

Social Competence, Human Capital and Entrepreneurial Success (A Study on the Owner of Fish Trading Business)

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Abstract

It is undoubtful that entrepreneur need solid social competence and human capital to grow their busienns. With the case of Indonesia, most of the owners of fish trading business in Lamongan still market their fish in traditional market with the coverage of 40% of the area of East Java, 38% of Central Java and West Java, and the rest of 21% is outside Java. This trading sector has an open characteristics which means that there is no obstacle for those who want to join or leave the trading business and this condition requires trading businessmen to have more capabilities in terms of offering goods, searching for market opportunities, and maintaining a network of relations. This study aims to analyze whether social competence can act as a mediating variable between human capital and business success in the fish trading business owners in Lamongan. The process of data collection in this study was conducted on a population of 114 used to test the validity and reliability of 30 respondents, so that the sample 84 respondents were overall taken. The result of this study shows that human capital gives negative effect on business success while the social competence positively and significantly gives impact on the business success and has a perfect role as mediating variables in the relationship between human capital with business success. This study contributes to the development aspects of the study of the human resources stating that the better human capital an entrepreneur has, the better the social competence he has, and subsequently provides better opportunities to achieve business success.

Keywords

Human capital, social competence, the fish trading business success

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Introduction

The success of small and medium enterprises is seen as an industrial sector which has an important role for the growth of economic development, including employment and the contribution to the

gross domestic product (GDP). Creating a business success is inseparable from the resource capability of an entrepreneur. Human development index (HDI) showed a significant improvement in human development during the 21st century.

Therefore, it has been realized that the role of human resources will determine the business success. Human development as a form of intangible development asset value of the company which is continuously developed as one of the efforts to have better, decent, and knowledgeable life as expected in the concept of human capital.

Human capital is the economic value of the human being that is relevant to the ability of knowledge, ideas, energy and commitment (Schermerhorn, 2005). In the business activity, it was found out that there is an exceeding number of human capital which is then synchronized with other production factors. This is supported by Becker (2003) who confirmed that the knowledge and skills of each individual is an investment in human capital in an effort to bring economic and psychological benefits throughout his life. Schultz (1961) also confirmed that the increase in well-being does not only depend on the ownership of land, equipment, energy or other physical assets but it also depends on knowledge. Human capital is a combination of nature (intelligence, energy, positive nature, reliability, and commitment) and learning ability (talent, imagination, creativity, ingenuity), and motivation to share information and knowledge.

Some researches claimed that human capital significantly influences the business success as mentioned by Brudler, Preisendofer and Ziegler (2002), Bates (2010) and Unger et al (2011). Moreover, the increasing level of education and the length of a person's work experience, supported by a conducive environment can lead to improvement of skills and business success. The education level of business founders are key determinant which significantly affects business success. Businessmen who have longer experience are considered to be more responsive and sensitive to the situation

at hand at all times. Meanwhile, Nafziger and Terrel (2006) found that the level of education and experience empirically do not relate significantly to the business success. It is more due to the fact that the old era businessmen can not respond to new things, so they cannot compete with the new businessmen. Similarly, good education gives no impact on business success, if the education owned by the entrepreneur does not have business orientation. On the other hand, the low level of education in companies supported by empowerment skills is able to boost the business success as the skills given to employees can make them produce high value products. Furthermore, Nafziger and Terrel (2006) also explained that the importance of continuous education between knowledge, psychology of business and finance is realized by the entrepreneurial businessmen industry in India. Therefore, to achieve sustainable business success, it is necessary to have the expertise and business experience having empowerment orientation.

Sustainable business success is not only determined by the entrepreneurial knowledge, but also on how to apply the knowledge to recognize opportunities and take advantage of the opportunity and maintain the network which has been established. Bhagavatula (2010) said that the successful entrepreneurs have the knowledge of processing information in order to mobilize their business, but the establishment of a network and business continuity as well as good communication patterns need to be considered. Markman (2008) stated that to gain the access to important people and maintain the existing business networks, businessmen need the accuracy in understanding the attitudes of others and in this case the ability required is social competence. Social competence is the ability of individual skill to interact effectively with the environment and influence others in order to achieve

certain objectives in the social context adapted to the environment, situation, and values adopted.

