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The Role of Human Capital and Innovative Entrepreneurship in Developing Countries

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by

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"The Role of Human Capital and Innovative Entrepreneurship in Developing Countries,"

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Abstract

Title: The Role of Human Capital and Innovative Entrepreneurship in Developing Countries

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Human capital, innovation and entrepreneurship have long been associated with economic development in different contexts. However, in the recent past, several research studies carried out show that the complexity and technical nature of the ever-changing business environment necessitated by technology have superseded the current human capital required to address innovative strategies in developing countries. Several scholars assert that although inadequate skills are a great challenge for entrepreneurs, more research needs to be done to break down the varying units affecting the impact of human capital on entrepreneurial development and economic growth. The purpose of the study was to investigate the role of human capital on entrepreneurial innovation in developing countries. Specifically, the paper addressed several challenges facing start-ups and other smaller firms in developing nations to establish the role of human capital on entrepreneurs. The study also examined the role of an innovator's human capital variables in attaining financial empowerment in developing nations. In achieving these objectives, the paper utilized the human capital theory. Qualitative research methodology, especially the phenomenological research design, was used to collect, analyze, and present data. Interviews were used

as the primary instrumentation of data collection. The population of the study included mainly entrepreneurship experts, with the sample selected from an international conference relating to entrepreneurship, human capital, and economic development. The findings of the study were relevant to developing countries in formulating policies that promote an entrepreneurial culture across all industries in the economy, providing a platform for entrepreneurs to identify investment opportunities in developing countries.

Keywords: Human capital, developing nations, developed nations, entrepreneurship, entrepreneurial innovation, economic development, innovation.

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Dedication

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CHAPTER 1

INTRODUCTION

Overview

For a long time, sustainable development in various nations has been attributed to a variety of factors such as technology, globalization, natural resources, and economic liberation among others. However, over the years, researchers, including Diana (2013), have found out that while an abundance of natural resources play a great role in the economic development of a nation, these factors are not often sufficient conditions for economic growth. Various examples of natural-resource rich nations that are very poor, particularly in the Middle East and Africa, are perfect evidences that natural resources alone cannot help a country attain economic empowerment. According to Gennaioli, La Porta, Lopez-de-Silanes, and Shleifer (2013), natural resources and technological advancements are only passive factors of development. However, competitiveness is enhanced by the combination of these factors and the availability of a specialized and well-trained labor force. The human resources of a country has been related to economic development, based on its quality, as this ensures that the nation's resources are exploited with the aim of building structures that enhance economic development. Entrepreneurs, often referred to as initiators of new firms, have also been found to play a significant role in the economic development of the nations, principally because of the part they play in enhancing competitiveness of the economy, structural changes within the economy, and creation of new employment

opportunities. However, the advantages related to entrepreneurship can only be appreciated if the business environment facilitates innovation.

Entrepreneurs have proven that innovation is one of the key elements necessary for overcoming societal problems such as unemployment and crime. Invention frequently results in the introduction of a new product to the market and is a more flexible approach than improving an existing product. As such, the emerging entrepreneurial efforts can meet the clients' needs better than big business that do not have flexibility due to things like existing infrastructure. The report on inadequate human capital suggests that innovation, economic growth, and corporate finance are significantly affected by this knowledge gap (Terjesen, Hessels, & Li, 2016). Research has shown, however, that inadequate human capital poses problems in addressing innovative strategies in developing nations that facilitate sustainable economic development (Terjesen, Hessels, & Li, 2016). This often leads to the perpetuation of common problems relating to economic growth such as inflation, devaluation of national currencies, low employment rates and higher levels of migration, among others. As a result, negative consequences in other sectors of the economy as reflected in poor healthcare system and living standards.

According to Viswanathan et al. (2014), human capital is an essential resource needed for entrepreneurial innovations to form and then develop. Innovators are supposed to make major decisions, which have repercussions on their operations, the risk of thriving or failing, business performance, and its

prospective growth. Attention should then be paid to the significance of management of labor in these nations and its relationship to economic development of the nation and the well-being of the citizens.

The key focus relating to the problem of management of labor and entrepreneurship failure in developing nations is on what differentiates entrepreneurial activity in these nations from those in developed nations. In this respect, an individual becomes an entrepreneur through an analysis of what benefits come with being an entrepreneur versus a salaried employee in relation to various aspects, with human capital being a common factor. Bradley et al. (2012) point out that the efforts to increase access to capital in developing nations have been successful in achieving this goal, but much more needs to be done in managing human capital, as they are responsible for perpetuating these innovations. George et al. (2012) look at this issue from a different angle, focusing on the impact of innovation in developing nations. They argue that inclusive innovation should be focused on income generation and reduction of poverty, as opposed to increased consumption, which would deepen poverty instead of eliminating it. Unger et al. (2011) concluded that although human capital and entrepreneurship are associated with success, this effect is very low as compared to other factors affecting entrepreneurship, such as personality and orientation, citing intervention of moderating variables towards this success.

