Increasing The Business Performance Over Human Capital Contribution On Creative Industry In Banyumas Regency
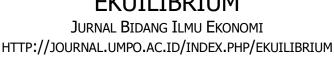
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Abstract

This study aims to determine the effect of human capital (innovation and creation, education and learning and experience and expertise) on business performance of actors in the creative industry sector in Banyumas regency. This research is a quantitative research by using survey method. The data collection was done by distributing questionnaires to 50 SMEs perpetrators of creative industry sector in Banyumas Regency. The method of analysis used to test the research hypothesis is multiple linear regression method. There are findings that the employees of the creative industry business have mostly had a long working period and have expertise in the field of work. They can show their best performance consistently in carrying out their work and being professional. It can be said that human capital in the form of experience and expertise has a role in influencing and improving company performance. Increased human capital owned by creative business actors can be done by involving employees in trainings (either training held by the government or private parties). By involving employees in the training, it is expected to improve the insights, skills and capabilities of individual employees so that ultimately able to improve performance in an effort to develop its business.

Keywords: Human Capital, Innovation and Creation, Learning and Education, Experience and Expertise, Business Performance.

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh human capital (innovation dan creation; education dan learning serta experience dan expertise) terhadap kinerja bisnis pelaku umkm pada sektor industri kreatif di wilayah Kabupaten Banyumas. Metode analisis yang digunakan untuk menguji hipotesis penelitian adalah metode regresi linier berganda. Terdapat temuan bahwa para karyawan pada usaha industri kreatif sebagian besar sudah memiliki masa kerja yang cukup lama dan memiliki keahlian sesuai bidang pekerjaannya. Mereka dapat menunjukkan kinerja terbaiknya secara konsisten dalam menjalankan pekerjaannya dan bersikap professional. Dapat dikatakan bahwa modal manusia yang berupa pengalaman dan keahlian mempunyai peranan dalam mempengaruhi dan memperbaiki kinerja perusahaan. Peningkatan human capital yang dimiliki pelaku usaha kreatif dapat dilakukan dengan cara mengikutsertakan karyawan dalam pelatihan-pelatihan (baik pelatihan yang diadakan oleh pemerintah ataupun pihak swasta). Dengan mengikutsertakan karyawan ke dalam pelatihan, diharapkan akan meningkatkan wawasan, keterampilan dan kemampuan individual karyawan sehingga pada akhirnya mampu meningkatkan kinerja dalam usaha mengembangkan usahanya.

Kata kunci : Modal Manusia, Inovasi dan Penciptaan, Pembelajaran dan Pendidikan, Pengalaman dan Keahlian, Kinerja Bisnis

INTRODUCTION

Creative industry is viewed becoming vital in giving contribution towards economy and supporting society welfare in the future. These are shown by developing a number of industry creative companies in Indonesia, workers employing, and increasing the number of export products significantly over the years. Data in 2014 displays that creative economy including creative industry contributes 7,1% for national Gross Domestic Product (GDP), employs 12 million workforces, and contribute for foreign exchange 5,8%. In five years later, this sector is targeted to contribute 12% of national GDP, employ 13 million workforces, and 10% contribution in export product (Rudy Salahudin, 2010). At least, there are three sectors of creative industry that giving enormous contribution, i.e. fashion (30%), crafting (23%), and advertisement (18%).

The significant development of creative industry and appreciation from local government makes creative industry is becoming potential to be increased and improving the work performance. The development of business aimed to know competitiveness of creative industry in Banyumas so that the existence can be the supporting part for economy and society welfare. Business performance can be measured by productivity, profitability, and market review. Beside, company can use intangible asset to increase creative industry performance. Thus, human capital is the intangible asset in which it is part of intellectual capital. Intellectual capital is viewed as knowledge, in forming, it is intellectual prosperous and experience that can be used to create wealthy (Stewart, 1997 in Widiastuti dan Sulistyandari, 2014). Intellectual capital is now recognized as a tactical investment that able to play important role to create and increase business performance and company value. According to Ernst & Young (2006) in Harnandez and Nurozi (2010), in advance countries such as US, 60% of the employees are knowledgeable employees. It proves that improving knowledge aspect, the companies can run their works more effective and efficient. Thus, this research aimed to know the influence of human capital (innovation and creation; education and learning; and experience and expertise) towards business performance of the subject UMKM on creative industry sector in Banyumas regency.