The phenomenon of business success can not be separated from human capital, while researches that examine the relationship between human capital for business success led to the emergence of research gaps that can be traced further. The trace on these gaps are based on the opinions expressed by Nafziger and Terrel (2006) who stated that human capital is not directly related to the business success. The study Klepper (2002) showed that the relationship between human capital and business success is complex, requiring variables that mediate the relationship. Markman (2008) mentioned that the dynamics existing in the market demands businessman to have competence. Competence can be defined as the ability to identify environmental changes, accelerate the response and adapt to change through the commitment of resources owned by the so-called social competence (Markman, 2008). Hence, human capital can be linked to social competence to achieve business success. This study aims to analyze the direct influence of human capital on business success and analyze the social competence mediation of human capital on business success.

Human Capital and Business Success

The research on human capital was mainly originated from the desire of the practitioner involvement (Bontis, 2002; Becker, 2003; Schermehon, 2005; Saint-Onge, 2006; Edvinsson, 2007). The latest developments are rarely published in the form of articles by the popular press and business magazines and national newspapers. Bates (2010) and Sveiby (2011) also recognized that human capital has been noticed by many people and is defined by some people, but understood

by few people and was considered practical (Bontis et al., 2010). Over time, the development of science (knowledge sciences) and business demands of today's industrialized world (modern business), is characterized by the creation of the value of knowledge assets derived from intangible assets known as human capital (HC). Knowledge of value creation derived from tangible assets is not appropriate when applied in the context of modern business.

It encourages the researcher to conduct a study that focus on tacit assets (intangibles) or non-physical. There have been lots of empirical studies of previous studies including a research by Becker (2003) who developed the theory of human resource management specific to intangible resources (intangible assets) to build a model of organizational human capital. The study involved a major component of human capital (education, training and experience) and proved that education affects directly and indirectly through training and experience to the success of the company. Training through the experience contributes to the formation of the company's success, while experience directly influences the success of the company and the three components were integrated to form one's human capital. The findings indicated that education, training and experience (internal human resources) are indicators of human capital formation affecting the success of the company.

The theoretical concept is built up through human capital empirical study conducted by Becker (1964), entitled human capital *"A Theoretical and Empirical Analysis with Special Reference to Education"*. The study described in detail the empirical study by reviewing some size and conceptual model of human capital and its impact on business success. The study showed that there is negative and not significant path coefficient derived

from a relationship between training and experience. This is due to lack of research data supporting the theory, but overall this study has been successful in establishing the concept of human capital that comes from the integration of education, training and experience which positively and significantly affects the business success. The management of human capital should be managed in an appropriate manner and procedures so that it can be a “core value” of business in the present era. Future research needs to associate the main component of human capital to the non-physical (intangible) business success of a company at a particular object of study which is more specific.

Further research by Bontis et al. (2010) entitled “*Human Capital and Business Performance in Malaysian Industries*” on 107 services and non-services industry in Malaysia, explored the three main components of human capital namely the level of education, length of training, and the number of working experience and their relationship with the two industrial sectors. The study was conducted using a validated instrument of psychometric research, and asserted that education is important regardless of the type of industry, because education has a major influence on how a business should be run according to the needs in the non-services industry or the service industry.

The research by Bontis et al. (2010) used a sample of 107 companies, covering 64 service industries and 43 non-services industries and proved that education, training and experience simultaneously and positively affect significant business success in the service industry as well as non-service industry with each confidence level of 99% ($\alpha / \alpha 1\%$) and 95% ($\alpha / \alpha 5\%$). They found no significant relationship between the path of human capital for business success which in theory should be significant.

