

Human capital, entrepreneurial ability and organizational commitment of small business performance through Manager satisfaction

Nurdam Buhaerah¹, Jeni Kamase², Jobhaar Bima³, Junaidin Zakaria⁴,
Baharuddin Latief⁵, Zainal Arifin⁶

¹(Department of Management School of Economics, STIE YPUP, Makassar, South Sulawesi of Indonesia)
^{2, 3, 4, 5, 6} (Faculty of Economics/Muslim University of Indonesia)

Abstract : Design this study to test and analyze the effect of human capital, entrepreneurial ability and organizational commitment on business performance and job satisfaction on 352 Manager in small and medium-sized enterprises (SME's). The results of the testing done using Analysis of Moment Structures provide evidence that human capital and entrepreneurial Abilities are high can improve business performance. Low levels of organizational commitment proved able to improve business performance. Human capital directly can improve job satisfaction, and indirectly a negative and significant effect on the job satisfaction through business performance. The entrepreneurial ability effects of directly and indirectly the negative and insignificant on job satisfaction through business performance. Organizational commitment effect of directly and indirectly positive and does not significantly on job satisfaction through business performance. Business performance has a negative and significantly effect on job satisfaction. Low levels of business performance proved can improve job satisfaction of managers.

Keywords - Human capital, entrepreneurial ability and organizational commitment, business performance, job satisfaction

I. BACKGROUND TO RESEARCH

A Firm's human capital is believed to be an important source of sustained competitive advantage (Barney, 1991). This is especially so for those firms operating in complex and dynamic competitive environments where the capability to rapidly acquire and assimilate new market and technological capabilities is the key to enduring advantage over competitors. The acquisition and transformation of new knowledge in organizations is an inherently human process, making it important to understand the contribution that human resource management (HRM) practices make to this aspect of business performance (Nonaka, 1994). The success of the economic development in Indonesia is inseparable from the support of small and medium-sized enterprises (SME's), such support has been widely encouraged the creation of new jobs through empowerment-small, micro and medium enterprises so as to encourage the growth of the national economy and has been improving the level of income and the survival of the Community (Tambunan, 2008; Pratono, 2016). These facts can also be found in South Sulawesi province, especially in the city of Makassar, SME's that generally experience the inability of SME's in offender restores credit banking and bankruptcy of SME's. The condition shows that in doing business, manager of SME's are required to have a winning strategy in the management of SME's (Kara, 2013).

The condition occurs due to the low level of understanding of management in building a business. Understanding of the management of a weak one is the understanding of the human resource management which are exploited or used to realize the goal of effort (Kara, 2013; Munizu, 2014). Human resource management is essential to building an organization or company so that developed and developing (Furtwengler, 2010:85). Weaknesses were found at this time that many of the managers of SME's in managing their business do not notice or consider the application of human resource management as a solution to improve business performance and job satisfaction realization of a manager in the attempt. Approach to human resource management is a solution to improve the performance and realization on job satisfaction. Therefore, be considered to pay attention to the importance of human capital, entrepreneurial ability and organizational commitment in managing SME's to realize the achievement of performance and job satisfaction (Rudolf, 2003: 57). The essence of human capital is the sheer intelligence of the organizational member. Human capital can be further analyzed into the following three dimensions: capability and potential, motivation and commitment, and innovation and learning. Capability and potential includes concepts such as educational level, professional skills, experience, attitudes, personal networks, values, and the ability of current employees to evolve within the

organization. Motivation and commitment refers to whether employees align their own interests with those of the firm. Finally, innovation and learning shows the degree to which employees are open to change (Bontis, 1998; Mayo, 2001).

Although some researchers have argued against the manager's influence on organisational performance (Salancik & Pfeffer, 1977), more recent research suggests other conclusions in this respect (Finkelstein & Hambrick, 1990). The anecdotal evidence about managers being able to change organisations, many works point towards the influence of managers on the success of organisations (Tichy & Sherman, 1993). This field of research has its origin in the work of Hambrick & Mason (1984), who, in turn, based their views on the theory of Cyert & March (1963). This theory explains that managers, through their decisions, influence organisational performance. Given that these decisions will be consistent with their cognitive base, which can be explained by their personal traits and experience; it is to be supposed that such aspects may be related to the performance of the organisation. Different approaches have been followed in this line of argument. For example, Weiner & Mahoney (1981) demonstrated the limitations of the study which concluded that the manager's characteristics did not affect company performance (Lieberson & O'Connor, 1972). Others have gone further than methodological refinements, introducing theoretical perspectives (Pfeffer & Davis-Blake, 1986).

