

IMPROVED PERFORMANCE THROUGH EMPOWERMENT OF SMALL INDUSTRY

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ABSTRACT

This research is intended to study how does the implementation of education and training, government assistance, business partnership, and government regulation effect business ability and business success? The sample of this research 174 small business units in east java province and selected by using stratified cluster sampling technique. Applying structural equation modeling analysis, the research findings are as follow. First, education and training with indicator charisma an instructor, instructor team cooperation, accuracy of method teach, motivation follow, according to its items have an effect on positive to business ability but have not an effect to success of small business with indicator production efficiency and production extension. Second, government assistance with indicator, technical assistance, guidance, management, financial and tuition having an effect on positive to ability and success of small. Third, business partnership with indicator, trade cooperation, network, contract sub, technological cooperation and vendor have an effect on positive to business ability with indicator attitude, emotional intelligence, skill and knowledge but have not an effect to success of small business. Fourth, regulation of government with indicator, quota, tariff, licensing and market information have an effect on positive to business ability with indicator attitude, emotional intelligence, skill and knowledge but have not an effect to success of small business with indicator production efficiency and production extension. Fifth, business ability have an effect to success of small business. From the finding 1 to 5, the researcher conclude that, to increase small business success is needed five variables observed (education and training, assistance, partnership, and regulation and business ability) and to increase business ability is needed of the four variables observed (education and training, assistance, partnership, and regulation).

Keywords: Educations and training, Assistance, Partnership, Regulation, Ability, Business success.

Contribution / Originality

This research tries to pick the actual problems in the implementation of the government's guidance to small industries. Aware of the realities that exist in small industry, the government waged against the empowerment of small industries is needed. It aims to describe and analyze the

effect of empowering the government on the ability of efforts and success of small industrial enterprises. It has contributions such by knowing the theoretical implications, it is expected that the research findings would be useful for the development of economics, especially economic empowerment of small producers and it is expected as practically to be useful for the policy makers at both central and local government as scientific input in decision making, especially small industry development programs, poverty reduction and improvement of the people's economy.

1. INTRODUCTION

Contribution of small scale industries in employment showed significant increases employment growth of small industries for the year 2011, the industry was able to absorb as much as 101,722,458 small workers, when compared to 2010 has increased by 2.33% to 99,401,775 .

The role of small industries in the economic growth of Indonesia is very large. Since the economic crisis years (1997-2001) were very significant role of small industries in the formation domestic gross product (GDP) of Indonesia, which in 1999 reached 43.08% of the total GDP of Indonesia and in 2009, the composition of the national GDP was composed of small industries for 53.32 percent, and 41.00 percent of large businesses, and government sector 5.68 per cent. For comparison, Citibank survey done to get the numbers of small industrial sector's contribution to GDP in 2009 reached 55.56 percent. Citibank research for the period 2005-2008 also showed that the number of small industrial units grew an average of about 8.16 percent per year. (Central Bureau of Statistics of the Republic of Indonesia, 2012).

On the other hand the contribution of small industries in the non-oil exports in 2010 reached approximately Rp.175, 89 trillion. A small industry has been the reinforcement of non-oil exports up 15.80% at least of the total non-oil exports amounted to Rp. 1.112 trillion. Contribution of small industries in the export industry is testament to the capability and competitiveness in the free market, it is also a potential that needs to be maintained to keep the continuity of international trade and greater foreign exchange earned. (Central Bureau of Statistics of the Republic of Indonesia, 2012).

The main problem for the development of basic and small businesses can also be viewed from the external and internal aspects (Sasono, 2001). External factors are: the limited recognition and guarantee the existence of small businesses The internal problems are: lack of control and ownership of production assets, especially capital, low human resource capacity including low levels of skill, effort institutional role of the people is not optimal in facilitating economic activities.

The analysis is intended to describe the form of among empowerment which is more important in improving the ability of business (knowledge, attitudes and skills) to the success of small businesses

2. LITERATURE REVIEW

2.1. Success of Small Industries

The success of small industries can be defined as the degree of success in achieving the expected intent or purpose (Suyanto, 2010). As a measure of the success of the business of an enterprise can be viewed from various aspects, such as financial performance and corporate image. Entrepreneurs who have a superior ability to make decisions that will improve business performance such as increased income and business growth (Sony, 2009). Aside from income, business success can be seen from the target set by the employer. To analyze the success of efforts to investigate the performance of a company can be formulated through a comparison of the value generated by the company's expected value by utilizing the available resources (Edi, 2005).