The implications of the research results indicated the differences in employees’ ability to transform knowledge and individual skills against non human knowledge. Non-service industry employees have better capabilities than the service industry employees. The differences in ability are due to differences in individual abilities and knowledge and the opportunity (time) transactions that are situational and it deals with various types of industry. Non-service industry employees have more time to express or communicate their skills and knowledge on the non-human tasks clearly and in a real way.

The opposite condition would occur in the service industry employees. Bontis et al. (2010) said that most of the skills and knowledge they have cannot be revealed or communicated well, inside and outside the company (external customers). Another study that will be done which is related to this research is that both academic researchers and practitioners can use the information as a rationale of a research finding and develop a research in other countries with more number of sample and more population .

Bontis and Fitz enz (2002) did a research entitled “*A Map of the Human Capital Causal antecedents and Consequents*”, which was developed based on the research by Bontis et al in (2010). The study aims to map and classify the causes of a number of variables (antecedent) and effect (consequence) by measuring the antecedents of effective human resource management toward 25 companies of financial services industry companies and 76 senior executives in the United States. The data were collected in the form of metrics such as financial data used to measure the variable result (consequence), while the data in the form of non-metric information or explanations were used to measure the antecedent variables using

analysis of Structural Equation Modeling (SEM).

The development of human capital is a consequence of the knowledge sharing variable, while the evaluation of human capital is a consequence of a leadership variable, each of them affects business success. Future research is recommended to use the results of this potential study in an unlimited way as program evaluation may result in the formation of causality between human capital management with economic and business results.

A research by Hitt et al. (2011) examined the direct effect of moderating human capital- toward strategy and business success of professional services business based on resource perspective. The study wanted to see how far is the direct and moderating influence of a person's ability, through the influence of human capital to the success of professional services firms of 100 largest company lawyers in the United States using the data of 1997-2001 and regression analysis tools. The moderation regression analysis indicated that in long-term human capital is able to give effect in the form of a U-shaped curve which is in the linear-shape through the life of the company towards the success of the company, which was initially negative and becomes positive at a high level of human capital. In other words, the longer the company operates, the higher flight hours or the more experience it has, the higher is the professionalism level of its professional services lawyers. The implications of research results reflect the success of professional services lawyers in the United States through the life of the company and it takes a long-term research and vast amounts of data. Thus the success of a new business can be measured when human capital is at a high level, meaning that the effect remains at the same position (low) and higher.

Social Competence and Business Success

Baron and Markman (2003) examined about "*Beyond Social Capital, Social Competence For Successful Financial Entrepreneurs*" in their study. The researchers used variables of social perception, social adaptation, expression, and impression management. The arguments developed by the researchers were based on two different samples. The first sample is on the cosmetic company that makes sales while the second sample was done on information technology company or manufacturing company.

In their research, Baron and Markman (2003) explained that social competence greatly affects the success of the cosmetics company, market dynamics and the convergence of different foreign buyers every day demanding the entrepreneurs to have the ability to detect, understand buyer behavior, try to make the comfortable situation when doing transactions and show pleasant facial expression.

Chasbiansari (2007) conducted a study entitled "*Social Competence and Entrepreneurship*" assessing social competence through effective interaction in accordance cultures, environments and situations as well as the values adopted. In her study, Chasbiansari (2007) explained that social competence is a person's ability to negotiate and set up a network on the basis of trust as communication comfort makes very close cooperation to maintain the company existence. Social competence will support the company to adapt to market dynamics so that operations can be carried out effectively and efficiently. It can be concluded that social competence significantly influences business success

Jacobowitz and Vidler in Riyanti (2003) showed that 72% of entrepreneurs in the Atlantic stated that they have siblings or parents who are also entrepreneurs.

Support from the immediate environment will assist the individual to face of problems. Furthermore, Jacobowitz and Vidler in Riyanti (2003) said that social competence that a person possesses will bring individual to able to behave positively and effectively to achieve the desired objectives without harming others for his business success. The high level of success owned by the subject is also affected by other factors, including the role model that will affect individual in retrieving the career that will be undertaken.

