

The Role of Governments as Relationship Mediation Between Social Capital and Industrial Empowerments in Southeast Sulawesi (Indonesia)

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ABSTRACT: *The purpose of this study was to analyze the impacts of social capital and governments roles toward the empowerment of small scale industries and the impacts of social capital on the roles of the government. More specific purpose is to test the impacts of social capital on the empowerment of small scale industries through government's roles. The analysis used was the PLS. The objects of the study were the handcraft industries in the province of Southeast Sulawesi including cane work, weaving, wood carving, and jewelers. The samples were selected randomly. Based on the results of the analysis, it was found that are: (1) the social capital had positively significant impacts on the empowerment of small scale industries; (2) the government's roles gave positively significant influence on the empowerment of small scale industries; (3) the social capital had significant effects on the roles of the government; and (4) the social capital did not directly influence the empowerment of the small scale industries through the governments roles; in other words, the government played some roles in the increase of the direct influence of the social capital on the empowerment of small scale industries. The implication was that the larger the social capital, the more likely it is to partially improve the empowerment of small scale industries as well as to enhance the roles of the government. Furthermore, the bigger the role of the government, the greater reviews their chances to empower the small scale industries and to the increase is of the direct influences of the social capital on the empowerment of small scale industries.*

KEYWORDS : *Social Capital, Governments Roles, Economic Empowerment*

I. INTRODUCTION

In the era of globalization and liberalizations 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. To build the industry sector to be able to thrive in today's competitive arena and at the same time making it as a driving force of the national economy in the future, then the Industrial sector needs to have high competitiveness is due to strong structural competitiveness, high added value and increase productivity along the value chain of production, and the support of the entire productive resources owned by the Indonesian nation (National Industrial Policy 2007-2020). Patterned populist economic policies focused on short-term goals to reduce poverty and unemployment, reduce disparities between regions, improving the quality of human life which is reflected in the fulfillment of social rights, an increase in the quality of the environment and management of natural resources as well as support adequate infrastructure. Future efforts to eradicate poverty can be more focused towards the development of a productive economic asset for the poor. This can be done by helping the poor who have small businesses with high entrepreneurial spirit sought capital support in the form of physical capital, human capital in the form of increasing the skill to try, as well as increasing the role of social capital because its presence is believed to increase the productivity of the business as well as financial capital and provide knowledge about the market prospects of the products produced. However, until now the reality shows that the efforts that have been made are not yet provide optimal results as expected.

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 welfare of a society or a nation. States that high welfare level is the nations that have high social capital. Fukuyama (1995) illustrates the social capital in the *trust* and *believe*, meaning that the deep-rooted belief in the importance of cultural factors such as ethics and morals. *Trusts* appears the community share a set of moral values, as a way to create a common hope and honesty, he also stated that the association and the local network has a really positive impact on economic welfare and local development, and plays a vital role in environmental

management. Economic value, Coleman (1998) asserts social capital as a tool for understanding social action which combines theoretical perspectives of sociology and economics. This notion was reinforced by Ismail Serageldin (1998) that social capital always involves the community and make the community, and emerge only from the economic value (Rostin, 2012). While the results of studies in various countries, shows that strong social capital will stimulate the growth of various sectors of the economy because of the high level of trust and cohesion in relationships within the wider network grows among economic actors. Social capital is very high influence on the development and progress of the various sectors of the economy by Fukuyama (2000), including the economic sector, formal and non-formal hailed by many small and medium enterprises and cooperatives of the total number of businesses in Indonesia. Development focused on small and medium enterprises as well as the cooperative is reasonable, because the amount is very large. Central Bureau of Statistics (BPS, 2009), informs that 99.9 percent of the total number of businesses in Indonesia are small and medium enterprises. The group is able to provide employment approximately 79 million people, or 99.4 percent of the total workforce. Contribution in the formation of the Gross Domestic Product (GDP) is large enough to reach 56.7 percent and contributed to the acceptance of foreign exchange through the export of 19.9 percent of the total value of exports (Ramli, 2010).