LITERATURE REVIEW

Human Capital

The theory of intellectual capital that is defined as skill, knowledge, and technology used to create competitive superiority for organization (Skandia, 1999 in Bataineh and Al Zoaby, 2011) is the foundation to create economy organization. Thus, intellectual capital is knowledge asset as intangible asset in economy and capital assumption that creates intellectual wealthy.

Capital is a part of intellectual capital, that is employee's competence includes ability, expertise, knowledge, skill, competence, attitude, behavior, and experience of company's employee. Human capital concerned with individual is a capital in organization member and result good value for company. Brooking (1996) in Costa stated that Human Capital component is in the form of "Human Asset", such as collective skill, creative skill, problem solving competence, and leadership. Human capital, in the form of innovation and creation; learning and education; experience and expertise can be increased and developed by company by optimizing employee's knowledge through trainings. Human capital must be managed well to increase performance and added-value of company.

Business Performance

Performance can be defined as the result or achievement reached from individual activity or management in a company. The result of this activity will be a standard to measure company achievement in achieving the goal that has been decided for a period of time. According to Fauzi (1995:207), "Performance is a general term used for a part or whole activity in a organization in a period of time, along with references on a number of standards, such as previous expenses or items projected, a base of efficiency, responsibility, or management accountability, and other. Another definition of performance based on Drucker is "achievement level or a real result that has been achieved and sometimes, it is used to get positive result". Company performance is the result of management decisions to achieve company's goal effectively and efficiently. Simamora (2004:50) stated that performance measurement is a management aid to increase decision making and accountability quality.

Moreover, according to Dharma (2004:355), in measuring performance, company has to consider some points as follow:

a. Quantity, i.e. the target amount that must be achieved.
b. Quality, i.e. the quality produced (good or not).
c. Timeliness, i.e. whether or not the time meets the time planed..

Creative Industry

Creative industry can be defined as the collective of economy activities that associated with creating or using knowledge and information. Therefore, creative industry is also known as Creative Economy (Howkins in Wikipedia.com). Trade Ministry of Indonesia stated that creative industry is industry came from the utilizing of creativity, skill and individual's aptitude to create welfare and job vacancy by producing and exploiting creation and creative power of individual. According to Howkins, creative economy consists of advertising, architecture, art, crafting, design, fashion, film, music, show/performance, publication, research and development, game software and

game, television and radio, and video. Therefore, there are some different definitions about this sector.

Deputy of Research, Education, and the Development of Creative Economic, Abdur Rahim Boy Berawi, (2016) stated that creative industry in the last years has been contributing 642 trillion or 7,05% of total gross domestic product (GDP) Indonesia. The biggest contribution is 32,4% from culinary business, 27,9% from mode, and 14,88% from crafting. Besides giving contribution to national Gross Domestic Product, creative industry is the biggest fourth in employing employees, with nationally contribution 10,7% or 11,8 million people. The rate of the biggest average contribution comes from mode business is 32,3%, 31,5% of culinary, 25,8% of crafting. Ministry of Industry supports the development of national creative industry which is always growing about 7% a year.

Creative industry is noticed becoming more vital in supporting welfare in economy. In economy area, some parties viewed that "human creativity is the base of economy resource" (Florida in Wikipedia.com) and "industry in twenty first century will depend on knowledge

production through creativity and innovation. Several sub-sectors of industry creativity-based in Indonesia based on creative industry mapping that is done by Republik Indonesia Trade Department are Advertisement, Art Market, Art, Fashion, Video, Film and Photography, Interactive Game, Music, Show, Publishing and Printing, Computer and Software Service, Television and Radio, Research and Development, culinary.

HYPOTHESIS

Creative industry has to produce good quality product and have high selling point so that resulting targeted-work performance. Hence, creative industry needs people who are able to create and design creation and innovation products. It indicates that the higher of the value human capital, both of innovation and creation; learning and education; experience and expertise, the higher company performance will be achieved.