Windananto (2009) said the trading company is a company that operates by buying merchandise and reselling the goods without changing the shape of the goods. It can be said that the trading activity is free activity involving in and out doers and it deals directly with consumers as well as the dynamics of a changing business environment which requires entrepreneurs to have good communication skills and better interaction compared to entrepreneurs in other sectors.

Human resource along with its knowledge, ideas, expertise, creativity and innovation is able to present the unique qualities and different services to develop in accordance to the customers need. The support of human capital as the economic value of intangible assets category is expected to prepare a person's company to enter the intellectual community and professional practice in the business with the aim of achieving success.

Good social competence provides a positive aura to a person, the ability to invite, respond and keen sense of personal attributed in this characteristics makes a person has the ability to adapt, to have social communication, to adjust oneself according to the demands of the environment. Achieving success with social competence is more easily achieved.

Social competence is in a person's ability to socialize, as a capital relationship or relationships with outside parties such as consumers / customers, intermediaries, suppliers, alliance colleagues and community groups.

The emphasis on the business success is how to keep the pattern of interaction that has been attached to the customer and how to find potential new customers. Human capital is one of the components that need attention in maintaining the business success. Human capital is identical with the person's ability to manage a business unit to achieve the establishment. In the process, human capital cannot be separated from the level of education and experience of the individual.

Individuals will experience a change in thinking through education that certainly has an impact on the pattern of decision-making, while from the experience, an entrepreneur can learn from the past in running the business. In fact changes in market dynamics and globalization will bring an entrepreneurial mindset change. High competition in today's business requires an entrepreneur to have more capabilities, including social competence that is a pattern of behavior that should be owned by an entrepreneur to maintain the continuity of the success of the existing businesses owned. Spirit, attitude, behavior and the ability to socialize and form a network of cooperation are all integrated in the personality called social competence. Social competence is later used by the majority of entrepreneurs in setting the workings of the business.

It is intended to form the personification trustworthy and competent in business, thus the social perception of a good pattern will be formed. However personification skills and confidence gained will shape the personality or character of each entrepreneur.

Surely a person having more entrepreneurial competence will be able to compete and maintain their business success. Business success is a goal to be achieved by all trading businessmen. Although it is a relatively simple concept of trading business, but trade is a business barometer.

Business success boils down to trade, therefore trading businessmen should pay attention to communication pattern by showing enjoyable expression accompanied by good skills in offering the merchandise and are able to adapt and mobilize networks as attributed by social competence. The description indicates the interaction of human capital and social competence is able to create business success. The concept of business success depends not only on one factor, therefore the interaction of the three components (human capital and social competence) are complementary to each other.

Research Method

This type of research is explanatory research that aims to create an explanation or exploration of the phenomenon of causality between two phenomena (Sekaran, 2011). In line with its goal, this research aims to analyze, test and confirm the effect of human capital with social competence as a mediating variable to the business success. The research was

conducted in Lamongan regency on the owners of fish trading business who open a business on the fish market

The population in this study is 526 people of fish trading business owners of small, medium and large scale. Furthermore, they were chosen based on non-probability sampling with the following criteria (1) they acquire business license; (2) with the value of commodity trading at least 1 ton or Rp. 25 millions; (3) experiences in trading more than one year; (4) supplies more than three regions. Based on these criteria, 114 samples were used to test the validity and reliable by 30 respondents, while another 84 respondents were saturatedly taken to continue the process of analysis.

Characteristics of Sample and Business

There were 84 respondents taken as samples in this study, 100% of the total sample is female. Most of the respondents aged 41-51 years, and 26% of them is not married. The characteristics of trading business in the island of Java marketing area reaches 78% with sales turnover of more than 35.000,000 per day, more than 10 million venture capital by 64% with the acquisition of own capital of 55% and of parents 45% which means that the respondent is not related with third party so based on criteria their trade businesses fall under medium enterprises category.

