

# Developing Karawo Industrial Center in Increasing Society's Income in Gorontalo District of Gorontalo Province, Indonesia

Ramlan Amir Isa

Lecturer at Faculty of Economics and Business, State University of Gorontalo

\*E-mail: [ramlan.amirisa@gmail.com](mailto:ramlan.amirisa@gmail.com)

## Abstract

The objectives of this research are firstly to find out and to analyze any potency in developing Karawo industrial center, secondly, to identify and to analyze the factors in developing it and the last to formulate the strategy in developing this type of home industry in increasing society's income in Gorontalo District.

The research used descriptive qualitative method and in collecting the data, observation, deep interview and documentation were used and then validated through: a) Focus Group Discussion, and b) Reference Sufficiency. The data were then analyzed through: a) data reduction, b) data presentation, and c) draw inferences.

The results show that the strategy in developing Karawo industrial center can be formulated by: 1). mapping the used potency in developing the industrial center of Karawo' include the zone mapping, total of craftsman, total of effort unit attached into industrial center, type of skills and ability of the craftswomen and their income from Karawo, fund and marketing strategy that used by the craftswomen and industry, and 2) identifying the influenced factors in developing Karawo in Gorontalo District such as human resources (level of knowledge and skill), organization (management of industrial center). The strategies in developing Karawo can be done by improving the ability and skill of the craftswomen, making opportunity to get financial support and expanding the marketing of Karawo. The result is expected to be able to give recommendation to the local government in formulating the strategy to develop Karawo in increasing society's income in Gorontalo District.

**Keywords:** Karawo, income, Gorontalo

## 1. Introduction

In autonomy era, every region tries to increase the society's income and welfare through many policies in accordance with its potency. Many strategies have been done by local government to maximize the used potency that can be developed in improving the ability of society in fulfilling their daily needs. The development of Karawo industrial center is one of government's policies in both provincial and district/city level in Gorontalo. In this case, the government has done many efforts in encouraging the development of Karawo, as the income sources and mean of life for its people.

Karawo is one of the handicrafts and become a potential home industry in Gorontalo that has been supported and developed by the government. The government of Gorontalo District has given counseling, training and funding to the entrepreneur and craftswomen. The data from Department of Industry of Gorontalo District showed that there are 263 units of Karawo industrial center which have employed 2.675 people distributed into 17 Sub-Districts.

Almost all of the Karawo production centers are located in Telaga area, namely Sub-District of Telaga, Telaga Biru, Telaga Jaya and Tilango) consisted of 110 units with 519 craftswomen. The data shows that the interest of society to develop Karawo as home industry is high. Thus, some attempts are needed to develop this home industry. Therefore, this research is done which focusing on the development of Karawo production center in Telaga area.

From the prior observation, it can be seen that the development of Karawo production faced some problems such as: the poor ability of craftswomen regarding to skills in designing, cutting and finding the new ideas to develop Karawo, marketing management strategy, and mindset, less of funding/capital. Therefore, mapping the used potency should be applied to develop the industry, identify and analyze the factors that can influence Karawo industrial centers and formulate the strategy of the industry development in increasing the craftswomen income.

Based on the explanation above, I am interested to investigate it through a scientific research entitled: Developing Karawo Industrial Center in Increasing Society's Income in Gorontalo District of Gorontalo Province, Indonesia.

### 1.1 Research Problem

- How is the mapping of used potency in developing the industrial center of Karawo in Gorontalo District?
- What factors that can influence the development of Karawo industrial center in Gorontalo District?
- How the formulated strategy is used to develop the industrial center of Karawo to increase the society's income in Gorontalo District?

## 2. Literature Review

### 2.1 Strategy and Development Concept

Term of strategy comes from military life and popularly can be stated as a trick that is used by the general to win the war. Alex (2005) stated that strategy is a war tactics knowledge to achieve something. While Gitosudarmo (2000) explained that the term strategy comes from Greek which is: *strategum*, *strategos*, with the plural is strategy. *Strategos* means general, however in Old Greek, it means state officer with wider function. Strategy can also be used by the state to utilize all of its resources for achieving the aims.

Thus, what strategy means here is a stiff or tactic done by the local government in developing the industrial center of Karawo in order to increase the society's income especially the craftswomen in Gorontalo District. Therefore, the development in this home industry is important to be done in both organization and business. Sachlan & Keys (as cited in Widodo, 2008) stated that organizational development can be defined as an effort supported by top management to increase the effectiveness of total system (organization) through a series of planned intervention.