Performance of the company is the output of the various factors mentioned above that this measure therefore becomes very important to know the level of adaptability to the business environment. Business performance needs to be connected with the target set by the company's owner-manager businesses. Whatever the target, business performance is a benchmark for assessing the extent of achievement of a target or goal attempt.

Small entrepreneurs that includes a small industrial entrepreneurs are also the entrepreneur. Entrepreneurship is the result of a disciplined and systematic process of application of creativity and innovation in meeting the needs and opportunities in the market (Suryana, 2011). Small entrepreneurs play a role in identifying management ideas and new products, which generate new business opportunities. Business performance of the company is one of the goals of every entrepreneur. Performance of small industries can be defined as the degree of success in achieving the purpose / goals expected. As a measure of the success of the business of an enterprise can be viewed from various aspects, such as financial performance, corporate image, and others. "The success of the business can be seen from the efficiency of the production process are grouped based on technical efficiency and economic efficiency" (Algifari, 2003). "The success of the business is essentially the success of the business achieve its goals, a business is successful when it gets a profit, because profit is the purpose of a person doing business" (Henry, 2007) According to Albert Wijaya who argued that "factors which influence goals and be the measure of success of a company is profit" (Suryana, 2011).

Thus, it can be seen that the definition of business success is the success of the effort to achieve the goal, which is obtained from the successful entrepreneurs who have a smart brain, creative, keep up with technology and can apply it in a proactive and visible from the efforts of the entrepreneurs when their business are better than the previous period and illustrates more than any other equivalent or class, can be seen from the efficiency of the production process are grouped based on technical efficiency and economic efficiency, determined by the target of company managers-business owners, capital, business scale, profit, type of business or management, financial performance, as well as the image of the company.

2.2. The Ability of Small Industrial Business

Defines the ability of an individual is the capacity of an individual to perform various tasks in a job (Robbins, 2008). Overall ability of an individual is essentially composed of two (2) devices factors: intellectual abilities and physical abilities, ability (abilities) in such a person in a job is composed of two (2) basic skills. Namely:

1. Intellectual ability is the ability to work on the mental activity and physical ability to perform specified tasks demanding stamina, dexterity, and similar skills. This intellectual ability can be measured through the 7 (seven) dimensions of human intellectual abilities, namely: numerical, verbal, perceptual, inductive, deductive, and memory abilities that can be known through an IQ test (Intelligence Quotient). This ability is a lot more stress to the human brain's ability to work.
2. Physical abilities containing 9 (nine) basic physical abilities are strength and flexibility that dynamic strength, body, statistics, energy, flexibility and dynamic extents, body coordination, continuity and stamina. This capability emphasizes the body's ability to perform a variety of jobs.

2.3. Empowerment of Small Industries

Empowerment is the translation of the word empowerment, which is derived from the word empower containing two senses: (i) *to give power to* (give power, transferring power or delegate authority to other parties). (ii) *to give the ability to*, enable (attempt to provide the ability) (Oxford English Dictionary). Implicitly, the meaning stated that the concept of empowerment was born as antithetical to the model development and industrial models that are less in favor of the majority of the people.

Community Empowerment is the embodiment of the nuances of the community capacity building in human resources empowerment through institutional development ranging from the center to the countryside along with the socio-economic development of people's systems, infrastructure and facilities, as well as the development of the Three-P; mentoring that can drive participation total society, education can respond to and monitor changes-changes that occur in the community and services that serve as the controlling element of the accuracy of the distribution of assets of physical and non-physical resources required community. (Vitayala, 2000).

From the explanation above it can be concluded that empowerment is a small industry efforts to provide the industry's ability to run small businesses through control of distribution factors of production (through appropriate economic policy conditions and socio-cultural level).