Gennaioli et al. (2013) focused on regional human capital, finding out that educated entrepreneurs are more likely to make positive contributions to a

firm/region as opposed to a constant supply of educated workers. They believe that regions that have entrepreneur-oriented individuals are more likely to benefit from higher levels of innovation, and exchange of ideas, which in turn leads to development due to the high levels of productivity. Awogbenle and Iwuamadi (2010) were of the opinion that education alone is not effective in securing the youth with jobs, therefore suggesting additional training, both vocational and entrepreneurial as short-term interventions to solve unemployment problems in developing nations. Such training, coupled with the availability of financing to put these ideas into practice, is likely to be successful. Estrin et al (2016) found out that "general human capital is relatively more important for social entrepreneurship while specific human capital is relatively more important for commercial entrepreneurship" (p. 463). Their finding is in agreement with the idea that human capital, in relation to entrepreneurship, is variable depending on the type of entrepreneur that one is, hence differing requirements. Baptista et al. (2014) also highlighted divergent needs of human capital based on the type of entrepreneur, and the impact the choice has on the success of the business.

Current and previous literature supports the fact that there is a positive relationship between physical capital and human capital, citing how imbalances between these two factors have the ability to impact economic growth. Human capital has been referred to as any country's most valuable asset, with the requirement of sensible deployment, as faulty deployment could have dire consequences, particularly in income distribution, thereby leading to higher

incidence of poverty. The same value is placed on human capital in firms. Diana (2013) linked its efficacy to the quality of education and training, as well as a country's investments in the same. She also found that nations whose populations have higher levels of education and professional training are more productive from an economic perspective, as compared to those that have lower levels of education. Benhabib and Spiegel (1994) also held a similar opinion. Noorbakshsh, Paloni, and Youssef (2001) attributed increases in foreign direct investment (FDI) to the target country's human resource capabilities. Regional development can also be associated with improved human capital in these regions (Gennaioli et al., 2011). Gainullina (2016) connected human resources to the development and sustainability of the economic systems.

One of the major concerns with regard to human capital in developing countries is the inadequacy of the efficient and reliable human capital to address innovation-related strategies. Previous research has linked innovation to human capital. Firm-level research such as that of McGuirk, Lenihan, and Hart (2015), Landry, Amara, and Lamari (2002) and Marvel and Lumpkin (2007) associated quality human capital to innovation radicands. Through their analysis of regional development, Florida, Mellander, and Stolarick (2008) discovered that innovation is higher in regions with higher concentrations of higher-level human capital. Dakhli and De Clercq (2004), based on a global perspective, found out that human capital is a catalyst for innovation, and that social capital also plays an important role in promoting innovation, as long as human capital is sufficient. These results

can be replicated on a country-level, with the same impact being expected to be felt on innovation in relation to human capital. However, the problem of inadequate human capital in developing countries has led to various problems such as low and stagnant productivity (Benhabib and Spiegel, 2005), high inflation, currency devaluation and even political instability (Portes and Landolt, 2000), unequal income distribution, a volatile political climate (Benhabib and Spiegel, 1994), attracting lesser FDI (Noorbakshsh, Paloni and Youssef, 2001), rampant corruption, capital flight, increased inequality and weak public institutions (Woolcock and Narayan, 2000), and brain drain (Beine, Docquire & Rapoport, 2008). Benhabib and Speigel (2005) also attributed the gap between technological adoption and productivity as dependence on the level of human capital. Survival of a business venture, both during the early stages and later, is also entirely dependent on the human capital of both the employees and the owner. Human capital is particularly critical in the early years of a startup, as it sets the pace for future employment. Baptista et al. (2014) determined that:

> For entrepreneurs who were employed prior to start-up – that is, those more likely to be driven by opportunity discovery – both general and specific forms of entrepreneurial human capital contribute to increase the probability of surviving the critical first three years after start-up. However, for entrepreneurs who were unemployed prior to start up – and therefore more likely to be starting a firm as an escape from unemployment – only previous

> entrepreneurial experience seems to increase significantly the probability of early survival (p.23-24).

The rationale and basic assumptions regarding the importance of investing in human capital according to Benhabib and Speigel (1994) is that it enhances creation, implementation, and adoption of new technologies which in turn generate economic growth. In addition, Gennaioli et al. (2013) assert that the quality of education, whether academic or professional, matter more than quantity. In addition, he highlights that the focus on the return of human skills on a private level as opposed to an external approach, have resulted in the underestimation of one of the important benefits of investing in skilled labor (education). Benhabib and Speigel (2005) view human capital as an input in the production process, hence its association with innovation which results in novel ways of doing things that not only provides more revenue, but also ensures sustainability in the long term, underlining why innovation and human capital is the main subject of this paper. Further, Beine, Docquire and Rapoport (2008) highlight the issue of brain drain in developing nations that result in increasing shortages of human capital in these nations. These researchers indicate the potential of eliminating the problem through implementing better educational system structures in developing nations.