In short, numerous studies have observed significant relations between the manager's traits and firm performance. The belief of an individual that he himself rather than external events is in control of his destiny constitutes his internal locus of control. Most managers have been described as people with a high internal locus of control. With respect to empirical evidence, the study by Brockhaus (1980) reveals the capability of internal locus of control to differentiate between successful and unsuccessful managers. The criterion for success used was that the business continued to exist three years after the manager created the company or took over its control. Managers of the successful business had a greater internal locus of control than the managers of those businesses which had ceased to exist. Internal locus of control has a significant effect on company success (Anderson, 1977).

Based on those facts can be presented that the SME's in Makassar city that has yet to provide the optimal success, so that relevant parties are required to improve job satisfaction from business, particularly for managers to continue to excite economic improvement of SME's. A phenomenon that many found this time most managers have yet to indicate the optimal job satisfaction as seen from the acquisition of income level of effort that the intense, often complained about the work of his own business, does not have the reputation of a successful business, low ability in controlling his efforts, colleagues in trying a less harmonious working environment is not conducive, so business managers have yet to gain job satisfaction. Low job satisfaction lead to difficult managers to develop new business or unable to make the breakthrough effort a success, because it's needed a repair job satisfaction of managers. Efforts to realize such satisfaction can be the identification by comparing the feeling of happy and unhappy to the expectations that have been achieved. Elements of both these factors include satisfaction on the income, the work itself, reputation, control, work environment and co-workers (Robbins, 2010:69)

An explanation of the causes of the low job satisfaction against the managers of SME's due to the low performance of the empirical Facts show that business is business performance provides a low impact on Manager job satisfaction. It is seen from the fact that the business performance of most managers SME's currently decline even failed in managing his business (Schleicher *et al.*, 2004; Trivellas & Santouridis, 2009). The reality of the pointed out that business performance decline can be indicated from the low levels of achievement of business which does not give the economic value that increases, the achievement of business results tend to experience a decline in business activity, not focusing on increasing the number of customers and the achievement of turnover advantage in the form of declining business profitability. The result of this declining managers performance are not met the satisfaction it works (Schleicher *et al.*, 2004; Trivellas & Santouridis, 2009; Makassar Department of cooperatives and SME's, 2015).

The above data are sourced from the results of the accountability Office report for the percentage of Department of cooperatives and SME's Makassar to release a report on the achievement of performance targets businesses that run the SME's managers from 11.874 business units are active in the city of Makassar. Assessment of the target SME's business performance refers to the percentage indicator economic value, attainment of the realization of the effort, customer focus and profitability. Based on these reports note that the economic value of data from 2010 to 2014 has decreased (72.32% to 62.75%), achievement of the realization of the business year 2010 amounted to 79.53% decreased to 62.27% in 2014, the next focus of the customers declined from 75.64% percentage in 2010 be 63.61% in 2014, and also achieved profitability decline in five years i.e. 76.92% to 65.77%.

The decline in business performance above give direct impact on job satisfaction of managers, because it makes the development of SME's will experience gap that may inhibit the development of the economy of the region both at the provincial level as well as at the level of the city level. Assessment of business performance can be done based on the achievement of targets, the achievement of an economical business ventures, focus on

customers and profitability. The fourth indicator is very determining performance targets businesses that can affect job satisfaction of managers (Samson & Terziovski, 2009:59). A result of declining business performance achievement and job satisfaction of managers are low, this is not apart from the low level of contributions to the influence of the application of human capital, entrepreneurial ability and commitment to the organization. Human capital, entrepreneurial ability and commitment of the organizations have an important role in influencing the improvement of business performance and job satisfaction of managers in developing and advancing the company. The condition indicates that the existence of human capital becomes important to note by the managers of SME's to be able to develop his business. The phenomenon seen on the SME's shows that the human capital of its members or employees have not been able to play its role well in improving business performance so that it can increase job satisfaction (Alliance, 2010:69).