Based on these data there was an increase in labor absorbing about 12.4 percent of GDP and contributes to the formation of about 2.7 percent compared with the 2006 Data Therefore, it can be said that the operations of a business is synonymous with empowering small and medium enterprises that have the ability themselves to be independent and confident in accordance with its potential. Empowerments of small and medium enterprises are also reinforced by elements from outside, so it is expected to create competitiveness with other similar products. But seen from the role of small and medium enterprises to export activity is still relatively small compared to large businesses. This indicates that small and medium enterprises have apparently not fully competitive advantage against similar products produced by other countries. In line with regional autonomy, according to the Executive Summary, Study of Empowerment of small and medium enterprises in the era of regional autonomy, explaining that the micro small and medium enterprises still require the commitment and support of local government in the provision of policies, licensing facilities, business protection, and guidance sustainable. Ongoing coaching to all small and medium enterprises is expected to increase productivity so that high competitiveness. The structure of the industry will be stronger when there is strong support for the central and local governments to eliminate practices that create a high-cost economy, the commitment to promote local potential, the consistency of programs and infrastructure support. For that all the necessary commonality of view to solve the problems experienced by the national industry, and not be partial in the short term but the long-term systemic (Primiana, 2005). To find out how successful the support and commitment from the local government has implemented optimally it is necessary to study in depth through a field study.

Compared with large industry, small and medium industry was indeed very far behind. Big industry more advanced in terms of mastery of technology, capital, market share, the ability of human resources and product innovation. If there is government support in the form of coaching on an ongoing basis to minimize internal barriers and problems faced, the small and medium industry hopes to grow and develop in a wider space with a conducive business climate, gradually able to build a powerful and productive competitiveness and efficient. Increased capacity building of small businesses into medium-sized entrepreneurs 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, Southeast Sulawesi. Excellence as well as prominent local potential at each district/city in Southeast Sulawesi is primarily small and medium industries handicraft 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. Economic structure of Southeast Sulawesi progress from agriculture to services or from primary to tertiary (Suyana, 2006). The economic structure of South East Sulawesi province to see a competitive advantage in the tourism sector (to accentuate the natural beauty, art, culture, and customs), as *the leading sector* has unique characteristics, the tertiary sector of the economy resulted in the group becoming more dominant than the primary and secondary sectors. As a *leading sector*, the tourism sector is highly vulnerable to issues of security, comfort and health. The whole community should be aware, the condition that the obligation to maintain an environment that is conducive, Accelerate the process of economic recovery. Conducive environment to encourage the arrival of tourists, and investors will invest in Southeast Sulawesi.

The purpose of this study is the influence of social capital with how economic empowerment of small industries, How does the role of government to the economic empowerment of Small Industries, How the influence of social capital on the role of government, how the influence of social capital on economic empowerment of small industries through the role of government. Furthermore, as for resolving problems in a small industry is through empowerment so that the industry can be effective.

Role of Government in Industrial Development, and the development of small is carried out by governments, businesses and communities to grow and increase to medium and large industries. Government Regulation No. 32 of 1978 in Harman Sentot (2001). Fukuyama (1995) explains that social capital is the ability of people to work together to achieve common goals in a group or organization. Social capital will stimulate economic progress due to the cooperation, trust and empowerment is an attempt to increase the independence, self-reliance and empowerment, community skills according to their potential to increase the dignity of the gap and underdevelopment Kartasasmita G. (2004). Soeharto, 2008 in Firman (2012) empowerment are the implications of empowerment process conducted by government through the coaching and development role with the expected goals through the empowerment of the less powerful become powerless network is mostly done by industry/cooperative.

Based on the conceptual framework and research objectives and the relationship between variables, the hypothesis is proposed as follows: (1) the role of government positive effect on social capital; (2) Social capital has positive influence on the empowerment of small industries; (3) The role of government has positive influence on the empowerment of small industries, and (4) The role of government has positive influence on the empowerment of small scale industries through social capital. Referring to the research Yuliarni (2011) and Rostin (2012) concluded that social capital is one of the factors that strengthen the community or entrepreneurs in small industry in the effort to increase the empowerment of small industry and as well as a reinforcement for the creation of government objectives through community empowerment program poor and small industry.