## 2.2 The Definition and Characteristic of Industrial Center

To generate new entrepreneurs in developing a small home industry, it is necessary to conduct the training in industrial centers. The goal is to create a broader employment, in order to increase incomes and equitable spread of industry and the achievement of industrial upgrading in the aspect of providing finished products and raw materials for domestic consumption and export purposes.

The definition of small industry according to the Department of Industry and Commerce is: 1) an industry which investment less than Rp. 5 millions, 2) source of capital is generally from personal savings or unauthorized financial institutions, 3) almost all of their products or services are only known by low-income and middle-class communities, 4) the number of employees are less than 19 people. However, the small industry can be classified based on the employees, investment value, and assets value. Moreover, the industry relies on traditional skills, art and the use of appropriate technology. However, there has not yet similar perception of the definition of small industry because it still depends on the interests of each party.

## 2.3 The Development of Karawo Industrial Center in Gorontalo District.

The government's efforts in developing Karawo industrial center are done in all of areas in Gorontalo Province. In this case, the Department of Industry and Commerce in Gorontalo District has given some trainings to the entrepreneurs and craftswomen of Karawo which covered 263 units and 2.675 craftswomen spread over in 17 Sub-Districts. The development of Karawo industrial centers are located in Telaga and Bongomeme. Both of them have considerable number of business units and craftswomen. It is expected that it can increase the societies' prosperity through Karawo home industry.

Karawo is a craft by decorating some kinds of fabric with various embroidery invisibility motifs and it is being done on fabric using plain thread or colorful thread. Karawo embroidery manufacturing processes is begun by slicing and unplugging thread of the fabric fibers, then embroidering with a needle. This embroidery uses various fabrics based on the pattern/design.

Several problems that generally faced in developing Karawo industrial centers are:

- 1) not be able to produce large numbers to fulfill market demands in a short time
- 2) less of number of craftswomen
- 3) insufficiency of funding
- 4) the craftswomen spread into several villages

The development of Karawo industrial central aims to develop Karawo from home industry to become medium industry as an effort to improve the segment of market in both national and international level. There are two kinds of Karawo namely original and string embroidery. The two embroideries have different quality and price in which the string embroidery is more expensive than the original one. By developing Karawo industrial central in several villages and sub-districts, it is expected that it can increase the society's income, especially in Gorontalo District. Being a Karawo craftswoman is one of livelihood of society especially who live in rural areas. Therefore, the government always encourages the development of Karawo industrial center by empowering the small home industry and the craftswomen. It is, therefore, improving Karawo industrial center become one of the governments focus in increasing the societies' income.

## 3. Method

This research used descriptive qualitative approach which the result is expected to obtain the overview of the potential and influential factors in developing Karawo industrial center and the strategy to develop this home industry in increasing the societies' income in Gorontalo District. The research was conducted in Karawo industrial central in Gorontalo District for about one year namely in 2013.

The source of data of this research consisted of:

- 1) Primary data were got directly from the informants namely: Karawo craftswomen around Telaga area (Telaga, Telaga Biru, Telaga Jaya, and Tilango) in Gorontalo District, the employees of relevant agencies or department and also other related stakeholders regarding to this research.
- 2) Secondary data were obtained from relevant publications, research report, documents from related department or agency and also other supported data sources.

For the research efficiency and affectivity, the data were collected by conducting in-depth interview, observation from the beginning, during the process of research and other supporting documents to reveal the phenomena which become the focus of this research.

This research used qualitative approach and case study method in which the data were analyzed by:

1. data reduction to simplify the data to refine the required data.
2. data presentation in an organized and systematic way to form a unified and integrated component.
3. data interpretation as a decisive step in drawing inferences.
4. the conclusion is an effort to investigate the meaning of the presented data.

#### **4. Research Findings and Discussion**

##### **4.1. Potential Mapping to Develop Karawo Industrial Center in Gorontalo District**

The mapping can be described as follows:

###### **1) Industrial Center Development Area, Number of Craftswomen and Business Units**

Considering the data from Department of Industry, Commerce and Cooperation of Gorontalo District in 2012, there were some development areas of Karawo industrial center which spread in 17 Sub-Districts cover 263 business units and 2.675 craftswomen. Most of the development areas are in Telaga, Telaga Biru, Telaga Jaya, and Tilango Sub-Districts where each has 519 craftswomen and 110 business units (industrial center). The data showed that the community interest to develop Karawo home industry in Telaga area is great. Therefore, it needs a serious effort and support from the government and related stakeholders to develop this product.