Background and Rationale of the Study

An enormous gap between developed and developing nations, particularly in income distribution, is one of the major factors that have limited the growth of entrepreneurship. The reason for this is the stark differences between these nations

in various aspects, regardless of some of the poor nations having more natural resources than the developed nations. The Human Development Report of 2013 highlighted these disparities, with four of the top five nations being European nations, while the lowest five were all African countries. The report highlighted the issue of global regions in regards to wealth distribution disparities, with Africa having the poorest distribution and Europe the highest (UNDP, 2013).

Lack of entrepreneurial culture, especially entrepreneurial mindset, has also been associated with poor entrepreneurship development in developing countries, coupled with lack of property rights, entrepreneurial freedom, and obsolete technology, as well as reliance on assistance for development from developed nations. Concern for these discrepancies has been based on the inequality it brings. Mazumdar (2016) states that, "just as inequality among citizens of a country breeds tension and conflict, inequality among the countries of the world constitutes an obstacle to international harmony and understanding" (p. 30). Many examples can be given of the developed and developing nations differing in important international matters. For instance, these two blocs constantly differ in matters relating to environmental issues, as well as labor standards, with the developing nations calling for stricter controls in these matters due to their concerns relating to human rights issues. Such conflicts pose a threat to global peace. However, in reality, Mazumdar (2016) highlighted that less developed and developing nations have potential to catch up with developed nations on the long run. The rationale for this is that a shift to the utilization of better technology and a change of resources to

facilitate high-growth economies would enable these nations to experience even better marginal productivity, based on their low cost of production, in contrast to these same costs in developed nations.

Various nations are still categorized as developing nations despite making improvements in such aspects as industrialization. Some of the contributory factors that make them to be recognized as developing nations include low capita income when compared to the industrialized nations. As a result, various scholars hypothesize that the difference is not brought about by discrepancies in wealth but rather, due to diverse aspects that put developed countries at a higher ranking. Precisely some of the factors highlighted to account for the variation included; immature financial structures, adoption of technology, insufficient infrastructure, political steadiness, urbanization and government role in the economy (Bell & Pavit, 1997; Mazumdar, 2016). Contrally to the preceding findings, Srinivasan (1994), in a Human Development Report of 1990, recognized human development as the key determinant of economic growth. The report aimed at ensuring that humans had a variety of choices that would promote their development. It was deduced that development required a favorable surrounding to help individuals improve their potential and to lead productive lives, based on their necessities and interests.

Fuentes and Mies (2012) focused on productivity differences, citing human capital as one of the main predictors of differences in growth between developed and developing nations. Manuelli and Seshadri (2014) attributed the wealth of

nations to human capital, while Obisi et al (2016) highlighted the essential nature played by human capital in determining national progress. Tudorescu et al. (2010) also links human capital to long-term economic growth, while Bousrih (2013) associated it with sustainable economic development.

Having established the importance of human capital in economic development, various researchers also associated this phenomenon with differences in wealth distribution between developed and developing nations. Hanushek (2013), Son (2010), Fargalind and Saha (2016), and Gennaioli et al. (2013), focus on differences that set human capital in these nations apart, focuses on the quality of education. Dakhli and De Clerq (2004) and Diana (2013) also agree with this perspective, adding the importance of adequate professional training. Noorbakshsh, Paloni and Youssef (2009) reinforce this perspective through reporting a capital shift of Foreign Direct Investment (FDI) to developing nations based on the presence of a highly skilled labor force. However, this seems not to be enough. Researchers have found a link between human capital management and economic development. Kim and Von Glinow (2017) discover that diverse and inclusive workplaces are more innovative and productive. Galindo and Mendez (2014) perceived innovation as an inherent part of economic growth based on its application to human capital, changing the workforce's perceptions, behaviors and labor methods. Naude (2008) looked at entrepreneurship's role in economic development, based on the underlying concepts of creativity and innovation by the entrepreneurs. Adam (2014) attributes competitiveness between national economies

as based on the success of their research and innovative systems and knowledge, factors that were revealed during the financial crisis and economic recess earlier in the decade. As such, it highlights the importance of innovation and human capital in any economy, and therefore, the need to address the problem of inadequate human capital when focusing on innovation strategies in developing nations.

