

Effect Of Role of Government and Social Capital For Small Industries Empowerment

Muhammad Rafiy, LM. Harafah, Manat Rahim and Muh Yani Balaka

Lecturer at the Faculty of Economics and Business, Universitas Halu Oleo Provinsi Sulawesi Tenggara 93232 Indonesia

Abstract: *This study aims to identify and assess the relevance of the Role of Government and Social Capital in the process of empowerment of Small Industries. To achieve the goal by taking a sample of 155 business units / entrepreneurs of small industries as the primary data in this study were purposively selected competent officials at the Office of the 12 heads of 12 districts / cities corresponding field of each task to examine the pattern of relationships among variables used research tool inferential analysis of the SEM with PLS approach.*

The results of this study indicate that the role of good government would increase Social Capital and Empowerment of Small Industries. the Small Industries in Southeast Sulawesi Province. This study also produced findings that to increase the presence of small industries for the better when a variable is the role of government and social capital managed optimally.

Keywords: *the role of government, social capital and empowerment of small industries.*

I. Introduction

In the era of globalization and liberalization has brought updates very fast and far-reaching impact on the economy both domestically and internationally. Felt the most impact is the increasing competition in the Industrial Sector. Kebijakan patterned economy in the short-term populist focused on the goal to reduce poverty and unemployment, reducing the gap that occurs between area, improving the quality of human life, as reflected in the fulfillment of social rights, an increase in the quality of the environment and management of natural resources as well as adequate infrastructure support.

Fukuyama (2000) defines social capital as an informal norm that can encourage cooperation among members of the community. In everyday life, social capital would appear from the atmosphere of mutual trust between citizens. Fukuyama (2000) argues that there is a close relationship between social capital with the level of welfare a society or a nation. Negara or nations that a high level of welfare are the nations that have high social capital. Fukuyama (1995) illustrates the social capital in the trust, believe and *vertrauen*, it means that the importance of trust is rooted in a set of such cultural and moral ethics.

Industry capacity building becomes small and medium industries, to strengthen the national economy, could be done through the empowerment of small scale industries in each region, as the spearhead of development without exception in Southeast Sulawesi province, local potential advantages as well as prominent at each district/city mainly small industry as supporting the tourism sector. This sector is able to shift the economic structure of Southeast Sulawesi Province, which initially has the advantage in agriculture as the primary sector, shifted to the secondary and tertiary sectors. In fact, the economic structure of South East Sulawesi province to experience a leap from agriculture to services or from primary to tertiary, Suyana (2006).

Development program that has been done related agencies at the district/city for the empowerment of small industries in Southeast Sulawesi apparently not fully able to improve competitiveness. This is evident from the average productivity growth over the years is very volatile and tends to decrease. Data Year 2005-2009 shows declining productivity growth, an average of 12.61 percent per year. During the period of the next three years from 2008 to 2010 an increase in average productivity by 12.98 percent per year (Disperindag Province Southeast Sulawesi, 2010), but the data can not be concluded that there has been an increase in the independence of Small Industry in Southeast Sulawesi.

This reality illustrates that there is a discrepancy or gap between expectation and reality, which is supposed to increase the field of small business in the industrial sector will open a new work for the labor force that has not worked so that unemployment can be reduced. Meanwhile, a small industrial sector is a business field that is entered by domestic workforce in the Southeast, the average is not many like expertise/skills are sufficient, so the hope is to increase the motivation of entrepreneurship in the small industry sector, will be correlated significant positive to the number of workers absorbed because it does not require a standard formal capabilities that are difficult to fulfill as applicable in the industrial system of medium and large-scale air.

The role of social capital, Yuliani (2011) and Rostin (2012), concluded that social capital is a critical success factor of the government's development program in an effort to improve the welfare of the poor or the

weak keberdayaannya level. There are differences in the results obtained from their research, Yuliarmi (2011) found that social capital and the role of the government is only able to increase the economic empowerment of small industries if there is the role of traditional institutions in it. This indicates that traditional institutions act as a full mediator between social capital and the role of government to keberadayaan wllayah small and medium industries in the study.

Referring to the second research Yuliarmi (2011) and Rostin (2012) above, it can be concluded that social capital is one of the factors that strengthen the community or small industry players in the effort to improve their economic empowerment and well as a reinforcement for the achievement of the government through community development projects and or small industry players.

Attention to the business world is increasing the efficiency and productivity in the increasingly fierce competition environment. It requires serious efforts from the government and the business units to become internationally competitive by creating a climate that is conducive to healthy competition and eliminate the factors that distort production efficiency, the challenge to prepare the necessary facilities to build into the age of high-tech human resources to strengthen competitiveness, Goeltom (2007), Kuncoro (2009). In the spirit of regional autonomy, the role of local governments in the promotion and development of small industries being very central, Aziz (2010). Government through the relevant agencies, have done many efforts to empower small and medium enterprises to improve competitiveness, Prawirokusumo (2001). Empowerment efforts have been carried out primarily by the relevant agencies that aim to minimize the internal problems faced.