II. RESEARCH METHODS

This research uses positivist paradigm design with explanatory research typology. Data was collected by cross-section survey methods through a questionnaire. Explanatory research was intended to provide an explanation the causal relationships between variables through hypothesis test or it aims was to acquire right conclusions of causality between variables, and then choose alternatives action (Cooper & Schindler, 2003). The study was conducted at the Small Industry in Southeast Sulawesi, study on Small Industries was chosen as the research object because the Small Industries can absorb relatively large workforce. Despite the prolonged crisis in the industry was 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 in the Southeast. Grounds for the entire region because of which there craft industry, which according to the Department of Industry in 2011 of four types of industrial craft (woven, craft wood carvings, and jewelry) wood carving handicraft industry just are not there in seven districts, namely: Buton, Buton North, South Konawe, North Konawe. The collection of the data used in this study using a combination of several methods namely: (1) Observation, the observation of non-behavioral method for collecting secondary data from relevant agencies; (2) Interview, structured and conducted interviews in depth. Structured interviews were used to collect primary data through interviews to the respondents of small industries by using a list of questions that had been prepared beforehand. In-depth interviews which is used to obtain primary data from representative government officials concerned and competent to provide information in accordance with the purposes of this study, representatives of competent leaders provide in-depth information as well as to some respondents entrepreneur who became the sample unit.

Measurement data for all study variables use Likert scale. Likert Scale in this study was determined using 5-point Likert from 1 to 5 for all variables, 1 indicates "strongly disagree/good", 2 indicates "disagree/good", 3 indicates "quite agree/good", 4 indicates "agree/good", and 5 indicates "strongly agree/good" (Malhotra, 2010; Cooper & Schindler, 2003). Furthermore, before instrument in this study distributed, researchers run validity and reliability test to instrument. Validity and reliability results showed that all items statement of variables were valid because all indicators correlation ≥ 30 and Cronbach alpha ≥ 0.60 . Thus instruments or questionnaires used was valid and reliable or have acceptable level of validity and reliability to measure indicator variables and subsequent data analysis. Techniques of analysis in this study use quantitative analysis approach. For Test hypotheses and to generate an appropriate model the analysis used in this study is with a process aided calculation application, in the form of software. The method for data analysis in this research is Structural Equation Model on the basis of variant that is called Partial Least Square (PLS). PLS application allows for multi co linearity, that is strong correlation among exogenous variables. The reasons for choosing PLS in this research are: (1) the model formed at conceptual framework has hierarchical causal relation, that is competence and commitment, which have an impact on performance and then have an impact on satisfaction with reward as a moderating variable. Due to the hierarchy, a structural model would be quite useful here; (2) this study uses latent variable which is measured through indicators and PLS would be appropriate here for confirming the uni-dimensionality of the various indicators for latent variable; (3) PLS is a powerful method of analysis which does not require much assumption and allows for analyzing a set of latent variables simultaneously; (4) the PLS method is easier to run since it does not require index modification.

III. DATA ANALYSIS AND RESULTS

There are two fundamental consideration for the government of the need to regulate the promotion and development of small industries in the country, among others, that the small industry is an integral part of the national economy have accrued, and the potential for an important and strategic role in realizing robust economic development in creating an independent national economy, the small industries need to be empowered so that they can develop. Based on the above considerations and in accordance with the law No. 9 of 1995 on small business then be made to government regulations No. 32 of 1998 the government regulation, the people of small-scale economic activities carried out coaching and development by governments, businesses and the community through the guidance and support that is an attempt to foster and enhance the ability of small industries in order to become strong and independent industry and can develop into medium industries.

Table 1. Small industry Development and Labor Absorption in Southeast Sulawesi in 2008-2012.

No.	Type of Industry	Years					Average Progress (%)
		2008	2009	2010	2011	2012	
1	Matting:						
	(1) Business Unit	65	68	72	85	103	12.43
	(2) Labor	203	209	215	236	290	9.62
2	Weaving:						
	(1) Business Unit	378	391	398	407	430	3.29
	(2) Labor	601	594	605	619	657	2.29
3	Wood Carving Craft:						
	(1) Business Unit	76	33	16	13	12	-33.63
	(2) Labor	394	182	90	78	65	-33.59
4	Jewelers:						
	(1) Business Unit	101	108	112	122	124	5.30
	(2) Labor	169	171	172	227	230	8.77
Total:							
	(1) Business Unit	544	567	582	614	657	4.84
	(2) Labor	973	974	992	1082	1177	4.95

