A Study On Impact Of Human Capital Development On Entrepreneurship With Special Reference To Youth Of Lucknow City

Mrs Akanksha Singh¹ and Dr. Kaushiki Singh²*

¹ Research Scholar, Department of commerce, Dr. Shakuntala Misra National Rehabilitation University, Lucknow Uttar Pradesh

² Assistant Professor, Department of commerce, Dr. Shakuntala Misra national Rehabilitation University, Lucknow Uttar Pradesh

*corresponding Author email: kaushkinirupamsingh@gmail.com

Abstract

The previous two decades have seen a significant increase in the entrepreneurship literature’s and growing interest in human capital. In studies of human capital and entrepreneurship, most of which were conducted using the development of human capital factors like education, employment experience, and training. The present paper empirically investigates determining factor of human capital development namely, skill acquisition and career planning. And analysis their significant effect on entrepreneurship through regression analysis and Pearson product correlation. For doing so, a close ended questionnaire where developed and through google form link were forwarded to 180 young generation (age between 18-35). Out of which 154 responses were received and evaluated to test hypothesis. The result of the finding states that by developing the focus on career planning and by gaining expertise through skill acquisition, among youth, the city of Lucknow can encourage entrepreneurship.

Keywords: human capital development, skills acquisition, career planning and entrepreneurship.

1. Introduction

In the modern period, emerging nations like India deal with problems like unemployment, poverty, population growth, etc. If we prioritised resolving the unemployment problem among these problems, it would exacerbate other problems at a deeper level. By taking into account prior research, it can be concluded that entrepreneurship is a good tool for battling unemployment and promoting economic stability. In words of European union (EU, 2003) for developing nations and their state entrepreneurship is a vital source in improvising economy by creating wealth, jobs and proving social interest. Study by Mcquaid (Mcquaid, 2002)
supported the statement by stating entrepreneurship is a fundamental engine in creating jobs and economic development.

On the other hand, Gyang studies (Gyang, 2011) present fact that growth of any tangible assets for any developing nations depends on considerable degree of human capital and its development. Further, Igba et al. mentioned that scholars, practitioners from social studies and home economics were considered development of human capital for empowering individual and cope-up with ever emerging challenges and problems. Moreover, they also stated that in this changing scenario human capital development is cogitated for economic stability of any developing countries (Igba et al., 2015). In addition, Obisi and Anyim, stated that if any country or its states fails in taking proper care of their human capital will equally say goodbye to entrepreneur and entrepreneurship (Obisi and Anyim, 2012). Scholar gets better understanding of entrepreneurship by utilizing theoretical lens emerged by human capital (Marvel et al., 2016). Thus, this study aims to analyse the determining factors of human capital development that have an impact on entrepreneurship, i.e., the variables that influence an individual’s decision to carry out an entrepreneurial activity.

2. Literature review
2.1. Human capital development and Entrepreneurship

The environment in which organisations function today is ever now and then described as surprising, ambiguous, dynamic, or complicated because of the extensive changes. In any sector, the value of increasing human capital cannot be overstated. In the examination of 192 nations including India, physical capital and natural capital constituted, on average, 16% and 29% of total wealth, respectively, while human capital represented, on average, 64% of total wealth (World Bank, 1998). Thus, investing in human capital serves as a development objective since it enables individuals to fulfil their maximum potential by increasing their capacities. This implies empowering individuals so they may actively contribute to their own development.

Human capital is described by the Organisation for Economic Co-operation and Development (OECD) as "the knowledge, skills, abilities, and traits embodied in persons that permit the creation of personal, social, and economic well-being”. Human capital refers to an individual's knowledge, skill set, and capacity for problem-solving that will enable them to be productive. Human capital in general aid people in understanding, evaluating, and implementing new production procedures and inputs (Cosar, 2011). Thus, the process of accumulating and expanding the population of individuals who have the training, knowledge, and problemsolving abilities required for business success and a nation's economic progress is known as human capital development. A major goal of human capital development is to ensure that people perform at their best by encouraging a sense of ownership and accountability among professionals (Chidi, 2012). The development of human capital includes all efforts to promote human knowledge, increase productivity, enhance skills, and foster individual creativity (Erluwua, 2007). Human capital development comprises financial investments as well as initiatives and procedures that lead to the values, competencies, and health that individuals acquire via technical and vocational education. For everyone to be fully engaged and contribute to the goals of a company, industry, or nation, it involves developing a critical mass and an
appropriate balance of the human resource base as well as a supportive environment. According to Falk and Koebel (Falk and Koebel 1998: 339), the shift in production regimes and the economy's ongoing focus on services have increased the value of quality in enterprises and, as a result, the need for highly qualified human capital for successful organisations and startups. Having access to the extra resources necessary for the formation and growth of new ventures, such as financial and social resources, is a crucial component of human capital, which has been acknowledged as having a significant role in entrepreneurial activity (Chandler and Hanks, 1998). Human capital is a key aspect that affects entrepreneurship since it may improve one's capacity for carrying out entrepreneurial activities, seizing chances, acquiring other resources (such as financial and physical capital), and aiding in the development of knowledge and skills (Brush et al., 2001).