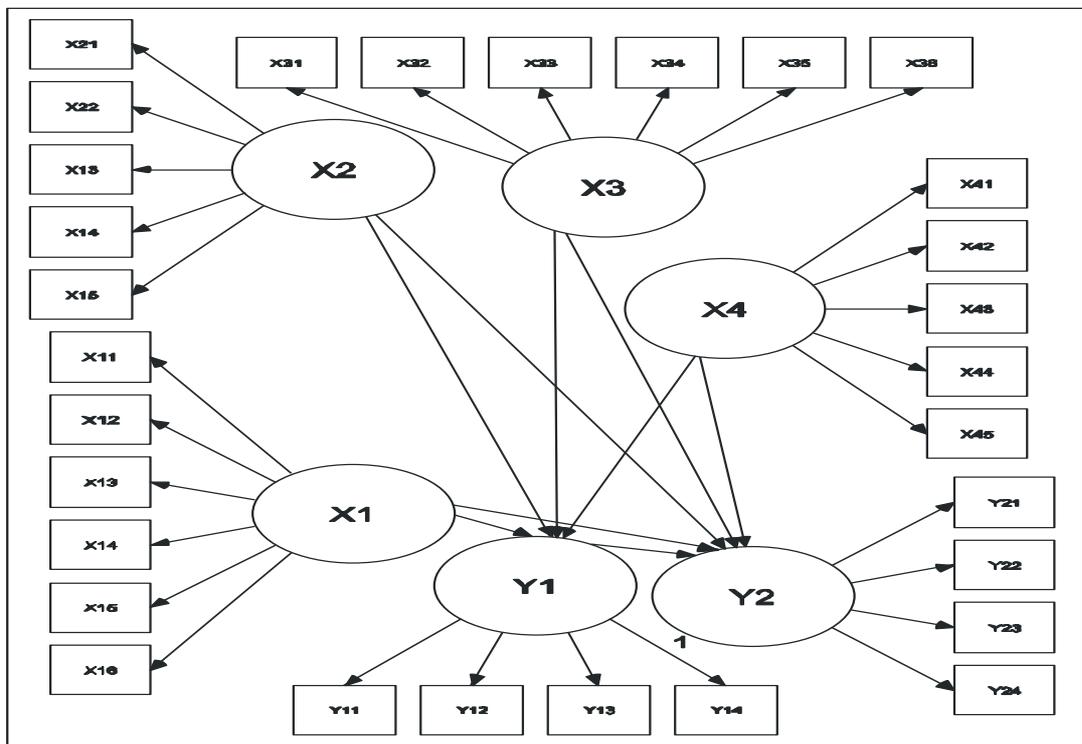
In this research, education and training variables to the indicators of (Antonio *et al.*, 2003) and (Eaglen *et al.*, 2000) which includes (motivation to follow, Suitability of material, accuracy of methods of teaching, team teaching, attractiveness, charisma). Variable assistance to the indicators of (Fredrik, 2000; Dimitris and Dimitris, 2004) includes (management, engineering, finance, direction and guidance). Variables business partnership to the indicators of (Stuart, 2000; Zaheer and George, 2004; Chen and Tseng, 2005) covers (trade cooperation, Subcontractors,

Vendors, technology cooperation, business networks, and cooperation modes. Government regulations and variables to the indicators from (Rasiah, 2002; Sullivan, 2002) include (Ease licensing, tariff setting, provision of quota, market information and infrastructure development). Accordance with the purpose of research, data analysis will be performed using Equation Models SEM (*Structural Equation Modeling*) which is collection of statistical techniques that allow the testing of relatively complex series of relationships and simultaneous.

3. RESULTS

This study with a sample of 174 respondents by Ferdinand (2000) and the sample size is appropriate in the analysis of SEM (*Structural Equation Modeling*) is approximately 100 -200, further suggested a minimum sample size of as much as 5 to 10 times the number of indicators in the variable latent. While the sample of respondents in this study is 29 multiplied by an indicator variable 6 respondents totaling 174 companies. The technique used (*stratified cluster sampling*) and is based on areas that have potential for industrial development (*industrial district*)

Figure-1. Conceptual Model Development Questionnaire



Source: Of several theories.