Table 1. The Result of the Analysis

Research variables	Research instruments		Estimate Loading	Means of Indicator
<i>Human capital (X1)</i>	Level of education	X11	0.721	3.84
	Experience	X12	0.852*	4.39
Social competence (Y1)	Social perception	Y11	0.705*	4.18
	Social adaptation	Y12	0.840	3.97
	Expression	Y13	0.877	3.77
Business success (Y2)	Profit increase	Y21	0.879*	4.22
	Sales increase	Y22	0.886	4.43

Source: processed primary data (2013)

Human capital variable is measured by two indicators namely level of education and experience. The highest loading factor value is 0.852 and it has the average value of 4.39. It means that human capital variable is dominantly determined by indicator of experience and the fact shows that the respondents have previous working experience and they have four years experience of running fish trading business.

Social competence variable is measured by three indicators of social perception, social adaptation, and expression. Based on the estimated value of loading factor, the strongest indicator is expression with the value of loading factor of 0,877 and the average is 3.77. This means

that expression indicator dominantly determines the social competence variable but the fact of the existing condition shows that the fish trading business owners have not optimized a service system which has the characteristics of open-minded, fun, and responsive to the criticism of others.

Business success variable is measured by two indicators: profit increase and sales increase. Based on the estimated loading factor value, it was found out that the strongest indicator of business success is the sales increase having the highest loading factor of 0.886 and an average of 4.43 which means that the sales indicator has a dominant contribution to reflect the success of the business, and the reality found that the sales increases will increase profits.

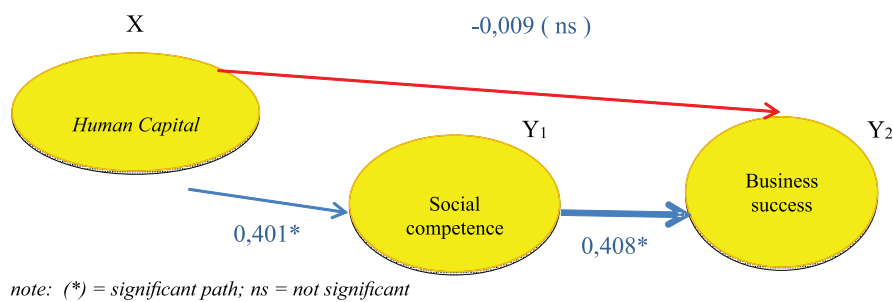


Figure 1. The Diagram of Path Coefficient and Hypothesis Testing

Source: processed GSCA (2013)

The results of hypothesis testing that appear in the image shows that human capital variable does not significantly influence business success, while human capital significantly influence social competence and social competence significantly influences business success. Increasing human capital may influence

the business success if it is done through social competence. This means that social competence is a full mediation on business relationships. In order to improve the confidence in the testing of path diagram, it is then followed by mediation significant test :

Table 2. Sobel Test on Mediating Variable

Indirect Effect	Direct Effect Coefficient		Indirect Effect Coefficient	p-Value	Information		
Human Capital? social competence business success	Human Capital? social competence	0,401	Social competence? business success	0,408	0,164	0,063	Significant

source: processed primary data (2013)

The calculation results of Sobel Test on mediating variable shows that the indirect coefficient of human capital variables on business success through social competence is considered significant with the value of coefficient of 0.164 at a rate of 10% α . It means that the higher human capital, the higher is the social competence, and therefore; the greater ability to achieve success.

Discussion

In the fish trading business, human capital actually has an important role which allows employers to be able to achieve better success. With the aspect of education, experience and training on an ongoing basis that is in human capital, the fish trading business owners can organize their business operations in order to run in line with the expected objectives. Level of education allows every individual in the organization of business to be able to adapt to the rapid changes in the processes and new technologies because the existing workforce has better skills and abilities. Meanwhile, the level of experience of the fish trade allows business owners to adapt faster and contribute more to increase business success. In fact, human capital directly gives no real effect on the business success which may mean that the level of education and experience do not have a real role in increasing the volume of sales and operating income.

The average education level of the fish trading business owners is high school. It is considered good if it is connected with the 12-year compulsory education, but in fact this education level gives no significant impact on the success of the business. Having the experience the fish trading business of more than 4 years, the owner of the fish trading business should be sensitive enough to patterns of adaptation when running a business.