Entrepreneurship is the process of bringing together people, money, and resources to meet and produce prosperity by combining creative and original ideas with related organisational skills. According to Omolayo (2006), founding a firm, negotiating agreements, and taking calculated risks are all examples of entrepreneurship. These actions are done to capitalise on one's acquired knowledge and skills. The proposed definition of an entrepreneur (Scarborough & Zimmerer, 1996): “An entrepreneur is someone who launches a new company despite risk and uncertainty with the goal of making a profit and expanding their firm. They do this by spotting opportunities and putting together the resources they need to take advantage of them”.

![Image](http://www.webology.org)

**Figure 1:** The human capital strategy in the context of entrepreneurship (Source: Author, following Cohn/Geske (1990)).

2.2. Measurement of Human Capital Development

2.2.1. Skill Acquisition

Nations with competent and skilled human capital are proactive in responding more skilfully to the challenges of domestic and international markets (International Labour Organization, 2008; Ministry of Skill Development and Entrepreneurship, India 2015). The process of mastering abilities through their application in specific circumstances is known as skill acquisition. It is an opportunity to learn. Gaining expertise in a particular profession requires the acquisition of skills. Delivering top-notch work and emerging as a sought-after specialist
are the requirements for becoming an expert. Acquiring skills is an investment, not a cost. Some advantages of skill acquisition include the fact that it aids in responding to the reality of the job market; you gain skills that satisfy urgent requirements; you acquire the basis for adjusting for future demands; the possible is adaptable and teaches you to be flexible too; experts get knowledge. People trust specialists, and as a result, they will trust you. Experts also make more money and have greater opportunities for advancement in their careers.

2.2.2. Career planning

Career planning, according to Salleh et al. (2020), strives to identify needs, objectives, and opportunities for people's careers as well as the implementation of establishing human resource programmes to support that career. It has been determined that career planning is a continual process of developing human resources rather than an occasion or a programme. Career planning is defined as the act of taking charge of one's professional life and making informed decisions about one's occupation, organization, job assignment, and self-development (OssipKlein et al., 1986). Policymakers may provide career planning tools or workshops through vocational counselling, workbooks, or career resource centres to assist people in conducting self-evaluations, analysing and evaluating their career possibilities and preferences, listing their development goals, and creating implementation plans. (Hall, 1987; Leibowitz et al., 1986; Appelbaum, 2002). When someone intentionally plans their career, they become aware of their personal abilities, passions, expertise, and other traits. They also learn about chances and options, decide on work-related goals, and create action plans to reach those goals (Dessler, 2008). If a system for career planning is effective, youth may be inspired to take more ownership of their own development, including skill development. This is crucial because a well-planned professional development system and internal growth chances based on merit encourage young people, which affects how successfully entrepreneurship is performed (Milkovich & Boudreau, 1996).

2.3. Research gaps

Human capital and entrepreneurship are well-researched fields (Marvel, 2016). Researchers presented various studies by considering both as a construct in one study and also considered as one construct in their study respective to field interest. However, there is a gap in area of measures relating human capital development and entrepreneurship research. There is need to explore outcome-based measure of human capital (Hayton and Zahara, 2005). Therefore, this study firstly contributes in existing literatures within the field of human capital entrepreneurship by analysing outcome measure of human capitals development and their influence while deciding to carry out entrepreneurial activity. Secondly, this particular study also fills up the gap between population (respondent) and its area, as minimal a research founded on it so the present study focused on the population and a particular localized area as youth and Lucknow city.

3. Research objectives

The research objective of the present study is:

- To explore and investigate determining factor of human capital development (HCD) for youth of Lucknow city.
To find impact of HCD and entrepreneurship for youth of Lucknow city.

4. **Scope of the study**
The present study bounds to the Lucknow city of Uttar Pradesh. Lucknow city was selected as per convenient. Study also limit itself considering youth of Lucknow city only as a sample unit.

5. **Research methodology**

5.1. Conceptual research framework

According to Shields & Rangarajan, 2013, conceptual frameworks guide in data gathering and analysis. It speaks about the planning of concepts to accomplish a study's or research project's goals. It shows how concepts are arranged to accomplish a research objective. It is used to convey a preferred way of approaching a thought.