Sources: Disperindag Southeast Sulawesi 2013

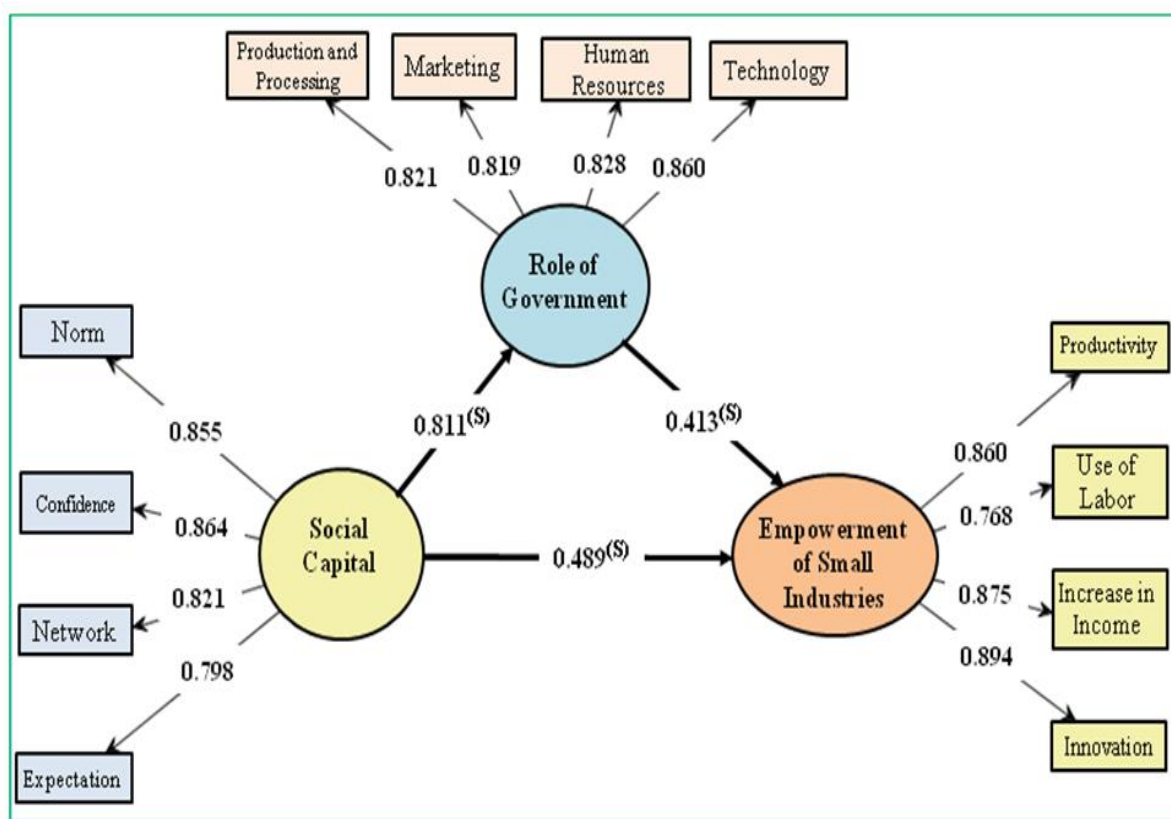
Through training programs and development of small industries above as one of the government's role to small industries. It is expected that in addition to an increasing number of businesses are also supposed to be followed by the increase in the proportional amount of labor. This will be achieved if the process of coaching and development at each such production and processing, marketing, human resources and technology performed well and fast targets. As has been explained that this study uses three latent variables were tested relationship; namely social, capital, the role of government and empowerment in this industry are small, therefore it will be important to explore in advance about respondents' perceptions on the meaning of the above three latent variables. Social capital in this study is a factor that observed effects on the role of government and industry empowerment small. The indicators used in measuring the existence of social capital consists of four namely: trust, norm, social networks and expectations. The fourth indicator is approached with each dimension in the form of a statement filed items which of course is can dimensions reflect the size of the existence of social capital is growing among small industries. Based on the results obtained recap average social capital scores of 3.75, this figure is a good figure. Which indicates that social capital is growing in the small industry in Southeast Sulawesi Province have mutual trust that can create a climate conducive work and effort and make the effort together without clashing due to unfair competition. Adherence to the rules (norms) that is capable of producing a number of items to order consumer, social networks that is able to create a good relationship interaction and fellow workers, then a small industrial businesses have a strong expectation that the goods produced will be sold and obtain orders continue continuous and credit institutions will be able to provide assistance help credit or working capital.