###### **2) Type of Skill, Ability, and Income Level of Craftswomen**

The development of Karawo industrial center is determined by type of craftswomen's skills, abilities in producing Karawo embroidery. Real work appearance shows that not all craftswomen have appropriate skills in terms of supporting Karawo home industry around Telaga Areas. In some industrial center, craftswomen have specific embroidering skills whereas cutting basic material and designing Karawo embroidery are only owned by small number of craftswomen.

###### **3) Business Capital and Marketing Strategy**

Management of business capital plays important roles in improving Karawo industrial center in terms of determining its achievement. Therefore, it requires basic competence of financial management, strategy on business capital and well-managed business aspect. It can be observed that the development of Karawo industrial center is more progressive in four Sub-Districts namely Telaga, Telaga Biru, Telaga Jaya, and Tilango because they have the ability to develop this home industry. Good understanding in business capital can contribute towards the industry ability to move forward to be a middle level corporate even higher which is currently regarded difficult to be achieved.

##### **4.2. Affecting Factors to the Development of Karawo Industrial Center in Gorontalo District**

The development can be affected by various factors. Considering the research result, the following factors are able to affect the development of Karawo Industrial Center in Gorontalo District such as:

###### **1) Craftsmanship Resources**

In an organization, these constitute as the important factors which are able to run the activity of the organization. These resources are craftswomen, financial aids, and the other supporting facilities. The research reveals that the craftsmanship resources comprising of knowledge and skill owned by craftswomen.

###### **2) Organization**

The management of organization as one of the determining factors which involves business management functions as engine in the overall activity of Karawo industrial center. Therefore, organization management needs to be well-operated.

##### **4.3. Applicable Strategy to Develop Karawo Industrial Center in Gorontalo District**

The research shows that the applicable strategy to develop Karawo industrial center are as follows:

###### **1) Increasing Craftswomen's Skill and Ability**

Improving their skill and ability can be done in by giving them some trainings and mentoring. It is mostly admitted that human resources in this type of home industry generally have limited ability and skill. Therefore, it makes Karawo product to be considered not fit to the appropriate price since craftswomen's ability has not yet met the quality aspect.

###### **2) Creating Opportunity in Gaining More Business Capital**

Some businessmen of Karawo have limited capital or financial support; while others have enough capital which can help them to develop their businesses well. To some extent, those who have limited financial sources cannot compete with those who have much capital aids. Well established Karawo industries usually dominate the craftswomen which make the position is less favorable for them. Rent of embroidery products produced by them are not fitted to the length of accomplishment time needed.

Accordingly, providing mentoring program in Karawo industrial center is needed which contributes to get access in gaining financial support from both Bank and Government. Getting enough financial supports will assure the

continuity and improvement of Karawo industries in terms of income from the craftswomen and this type of home industry in Gorontalo District.

### 3) Distribution Access in Promoting Karawo Product

There are some efforts which can be done in marketing Karawo products such as by opening showroom or Karawo selling center in the shopping center or in Karawo industrial center itself. In addition, the distribution system of Karawo products nowadays can be marketed by creating online advertisement and selling. Thus, Karawo embroidery can be admitted and marketed directly to the public for both local and national as well as international consumers. It is expected that online marketing system will encourage the development of Karawo industrial center which later contribute to the betterment of the income of craftswomen and the businessman of this home industry.

## 5. Conclusions and Suggestions

### 5.1 Conclusions

Regarding to the research results, it can be concluded that:

- a. The potential mapping to develop Karawo industrial center in Gorontalo District can be observed through; area, number of craftswomen in industrial center, number of business unit integrated to the industry, type of skill and ability as well as income owned by craftswomen, the amount of capital, and marketing strategy applied by craftswomen and Karawo industrial center.
- b. Affecting factors to the development of Karawo industrial center are craftsmanship resource such as level of knowledge and skill, organization which covers business management of industrial center

### 5.2 Suggestions

- a. To develop Karawo industrial center in Gorontalo District, it is suggested to the related parties to pay attention to Karawo potency which will lead the development to be more oriented and achieve the target.
- b. Craftsmanship resources and organizational management of Karawo industrial center should be more supervised in order to achieve industrial center development considering the appropriate potential presented by Karawo industrial center.

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