Previous research shows that innovation is an essential part of the development of the economy (Intarakumnerd et al., 2002; Galindo and Mendez, 2014; Romer, 1992; Morgan, 2007; Farazmand, 2004; Bradley et al., 2012; George, McGahan, & Prahbu, 2012; Snirivas & Sutz, 2008). However, there are differences in what different researchers focused on. For instance, Snirivas and Sutz (2008) were more oriented towards technological innovation, while George, McGahan, and Prahbu (2012) focused on inclusive innovation as the major concept in economic growth. Bradley et al. (2012) on the other hand, discovers that despite the major role played by the availability of capital, innovation is also very crucial in mediating certain aspects of economic growth such as fiscal, collective and human capital performances relationships. Farazmand (2004) looked at innovation in regards to capacity building, particularly in the face of the dynamics of globalization. Morgan (2007) linked innovation with economic geography, while Romer (1992) focuses on economic development in terms of use of ideas and production of the same, with ideas in this case being the central economic goods. Intarakumnerd et al. (2002), through an analysis of the Thailand National Innovation System, discovered that while the innovation systems are capable of

fostering growth in GDP, there is a need to match levels of economic structural development with the development of the innovation system to facilitate matched growth. Galindo and Mendez (2014) are more concerned with the impact of the feedback effect on innovation and economic growth.

Galindo and Mendez (2014) found out that entrepreneurship and innovation has a positive effect on economic growth, arguing that economic growth also supports entrepreneurial and innovation activities. Naude (2008) looked at the role of entrepreneurship in the economy and the process of development. Moore and Manring (2009) focus on the sustainability and value creation aspects of entrepreneurial innovation, while Awogbenle and Iwuamadi (2010) largely put their attention to entrepreneurship as a solution to youth unemployment in developing nations. These findings are very crucial in supporting the application of entrepreneurial innovation in developing nations to enhance the economies. However, much of the available literature links human capital and entrepreneurial innovation, with none addressing the issue of inadequate human capital and entrepreneurial innovation in developing nations. Unger et al. (2011) and Marvel et al. (2014) link entrepreneurial success to human capital, while Thiess et al. (2015) focuses on reassessing the role of human capital on entrepreneurship. Estrin et al. (2016) focuses on differentiating human capital requirements for social and commercial entrepreneurship, whereas Baptista et al. (2014) is focused on the contributions of human capital on the success of different types of entrepreneurs (necessity and opportunity-based). Millan et al. (2011) focuses on entrepreneurship

survival based on the employment history or lack thereof, of the human capital. Martin et al. (2013) was interested in the formation of human capital, particularly through entrepreneurial education. Qian et al. (2012) examines entrepreneurship formation in relation to economic geography based on human capital and knowledge. Amaral et al. (2011) also examined a link between specific types of human capital and entrepreneurial behavior.

The key issues highlighted in the above analysis indicate a positive relationship between entrepreneurship and innovation to economic development, as well as an affirmative association between entrepreneurship and human capital. Entrepreneurial innovations have been the driver of sustained economic growth in both industrialized and developing nations. It is also argued that one important success factor for an entrepreneur is gaining adequate access to exterior sources of information. Several innovative entrepreneurs are still faced with challenges to access knowledge and skills, especially due to constraints in financial resources. Finding and accessing reliable human capital resources is a challenge for several start-up innovators. Entrepreneurship and innovation are internationally regarded as the driving factors in economic development, job creation, and technological advancement. Additionally, entrepreneurship and innovation plays an important role in job and wealth creation in any economy. Therefore, it would be assumed that these findings could be generalized to the developing nations' context and the same results achieved.

However, this is not the case, as several scholars, while agreeing that inadequate skills may pose a challenge to the human capital and entrepreneurship relationship, argue that the problem exists both in developing and developed countries. Within this standpoint, prior studies are mainly based on the role of human capital asymmetries but not on its deficiency patterns to explain why innovators in developing nations fail to invest in value-creating business ventures. Several studies argue that demand side aspects and especially the personality of entrepreneurs may also affect human capital limitations. Studies on demand side opinions, which place the decision-making processes of entrepreneurs beforehand, are more restrained but growing quickly. Therefore, it is important to note that entrepreneurs are the determinants of significant decisions and entrepreneurial features, and for this reason, they play a major role in business. Lastly, the impact of human capital on entrepreneurial innovation is related to an inadequate range of human capital and unsuitable alternatives in developing countries. In addition, researchers such as Millan et al. (2011), Amaral et al. (2011), Baptista et al. (2014), and Estrin et al. (2016) were focused on initial human capital and the survival of the new venture. These factors highlight the need to conduct research on inability to perform which is the reason why several entrepreneurial activities fail to be undertaken.

Statement of the Problem

Various studies have established that there is a very close and positive direct relationship between human capital and entrepreneurship (Unger et al., 2011;

Marvel et al., 2014), and a positive association between human capital and the survival of the innovative venture (Millan et al., 2011; Baptista et al., 2014). However, inadequate skills were found to be a major problem and a barrier for innovation success and survival (Theiss et al. 2015). Still, scholars cannot determine with certainty the level of the problem, with differing opinions on both the quality and quantity of initial human capital needed for the survival and success of a start-up. Consequently, research is required to determine whether the inability to perform is the reason why several entrepreneurial activities fail to be undertaken.