Indicators used to measure the presence of the role of government in carrying out its functions in accordance with government regulations and laws on the promotion and development of small industries which include; field production and processing, marketing, Human Resources and Technology. The fourth field is an indicator approached with each dimension in the form of a statement filed items.

A results summary statement of 155 respondents with an average of 3.80 is also a good figure. This reflects that the government's role in promoting and developing small industries in Southeast Sulawesi is relatively good. Through coaching and development in fields such as production and processing, improve management capabilities, improve the design and engineering capabilities tailored to the areas of business and engineering equipment owned in accordance with the needs of society or the consumer. Empowerment of small

industry in this study are the factors that predicted the observed existence through the influence of social capital and government ripened with the average indicators of empowerment results recap statements of 155 respondents that the average score of 3.72 which is also a good figure, it is indicates that the empowerment of small industry experienced and felt a small industry in Southeast Sulawesi is relatively good. This study uses the variable social capital, empowerment role of government and small industries are formed by using a type of reflexive indicator. The reason for using reflexive indicator on social capital variables, the role of government and empowerment of small industries, because it is in accordance with the statement of Fornell and Bookstein (1982), if an indicator in the form of reflection construction or relating to attitude and personality then must use reflexive indicator.

Analysis method used in this study was PLS. First step to evaluate PLS model was to test linearity of relationship between latent variables in structural model. Linearity data test be done to see whether the model used was a linear model. Test results can be seen linearity assumption the relationship between social capital, role of government and empowerment can be said as linear because they smaller than significance level of 5 percent ($p > 0, 05$). It can be concluded that all relationships between the variables within structural model was linear, so linearity assumption in PLS analysis were met. Thus, it proves that the data used was meet linearity requirements and can be analyzed further. Purpose of structural relationship model testing was to determine relationship between the latent variables that designed in this study. Analysis results can be seen from the path coefficients, the critical point (t-statistic) and p-value were presented in path diagram of Figure 1 and Table 2.



Notes: s = significant (p-value) at $\alpha = 0.05$

Figure 1. Diagram for Hypothesis Testing and Path Coefficient

Table 2. Hypothesis Testing and Path Coefficient for PLS

Direct Influence		Path Coefficients	T Statistics	p-value	Empirical Evidence	
H1.	Social capital --> Empowerment of small industries	0.489	5.648**	0.000	Significant	Accepted
H2.	Social capital --> Role of government	0.811	33.873**	0.000	Significant	Accepted
H3.	Role of government --> Empowerment of small industries	0.413	4.852**	0.000	Significant	Accepted
Indirect effect (Mediation)						
	Eksogen	Mediation	Endogen	Path Coefficients	Results	
H4.	Social capital -->	Role of government -->	Empowerment of small industries	0.335**	<i>Partial Mediation</i>	Significant

Notes: s = significant (p-value) at $\alpha = 0.05^{**}$

Based on the hypothesis test in Figure 1 and Table 2 structural model was evaluated with respect to predictive relevance (Q^2) models to measure how well observed values were generated by model. Calculations result was $Q^2 = 0.9098$ or 90.98%. It means that accuracy of this research model can explain diversity of social capital, role of government and empowerment variables about 90.98%. Remaining 9.02% was explained by other variables that not included in research model. Thus, model can be used to test hypothesis. Hypothesis testing and structural models (Inner models) were evaluated by looking at value of path parameter coefficient relationship between latent variables. Estimation results for the model of the inner direct influence of social capital of the small industries empowerment shows the value of t-statistics for 5.648, where the value is greater data table 1.975 for a two-way test with the standard error ($n = 155$, $\alpha = 5\%$), this suggests a direct effect of social capital to the empowerment of small industries is significant. inner estimation results for the model of the effect of social capital on the role of government shows the t-statistic value of 33.873, where the value is greater than t table 1.975 for a two-way test with the standard error ($n = 155$, $\alpha = 5\%$), suggesting a direct effect of social capital on the role of government is significant.