In line with this research, Shiddiq (2013) in Widiastuti and Sulistyandari (2014) also conducted the same research that revealed a result of that intellectual capital gives the positive influence

towards return of asset. Moreover, Awan and Sarfraz (2013) in Sutisna, et al (2014) also proved the same research result, that is; a company that always increases its workers' skills and abilities as the important part of investment of human capital can increase company performance better. Therefore, Sutisna et. al. (2014) released a research result that the increasing of company performance is in line with the increasing of employee performance through the human resource development based on human capital that include the increasing of knowledge, skill, other characteristics, innovation and creation; learning and education; and experience and expertise.

Based on the previous researches and the statement of problems described above, the hypotheses are as follow:

H_1: Human capital influences to the business performance on creative industry in Banyumas regency.

H_2: Innovation and creation influence to the business performance on creative industry in Banyumas regency.

H_3: Learning and education influence to the business

performance on creative industry in Banyumas regency.

H$_4$: Experience and expertise influence to the business performance on creative industry in Banyumas regency.

H$_5$: Innovation and creation are variable that give the biggest influence to the business performance on creative industry in Banyumas regency.

METHOD

This research was quantitative research by using survey method. Data collection used was questionnaire that distributed to 50 subjects of creative industry sector in Banyumas regency. The analysis method used to test the research hypothesis was multiple linear regression.

RESULT AND DISCUSSION

Research respondent characteristics as the research sample are as follow:

1. Respondents characteristics based on gender.

Table 1. Respondents based on gender

Gender	Frequency	Percentage (%)
Male	33	66
Female	17	34
Total	**50**	**100**

Source: Data Processing Result

Based on table 1, it was found that the respondents were the business owner. There were 33 or 66% respondents were male and the female respondents were 17 people or 34%. In another word, the major respondents of this research was dominated by male.

2. Respondents character based on age

Table 2. Respondents based on age

Age (year)	Frequency	Percentage (%)
< 20	1	2
20 – 30	18	36
31- 40	13	26
40– 50	8	16

>50	5	10
Total	**50**	**100**

Source: Data Processing Result

Table 2 showed that most of respondents in the ages of 20 – 40 years. There were 18 or 36% respondents were in the age of 20 – 30 years old, 13 or 26% respondents were 20 – 30 years old, 8 or 16% respondents were 40 – 50 years old, 5 respondents were up to 50 years old and 1 respondent was less than 20 years. It showed that the major respondents in this research were dominated by productive age. It means that young generations have great motivation to be entrepreneur, especially in creative industry sector because commonly young generations have high creativity and innovation.

3. Respondents character based on kinds of business

Table .3 Respondents character based on kinds of business

Business Amount	Frequency	Percentage (%)
Printing	5	10
Photo Studio	9	18
Broadcasting	5	10
Art	2	4
Culinary	7	14
Advertising	4	8
Clothing (template)	8	16
Other (interior design, handy craft, event organizer)	10	20
Total	**50**	**100**

Source: Data Processing Result

Table 3 showed that the most respondents were another business owner, such as interior design, handy craft, event organizer. Thus, there were 10 respondents or 20% run this business. 5 respondents or 10% were printing business owners, 9 respondents or 18% were photo studio owners, 5 respondents or 10% were broadcasting business owners, 2 respondents or 4% were art business owners, 7 respondents or 14% were culinary business owners, 4 respondents or 8% were advertisement business owners, and 8 respondents or 16% are clothing (template) business owners. It means that the respondents of this research came from variety business background. The development of creative industry in Banyumas regency increases fast. Numerous types of creative business are in line with the potential development of creative industry in

Banyumas regency. Numerous kinds of vacancy can be utilized by entrepreneurs in starting new business in industry creative sector. It has a purpose i.e. to give significant contribution for society welfare.

Respondent character based on amount of employee

Tabel 4 Respondent character based on amount of employee

Employee (person)	Frequency	Percentage (%)
< 5	17	34
5 – 10	17	34
11- 15	7	14
16 – 20	1	2
>20	8	16
Total	**50**	**100**

Source: Data Processing Result

Table 4 showed about the number of respondents (the subject of creative industry business) having employee. There were 17 respondents or 34% had less than 5 employees, 17 respondents or 34% had 5 – 10 employees, 7 respondents or 14% had 11 – 15 employees, 8 respondents or 16% had more than 20 employees, and only 1 respondent or 2% from all of the respondents of this research who had 16 – 20 employees. Based on this data, most of the respondents were the owner of creative industry business whose employees were 1 – 10 people. The number of employees was in line with the capacity of products to fulfill the demand. In labor aspect point of view as the bigger number of employees, the bigger potential of creative business sector in Banyumas regency. Thus, it would decrease a number of unemployment and above all, it opened the job vacancies.