The level of education and experience of the business owners that are general and not specific to business reflects the facts that despite having high education level and length of experience, still it gives no significant effect on business success.

The lack of human resource development activities and improvement of skills in the form of training cause these entrepreneurs to be stagnate and tend to use the old business model that is not relevant to today's conditions. To hone and refine new knowledge, training is still needed as it can potentially increase the knowledge and skills better (Becker, 2003). Human capital will be the trigger (driver) to increase better business success if the indicators of education and experience are well controlled. Meanwhile, the results show that the training has not been received by the owner of the fish trading business. Human capital in the fish trading business owners do not provide any real effect because education is managed in general way accompanied by conventional business experience.

The results of study conducted by Nafziger and Terrel (2006) showed that the level of education does not significantly influence the business success as long as the education is not business oriented. Meanwhile, low levels of education accompanied by continuous empowerment skills is capable of producing superior products that can compete in the market, so that business success is achieved. The existing experience the entrepreneur has does not guarantee the success of the business as sometimes this experience in certain circumstances is no longer in line with current business conditions. From the facts obtained, it is stated that even though most of the fish trading business owners have a good experience and have an average education level of high school, they still miss training indicator because they never get any training.

The results of the analysis puts the experience as a top priority of human capital, but on the other hand, the fish trading business owners have never got any training that should be obtained to build human capital. The level of education is still common and monotonous business experience caused human capital variable does not directly affect the business success. However, the lack of training for human capital variable really needs to be considered as the implementation of continuous training has a significant contribution to business success. The absence of training leads to a lack of skills and adaptability to information about market conditions, (Van Praag, 2013).

The findings of this study confirmed the results of the study by Khavul Susanna (2013) stating that a good level of education and long experience can motivate entrepreneurs to achieve better and sustainable business success but the effort could fail when the experience does not reflect an increase in expertise and resource empowerment. It happens because a high level of education gives no impact on business development if the businessmen cannot keep abreast of business conditions at any time. Entrepreneurial businessmen are required to enrich their knowledge every time to follow the development of information and technology, thus improving the quality of products is maintainable and it has the responsive knowledge to the changing circumstances of business. In this case, continuous knowledge improvement can be achieved by conducting ongoing training.

Based on the results of interviews conducted to several respondents to deepen the results of the analysis in this study, respondents informed that the fish trading business in Lamongan regency is very promising as customers are satisfied

with the products, especially fish shrimp products called vanamie. Respondents who are the owners of the fish trading business cannot make a working report and they cannot make a proposal to offer their products to a large company. Moreover, they have limited market information patterns of other regions. Fish trading business owners in Lamongan regency just rely on mobile phones as a medium of communication between trading regions. Written documents in the form of commercial agreements or memorandums of trade are still very minimal in use.

The weak ability of the fish trading business owners in making proposals and offering business and lack of business science have caused them to only market their products in traditional market which is always moving from one place to another place through out the island of Java. By paying attention to the outgrowing number of shrimp and fish processing companies which spread all over java area especially East Java, potential market opportunities in Java should be made by the owner of the fish trading business from Lamongan, therefore there should be more attention given to the effort of empowering the training, skills, and knowledge of business.

Business development training can also be used as an attempt to synergize fish trading businesses with the development of information technology, as technology enables businesses to be able to expand the market. The development of human capital through training (drilling) as the utilization of information technology and manager is an effort that must be done continuously, as it does not only add to the mastery of the use of information technology skills, but also a change of mindset that can ultimately improve the running of conventional business processes.

Thus, when training business development is continuously carried out, the factors of education and experience in human capital are expected to provide the skills that are beneficial to the increase in sales volume and operating income that could be used for achieving success in the fish trading business in Lamongan regency.