Description of the models:

(X1) = Education and Training; (= Motivation Following X11), (X12 = Conformity Materials), (X13 = Accuracy Teaching Methods), (X14 = Team Teacher), (X15 = Lure), and (X16 = charisma),

(X2) = Government Assistance; (X21 = Management), (X22 = technique), (X23 = Finance), (X24 = Direction) and (X25 = Guidance)

(X3) = Business Partnership; (X31 = Trade), (X32 = Subcontract), (X33 = Vendor), (x34 = Cooperation Technology), (x35 = Business Network) and (x36 = Cooperation Capital),

(X4) = Government Regulation; (X41 = Licensing), (X42 = Rate), (X43 = provision of quotas), (X44 = Market Information), (X45 = infra structure).

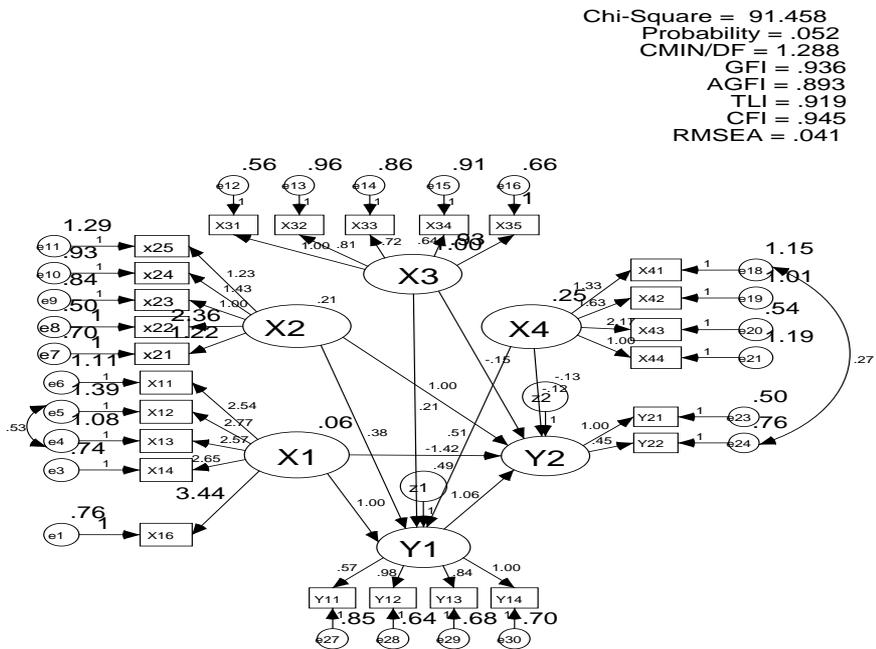
(Y1) = The ability of a business; (Y11 = Knowledge), (Y12 = Attitude), (Y13 = Skills) and (Y14 = emotional maturity),

(Y2) = The success of the business; (Y21 = Efficiency of production), (Y22 = Expansion of Production), (Y23 = Profitability) and (Y24 = Public Trust),

3.1. Test Results Analysis Model SEM (Structural Equation Modeling)

The final test results can be seen in Figure 2.

Figure-2. Test results the final model



3.2.

Comparative Analysis of Results of SEM (Structural Equation Modeling)

After showing structural models obtained from the analysis starting from the beginning according to the conceptual models, the simulation model of the first stage to the second stage, it is necessary to set out a model of structural alignment value model (*goodness of fit index*) is best. In this study, the criteria used as a basis to determine the best model is the fulfillment of the

probability (P)-value, goodness of fit index (GFI), adjusted goodness of fit index (AGFI), tucker Lewis index (TLI), comparative fit index (CFI), root mean square error of approximation (RMSEA) and the fulfillment of Chi-square (X^2 with degrees of freedom (Df) is the smallest (Ferdinand, 2000). Table 1, the following is a comparison of the model coefficients alignment of the three selected models.