The fact that is visible from the phenomenon of low human capital owned most SME's shows that there are still many members or employees working in SME's do not have sufficient knowledge of capital to try, lacking the skills of an accomplished capital and experts in managing their businesses, the level of occupational health members not to the attention of the Manager, the relationship of a less harmonious social interactions in the work and low levels of employee confidence. This gives an indication that the human capital that can be used as assets and potential of underutilized by managers to comprehending human capital as a force and a top priority to realize the business performance and satisfy job satisfaction. Many of the employees who work in SME's cannot be seen and regarded himself as asset, but only as workers to earn an income, so that employees working in SME's had not thought how to work to improve performance and realize the job satisfaction of managers (Makassar Department of cooperatives and SME's, 2015). The low of human capital in SME's resulted in increased effort the importance of the knowledge, skills, health, social interaction and trust in the achievement of the goals. This is a constructive statement of human capital that is indispensable in increasing business performance and job satisfaction (Tudero, 2008:98).

In addition to human capital, another factor that gives direct and indirect influence there is business performance and job satisfaction are factors of entrepreneurial ability. The fact remains that owned entrepreneurial capability is still very low, that many managers of SME's do not yet have sufficient experience in managing business, managers do not proactively involved in business development and still there are managers who do not have the courage to take risks in making new breakthroughs as well as in managing business managers do not deal with it and less flexible to anticipate various opportunities and threats of the business which at times happens. An explanation of the statement shows that entrepreneurial capabilities owned by managers are still low, it can be seen from various failed attempts or losers even went bankrupt due to the low ability of managers in addressing various problems of businesses that practiced, so the effect on business performance and ultimately resulted in a low level of job satisfaction of managers.

Increased entrepreneurial abilities to do with the independence of the manager based on experience, proactive, the courage to take risks, flexible and anticipatory in managing the business is practiced (Lumpkin & Dess, 1996: 181). Facts show that there is still a SME's manager who has a low of organizational commitment, so it can not improve business performance and fulfilment of job satisfaction. It can be seen from the low commitment of managers to promote the business that occupied (affective commitment), and low adherence to managers in complying with the rules of business (normative commitment), and still have a manager who does not have a high desire to make the effort that occupied a success or achievement (continuous commitment), then the manager in running SME's do not have a clear goal in managing their business (prospective commitments) that results in low business performance and low job satisfaction. The condition leads to the difficulties SME's to develop, run according to prevailing standards, tough competition and frequent losses affecting business performance and fulfilment of job satisfaction.

Low-owned manager of organizational commitment, be considered to improve organizational commitment impacting business performance and job satisfaction. To realize the goals of the organization needed people who have affective commitment, normative, sustainable and perspectives for the realization of organizational goals. Organizational commitment is needed by every manager in managing their business, so as to improve business performance and realize the job satisfaction for the efforts practiced (Smith & Meyer, 2009: 102). This study analyzes the lack of job satisfaction due to lower business performance and human capital and entrepreneurial capacity and organizational commitment possessed by each manager.

Empirical facts show inconsistency in the findings explains the influence of human capital on business performance and job satisfaction (Mark, 2009; Iksan, 2009; Kusuma, 2012; Asliandra & Robertino, 2012). Furthermore, the influence of entrepreneurial skills to business performance and job satisfaction (Burry, 2009; Mark, 2009; Kusuma, 2012; Chandra, 2012; Asliandra & Robertino, 2012). Next, the effect of organizational commitment on business performance and job satisfaction (Burry, 2009; Akbar, 2010; Kusuma, 2012; Asliandra & Robertino, 2012). Then, the effect on the business performance of job satisfaction (Mark, 2009; Iksan, 2009; Asliandra & Robertino, 2012; Kusuma, 2012).