5.2. Hypothesis formulation

**H_{1a}:** there is positive and significant effect of skill acquisition on entrepreneurship for youth of Lucknow city.

**H_{1b}:** there is a positive and significant effect of career planning on entrepreneurship for youth of Lucknow city.

5.3. Research design

Given that this study is attempting to conduct certain statistical analyses, a quantitative method is necessary. Present study is exploratory and descriptive by nature. According to Fischer et al. (2014), the quantitative research technique is one that prioritises using statistical analysis and objective measures. The purpose of the study, which makes use of data collection tools, is to examine how entrepreneurship is impacted by the component of developing one's human capital. The SPSS 26.0 software were utilized for statistical analysis.

5.4. Source of data collection

For data collection, present study used both primary and secondary data collection technique. Questionnaire were constructed for primary data collection. And Secondary data were gathered from articles, books, and other published research papers.

5.5. Data gathering instrument

Present study adopts questionnaire style from Ikegwu Emmanuel M, et.al (2014) and Chetana, N., Mohapatra, A. K.D. (2017) for skills acquisition and career planning respectively.
Questionnaire style extracted from Yasin et al. (2019) for entrepreneurship. The sets of questions were created and used to find out respondents' opinions on a topic. Questionnaire were structured questions (close-ended) in five point Likert- scale (i.e. SD=strongly disagree; D=disagree; N= neither agree nor disagree; A= agree; SA= strongly agree) where respondents have choice from researcher set of answer options.

The questionnaire is partitioned into four section. First section contains questions on skills acquisition with twelve items. Second section contains question related to career planning with four items. Third section contain question on entrepreneurship with five items. Lastly, the fourth section is related to demographic profile like age range (18-24; 25-35); gender; academic qualification; occupation; etc. of respondents. The survey was created and distributed to respondents using Google Form, a cloud-based survey tool. The adoption of this programme removed the need to trace responses personally and individually during the worldwide epidemic. Additionally, it was a quicker and more effective way to gather information.

5.6. Sample size and sampling technique

Convenience sampling were used as a sampling technique in the study. 154 responses were collected from youth of Lucknow city to precede the analysis of hypothesis.

5.7. Model specification

The use of econometric regression and the ordinary least secure (OLS) equation were approach to identify relevant factors influencing entrepreneurship. The equation is specified in Equation 1.

\[ ENT = \beta_0 + \beta_1 SQ + \beta_2 CP + \mu_i \]  

Where, ENT= Entrepreneurship (dependent variable); SQ= Skills acquisition and CP= Career planning are explanatory variables; \( \beta_i \) are parameters to be estimated and \( \mu_i \) equal to stochastic error term.

6. Results and Analysis

6.1. Descriptive analysis

Generally, descriptive statistical analysis was used to describe the general characteristics of data. In the present study mean and standard deviation were used for demographic data- Gender, age range (18-24; 25-35), academic qualifications, occupation, skill learned, type of skill learned, duration of skill learned. The results are shown in Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>1.55</td>
<td>.500</td>
</tr>
<tr>
<td>Age Range</td>
<td>1.53</td>
<td>.501</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>2.94</td>
<td>1.219</td>
</tr>
<tr>
<td>Occupation</td>
<td>4.15</td>
<td>1.225</td>
</tr>
<tr>
<td>Have You Learnt Any Skills</td>
<td>1.83</td>
<td>.376</td>
</tr>
<tr>
<td>What Kind of Skills Did You Learn</td>
<td>2.44</td>
<td>1.381</td>
</tr>
</tbody>
</table>

Table 1: Descriptive Statistics analysis

http://www.webology.org
6.2. Reliability test
Reliability statistical test is the measurement of internal consistency of construct in any study. A construct is reliable only if value of alpha is greater than 0.70 (α > 0.70) (Hair et al., 2013). Construct reliability mostly assessed using Cronbach’s alpha.

The result reviled that skill acquisition scale with twelve items (α = 0.876) and career planning scale with four items (α = 0.729) were found reliable. Similarly, entrepreneurship scale with five items (α = 0.839) was found reliable. Hence, effect of skill acquisition and career planning on entrepreneurship can be measured. Reliability results are summarised in Table 2.

Table 2: Reliability Statistics

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>No. of Items</th>
<th>Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQ</td>
<td>12</td>
<td>0.876</td>
</tr>
<tr>
<td>CP</td>
<td>4</td>
<td>0.729</td>
</tr>
<tr>
<td>ENT</td>
<td>5</td>
<td>0.839</td>
</tr>
</tbody>
</table>

Note: SQ= Skills Acquisition, CP=Career Planning, ENT= Entrepreneurship

6.3. Correlation analysis
Correlation matrix is used to measure degree of association between variables. Generally, value of correlation ranges between -1 to +1 which means strong negative correlation to strong positive correlation.