Noting Table 1, it was found that the model has good alignment model, which is the second model. The second model has the best alignment in terms of acquisition of the P-Value largest coefficient, CMIN / Df smallest, largest GFI, AGFI biggest, biggest TLI, CFI and RMSEA smallest largest. Determination of the second model as the best model based on insufficient alignment of the model coefficients and the resulting pattern is a significant relationship between the variables as presented in Table 2

Table-1. Comparison of Test Results Alignment Model

Alignment Model	Criteria	Early Model	Models of Phase I	models of Phase II
Chi Square	small	1210,943 Too big	131,101 fulfilled	91,458 Fulfilled
Significance Probability	$\geq 0,05$	0,000 Not fulfilled	0,000 Not fulfilled	0,052 Fulfilled
CMIN/DF (degree of freedom)	$< 2,00$	3,035 Not fulfilled	3,242 Not fulfilled	1,288 Fulfilled
GFI (goodness of fit index)	$\geq 0,90$	0,688 Not fulfilled	0,703 Not fulfilled	0,936 Fulfilled
AGFI (adjusted goodness of fit index)	$\geq 0,90$	0,637 Not fulfilled	0,646 Not fulfilled	0,893 Fulfilled
TLI (tucker Lewis index)	$\geq 0,95$	0,554 Not fulfilled	0,570 Not fulfilled	0,919 Fulfilled
CFI (comparative fit index)	$\geq 0,95$	0,591 Not fulfilled	0,610 Not fulfilled	0,945 Fulfilled
RMSEA (root mean square error of approximation)	$\leq 0,08$	0,108 Not fulfilled	0,114 Not fulfilled	0,041 Fulfilled

Table-2. Results of testing the effect of empowering the government to the business success of small businesses skill sand and clothing industries in East Java

NO	Variable	Path Coefficient	S.E	C.R requirement $> 1,96$	Probability requirement $< 0,05$	Specificatio n
1	The ability of a business ← Education and training	1.000				Significant
2	The success of the business ← Education and training	-1.421	0.48	-2.946	0.003	Not Significant
3	The ability of a business ← Government Assistance	0.380	0.17	2.156	0,031	Significant
4	The success of the business ← Government Assistance	1.000				Significant
5	The success of the business ← The business partnership	0.215	0.075	2.870	0,004	Significant
6	The success of the business ← The business partnership	-0.145	0,074	-1.956	0,050	Not Significant
7	The success of the business ← Government regulations	0.511	0,182	2.811	0,005	Significant
8	The success of the business ← Government regulations	-0.120	0,159	-0.753	0,452	Not Significant
9	The success of the business ← The ability of a business	1.063	0,149	7.141	0.000	Significant

Source: Primary Data on though

Seen from Table 2 above, the CR value and the probability of significance at a significance level (α) = 0, 05. Can be found that the influence of empowerment variables (education and training, support, business partnerships, government regulation) on the ability of business and the influence of empowerment variables (education and training, support, business partnerships, government regulations) and the ability of the business to the success of small business in East Java, as follows:

4. DISCUSSION

First. influence of government's education and training to business capabilities. From five of the six indicators that can be used as a measure in explaining variables, namely education and training: following the motivation, suitability of material, appropriateness of teaching methods, teacher team and charisma. These five indicators are jointly able to explain the variables of education and training.

These findings indicate that the results are relevant with what was uttered by [Eaglen et al. \(2000\)](#) who states that the benefits of training can be beneficial to a person's behavior changes employers (attitudes, knowledge and skills) include : attitudes in the development of self, willingness and readiness to himself in the train and adjust to the job duties, with the condition that an entrepreneur would be easy to evolve and adapt faster to the new innovation. It means that with an adjustment to the new job the employer has made an effort to support their ability to work next. Such to make planning, monitoring, efficiency and strategic action and intuitive ability to conduct an analysis of the business which includes; persons (understanding of self and skills), task (able to define the vision of the business), organization (understand the organizational tasks and the best decision) and environment (able to take advantage of capital, labor and infrastructure).

Especially the finding that the implementation of the training has a direct influence on the ability of the business, supported by a number of management experts states that training is the process of improving knowledge, skills and attitude of a person to be able to do the job more effectively ([Torrington and Huat, 1994](#)). With increasing knowledge, attitudes, skills and emotional intelligence means there has been an increase in the capacity of the small industrial entrepreneurs.