Purpose of the Study

The purpose of this study is to investigate the role of human capital on entrepreneurial innovation in developing countries. Specifically, the paper addressed issues facing several smaller firms in similar developing nations, using the comprehensive results of the data obtained to examine the role of human capital on entrepreneurs in the respective countries. The study also examined the role of innovator's human capital variables in attaining development financing in developing nations. While a substantial quantity of research studies exists, many of these studies have stated that access to human capital has been a major challenge in innovation due to a momentous gap in knowledge of the entrepreneurs in developing countries. Human capital theory was used to address the research topic, whose objective aimed at evaluating the role of entrepreneurs in developing human capital through sound and strategic innovations in developing countries. As a result, the study examined whether those entrepreneurs who have been innovative in

transforming and developing human capital in developing countries considered human constructs studied in this research as a key element in starting a venture business successfully.

Research Questions

The following questions guided the research study:

1. What is the impact of human capital in the development and sustenance of innovative entrepreneurial strategies?
2. What is the relationship between human capital and the success or failure of business ventures in developing countries?

Definition of Terms

***Human* Capital.** Diana (2013) defined human capital as "investments in human resources, with the purpose of growing labor productiveness" (p. 206). Popescu and Diaconu (2008) also define human capital as "knowledge, abilities and skills of the individuals that can be used in the activities that stimulate economic growth and development" (p. 554). These definitions will be used consistently throughout the paper, regardless of its reference in different contexts such as in firms and in national development.

Middle Income Countries. Previously classified as developing nations and used interchangeably in this paper. Mazumdar (2016) defined a developing nation as one with "relatively low standards of living, undeveloped industrial sector, and moderate to low Human Development Index (HDI)" (p. 28). However, in this context, a middle-income country will refer to one that have achieved great

milestones in industrialization, have high standards of living, and have higher HDI, but cannot be fully classified as developed nations because they lack certain factors in relation to political and social factors.

Developed Nations. These are nations that are characterized by high standards of living, extensive industrialization and technological adoption and innovation, very high HDI, as well as political stability and higher levels of various other social factors.

Entrepreneurship. *In* this paper, Naude, Szirmai, & Goedhuys' (2011) definition of entrepreneurship will be used as a guide. They refer to it as "the why, when and how of opportunity creation, recognition and utilization for providing goods and services through the creation of new firms (start-ups) and within existing firms for both profit and non-profit purposes" (p.1). Therefore, our focus will be on the creation and ownership of a single or multiple business ventures with the aim of making profits, providing employment opportunities, alleviating poverty, and contributing positively to economic growth. Inheritance of existing businesses does not count in this context, and our focus will be on productive entrepreneurship.

Innovation. This will refer to the creation of a novel business venture or ways of doing new things, through the use of individual or collective creativity, to enhance sustainable competitive advantage.

Entrepreneurial Innovation: This term will be used interchangeably with innovative entrepreneurship: it will refer to the creation of novel business ventures

by entrepreneurs with the aim of profit-making, economic development, poverty reduction, and job creation.

Acronyms

HDI- Human Development Index

GDP- Gross Domestic product

FDI- Foreign Direct Investment

Significance of the study

The aim of the research was to highlight and discuss the role of human capital in the development and sustenance of entrepreneurial innovations in developing nations, and thus, examined the importance of these nations investing in human capital to enhance productivity of their labor force and facilitate economic development. The results of the study will help developing countries become efficient and competitive globally. This will also help developing countries achieve desired outcomes such as increased FDI, improved HDI, and overall improvements in the GDP, in addition to sustainability.

The research was, therefore, of a particular interest to countries classified as developing nations because it expected to unearth common mistakes made in regards to human capital development, providing recommendations on what these nations can do differently to enhance their economic development. It was anticipated that the outcomes of this study would not only impact the formal sectors in the developed nations, but also the informal, leading to higher rates of business

start-ups and consequently, reducing the cost of production, and accelerating the growth of business start-ups resulting to the utilization of economies of scale.

The study also targeted small and large firms by detailing how they can achieve good management of human capital, enhancing their productivity as well as their contribution towards economic growth. The International bodies concerned with human development such as the United Nations Development Program (UNDP), as well as economic development organizations such as the World Bank and IMF were also of great interest during the study considering that they promote and provide funding to boost economic growth and development in various nations. Further, this study provided future direction in the study of human capital and innovative entrepreneurship in developing nations, through the identification of emerging issues, as well as other directions for study, especially in human capital development.