II. CONCEPTUAL FRAMEWORK

The improvement of business performance that ultimately gives satisfaction Manager based on human value theory which refers to judgment about a human being who was always fixed on the knowledge, skills, health, social interaction and trust has to realize its purpose (Tudero, 2008:98). Application of human value theory on SME's can't be used are partial in the creation of business performance and job satisfaction but also supported with entrepreneurial ability to refer to the theory of the independence that the most important core of entrepreneurship is entrepreneurship for one's independence based on experience, a proactive, courage to risk, flexible and anticipatory in managing businesses that practiced (Lumpkin & Dess, 2009:181). The creation of the model in this study also departed on organizational commitment that to realize the objectives of the Organization needed people who have affective commitment, normative, and sustainable perspective for accomplishing the objectives of the organization. Organizational commitment is required by every manager in managing his business, so it is able to improve business performance and realize the job satisfaction (Smith & Meyer, 2009:102).

Business performance is directly affected by these three variables, business performance in an environment of entrepreneurship refers to the theory that targets to assess business performance is assessed based on the achievement of targets, the achievement of an economical business ventures, focus on customers and profitability (Samson & Terziovski, 2009:59). Business performance is a determinant of job satisfaction. Judgment about the Manager's job satisfaction refers to the two-factor theory Herzberg (Robbins, 2010:96), that individual job satisfaction can be accessed from feeling happy and not happy to the expectations that have been achieved. Elements of two of these factors include satisfaction on the income, the work itself, reputation, control, work colleagues and work environment.

III. RESEARCH METHOD AND VARIABLES RESULT

This study uses survey methods with quantitative approach. The population in this study of 2.901 Manager SME's in Makassar city, withdrawing a sample done by using purposive sampling through the formulation of Slovin (Sekaran, 2003), so that they obtained quantities of the sample of 353 managers. Data analysis was done using Analysis of Moment Structures. The results of the evaluation model of the end of the show the entire criteria of goodness of fit indices have met the appropriate criteria or the criteria cut off value, so that the model can be said to have been in accordance with the criteria for goodness of fit indices for analysis. Based on the empirical model is proposed in this study can be done testing the hypothesis put forward through the testing coefficients of structural equation model in the line. The hypothesis testing at the p-value < 0.05. It also explains the direct effect means that there is a positive influence among variables directly, influence of indirect effect means that there is a positive influence indirectly between variables, and the influence of the total effect. That the interaction of the direct and indirect influence.

The overall model, there are three paths give a positive and significant effect, the two paths are negative and significant, one line that is positive and insignificant as well as one line that is negative and not significant. For direct effect can be described as follows: (1) human capital has a positive influence on performance and significant business with the value of the direct influence of 0,392; (2) the ability of entrepreneurship have a positive influence on performance and significant business value with the direct influence of 0,279; (3) organizational commitment had a negative influence on performance and significant business with direct influences of value -0,215; (4) human capital has a positive and significant influence towards job satisfaction with the value of the direct influence of 0,807; (5) the ability of entrepreneurship has a negative influence and not significantly to job satisfaction with the value of the direct influence of ,0,049; (6) a positive influence organizational commitment and not significantly to job satisfaction with the value of the direct influence of 0,024; and (7) has a negative influence on business performance and significantly to job satisfaction with the value of the direct influence of -0,193.

Further explanation for the indirect effect as follows: (1) human capital has a negative and significant influence towards job satisfaction through business performance with the value of the indirect influence of 0,076; (2) the ability of entrepreneurship has a negative influence and not significantly to job satisfaction through business performance with indirect influence values of 0,053; and (3) organizational commitment has a positive influence and not significantly to job satisfaction through business performance with the value of the indirect influence of 0,041.

IV. CONCLUSION

Some facts that can be inferred from this study, namely: (1) human capital has a positive and significant influence on performance of the business. Human capital is applied to give positive reinforcement over the knowledge, skills, health, social interaction and trust which are owned by managers and contribute significantly to improved business performance. (2) The ability of entrepreneurship has a positive and significant influence on performance of the business. Give positive reinforcement of entrepreneurial ability over

experience, proactive, risk-taking, flexible and anticipatory in a business owned by managers and contribute significantly to improved business performance. (3) Organizational commitment had a negative influence on performance and significant business. The commitment of the organization that owned the managers still low form of affective, normative commitments, sustainable and perspective, leading to organizational commitment and significant negative effect on performance of business, due to the commitment of the Organization to become important considerations that must be corrected to improve business performance. (4) Human capital directly influential positive and significantly to job satisfaction, and indirectly a negative and significant effect against the job satisfaction through business performance.