These findings are representative with [Towler \(2003\)](#), which is essentially that the charisma of a teacher greatly influences the attitude and performance of the trainees. Style of charismatic communication includes; eye contact, facial expressions, body gestures, and told in a tone of alive voice. Also in same purpose with [Alexander \(2005\)](#), that the collaboration of a team of interdependent teachers and controlled instructors can improve the skills of participants. The cooperation of a team of teachers to increase the capability and skills is greater than the team itself in the task coordination and planning, collaborative problem solving and communication. Teamwork influences coordination and planning tasks, collaborative problem solving and communication skills positively.

If it is associated with the education level that it did not affect the ability of the business, it can be shown the education level of small entrepreneurs clothing industry in East Java is still low.

Second, influence of education and training conducted by government against business success training Found that, successful business entrepreneurs of small industries are not affected by education and training by the government, indicator variables that can explain the success of the business are: Efficiency of production and the expansion of production. Both indicators are jointly able to explain and of both indicators are most able to explain the production efficient indicators and the indicator of the expansion of production. While the indicators that can be used to explain the education and training variables are five of the six indicators that can be used as a measure of the variables in explaining education and training, namely: the motivation to follow, material suitability, appropriateness of teaching methods, teacher team and charisma. These five indicators are jointly able to explain the variables of education and training.

These findings indicate that the results are not in line with what is uttered by [Aragón-Sánchez et al. \(2003\)](#) which states that the training has an influence on its performance improvement company include: the successful receipt of the company, increasing the amount of production capacity, distribution channels used extent of appropriate markets and capital structure efficiently.

Not analogous these findings with the theory, the data are obtained to describe the lack of education and training in total. Judging from most of the answers given by the respondents' education and training does not give effect to business success, it makes employers consider education and training is just something that does not affect significantly on the success of their businesses. Not influential implementation of education and training to the business success of small industrial companies such clothing does not mean it is not useful in increasing the success of small industrial enterprises, but rather caused by programs that affect business success indirectly yet another variable that is channeled through other variables. Some indications are as follows,. First, the implementation of education and training has a direct influence on the ability of businesses and dominant. Second, the implementation of education and training contribute to the ability of the business in which the variable ability of these businesses has the highest direct effect on the success of small industrial enterprises.

The information shows the importance of the implementation of education and training in enhancing the success of small businesses clothing industry in East Java.

Third, effect of government subsidies of small industries entrepreneurs business capabilities. Found the ability of small business entrepreneurs the industry is affected by government subsidies. From these findings support the government measured by the indicator: Management, engineering, finance, direction and guidance. These five indicators are jointly able to explain the variable

In line with that presented [Edward \(1994\)](#) states that the subsidy programs provided by the government can be a positive influence on policy making and determination of functional strategies.

Such outside assistance from government, both technical and non-technical, such as the creation of industrial climate, a lot should give meaning to the operating company. The government itself obliged to create a climate that encourages active participation of business, in addition to providing guidance (Werdaya, 1995). Help is also intended to make the company more independent and have better prospects. Above issues have gained attention in the underlying serious enough given the current company generally have limited management and funding. With the help of the program, expected problems can be solved, so the company better able to compete, especially if it is associated with free trade (Fisseha, 1994). Assistance programs embodied in its provision should be a unified concept, starting from planning, financing, production, marketing and other activities related to the business activities to be able to meet the market.

Sullivan (2002) in his research that the majority of companies are subsidized obtain positive results of which tend to hire a lot of employees and beneficial in the development and regulation of its business with aggressive and behavioral changes can be beneficial to one's employer (attitudes, knowledge, skills and emotional maturity).

Fourth, influence on government subsidies business success. From the results of SEM analysis indicators that can explain the variable success of the business are: Efficiency of production and the expansion of production. Both indicators are jointly able to explain and of both indicators are most able to explain the production efficient indicators and the indicator of the expansion of production. While the indicators that can be used to explain the government's assistance is measured through indicators: Management, engineering, finance, direction and guidance. These five indicators are jointly able to explain the variable and of the five indicators which variables are most able to explain technical assistance, ease guidance, followed by management, financial aid and most recently guidance.