The investigator projected that the study's results will provide new insights into the field of innovative entrepreneurship and its relationship to the developing countries management of human capital. Existing research only indicates that proper management of human capital most likely leads to success, but there is little research to explain why innovative entrepreneurship strategies in developing countries fail to be undertaken. Exploiting the solutions to this problem was the major concern of the research. By examining and creating new knowledge, the study contributed towards the existing body of knowledge within the research

subject, an aspect that opened up new approaches towards the problem that had never been examined before.

A case study of a developing nation and a developed nation was conducted to determine differences in the implementation of entrepreneurial innovation strategies in these economies, facilitating the identification of gaps that attributed to the differences in the economic performances of the developing nations.

The investigator identified that developing nations often fail to perform in innovative entrepreneurship ventures due to the mismanagement or lack of human capital. The study highlighted why innovations in these nations, despite most of them being promising ventures, failed and the role that entrepreneurs and human resources played in this failure. With a better understanding of these problems, it could be possible for developing nations to identify and develop recommendations and policies that will assist in ensuring sustainability of innovative entrepreneurial strategies.

Organization of the Remainder of the Study

The research is divided into five distinct sections. Chapter one included the introduction section which highlighted the basic overview of the problem, the background and rationale for conducting the study, the statement of the problem, purpose of the study, research questions, definition of term used in the paper, and significance of the study. Chapter two covered the literature review of the paper by analyzing various aspects of the problem through an examination of the historical context of literature related to the problem, while addressing the research questions,

at the same time considering the relevant theoretical models and theories in relation to innovation and human capital. It is here that a new perspective into the research was highlighted based on the historical context, offering new direction to the research and its contribution to the existing body of research. Chapter three covered the methodology of the study, exploring how, where, and when the study was conducted, and ethical considerations that guided the research process. The researcher also stated their position regarding the study as well as how the study achieved validity, credibility and trustworthiness will be discussed. Chapter four looked at the contribution of the study towards the research domain, limitations, and recommendations for policy makers and implementers. Finally, the study provided recommendations for government, the private sector, and entrepreneurs through a comprehensive discussion of the research results and implication in chapter five.

CHAPTER 2

LITERATURE REVIEW

Historical Context of Human Capital

Although the term ‘human capital' was not used as part of the economists' lingua franca until the 1960s', the concept had been developing long before. The first definition and concern of the importance of human capital can be attributed to Sir William Petty, an English economist who is thought to have been involved with the socioeconomic and political roles of labor in the 17th century. He believed that labor was the ‘father of wealth' and suggested for its inclusion in the estimation of national wealth (Potelienė & Tamašauskienė, 2014). Towards the end of the 17th century, William Petty placed a value on laborers, hence estimating the value of human capital, and then used this to demonstrate the power of England, as well as determining the cost of the country for the losses in war and other deaths. His work, was thus, used by subsequent scholars as a basis for the development of what is today known as the human capital theory and concepts underlying the theory.

Adam Smith, a classical Scottish economist of the 18th century, perpetuated the idea of human capital as a vital resource for any nation through the publication of his famous book *An Inquiry into the Nature and Causes of the Wealth of Nations* in 1776. He defined human capital as “The acquisition of … talents during … education, study, or apprenticeship, costs a real expense, which is capital in [a] person. Those talents [are] part of his fortune [and] likewise that of society” (Smith, 1776). His work was used as the basis for the modern theories of

human capital, particularly the growth spurt in research and literature in the subject beginning the mid-20th century. In this publication, Smith detailed the essential nature of the skills and knowledge of workers in the production process and the quality of the output. He suggested that wages should be awarded in accordance with the efforts, both time and money, used by the workers in acquiring the skills they possessed, predominantly their investment in learning and education. He viewed the productivity of higher skilled workers as different from that of those with lesser skills and recognized the need to adjust their wages, using the investment in acquiring these skills as the basis for justification of higher payments.

Over a century later, Alfred Marshall (1890) defined human capital as inclusive of "all those energies, faculties, and habits which directly contribute to making people industrially efficient." The definition includes production capabilities that could also not be measured directly, such as human input.

Ivern Fisher's theory of capital was used as a foundation on which modern human capital theories stands by stating that "A stock of wealth existing at an instant of time is called capital. A flow of services through a period of time is called income" (Fisher, 1906). Fisher's definition was seen as an inclusive perspective into capital, offering more insight into the nature of human capital based on controversies surrounding the issue, and more so the use of the term itself. Fisher emphasized that as long as a stock yielded services, it would be classified as capital, regardless of its nature regarding "materiality, monetary aspects, durability or repeatability of use."