To influence directly, human capital becomes a decisive and important considerations for a Manager to achieve job satisfaction in doing business. While indirectly, human capital gives a negative influence and significantly to job satisfaction through business performance due to the human capital that is owned in the form of knowledge, skills, health support, social interaction and trust relationships still need to be improved and enhanced to achieve job satisfaction through achievement of business performance. (5) The entrepreneurial capability of directly and indirectly effect the negative and insignificant towards job satisfaction through business performance. This means directly or indirectly owned by the entrepreneurial ability of managers in managing and developing the business of the SME's has yet to provide job satisfaction in accordance with the achievement of the performance level of the resulting business. (6) The organizational commitment directly and indirectly positive effect and does not significantly to job satisfaction through business performance. Organizational commitment in the form of affective commitment, continuous and normative, the perspective needed to realize a Manager Job satisfaction through improvements in business performance. (7) The negative effect on business performance and significantly to job satisfaction. Every Manager indicates performance that has not reached the expected targets both in economical, business achievements, development of customer focus and gain job satisfaction in realizing.

Definitively, this study throws some light on the effect of the managers' psychology and reveals that it is the study of the relationship with processes which enables us to ascertain the most appropriate characteristics for attaining success, depending on the strategic behaviour required by the Environment. From a practical perspective, this study provides meaningful implications for top managers, who are most often identical with family ownership in Makassar SMEs. These firms seem to acknowledge the importance of incorporating both entrepreneurial values and product innovation in the way of doing business. No matter in which entrepreneurial end they are positioned (based on the duality observed), they are product innovators taking equal care of reducing customers' burden (e.g. effort, time, purchase risk) in adopting new products. However, only active entrepreneurs share a common philosophy with hidden champions and really innovative entrepreneurs (Drucker, 1985). Characterized by the potential to introduce new products featuring more differentiated characteristics for the market, these firms seem to take full advantage of their areas of strength (e.g., flexibility, nimbleness, adaptability) in responding to customers constantly calling for unique benefits and superior value. This rather up-to-dated entrepreneurial attitude enables SMEs to escape the myopia of me-too-ism (just imitating product recipes of competitors), and instead deliver new products of higher uniqueness, that allows for better performance.

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Appendix

Table 1
Percentage of SME's Performance in Makassar

Year	Performance Target (%)			
	Economical	Business Achievement	Customer focus	Profitability
2010	72.32	79.53	75.64	76.92
2011	70.29	78.47	73.29	75.12
2012	68.34	71.89	70.57	73.64
2013	65.59	68.55	69.48	69.85
2014	62.75	67.27	63.61	65.77

Source: Makassar Department of cooperatives and SME's, (2015)

Table 2
Goodness of Fit Indices Model

Fitting indexes	Index of suitability Model	Appropriate criteria
<i>Chi-square</i> (df =190)	222.879	< 223.160
<i>Probability</i>	0,05	≥ 0,05
<i>RMSEA</i>	0,02	≤ 0,08
<i>CMIN/DF</i>	1,17	≤ 2,00
<i>GFI</i>	0,95	≥ 0,90
<i>AGFI</i>	0,92	≥ 0,90
<i>CFI</i>	0,98	≥ 0,95
<i>TLI</i>	0,97	≥ 0,95

Source :Arbuckle & Wothke (2009)

Table 3
Hypothesis testing

exogenous variable	intervening variable	endogenous variable	Direct Effect	Indirect Effect	Total Effect	p-Value
Human capital (X1)	-	Business Performance (Y)	0.392	-	0.392	0.000
ability of enterprise (X2)	-	Business Performance (Y)	0.273	-	0.273	0.003
organizational commitment (X3)	-	Business Performance (Y)	-0.215	-	-0.215	0.049
organizational commitment (X1)	Business Performance (Y)	job satisfaction (Z)	0.807	-0.076	0.731	0.000
ability of enterprise (X2)	Business Performance (Y)	job satisfaction (Z)	-0.049	-0.053	-0.102	0.531
organizational commitment (X3)	Business Performance (Y)	job satisfaction (Z)	0.024	0.041	0.065	0.822
Business Performance (Y)	-	job satisfaction (Z)	-0.193	-	-0.193	0.034