Local government plays an important role in making social and economic policy areas they Rodriguez-Pose et al. (2001), Blakely and Bradshaw (2002). Gomez and Luciana (2009), explained that the local government needs to create mechanisms to involve stakeholders in their activities, as well as creating a mechanism to manage the relationship with them. One's a tu policies made by the government of Southeast Sulawesi Province is the facility of Bank Indonesia on July 26, 2006, has signed a MoU between the Government of the Regional Development Bank (BPD) in Southeast Sulawesi and PT Asuransi Kredit Indonesia (Askrindo) on Development Industri with a pattern of small and medium enterprises credit guarantee.

Strong social capital will stimulate the growth of various sectors of the economy because of the high level of trust and cohesion relations in the wider network grows among economic actors. Very high social capital influence terh a dap development and progress of various sectors of the economy. The concept of social capital was first adopted in community studies, Jacobs (1965) and family relationships, further developed for use in the business, and Tsasi Wu (2005) in Yang and Farn (2009). The concept has been widely applied since the beginning used by researchers in various disciplines, using social capital to investigate the development of human capital, Coleman (1990).

Hughes and Robert (2010), citing the pen can Inkpen and Tsang (2005), social capital displays the company's ability to benefit from the network. These advantages may include access to the knowledge, resources, technology, markets, and business opportunities. Bourdieu (1986) in the Adh i curry (2009), Voydanoff (2001), Portes (1998), and Yustika (2008), defines social capital is the aggregate of the actual or potential resources associated with network ownership durable (durable) so that institutionalizing a n-circuit mutual friendship. Putnam (1995) in Adhikari (2009), that social capital refers to the nature of social organization, such as networks, norms and trust that facilitate coordination and performance to be mutually beneficial. Through an association with colleagues, friends and clients came the opportunity to transform the financial and human capital into profits, Burt (1992), in Furubotn and Rudolf, (2005). Yustika (2008), describes social capital, which is based on trust and ekspe k tation, a person who is considered to be honest and have a good reputation will be easier to gain an appreciation of the individual that has no credibility.

Empowerment is a concept that involves a comprehensive or holistic values in the society. People who are in a position fully untapped potential through empowerment is expected to increase not only economic, but also dignity, dignity, a sense of perc ya self, and her self-esteem. Empowerment not only grow and develop value-added economy, but also the added value of social and cultural added value. Empowerment is the community's independence, and establish the ability to advance themselves toward a better life in a sustainable manner. Therefore, empowerment involves changes not only the ability, but also the attitude, then empowerment is a concept of culture. Through empowerment, the public will have greater confidence in the ability lebi h him, Kartasasmita (1996). In addition, the concept of empowerment is also referenced from Kapitsa (2008), Nauman et al. (2009), Harris et al. (2009), Nielsen & Christian (2003), Elmes et al. (2005), conceptualize empowerment as c onstruct based on the deployment of superior subordinate authority and construct modern individual who meets the desire for self-determination and capabilities.

Research on the impact of social capital on innovation in small and medium industries in Indone sia has been investigated by Brata et al. (2009), that more than half of the respondents is an innovative producer. Product and organizational innovation is an important innovation in the type of bamboo handicraft. Social capital, measured by the index of confidence in the gnifikan affect innovation index. Another important variable affecting the innovation index is the location, gender and education. However, in the logistic regression, only education significantly explain the probability of innovation.

A study of small and medium industries in Southeast Sulawesi province is expected to produce a link between the role of the government towards the empowerment of Small Industries, as well as the role of social capital with the government for the empowerment of Small Industries. If the industry is able to power the small welfare can be realized. Based on the explanation of the conceptual framework can be illustrated in Figure 1

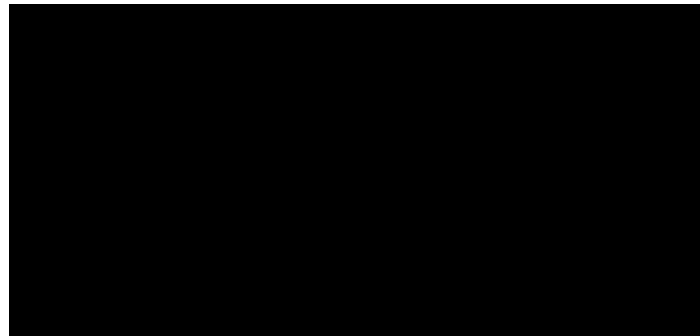


Figure 1. Conceptual Framework

Research Hypothesis

Based on the conceptual framework depicted in Figure 1, the purpose of the research and the relationship between variables, the hypothesis is formulated as follows.