Pearson product correlation of skill acquisition on entrepreneurship was found to be moderate positive and statistically significant (r = 0.673, p < 0.001). This showed that an increase in skill acquisition could lead to higher chance of youth to be entrepreneur in Lucknow city. Similarly, correlation between career planning and entrepreneurship also found moderate positive and statistically significant (r = 0.714, p < 0.001). This results infer the higher development of career plan among youth will lead them to entrepreneurship effectively. Moreover, relationship among skill acquisition, career planning and entrepreneurship is also strong as shown in Table 3.

Table 3: Correlations analysis

<table>
<thead>
<tr>
<th></th>
<th>SQ</th>
<th>CP</th>
<th>ENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQ</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>154</td>
<td></td>
</tr>
<tr>
<td>CP</td>
<td>Pearson Correlation</td>
<td>0.601**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>ENT</td>
<td>Pearson Correlation</td>
<td>0.673**</td>
<td>0.714**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>
6.4. Regression analysis

Regression is used to analyse the magnitude of relationship between independent variables and dependent variables. Independent variables are factor of human capital development (SQ and CP) and dependent variables is ENT in the present study.

The dependent variable (ENT) were regressed on determining variable of human capital development that is SQ and CP. The independent variable (SQ and CP) significantly predict entrepreneurship, F (2,151) = 114.751, p < 0.001, which showed that the skill acquisition and career planning have a significant impact on entrepreneurship. Moreover, the $R^2 = 0.603$ depict that model explain 60.3% of variance in entrepreneurship.

Additionally, coefficient was further assessed to determine the influence of each factor of human capitals development on criterion variable (ENT). H1 evaluate whether skill acquisition significant positive impact on entrepreneurship. The result revealed that skill acquisition has the positive impact on entrepreneurship ($\beta = 0.421, t = 5.953, p = 0.000$), hence H1 was supported. H2 evaluate whether career planning have significant and positive impact on entrepreneurship. The results depict that career planning have significantly positive impact on entrepreneurship ($\beta = 0.529, t = 7.557, p = 0.000$). Consequently, H2 was supported. The results were shown in Table 4.

### Table 4: Regression Analysis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression weight</th>
<th>Beta coefficient</th>
<th>t-value</th>
<th>p-value</th>
<th>Hypothesis supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>SQ ENT</td>
<td>.421</td>
<td>5.953</td>
<td>.000*</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>CP ENT</td>
<td>.529</td>
<td>7.557</td>
<td>.000*</td>
<td>Supported</td>
</tr>
</tbody>
</table>

$R^2 = .603$

$F(2,151)=114.751$

Note: *p<0.05, SQ= Skills Acquisition, CP= Career Planning, ENT= Entrepreneurship

7. Conclusion and recommendation

Present study primarily focused on human capital development impact on entrepreneurship. To analysis this objective factors of human capital development after reviewing previous research are determined namely skills acquisition and career planning. The determined factors of human capital development are supported under the study of Khayinga, C. M & Muathe, S. (2018). The result shows that human capital development significantly affects the entrepreneurship among young generation. Moreover, acquisition of skills makes young generation expert (Johnson, 2019), in desired fields which further leads in production of novel ideas and innovative methods. This ultimately open the opportunity of generation of new entrepreneurs and enhancement of entrepreneurship. Similarly, career planning also shows significant strong relationship with entrepreneurship.
This research suggests that for growing entrepreneurship among young generation than investment in human capital is necessary. Strategies for human capital development must be developed immediately if nation or its state wants to be fit and stable in the rapidly changing world of information and technology. Skills acquisition centre must be opened and should run in a systematic way like other governmental institution, to train youth in specialized skills and entrepreneurship. Young people by itself must show their curiosity in acquiring relevant and needed skills. Participation of youth in career planning activities must be made mandatory by government, educating universities, organisation’s and coaching institutions as it has the immediate effect on work-life balance and job adaptability. The federal, state, and local governments should work together to make funding available for young trainees who are determined for their career plans and goals, are able to established themselves up after acquiring interested skills and gaining expertise in like tailoring, hair styling, ICT, catering company, and so on. This are helpful in creating the entrepreneurship organization that are thought to be the engine of economies like China.

8. Limitation and future research
Research efforts, especially social research like this, are typically not exempt from constraints that may jeopardise the reliability of their conclusions. Only the capital city, Lucknow is included in the analysis. The study may be carried out in various regions of India. To generalise the results, future studies may use a larger sample size.

9. References