Fisher's definition paved the way for modern perspectives on the subject, and for the most part, the use of the much-debated term. Theodore Schultz, Jacob Mincer and Gary Becker are thought to be responsible for making the term “Human Capital” popular in their publications in the mid-1900 in the background of criticism and debate on whether the concept interfered with the freedom of the people, and their quantification (Schultz, 1961; Becker, 1964; Mincer, 1958). In particular, they emphasized the human as a factor for income growth and therefore, their focus was mainly on means of capital accumulation. Schultz (1961) clarified that human capital did not equate people to property and marketable assets as many perceived it, implying slavery. He also added that human capital involved self-investments through various capital goods such as education and productive knowledge to increase intangible human capital with the potential of increasing productivity. According to Mincer (1981):

> The central idea of the human capital theory is that whether deliberate or not, these activities involve costs and benefits and can, therefore, be analyzed as economic decisions, private or public. The costs involve direct expenses and earnings or consumption foregone by students, by trainees, and by workers engaged in labor mobility. Since production and consumption benefits from these activities accrue mainly in the future, and are for the most part quite durable, the costly acquisition of human capacities is an act of investment. (p. 3)

Both Schultz and Mincer agreed on a common definition of Human capital, despite looking at it from different perspectives, with Schultz's Macro-economic perspective and Mincer's Micro-economic. They both agreed that human capital was an independent concept as compared to conventional capital in regards to its economic and development features. Becker (1964) differentiated between human and general capital, elaborating that the former increases productivity to an individual in a specific firm, while the latter is responsible for increased productivity to the owner in general. The definition has evolved over the years to exclude people from it, only focusing on what they have to offer, mainly their productivity.

The last part of the 20th century, from the 1960's were characterized by rapid development of the discipline that led to the increased understanding of the concept in relation to human behavior at individual and social levels. Most of the focus was aimed at the examination of the returns on the investment to human capital (Becker, 1964; Shaffer, 1961) individual differences in relation to earnings (Mincer, 1974) and the role of human capital in national and regional development (Bandinger & Tondl, 2002; Faggian, et al., 2016). The focus of this paper is on the latter, as the paper is interested in addressing differences in developing and developed nations in respect to human capital development and entrepreneurship.

Human Capital and Economic Growth

There is a large body of literature associating human capital and economic growth (Frank, 1960; Barro, 1992; Benhabib & Spiegel, 1994; Bousrih, 2013;

Mincer, 1981; Diana, 2013; Manuelli & Seshadri, 2014; Obisi, Gbajumo-Sheriff, and Uche, 2016; Tudorescu, et al., 2010). Much of this literature was aimed at the operation of human capital as a means of production, and therefore an emphasis on factors that provided barriers to productivity, while at the same time establishing functional relationships between various concepts relating to outputs and inputs of the production process. These authors made major contributions in making a connection between national production and qualitative factors such as technological adoption and human resource development. As a result, economic growth has been attributed to various aspects related to labor.

Mincer (1981) explains this relationship as a result of differences in acquired abilities leading to "individual economic growth at the micro-level, and growth of the economy at the macro-level" (p.2). Schultz (1960), through a study of the increase in wealth in the U.S.A. between 1889 and 1957, discovered that human capital increase was the highest as opposed to factors traditionally thought to have contributed to economic growth such as agricultural activity (Land) and machinery (Technology) used in the production process. Frank (1960) comes to similar conclusions based on his comparison of the economic development in the U.S.A. and Europe in the 19th century, where America's economic growth was higher than that of Europe, regardless of Europe experiencing rapid technological advancements during that period as compared to the U.S. In his 1981 paper, Mincer, upon investigating the role of human capital in economic development, concludes:

> *Even if substantial levels of human capital may not be a prerequisite for an acceleration of economic growth at a certain time and place, the concurrent growth and diffusion of human capital appear to be necessary to insure sustained economic development.(p 24)*

Such an argument further reinforces the relationship between human capital and economic growth.

***Education attainment*:** Barro (1992) associated economic growth in regards to human capital as being due to education attainment, citing that nations with higher educational attainment are more likely to experience increased economic growth. Diana (2013) also held a similar opinion, through making a connection between the qualification levels of human capital and economic growth, adding that a well-educated/trained labor force is essential for sustained economic growth. Obisi, et al. (2016) highlighted the importance of organizations investing in their human resources, as opposed to an overemphasis on technological adoption, calling for a balance between the two. Benhabib and Spiegel (1994) looked at human capital accumulation as a prerequisite for economic growth, based on the domestic production of technology innovation and adoption of foreign technology. Romer (1992) also highlighted the role of literacy in economic development.