- H1. The role of government significant effect on social capital
- H2. The role of governments significantly influence the empowerment of small industries.
- H3. Social capital significantly influence the empowerment of small scale industries
- H4. The role of governments significantly influence the empowerment of small industrial businesses through social capital.

II. Methods

Location and Time of the Research

This research was conducted at the Small Industry in Southeast Sulawesi, Small Industries was chosen as the research object because it is able to absorb a relatively large workforce, able to survive and produce. Seen from the Small Industries contribution to the GDP of Southeast Sulawesi is also relatively large. In accordance with its business grouping (BPS, 2008), Small Industries synonymous with SMEs spread across the districts/cities in Southeast Sulawesi. In addition, their products are products supporting GDP.

Location of the study was 12 districts/cities in the Southeast. Reason d iambilnya throughout the region because there is a chill to the industry, which according to the data Disperindag year 20 11 there are 4 (four) types of small industries which a comfortable, t enun, k erajinan wood carving, and p erhiasan) wood carving handicraft industry just are not there in 7 (seven) districts/cities, namely: Buton, Buton North, Konawe South, North Konawe, Kolaka, Bombana, and Bau-Bau.

Population and Research Sample

population in this study is the Entrepreneur in 4 (four) small industries, namely (woven, weaving, wood carving crafts, and jewelry) in 12 districts / cities in Southeast Sulawesi. Employers on 4 small industries which is the study population in 12 districts / cities in Southeast Sulawesi is as much as 256 people. Determination of sample size in this study using Slovin formula Uma Sekaran (2003). The sampling technique used is the Probability sampling Cluster sampling, which first classifying the population into sub-populations according to the type of small industries (weaving, weaving, wood carving crafts, and jewelry). Thus, the distribution of samples obtained for 156 people.

Identification and Definition of Operational Variables

In this study variable (construct) is a concept based on the theory and empirical studies. The variables used in this research consists of 3 types: Exogenous variables, role of government (X) were measured by four indicators which include: p roduction and p engolahan, p emasaran, HR and T echnology. Intervening variables, Social Capital (Y 1) were measured by four indicators which include: trust, norms, networks and eskpektasi/expectations. Endogenous variables, empowerment Small Indutri (Y 2) were measured by four indicators which include: the level of productivity, the use of lo cal workers, increased revenue and innovation.

Referring to the identification of variables that has been stated above, will be explained further operational definition of each variable to be studied:

1. The role of government in this study is a policy taken by the government, both provincial governments and district / city, to increase the empowerment, the ability and success of small industry.

2. Social capital is seen as a study of the various types of asset accumulation of social, psychological, cultural form of knowledge, understanding, values, traits of social organization such as trust, norms (or reciprocal relationship), and social networking (civic engagement) which can improve the efficiency of society by facilitating coordinated actions adopted from the theory proposed by Coleman (1988); Putnam (1993); Uphoof (1999); Dhesi (2000); Yang and Farn (2009) and the results of research Nurami Meri (2012); Yustika (2008); Rostin (2012) and Yuliarni (2012).
3. Small Industries empowerment is the result of the process of empowerment of the powerless small industries (less powerful) becomes Powered (powerless). Thus empowerment is a small industry in research is an attempt to improve the ability of the individual actors of the Small Industries compounding in the community to build the capacity and resilience of the economy. So empowerment lies in their own decision making process for choice mengembangkan adaptation to changes in the social environment of the theory adopted Madekhan Ali (2007); Kapitsa (2008); Et.el Nauman (2009); Mawardi (2007); Ningtias (2009); Nelsen and Christian (2003); Elmes et al. (2005) and the results of research Yuliarni (2012)

III. Methods of Data Analysis

Data analysis method used is descriptive and inferential statistics, namely Structural Equation Modeling (SEM) Variance-based Partial Least Square (PLS) using PLS software, Microsoft Excel, and SPSS software.

Description Analysis

The analysis aims to interpret the description of the respondent's perception of choice and a statement of the frequency distribution of respondents' statements that the data has been collected. Respondents described the statement by using a five-scale Likert scale. Each scale has gradations of assessment is very ugly / low to very good / high set forth in the answer choices. Then describe each variable, a general overview of the characteristics of the respondents as well as the research object in the form of respondents' statements, sum, average, and percentage.

SEM Analysis of Variance Based Partial Least Square (PLS).

Partial least squares (PLS) is a more appropriate approach for prediction purposes. PLS was first developed by Herman Wold, he is the teacher of Karl Joreskog (which develops SEM). This model was developed as an alternative for situations where theory is weak or indicators available do not meet the reflexive measurement model. Wold (1985) mentions the PLS as "soft modeling". PLS is a powerful method of analysis because it can be applied at all scales of the data, does not require a lot of assumptions and sample size should not be large. PLS than can be used as confirmation of the theory can also be used to recommend an existing relationship or no and also proposed propositions further testing.

