.994
VAR00014	.361	.256	1.000	.710
VAR00015	.500	.476	1.000	.953
VAR00016	.778	.754	1.000	.970
VAR00017	1.250	1.250	1.000	1.000
VAR00018	1.000	.951	1.000	.951
VAR00019	1.500	1.485	1.000	.997

Extraction Method: Principal Component Analysis.

Based on the 6 factors in Eigenvalues, the table above shows that the level of each contribution to the overall factor can be explained as follows:

Table 5: Dominant Factors Effect

No.	Factors	Percentage
1.	The batik training that I follow is very helpful in making batik.	43.652%
2.	I work here, because this company appointed as a permanent worker.	16.239%
3.	I work as a batik artist because of heredity or family who are also batik artisans.	11.808%
4.	My skills in batik are obtained from education and training.	9.737%
5.	I work here because the owner is still a family or family	7.644%
6.	There are requirements that I must fulfill, while working here.	6.844%

To find out how much influence each of the factors studied can be explained in the table as follows:

Table 6: Partial Effect for Human Capital

No.	Dimension	Correlation	Determination	Interpretation
1.	training programs	0.127	1.60%	Small
2.	credential	0.436	19.00%	Medium
3.	experience	0.283	8.00%	Small
4.	competence	0.439	19.30	Medium
5.	recruitment	0.548	30.00%	Medium
6.	mentoring	0.280	7.80%	Small
7.	learning programs	0.198	3.90	Small
8.	individual potential and Personality	0.286	8.20	Small

While, the simultaneous contribution of the eight factors studied on Financial and Non-Financial Performance (batik industry performance) can be explained as follows:

Table 7: Determinant Factor

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Ch
1	.845[a]	.714	.506	6.54830	.714	3.433	8	11	.031

a. Predictors: (Constant), X8, X2, X7, X3, X5, X1, X4, X6

This means that the effect of human capital on financial performance is 71.40%. The remaining 28.60% is determined by other factors not examined and this influence is very large and significant.
This means that the effect of human capital on non-financial performance is 68.50%, the remaining 31.50% is determined by other factors not examined and this influence is large and significant.

Table 8: Determinant Factor

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F
1	.829[a]	.685	.456	5.29213	.685	2.988	8	11	.048

a. Predictors: (Constant), X9, X2, X7, X3, X5, X1, X4, X8

This means that the effect of human capital on financial and non-financial performance is 71.40%. The remaining 28.60% is determined by other factors not examined and this influence is large and significant.
Based on these data, it appears that the influence of human capital in terms of financial performance has a greater contribution compared to non-financial performance. This is financial aspects are closer to the workers of the company. Thus, the involvement of workers in transactions and production involving financial aspects is more often done than non-financial.

5. Conclusion

The results of the above research can be summarized as follows:

1. Dominant Human Capital dominant factors in influencing the performance of batik creative industries in Trusmi Kulon, Cirebon Regency, there are 6 dominant factors out of 20 factors studied namely 1) elements of training from workers, 2) status as permanent workers, 3) heredity and family, 4) Education and training, 5) owners are still family and family, and 6) have work requirements.
2. The contribution of Human Capital in driving the industry's performance as a result of batik in Trusmi Kulon Cirebon had a large impact on both financial and non-financial performance.

The implication of the results of this study is for the creative industries of batik and related government agencies in Cirebon that in encouraging increased performance from the side of Human Capital depends on the 6 dominant factors, and up to now the Human Capital factor has had a large contribution to the performance of the creative industry batik in Cirebon. If this industrial sector has a plan to be developed further, then the six factors must be encouraged more strongly in order to have a greater contribution to the fight. Apart from that, the contribution of financial aspects has greater value than non-financial.

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