Estimation results for the model inner influence directly role of government toward the empowerment of small scale industries shows the value of t statistics for 4.852, where the value is greater than t table 1.975 for a two-way test with the standard error ($n = 155$, $\alpha = 5\%$). This suggests a direct effect of the government's role to the empowerment of small scale industries is significant. To determine the magnitude of the indirect effect of social capital on the empowerment of small scale industries through the government's role is to multiply the influence of the track (0.811×0.413) = 0.335, indicating that social capital is not a direct effect of social capital on the empowerment of the industry small through the role of government by 0.335, thus increasing the direct influence of social capital on the empowerment of small scale industries. Testing hypothesized indirect effect of social capital on the empowerment of small scale industries through the role of government can be performed with the Sobel test value in the study of = 0.069037. Then to test the significance of the indirect effect it is necessary to calculate the value of t from the path coefficient of social capital on the role of government, the role of government to the empowerment of small scale industries. The value of t in this study is 4.852. Hypothesis testing results in Table 2 shows from 3 direct effect tested significant effect. It was evidenced by value of critical points (t-statistic) ≥ 2.00 and the probability value $< \alpha = 0.05$, namely: Social capital has a positive and significant effect on role of government **and** empowerment of small industries (H1 & H2 was accepted) and role of government **has** positive and significant effect on empowerment of small industries (H3 was accepted).

IV. DISCUSSION

The existence of social capital in the community of employers and workers in small industries studied is strong enough to push their changes in economic conditions of the less powerful (powerless) becomes powerless or helpless enough (powered), it can be seen from the mutual trust that is built up as a tendency to believe that enough that if someone buys goods with the order, then that person will be paid in accordance with the agreed contract. Another strength is the small industrial community has confidence in the existing norms such, the products ordered will finished on time and pay for materials purchased within the agreed time, the conviction will be able to pay wages on time employment.

In conducting its business, namely, capital, production processes and marketing then there are small businesses that need to set up a social network. Through this social networking small industries can easily run their business well and this has been proven to provide significant benefits for the sustainability of the business that had been cultivated. The existence of strong expectations of small industrial businesses that manufactured or produced goods to be sold and get repeated orders, get a loan from the bank and can be repaid in accordance with the agreements. Hope this motivate small industry players in running his business so as to provide results that can raise the level of empowerment of small industries.

Through coaching and development has been done by the government according with Government Regulation No. 32 of 1978, the ability of management as well as production and processing techniques have been able to be increased by a small industry, in addition they have also been able to design products that have value and production processes in accordance with business and technical equipment according to the needs of consumers. As for marketing, the governments carry out marketing research and study so that this small industry is able to improve product management and marketing techniques, as well as providing the means to support promotion and market trials, providing professional consultants so that the distribution of the products of small industries is growing. Development associated with coaching and human resources, the government has made efforts to promote and cultivate entrepreneurship in the field of small industries, efforts to increase technical skills and managerial, education, training and business consultancy, internships, study tours and training. More about Technology coaching and development for small industries, namely an increase in production technology and quality control for the product businesses, incentives to apply new technologies and technology transfer partner.

Based on the results of data analysis, social capital owned small industrial businesses in addition to increasing empowerment also been proven to improve the performance of the role of government is conducted the research region. That is the role of government can be improved as supported by the role of social capital. According to Coleman (1988), social capital as well as other capital, this is also productive. The existence of social capital that is strong enough to encourage the success of the government in the play functions for the welfare of society. The level of empowerment of small industries that successfully improved by the role of social capital in a small industry and local government roles includes four aspects, namely: (1) Productivity, (2) The use of local labor, (3) The increase in revenue and (4) Innovation.