IV. Results And Discussion

Testing Path Coefficients And Hypothesis Testing

Testing hypotheses and direct path coefficients between variables influence the government's role to social capital and empowerment of small industries. Results of testing of influence between variables can be determined from the value of the path coefficient and the critical point (t-statistics) are presented in the path diagram Figure 2.

Path Coefficient Diagram and Hypothesis Testing

The test results in Figure 2. is obtained from the three tested directly influence both the perception and the ratio of data all are positive and significant effect, namely: (1) the role of government a significant effect on social capital, (2) the role of government a significant effect on the empowerment of small industries, and (3) social capital significantly influence the empowerment of small industries. Results of testing of influence between variables can complete Figure 2. are presented in Table 1.

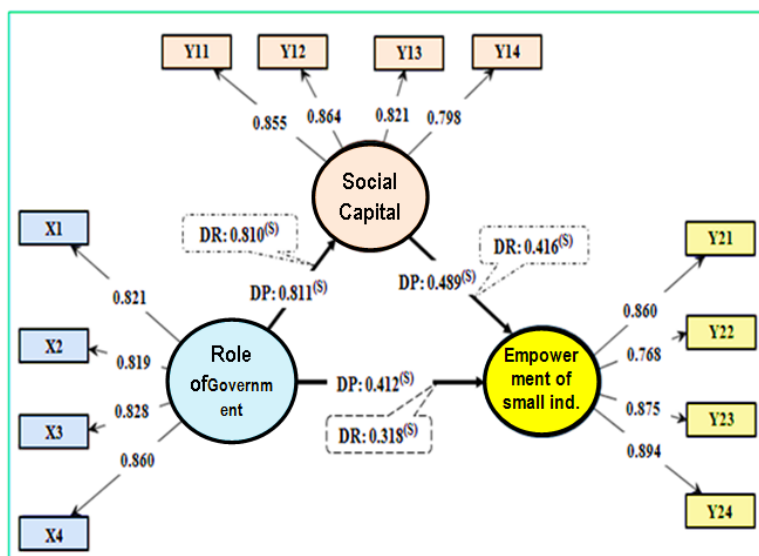


Figure 2. Hypothesis Testing

Notes: S = significant (p-value) at $\hat{I} \pm = 0.05$; DR = Data Ratio; DP = Data Perception Source: Processed PLS, 2014

Table 1. Path Coefficient and Hypothesis Testing

Hypothesis	Relationship Between Variables		Perception Data		Data Ratio		p-value	Results
	Eksogen	Endogen	Path Koef.	t-statistics	Path Koef.	t-statistics		
H 1.	Role of Government	Social Capital	0.811	33.948	0.810	34.478	0.000	Significant
H 2.	Role of Government	Empowerment of SI	0.412	4.661	0.318	3.759	0.000	Significant
H 3.	Social Capital	Empowerment of SI	0.489	5.373	0.416	5.187	0.000	Significant
Mediation effect								
Hypothesis	Exogenous	Mediation	Endogenous	Path Coefficient		Nature of Mediation	Results	
				Perception	Ratio			
H 4.	Role of Government	Social Capital	Empowerment SI	0.397	0.337	Partial Mediation	Significant	

Source: Processed PLS, 2014

V. Discussion

Discussion of research hypotheses and path coefficients are distinguished on the direct effect and the indirect effect (mediation). Description of the discussion of the value of the average (mean), the measurement model (outer loading), and the structural model (inner model) hypothesis testing, as follows:

Effect of Social Capital on Government Role

The results of testing the effect of the government's role to social capital can be evidenced by the value of the path coefficient estimate both the perception of ratio data showed a positive and significant influence. The test results prove that the better the role of government, the increasing social capital. It can be interpreted that the increased role of government and the direction of the real to the enhancement of social capital, which measured four indicators, namely; (1) Guidance and small industry development in the field of production and processing, (2). The promotion and development of small industry in marketing, (3). Coaching and development in the field of Human Resources and (4). The promotion and development of small industries in the technology. The Role of Government in question in this research is a central government measures taken, Prov local government and district / city to improve the ability and success of small industries such as; (1). Improving management capability through training, (2) To provide convenience and procurement for production and processing of raw materials, auxiliary materials and packaging. (3). Provide facilities and support promotion and market trials. (4). Marketing the production of small industries, (5). Increase the technical and managerial skills, (6). Providing extension workers and small industry consultant, (7) .Meningkatkan ability in the field of production technology and quality control, (8). Increase cooperation and technology transfer. in other words, these results reflect that the role of government is better able to support changes to increase social capital in small industry.