These findings indicate that the results are in line with what uttered by Dimitris and Dimitris (2004) which states that subsidies have a significant effect on the four dimensions, namely efficiency, profitability, capital structure and firm productivity growth. This means that with the help of management, engineering and finance to entrepreneurs, businessmen feel the benefit in running the business. Such as increased production, increased efficiency, increased product types, public trust and increased profits. In line with that presented Edward (1994) states that the subsidy programs provided by the government can be a positive influence on policy making and determination of functional strategies. Empowerment in the form of capital assistance provided can serve to overcome and reduce the difficulty in trying. Factors subsidy from the government to be translated in carrying opportunities and opportunities. Employers should be able to fix weaknesses and develop strengths possessed. Companies that manage resources properly can result in low capital costs. Such conditions also can reduce the total cost, because if the cost of capital is low, then the interest paid would be lower anyway. If low interest rates, expected profit will also increase production, because capital resources are used appropriately (Awat and Moeljadi, 1996).

Fifth, influence the government's business partnership against effort capabilities. Found the ability of small business entrepreneurs industry is influenced by the government's business

partnerships. From the findings of this partnership is measured through indicators: trade cooperation, subcontracting, vendors, technology cooperation and Business Network. These five indicators are jointly able to explain the variable

These findings indicate that the results are in line with what is uttered by [Zaheer and George \(2004\)](#) on the impact of the co-operation of the company. Zaheer stated that with collaboration, the company will acquire knowledge about the technology and how to set up the best technology. Further stated that in order to acquire knowledge and skills can be acquired either by formal and informal means. Furthermore in line with what is expressed by [Chen and Tseng \(2005\)](#) findings suggest that business partners significantly influence mutual perfection resources, increasing promotion channel, reducing the company's costs. On the relationship between the ability of a business partnership is a correlation relationship.

Employers involved in the partnership usually have a strong desire to move forward. According to [Longenecker et al. \(2001\)](#), a person who wants to maintain and improve the knowledge, which is a hallmark of business capabilities, will try to find resources wherever he can get. Meanwhile, according to [Lee and Tsang \(2001\)](#)

With frequent touch with people or other parties, small employers expectation horizons (stock of knowledge and stock of information) someone will grow wide, his confidence will increase and can increase motivation so that they will find ways to improve their skills. This means that other people relate individual or group is able to improve one's business.

Sixth, influence business partnership against business success. Found that, small industrial entrepreneurs business success is not influenced by the business partnership. From the findings of this partnership is measured through indicators: trade cooperation, subcontracting, vendors, technology cooperation and Business Network. These five indicators are jointly able to explain the variable

It can be concluded that the results of testing with SEM analysis (*structural equation modeling*) shows that, the business partnership does not affect the success of the business. This means that the hypothesis which states that the government's business partnership has positive influence on the success of small business entrepreneurs and clothing industries in East Java Province rejected.

These findings indicate that the results are not in line with what is uttered by [Stuart \(2000\)](#) in this study to investigate the relationship of technology cooperation between large firms and small firms stated that cooperation, can build public confidence in the products and services produced making it easier for companies to attract customers, which in turn can increase sales and product innovation. Also not in line with the findings of [Chen and Tseng \(2005\)](#) in his study investigating the relationship between corporate business partners large and small companies stated that the business partners significantly influence the cost efficiency of the company's performance.

Not analogous these findings with theoretical data obtained is less able to describe a business partnership in total. Judging from most of the answers given by the respondents partnership negatively affect business success, this partnership makes employers consider not just something that is so beneficial that is directly opposite a negative effect on the success of their businesses.

Not influential partnership implementation efforts towards business success of small industrial companies such clothing does not mean it is not useful in improving small businesses success, however, affect the ability of the business. Some indications are as follows. *First*, the implementation of business partnerships that have a positive influence on the ability of the business. *Second*, an employer considers that the implementation of the partnership only benefit big business because small business owners feel just exploited it.

Seventh, influence on government regulation of business capabilities. Found the ability of small business entrepreneurs industry is influenced by government regulations. From this finding government regulations are measured through indicators: licensing, tariffs, quotas and provision of market information. These four indicators are jointly able to explain the variable

These findings suggest that the results are representative with what is mentioned by Sullivan (2002) in his research that the majority of companies controlling the risk of getting a positive result of which work with a lot of employees and beneficial in the development and regulation of its business with aggressive and can be beneficial to employer's behavioral changes (attitudes, knowledge and skills). This would make an employer want to have the attitude to entrepreneurship. With these findings, meaning the higher the interference of the government in providing market information, simplify licensing, and provision of quota tariff decreasing will encourage businesses to develop the capacity of the entrepreneurial.