The variables of this research were independent variable (X) and dependent variable (Y). Independent variable included human capital that consistd of innovation and creation (X1), learning and education (X2), experience and expertise (X3), then the dependent variable was business performance (Y) on creative industry Banyumas regency.

Table 5. Descriptive Analysis Result of Research Variable

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Innovation Creation	50	11.00	35.00	28.7200	3.86528
Education	50	10.00	33.00	27.6200	3.68056
Experience	50	19.00	30.00	24.4800	2.61268
Business Strategy	50	10.00	42.00	34.6200	6.13751

Descriptive Statistics

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Innovation Creation	50	11.00	35.00	28.7200	3.86528
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Experience	50	19.00	30.00	24.4800	2.61268
Business Strategy	50	10.00	42.00	34.6200	6.13751
Valid N (list wise)	50				

Source: Data Processing Result

Statistics analysis used in this research is multiple linear regression analysis. Regression mode from the minimum common squares method is the regression mode produce best linear unbiased *estimator* / BLUE by firstly, testing the classical assumption as follow: Normality test, multi-collinearity, arithmetic test, auto correlation test, and Heteroscedicity test.

The result of normality test used Kolmogorov-Smirnov analysis showed value *asymp.sig* (0,495 > 0,05 (α)), so this research data was stated spreads normally.

The test result of multi-collinearity by looking at the value of *variance inflation factor* (VIF) value showed VIF value for each variable in this research was less than 10 (VIF<10). So, it can

Autocorrelation test aims to know whether there is a correlation between members of a series of observational data described by time and place. Autocorrelation test used in this research was Diurbin Watson test. Based on the test result, Diurbin Watson test showed value 2,344, in which this value is in the range 2,326 (4-Du) and 2,575(4-Dl). So, it can be concluded that this research data was free from autocorrelation.

The result of heteroscedasticity test using Park Gleyser method that showing the probability value from each variable, the value was > α (0,05). So, it can be concluded that this research data was free from heteroscedasticity.

F Test (Godness of Fit)

F test was done to obtain the appropriateness of research model. Based on the data analysis done, the value of sig F was 0,022 < 0,05 (α). So, the regression equation model in this research was good.

Multiple Linear Regression Test
After the process of classical test was done, the next test was Multiple Linear regression, the result was as follow:

Table 6 The Result of Multiple Linear Regression.

Coefficients[a]

Unstandardized Coefficients		Standardized Coefficients		
B	Std. Error	Beta	t	Sig.
9.805	8.296		1.182	.243
.102	.299	.064	.341	.735
-.088	.312	-.053	-.283	.778
.994	.366	.423	2.713	.009

a. Dependent Variable: Business Strategy

Source: Data Processing Result

Multiple Linear Regression analysis was used to know whether or not there was an influence between independent and dependent variable. From table 5.6, it was obtained the result of Multiple Regression equation was as follow:

$Y = 9,805 + 0,102X_1 - 0,088X_2 + 0.994X_3$

Proving hypothesis from regression equation above was done by using following process:

1. **Coefficient of determination (R^2)**

Table 7. **Coefficient of determination Value**

Summary Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.432[a]	.186	.133	5.71397

Table 7 indicated the determination coefficient was 18,6% (R^2 = 0,186) and showed the appropriateness of the model (goodness of fit). Value 18,6 indicated the correlation of dependent and independent variable of regression equation model in this research was 18,6%. Thus, it can be said that business performance was explained by three independent variables, those are *Innovation* and *creation, Learning* and *education, Experience* and *expertise*. Then, 81,4% (100% - 18,6%) was influenced by other factors that were not researched in this study. This small value meant that independent variables in this research (*Innovation* and *creation, Learning* and *education, Experience* and *expertise*) have not given more

information needed to predict the dependent variable variation, i.e. business performance in creative industry in Banyumas regency.