The results of this study support the research Yuliani (2012) that the role of government positive effect on social capital. This means that it is capable of bridging social capital and affect balance training programs conducted by the government and related institutions. Government linkages with social capital owned by entrepreneurs using the indicator of social networks, trust, and the expectation that there is a relation of social capital to the government's role in empowering SMEs in the province of Bali is reflected from an association of craftsmen with the government through the development of relevant agencies, bridging loan application to banks, limited human resources and the difficulty in producing market access. Later research also reinforces Coleman (1988); Fukuyama (1995); Putman (1995) that social capital, especially trust and norms evolve through collaboration dilute an important role in driving economic progress and make democracy work.

Influence of Role of Government on a small industrial Empowerment

Hypothesis test results found that the effect of the government's role towards the empowerment of small industries can be evidenced by the value of the path coefficient estimate both the perception of ratio data showed a positive and significant influence. It can be interpreted that the better the role of government, the empowerment of small industries is increasing. This means that increasing the role of government and the direction of the real against the increase in the empowerment of small industries, which measured four indicators or policy that is; (1) Development of a small invitation Industrial development in the field of production and processing, (2). The promotion and development of small industry in marketing, (3). Coaching and development in the field of Human Resources and (4). The promotion and development of small industries in the technology. The Role of Government in question in this research is a central government measures taken, Prov Government and district / city to improve the ability and success of small industrial or small industrial entrepreneurs in response to measures taken such as; (1). Improving management capability through training, (2) Provide ease of procurement for the production and processing of raw materials, auxiliary materials and packaging. (3). Provide facilities and support promotion and market trials. (4). Marketing the production of small industries, (5). Increase the technical and managerial skills, (6). Providing extension workers and small industry consultant, (7) .Meningkatkan ability in the field of production technology and quality control, (8). Increase cooperation and technology transfer. In other words, these results reflect that the role of government is better able to support changes to increase the empowerment of small industries.

Effect of Social Capital on Empowerment of Small Industries

Hypothesis test results found that social capital has positive and significant impact on the empowerment of small industries. Thus the results of this research can prove that the higher the social capital, the empowerment of small industries is increasing. It can be interpreted that the higher the social capital, the increasing empowerment of small industries in the Southeast. This means that an increase in social capital significantly influence the direction and empowerment of small industry as measured by four (4) indicators, namely (1) Indicators of Trust, (2) indicator Norma, (3) Network indicator, and (4). Expectations / hopes. The social capital referred to in this research is the perception or opinion / statement of small industry respondents to social capital measured as; (1). Believe that the people who buy goods orders will be paid in accordance with the agreement, (2) .Percaya that employees work with honest, (3). Small industries produced goods are genuine, (4) .Mempunyai belief that the goods ordered will be completed on time, (5) Always do a good relationship with fellow entrepreneurs in the rural environment, (6) .Berhubungan with suppliers of raw materials, (7) .Mempunyai expectation that produced goods to be sold, (8) .Mempunyai hopes of getting orders repeatedly. This study reflects that high social capital of managers of small industries in the Southeast is able to support the variation of changes to increase the empowerment of small industries. Based on the research findings of high social capital can significantly increase the empowerment of small scale industries.

Mediating Effects of Social Capital In The Role of Government in Small Industry Empowerment

The results of the evaluation of the effect of test variables on the government's role in the empowerment of small industrial businesses early models with mediating variables involving both perception data and ratio data, indicating the role of government is directly significant effect on social capital and the empowerment of small industry variables. Then the social capital variables also have a significant effect on the empowerment of small industries. To conclude the nature / type of mediating variables of social capital, then the variable directly analyzed the role of government relations with the empowerment of small industry without involving mediating variables in the model and results of testing both the perception and the ratio of data known to influence the role of the government towards the empowerment of small industries through the mediation of social capital is partial (partial mediation). This result means that the relationship between the role of government can directly affect the empowerment of small scale industries can also be through social capital. The results of the investigation there is enough empirical evidence that the role of government significantly influence the empowerment of small industries, which is mediated by social capital. This means that social capital

significantly influenced by the role of government and social capital significantly affect the empowerment of small industries, then the role of government significantly affecting the empowerment of small industries.

The results of testing the indirect effect (mediation) can also be proved by Sobel formula. Sobel test approach and some of its variants in testing the significance of indirect effects, popularized and recommended by Baron and Kenny (1986). Sobel calculation results also proved that the indirect effect or indirect effect of the government's role variable to variable empowerment of small industries through the mediation of social capital variables. It can be concluded that both the perception and the data based on the data rate approaches Sobel test of mediation with the same formula with coefficients examination approach that significantly increase the government's role in promoting the empowerment of small industries, as well as through the management of high social capital.