By the ease of government policy which are licensing, tariff reductions, market information and the provision of quotas in favor of small industrial enterprises, it is expected to resolve any needs of the company, so that companies are better able to compete, especially if it is associated with free trade (Fisseha, 1994). These problems have been recognized by the government, so the existences of small companies problem still need to be considered (Werdaya, 1995).

Eighth, influence on government regulation of business success. The test results indicate that the effect of government regulation on the success of the business is not significant. It means that the hypothesis which states that government regulation does not affect the success of a small business company of clothing industry in East Java Province is rejected.

These findings indicate that the results are not representative with what is uttered by Rasiah (2002), entitled *Government coordination and small enterprise business performance in the machine tools sector in Malaysia*, the results indicate that government regulation will distinguish the successful of small and medium enterprises. Such as increased production, increased efficiency, increased product type, Not influential government regulations on small business success is not mean the government regulations is useless to the company. However, government regulations affecting the ability of the business, which has a positive effect on the ability of improvement business success, so it can be inferred indirectly, government regulations, will affect the success of the business.

Ninth, influence of business capability to business success. Found that the capacity influences positively on the success of small businesses Industry (through indicators of production efficiency and the expansion of production). While the ability of businesses is measured by following indicators: knowledge, attitudes, skills and emotional maturity entrepreneurs. These four

indicators which most able to explain are the attitude, emotional maturity, skills and most recently is knowledge.

This finding is also representative with the Steers (1991) that performance is influenced by factors of ability, motivation, and role clarity. Because, one of the realization of the performance of a small industrial entrepreneurs as managers of the company is its business success.

The findings of these studies demonstrate the capability of the business has an influence on the success of small business enterprises clothing industry. Behind these findings shows that aspects of the business's ability has an important role in influencing the success of small business enterprises clothing industry.

By the ability of business, the understanding of authority and responsibility, and inner strong motivation from the small industrial entrepreneurs to conduct their business activities, they will be diligent in work, hard work, full of initiative and creativity as well as responsibility and authority to perform the task. By these conditions will increase customer satisfaction, which in turn is headed towards business success.

By this situation means business capability variables has an important role to the success of small business enterprises clothing industry, but in influencing the success of the business should be run together with the three other indicators. Small industrial entrepreneurs who have adequate business skills can be difficult to increase the success of its business, without having a strong willingness to carry out its activities in the company (attitude). Also small industrial entrepreneurs who have the will, it is difficult to increase the success of his company without having skills and knowledge to work and know what to do according to the task and authority.

Noting the complexity of the problems faced by small businesses, especially small industry clothing, as described above, then the empowerment of small industries that done by the government will not be achieved in improving the ability of business and business success, if they are low concern and half-hearted support, as which is reflected by the attitude and actions of the government during this time. Required comprehensive and integrated empowerment to solve various problems which is faced by small industrial businesses includes a small clothing industry. The efforts should be directed to the structural transformation which is intended to strengthen the position and role of small industries in the national economy. The changes are including the change from a traditional economy to a modern economy, from subsistence economy to a market economy, from dependence to independence and from the weak economy to a strong economy. In an effort to empower small clothing industry, the required presence of a number of new government policies that favor small industrial enterprises. In connection with government subsidies and a significant positive effect on the ability of efforts and success of small businesses clothing industry. This means that government subsidy programs have a significant role in improving the ability of efforts and success of small businesses clothing industry.

5. CONCLUSION

From the research results inform that the success of small businesses in some countries as described above were not separated in the form of coaching training, business partnerships,

subsidies and government policy. In particular the implementation of small business empowerment program in Indonesia, the last few years this has been done many enterprises and communities in various parts of the country. Even sometimes the small business development activities followed by a mentoring program of non-governmental organizations and government. Through the process of empowerment in the form of education and training, business partnerships, subsidies and government policies will be able to improve its performance is reflected in the ability of businesses which in turn can increase the success of small business industry.

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