Markman (2008) measured social competence by using perception, adaptation and expression. It means that human capital is a factor that determines the social competence. Likewise, the fish trading business owners who become the object of this study also showed that in the operations of the fish trading business, owners should have a social competence in order to achieve business success. Social competence emerges from the experience of employers who can make these entrepreneurs to be able to enhance or improve their personal development. Based on these findings, it can be said that social competence has an important role as a key human capital relationship with business success. Human capital reflected through education and experience will be able to increase business success if it is supported by social competence.

Gulotta et al (2009) and Edvinson (2007) also mentioned that in the perspective of business success, human capital plays an important role when managing the business as a planner, an implementer, and a control effort. The ability to realize the business success is mediated by social competence. Level of education and experience plays a very important effort in reflecting the human capital. Therefore, in order to achieve better business success, the owners of the fish trading business need good human capital too.

Fish trading business owners also need to have a social competence so that human capital has a significant role in realizing the business success. The results in this study

reinforce the notion expressed by Nafziger and Terrel (2006) who argued that the relationship between human capital with business success can be indirectly given that there are certain complexities existing in the relationship. In view of the business success, human capital has an important role because the effort is required to achieve success in cognitive abilities as a planner, an implementer and a controller.

According Nassei (1996) in Nahapiet (2008), it is stated that supported by the intellectual level, emotional, and spiritual then human capital can affect social competence. Human capital is reflected through education and experience that can describe intellectual emotional and spiritual ability like what has been stated by Edvinson et.al (2007) which may determine the business success. Dimova (2010) extended the opinion of Edvinson et.al (2007) found that human capital alone is not enough to affect the success of the business, but the competence is necessary to be able to socialize and achieve better business success. That is because an entrepreneur is expected to have good relationship skills with others and is able to maintain that relationship in the long term.

Thus the results of this study strengthen the results of various other studies such as the studies conducted by Edvinson (2007), Markman (2008), Gullotta (2009), Dimova (2010) which found that the relationship of human capital with business success can be mediated by other variable such as social competence. This study also expands the research of Astuti and Sabeni (2005) who found that the experience and training has no significant effect on the success of the business so that it requires another variable that acts as a mediating variable such as social competence

From the results of the study, the model of path diagram is as follow:



Figure 2. Integration Model on the Influence of Human Capital on Business Success through Social Competence

Source: result processed GSCA (2014)

Conclusion

This study shows that human capital negatively affects business success while social competence positively and significant impact on the business success and has a role as a perfect mediating variable in the relationship between human capital with business success. Social competence is a key factor for entrepreneurs in achieving success due to efforts to mediate the antecedents that influence business success is human capital

This study is theoretically able to contribute in the form of theoretical models linkages between human capital with business success through social competence. The model confirms that social competence is key for businessmen to achieve better business success. Social competence variable in this study has a role to mediate the relationship between the variables of human capital with business success. The study also contributes to the development aspects of the study of the human resources that human capital gives effect on business success which requires mediation of social competence, so that the better human capital an entrepreneur has, the better the social competence and subsequently provide better opportunities to achieve business success ,

From the practical point of view, the results contributes to the development of managerial processes in the perspective of entrepreneurial behavior. In the human resource management implications, especially entrepreneurial behavior in this

study, it was found that social competence is the key for employers to achieve better business success. Social competence is able to mediate the full relationship between human capital with business success. Social competence includes a set of basic capabilities, attitude, intelligence and feeling, and can not be separated from the influence of the social situation, the conditions of social groups, social task as well as the state of the individual to adapt in a variety of circumstances and environments. This study can also be input for the fish trading business owners to always develop friendliness, networking and the ability to adapt to the dynamics of the business environment. This study proves the fish trading business owners must be able to adapt, have a sensitivity to social conditions and have the ability to organize emotion. All of them are necessary for the owners of a fish trading business in Lamongan regency to achieve better business success.

More importantly, the results of this study also contributes as a reference to the local government to improve its services on businesses, especially the owner of the fish trading business. The service is the provision of continuous training to the fish trading business owners like the concept of customer service, access to marketing outside the region or to another country, improvement of distribution facilities as well as a good means of packing and so on. Everything is to be done in order to improve good human capital so that business can achieve better business success.

Notes on Contributors

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