VI. Contributions Research

Based on the results of data analysis and discussion, the theoretical and practical contribution to this study as follows:

Theoretical contributions

This study provides a theoretical contribution to the development of science, especially the role of government, social capital and small industries *keberdayaaan* as follows:

The results of this study can add to the discourse of science that deals with the role of government terhadap empowerment of small industries by Abdullah (1999); Kye, W.L. (2006); and Marri et al. (2002) that government support for small and medium-sized industries that provide special loans, technical support, taxes, market liberalization, incentives for technology development, the establishment of research centers, logistical support and Industrialization zone. In addition, the policy formulation of public policy for a series of economic transformation, social and institutional conditions that have a positive impact on society as a whole also received great attention the North (1981); Todaro (2000); Quddus et al. (2000); Deliarnov (2005); and Stiglitz, (2006).

The results of this study reinforce the theory of social capital by Narayan (1997) that social capital is the rules, obligations, reciprocity and trust embedded (embedded) in social relations, social structures and institutional arrangements of a society that allows its members to achieve individual goals and communication purposes. Also supported by Coleman (1988); Putnam (1993); Uphoof (1999); Dhesi (2000); Yang and Farn (2009) that social capital is seen as the accumulation of various types of social assets, psychology, culture in the form of knowledge, understanding, values, traits of social organization such as trust, norms (or reciprocal relationship), and social networking (involvement civilian) which can improve the efficiency of society by facilitating coordinated actions. The concept of social capital was first adopted in community studies (Jacobs, 1965) and family relationships, further developed for use in the business (Wu and Tsasi 2005 in Yang, S and Farn, C., 2009).

The results of this study have contributed to the development of the conceptual and theoretical insights empowerment of the powerless small industries (less powerful) becomes Powered (powerless). Efforts to improve the ability of individual small industry players who fused in the community to build the capacity and resilience of the economy. Empowerment lies in their own decision making process for choice mengembangkan adaptation to changes in the social environment by Madekhan Ali (2007); Kapitsa (2008); Et.el Nauman (2009); Mawardi (2007); Ningtias (2009); Nelsen and Christian (2003); Elmes et al. (2005).

The results of the study contribute additional evidence about the role of government measures developed by the government through government regulation No. 32 years (1998); UU.NO 32 years (2004); Act No. 20 (2008) and Harman Sentot (2001) and studies Putnam (1995), Quigley (1996), Nahapiet and Ghoshal (1998), Hughes and Robert (2010), Box (2011) and Yuliarni (2012). Then, the measurement of social capital proposed by Coleman (1988); Putnam (1993); Uphoof (1999); Dhesi (2000); Yang and Farn (2009) and the results of research Nurami Meri (2012); Yustika (2008); Rostin (2012) and Yuliarni (2012). Finally, the findings of this study could prove empowerment measurement of small industries by Madekhan Ali (2007); Kapitsa (2008); Et.el Nauman (2009); Mawardi (2007); Ningtias (2009); Nelsen and Christian (2003); Elmes et al. (2005); Hidayat (2014); Bylaw N0. 4 Pekanbaru City in 2002; Bylaw N0. 1 year (2011) Kab.Karawang; Yuliarni research results (2012).

Practical Contributions

Practical contribution of this research is expected to provide managerial implications in the implementation of the government's role in Southeast Sulawesi province to increase social capital and empowerment of small industries. Elaboration of practical contribution of this research can be described as follows:

Increasing the role of government, social capital, and empowerment of small industries is not enough only done by government institutions as holders of power, but takes an active role and cooperation of all

elements of society especially. So the government's role in the promotion and development of small industries can be controlled by the community. Therefore social capital and empowerment of small industries can be achieved in accordance with the objectives mandated by government regulation No. 32 (1998); Law No. 32 (2004); and Act No. 20 (2008).

The results of this study provide knowledge and understanding of the relevant institutions such as government and managers of small industries in Southeast Sulawesi indicator of marketing that needs serious attention in order to increase the government's role in coaching and development. Strategies that can be used to increase the role of government is to focus attention on the marketing indicators through the government's ability to conduct research and marketing studies; provide facilities and support promotion and market trials so that marketing agencies and distribution network for the products of small industries; help market the products of small industries and provide professional consultants in the field of marketing; and provide the trade and the promotion of small industries and provide market opportunities for the products of small industries

VII. Conclusions and Recommendations

Conclusion

The role of government will be able to increase social capital. This is done through the coaching and development of small industries in the field of production and processing, marketing, human resources and technology. Overall had a good outcome based on an assessment of the perception of small industry players.

The role of government can make a real contribution to the significant increase in empowerment or small industry. This has implications for the promotion and development of small industries and should do by enhancing the ability in the field of production technology that has a real and crucial contribution increased innovation.

Social capital can increase the empowerment of small industries. It can be measured through indicators, trust, norms, networks and expectations, Overall had a good existence is based on an assessment of the perception of social capital and small industry norm measurement indicators have a dominant or highest contribution in reflecting social capital. The existence of these dimensions of social capital has been able to make a real contribution to the empowerment of small industries that achieved so far.