V. CONTRIBUTION AND LIMITATIONS RESEARCH

The result of the research gives meaningful contribution to other theories that are focusing on measuring or analyzing social capital, role of government and empowerment. The results of this study can add to the discourse of science that deals with the role of government toward empowerment of small business by small by Abdullah (1999); Kye, W.L. (2006); and Marri et al. (2002) that government support for small and medium enterprises that provide special loans, technical support, taxes, market liberalization, incentives for technology development, the establishment of research centers, logistical support and Industrialization zone. The results of this study have contributed to the development of the conceptual and theoretical insights empowerment of the powerless small industrial enterprises (less powerful) becomes powerless. Efforts to improve the ability of individual craft businesses are fused in the community to build the capacity and resilience of the economy. Empowerment lies in their own decision making process for choice develop adaptation to changes in the social environment Madekhan Ali (2007); Kapitsa (2008); Nauman et al (2009); Mawardi (2007); Ningtias (2009); Nelsen and Christian (2003); Elmes et al. (2005). 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.

A global implicaton of this research provides an understanding of the conceptual integration of structural relationships and the importance of government's role in supporting social capital and empowerment of small business craft. Craft to understand the importance of managing constraints in an effort to increase innovation in order to support the development of new products, which have a competitive advantage in the marketplace. Most SMEs craft have concerns in terms of marketing the product. The role of the government in addition to working to empower SMEs through increased technical capabilities are also expected to provide capital assistance, as credit terms from banks are often still an obstacle in filing venture capital. This study is limited to the presentation of the analysis of the survey data in the analysis of causal relationships one point in time (cross-sectional), other than that due to the busyness of the respondents were difficulties multiply more in-depth information on this research study. Thus researchers can then more depth through interviews with respondents or method of in-depth interviews and focus group Discation (FGD).

Moreover, a respondent of this study is limited to a small craft industry, namely (woven, weaving, wood carving and jewelry) in Southeast Sulawesi. Thus may limit generalizability of the findings of this research, especially in small or large industrial industries in other regions.

VI. RESEARCH ORIGINALITY

This research originality become basis to develop contingency modeling toward relationship models of Empowerment of small industries implementation namely: social capital and role of government. These study findings prove existence of integrated conceptual model the relationship between empowerment implementation directly has significant effect on social capital, role of government and empowerment of small industries where in previous researchers test it separately. Contribution to the findings of this study can provide a basis for modeling the development of a contingency perspective of the social capital relations, role of government, and empowerment to small businesses either directly or mediated by role of government. The research findings prove the existence of an integrated conceptual model of the relationship between the role of government and social capital directly affects empowerment affect the handicraft business, as well as through the mediating role of role of government, in which the researchers previously conducted tests separately.

VII. CONCLUSION

The civil servants competence in the process of designing SKPD work plan in Kendari city government is able to give added values particularly in supporting his/her performance. Therefore, it's important that civil servants competence be improved and maintained to succeed the SKPD work plan. Employee's competence in the process of making SKPD work plan in Kendari city government is also improving his/her commitment. Thus, the civil servants' commitment must continuously be maintained. Particularly to employees who are able to work hand in hand with their counterparts who design SKPD work plan in Kendari city government. However, the civil servants commitment in the process of making SKPD work plan is good. Civil servants who have affective, normative, and continuant are able to strengthen their performance because they have higher motivation to maintain themselves in the organization. They also believe that doing SKPD work plans are their obligation to do so, and they feel sorry if they are not involved in designing the plan. Performance will not improve civil servants' satisfaction if the reward given to them as moderating in designing the SKPD works plans. Thus, reward does not play a role as moderating to influence civil servants' satisfaction; this is because the organization is government organization where they are working with. Lastly, the intrinsic and extrinsic rewards are generally providing meaningful contribution to civil servants' satisfaction. They feel that they are free to make decision in accomplishing their jobs, and they also think that being planners in SKPD work plan make them happy and believe that it is a reward.

Further research needs to look into deeper structural model. This research uses reciprocal model to test feedback loop among the laten variables. Further research need to investigate the process of making SKPD work plan in other places with different objects. SKPD work plan in Kendari city is adopted from Local Development Planning Forum (MUSREMBANG), so it's important that civil servants' competence need to be upgraded by developing the quality of human resources. By so doing, they will become discipline employees and will have great achievement to reach the organization goals. The planner of SKPD work plan need to upgrade their innovation to develop the good model of planning in the organization. They also need to find out new model on how to reward their employees who work in SKPD work plan. To sum up, the employees will get high motivation if the performance leads to their satisfaction.

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