HUMAN CAPITAL AND SURVIVAL OF SMALL SCALE FOOD PROCESSING FIRMS UNDER ECONOMIC CRISIS IN CENTRAL JAVA INDONESIA

Dr Palmarudi Mappigau
Sosial Economics Department Animal Husbandry Faculty Hasanuddin,
University of Makassar South Sulawesi Indonesia
rudipal@yahoo.com

Dr Agussalim M
Management Economic Department Ekasakti University of Padang West Sumatera Indonesia,
agussikki@yahoo.com

ABSTRACT

This study objective was investigate the determine factors of the survival of small food processing firm during the economic crisis. As much 102 small firm with traditional of beef processing and preservation which producing Jerked beef and Beef Floss located in Central Java Indonesia were choised as sample. Primary and secondary data collected in 2009 when global economic crissis hit Indonesia, and the datas analyzed using path analysis. This study concluded that; (a) human capital (specific human capital) namely motivation start ups and industry experience in the same field have positively effects on entrepreneur’s competencies, adaptation strategy, and the survival of firms. However, the contribution effect of motivation tend to be larger than industry experience; (b) Entrepreneur’s competencies have a positive effect on the adaptation strategy and the survival of firms. However, contribution effect of entrepreneurial competency tend to be larger than managerial competency; and (c) adaptation strategy has positively effect on the survival of firms; and (d) human capital have affects on the survival of firms through entrepreneur’s competencies (entrepreneurial and Managerial Competencies) and adaptation strategy. A better understanding of this finding will benefit implication for future research in the survival of small food processing firms under economic reession aspects, and also it will benefit implication for policymaker in supporting improved competitiveness of the small food processing firms and improving human capital for the indonesia SMEs entrepreneurs.

Keyword: Human capital, entrepreneur, competency, adaptation strategy, survival, small food processing firm