The role of social capital as mediating the relationship between the role of the government towards the empowerment of small industries can contribute important and real. That is the role of government influence on the empowerment of small industries through the mediation of social capital is partial (partial mediation). This means that social capital significantly influenced by the role of government and social capital significantly affect the empowerment of small industries, then the role of government significantly affecting the empowerment of small industries.

Recommendations

Based on the results and conclusions of this study, can be delivered the following recommendations:

The promotion and development of small industry in the field of technology has a dominant contribution or deemed important in reflecting the role of government. Thus the small industrial entrepreneurs and the government focus more on the development of indicators and development of technology. But still improve and enhance marketing indicator indicator.

Product innovation is based on the perception of respondents deemed the highest priority in its implementation and is an indicator of the most important / powerful in reflecting the variable empowerment of small industries. Thus the manager of a small industry and government focus more on product innovation indicator. But still improve and increase productivity gains indicators assessed by the respondents are still lacking.

Norma is the most important indicator in reflecting the measurement of social capital, but according to the perceptions of the respondents turned out inikator expectations / hopes in view of the relative priority or key in the implementation. This indicates that the indicators of dominant norms but has not carried properly. The results of this study norm indicator is an indicator of the most important / powerful in reflecting social capital but in the opinion of the respondents have an average value of the smallest to the two.

The accuracy and precision of analytical models for 0.74. This means that the diversity of the variable role of government, social capital and empowerment of small industries can be explained by 74% and the remaining 26% explained by other variables. Therefore researchers can further develop a research model by adding other variables such as: characteristics of the business environment, innovation entrepreneurship, management capabilities, independence, competitiveness, and develop a measurement model. In addition, coverage of the object and the respondents of this study can be viewed more broadly not only small industries (weaving, weaving, wood carving crafts, and jewelry), but the entire small industry both in southeast Sulawesi and elsewhere in Indonesia.