Hypothesis Test (**Significance Parameter Individual/t Test**)

Hypothesis test was done by testing regression equation for each independent variable partially with t test. Decision making was done by comparing each coefficient t value with t table in 5% significance test or comparing significance value with 5% (significance value).

From the result of hypothesis test about influence of innovation and creation variable toward business performance showed that t value for innovation and creation variable was 0,341 and significance value was 0,735, it means that innovation and creation were > significance value 5% (0,735 > 0,05). It means that partially, innovation and creation did not give significance influence toward business performance. So, the first hypothesis which stated that innovation and creation influenced the business performance was rejected.

The value of t test learning and education variable was -0,283 with significance value 0,778 > significance

value 5% (0,778 > 0,05). It means that partially, learning and education did not give any influence on the business performance. So, the second hypothesis that stated learning and education influenced the business performance was rejected.

While, the hypothesis test result about the influence of Experience and Expertise on the business performance indicated that t value for experience and expertise was 2,713 with significance value 0,009 < significance standard 5% (0,009 < 0,05). It means that partially, Experience and Expertise gave significance influence on the business performance. So, the third hypothesis that stated experience and expertise influenced on the business performance was accepted.

DISCUSION

The influence of innovation and creation on the business performance

Innovation and creation are part of human capital as the human ability to think, create, and produce new things, different, and has competitiveness. Testing result obtained informed that innovation and creation did not influence the business performance.

This research enlightened that innovation and creation did not take a part in giving contribution to increase business performance. Furthermore, the finding also indicated that creative industry subjects have not ability yet to utilize and optimize innovation and creation from the products they sell. Additionally, the employees in creative industry did not have freedom yet and neither motivation in creating and giving new idea. In case, innovation and creation take the vital role to increase business competitiveness. From this finding, it can be concluded that the level of employee's innovation and creation did not influence to the increasing of company performance.

Thus, lack of businessmen's awareness on the important of human capital in developing business was the main reason. Employees were just regarded as the people who work based on the employer instruction so that employees' innovation and creation were limited to also give contribution on the improvement of the business competitiveness.

The influence of Learning and education on the business performance

Learning and education were human resources competence in the form of knowledge and education. The finding indicated that learning and education did not influence business performance.

This finding enlightened that most employees on creative industry have not ability yet to learn from each other. Businessmen did not give time and supports to their employees in developing their abilities and renewing their knowledge and skill through trainings, seminar, etc. So, human capital in the form of learning and education have not strategic role yet in influencing and revising company performance.

People on creative business have poor access on the government support. Thus, they never join their employees on formal trainings that can improve ability and performance. People on this area still hold on the employees' autodidact ability in improving their ability. Moreover, employer did not give employees opportunity to go on formal trainings.

The influence of experience and expertise on the business performance

Experience and expertise are human resource competency in the form of ability used to do their job and responsibility through learning and aim to change and develop their behavior better. The finding obtained indicated that experience and expertise influenced business performance.

This research finding enlightened that most employees on creative industry have been working for long period and their competence are appropriate for their job. They are able to show their best performance in working consistently and professionally. It can be said that human capital in the form of experience and expertise take a big role in influencing and revising company performance.

People or the owners on creative industry in Banyumas regency should put attention on how they can manage and optimize their human capital especially in giving their employees freedom in innovation and creation, learning more, and joining with trainings regularly to develop their potential and skill. So that human resources as targeted reach the

best performance will be gotten. Then, it will add value point for the company. As Human Capital Theory developed by Becker (1964), investment in the form of training to improve human capital is important investment than other assets.

Creative industry condition is in line with human capital theory that stated human resource investment has a big influence on the productivity and company performance. Creative industry has potential to develop and optimize their human capital to produce variety products (goods or services) with uniqueness and quality. The management of good and directed intellectual capital will make its asset becoming strategic in increasing the quality of company performance. Thus, it will increase company competitiveness continually.

CONCLUSION

Based on research analysis and discussion explained above, the conclusions are drawn as follow:

1. Innovation and creation do not influence business performance.
2. Learning and education do not influence business performance.

3. Experience and expertise influence business performance.

4. Human capital has small influence on the business performance of creative industry in Banyumas regency. The influence is 18,5%, while 81,4% of business performance is influenced by other variables that are not researched in this Study.

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