References

- [1]. Adhikari, Krishna Prasad. 2009 Social Capital and its "downside"; The Impact on Sustainability of Induced Community-Based Organization Nepal. World Development Volume 38 No. (2): pp.184-194.
- [2]. Adiningsih, Sri. 2011. Regulation in the Revitalization of Small and Medium Enterprises in Indonesia. <http://www.google.com>. February, 2011.
- [3]. Aziz, Fauzi, 2010 Revitalization and Growth of Small and Medium Enterprises in Indonesia. Director Jendra I Small and Medium Industry, Jakarta.
- [4]. Brata, Aloysius Gunadi. 2009 Innovation and Social Capital in the small- Medium Enterprises: a case of bamboo handicraft in Indonesia. MPRA. Paper No.15696, June 13. 2009/08 posted: 42. Online at <http://mpra.ub.uni-muenchen.de/15696>
- [5]. Bourdieu (1986). Social Capital. Awaliyah. Social sciences. Com/content/f social capital.
- [6]. Burt (1997). Administrative Science Quarterly, Www lib. Uchicago.edu/c/busecom/ /burt.html.
- [7]. Carey, Dermot and Antoinette Flynn.2005. Bank finance is the Achilles' heel of Irish SMEs? Journal of European Industrial Training 29 (2): 712-729.
- [8]. Coleman, James S. 1988 Social Capital in the Creation of Human Capital. The American Journal of Sociology, Supplement: Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure 94: 95-120.
- [9]. Delianov. (2005). The development of economic thought, libraries, um, ac.id.
- [10]. Elmes, Michael B, Diane M. Strong and Olga Volkoff. Pano 2005 ptic empowerment and reflective conformity in enterprise systems-enabled Organizations. Journal of Information and Organization 15: 1-37.
- [11]. Furubotn, Eirik and Rudolf G Richter.2005. Institutions and Economic Theory, The Contribution of the New Institutional Economics. Second Edition. The University of Michigan Press.
- [12]. Francis Fukuyama. 1995 Trust: The Social Virtues and the Creation of Prosperity London: Penguin Books.
- [13]. Goeltom, Miranda S. 2007 Essays in Macroeconomic Policy: The Indonesian Experience. Gramedia Pustaka Utama, Jakarta.
- [14]. Gomez, Richardo and Luciana C. de Oliveira Miranda Gomez. 2009 depicting the arena of local government authorities in which Brazilian of make decisions. International journal of public sector management, volume22 (2): 76-90
- [15]. Harris, Kenneth J, Anthony R. Wheeler and K. Michele Kacmar.2009. Leader-member exchange and empowerment- Direct and interactive effects on job satisfaction, turnover intentions, and performance. The Leadership Quarterly, 20: 371-382
- [16]. Hughes, Mathew and Robert K. Perrens.2010. Shaping and re-shaping social capital in buyer-supplier relationships. Journal of Business Research: 2-8.
- [17]. Ibbotson, Patrick, and Lucia Moran.2003.E-banking and the SME/bank relationship in Northern Ireland. International Journal of Bank Marketing 21 (2): 94 -103.
- [18]. Joko HP and Siti Aminah. 2003 paved the Role of Government in Local Economic Empowerment. And Reseach Institute For Empowerment (IRE) .Pemberdayaan Indigenous Peoples, Yogyakarta.
- [19]. Kartasasmita, Ginandjar. 1996 Power and Empowerment: A Study of Concepts Regarding Community Empowerment. <http://www.google.com>.
- [20]. Kapitsa, La Rissa M.2008 Women's Economic Empowerment. C/WSRWD/2008/EP.7.12 November 2008, pp. 1-14. Bangkok, Thailand.
- [21]. Kuncoro, Mudrajat. 2007 Industrial Economics Indonesia. Menuju New Industrial State Publisher 2030, Andi Offset CV. Yogyakarta.
- [22]. Kye, 2006 WL Effectiveness of government's occupational skills development strategies for small- and medium-scale enterprises: A case study of Korea. International Journal of Educational Development 26: 278-294.
- [23]. Madill, Judith J., Lisa Feeney, Alan Ridg and George H. Haines. 2002 Determinants of SME owners' satisfaction with Reviews their banking relationships: a Canadian study. International Journal of Bank Marketing 20 (2): 86-98.
- [24]. Marri, HB, Gunasekaran A., B. Kobu, Grieve RJ 2002 university Government industry collaboration on the SMEs- successful implementation of CIM in an empirical analysis. Journal of Logistics Information Management 1 (2): 105-114.
- [25]. Menard, Claudia. 2000 Editor. Institutional, Contracts and Organizations. Perspectives from New Institutional Economics. Edward Elgar Publishing Limited.
- [26]. Madekan Ali (2007). Community Empowerment. Chikacemoet. blogspot.com/2013/02.html.
- [27]. Nauman, Shazia, Azhar Khan and Nadeem Mansour Ehsan.2009. Patterns of empowerment and leadership style in project environment. International Journal of Project Management: 2-12.
- [28]. Nielsen, John Flohr Nielsen and Christian Preuthun Pedersen.2003. The Consequences and limits of empowerment in financial services. Scandinavian Journal of Management 19: 63-83.
- [29]. Ningtias, Kartika. 2009 Small Industries in Rural Empowerment (Studies Upaya Peningkatan Keberdayaan Craftsmen Fabric Source In the village of Hope Sambas Sambas Sambas District District of West Kalimantan). Discourse 12.
- [30]. Porter, Michael E. 1990 The competitive advantage of a nation (Free Press, New York, 1990), pp: xx + 855 ~ 1998 Cluster and the new economics of corn - petition. Harvard Business Review, November-December 1998.
- [31]. Portes, Alejandro. 1998 Social Capital: Its Origins and Applications in Modern Sociology, Annu. Rev. Sociol.- 1998 24: 1:24. Department of Sociology, Princeton University, Princeton, New Jersey 08540.
- [32]. Prawirokusumo, Suharto. 2001 People's Economy (Concepts, Policy and Strategy) BPFE, Yogyakarta.
- [33]. Quddus, Munir, Michel Goldsby, Mahmud Farooque. 2000 Trust: The Social Virtues and the Creation of Prosperity. A review of Article. Eastern Economic Journal, 26 (1): 87-98.
- [34]. Rodriguez-Pose, Andrew, John Tamoney and Jeroen Klink. 2001 Local Empowerment through Economic Restructuring in Brazil: the case of the greater ABC Region. Journal of Geoforum 32: 459-469.
- [35]. Rostin, Hj. (2012) Influence of Social Capital and Empowerment for the welfare of coastal communities in Prov, Southeast Sulawesi, Fac. Economics and Business, Univ. UB. Dissertation.
- [36]. Stiglitz, Joseph E. 2006 Decade of Greed. Translated by Aan Suhaeni, Serpong, Tangerang.
- [37]. Suyana, Main I Made. 2006 Effects of Tourism Development on Performance and Changes in Economic Structure Economy And Welfare Society in Bali Province. Dissertation, rsitas Airlangga Pascasarjana Unive Program, Surabaya.
- [38]. Tambunan, TH 2008 issue of SMEs Development in Indonesia: An Effort Seeking Alternative Way. Industry and SME Studies Center University of Trisakti and Kadin Indonesia.
- [39]. Yuliami, Ni Nyoman. 2012 Role of Government, Institution And Social Capital In Empowering Small and Medium Industry (Studies in Industrial Crafts in Bali Province) .Pascasarjana Faculty of Economics & Business Universitas Brawijaya. Dissertation.
- [40]. Yustika, Ahmad Erani. 2008 Institutional Economics, Definisi, Theory and Strategi. Banyumedia Publishing, Malang.
- [41]. Yang, S and Farn (2002). <http://www.google.com>. search?q