***Labor distribution*:** One of the most significant contributions made was the establishment of a relationship between human capital and income distribution based on labor concentrations. Mincer (1958, 1974), Becker (1964), and Schultz (1960) were focused on this phenomenon, through conducting evaluations of

effects, costs, and benefits of investing in human capital, and the differences it brought about in the distribution of income. Schultz (1960) upheld that human resources created a service in terms of the nation's output, as any escalation in national income came from growth in human capital. He added that human capital consisted of the education and training investments relating to the number of years spent in acquiring education, professional experience and years of employment among others, but mostly entailed the workers' stock quantified by that country in its national accounts. He identified two basic parts of those stocks: 1) the absence of earnings while one acquired formal education set against a promise of productive activities with wages paid for actual work, referred to as foregone earnings; and 2) the direct costs and current expenses of education such as buildings, school fees, and teaching staff. Schultz made a significant contribution in terms of relating the growth rate of national income and normal capital when paralleled to nonhuman capital and backed by a higher profit rate, therefore more suitable as compared to investments in nonhuman capital. In particular, Schultz gave insight into the main costs incurred by human capital in the United States in the first half of the 20th century, citing that they concerned the absence of earnings by students and an increase in the quantity of non-realized earnings on the total education costs during that period.

Income distribution: Mincer (1958), on the other hand, explained the dissemination of labor generated income through a differential in education among the labor force. He defines human capital as the number of years invested in

acquiring skills in school, and hence explaining the differences in incomes. His assumption was that all individuals possessed similar skills and therefore stand the same chance of finding any type of job. However, training is what, according to him makes all difference, as each task requires a differing level of professional training, whether formal or informal. He differentiated formal and informal training through measuring the latter based on age as it is acquired on-the-job, while the length of schooling measures the formal training. Jobs and therefore income, according to him are classified based on the minimal formal training period, which he termed as the human capital investment, where each additional year spent on training and working increases their value, and, ultimately, their income. He also theorized that professionals that took longer to achieve formal training were more likely to attract higher wages, as each additional year spent in training is seen as postponement of earnings by that amount, as well as shorter working life. The theory is true in reality today. For instance, medical and engineering courses take slightly more time to complete than the ordinary courses. Thus, it makes sense that doctors and engineers are paid more upon graduation.

Age: Becker (1964), on the other hand, based on an examination of the human capital impact on the US economy from the 1960's, explained income distribution differentials in people of different age groups, geographical areas and jobs were due to the amount of physical capital investment, technological advances, and domestic government (Becker, 1964). He attributed America's growth during the 60's, a period that was characterized by numerous amounts of capital and little

job opportunities, as due to high levels of "rational capital." Based on this and several earning profiles from different nations, Becker proposed that the return on investment on human capital accounts for the variability of incomes and observes those countries with higher education levels and more rational capital had faster growth rates in wages. Based on Mincer's theory discussed above, he proposed a method of measuring income differences between college and high school graduates, finding strong correlations in the level of earnings and education attainment. The result of such studies has been the close association of human capital and education. One cannot be analyzed without consideration of the other, and researchers such as Shaffer (1961) referred to this as a cause-effect relationship. Schooling, often measured in the number of years spent acquiring formal education or type of school attended, has over the years been associated with success, which is measured by the social position of an individual and income (Shaffer, 1961). However, other researchers such as Nerdrum and Erikson (2001) argue that this relationship is unrealistic as income differentials can also be affected by various factors such as intelligence, financial status of the parents in regard to their ability to provide education and areas of residence aiming others that influence schooling were also mentioned by Shaffer (1961). Almond and Currie (2010) also add age, citing that the early capital investments (before the age of five) have great long-term impacts on adult outcomes. Hanushek (2013) also rejects school attainment, attributing the growth to cognitive skills.

Due to the role human capital was found to play in economic growth, there emerged studies seeking to highlight the impact it has on the development, or lack thereof, of nations. Healy and Côté (2001) attributed the well-being of nations to human capital, based on these factor's distribution and investment. Gylfason (2001), though a comparison between natural resources and human capital development, concludes that human capital is more important for growth, as natural resources bring risks, chiefly relating to stagnation in low-skill intensive natural resource-based occupations, resulting to failure to advance their knowledge, and that of their offspring. Besides, they are as likely to be overconfident in their capabilities, and as a result, they underestimate the importance of human capital in economic development policies such as education, based on assumptions that natural resources are critical assets. This gives them a false sense of security and therefore negligence in human capital development and it also explains why nations without natural resources are likely to do better than resource-rich countries as indicated earlier in the paper. Hanushek (2013) finds out that investments in human capital in developing nations facilitate economic growth through raising levels of incomes, thereby alleviating poverty levels.

The study on the association between human capital and economic growth, especially in education and revenue distribution, has been one of the central themes in economic analysis, particularly in the measurement of national wealth. Standard measurements of GDP have been discovered as a result while shifting the focus of economic growth to sustainable development. The results of this study were an

extensive improvement in an attempt to improve human capital, based on the discovery that human capital encompassed more than just education, such as correlations between health and human capital (Bleakley, 2010). Based on this knowledge, human development, which the UNEP human development report of 1990 defines as "the process of enlarging people's choices" (p.1) became a central focus, with the aim of facilitating universal human development.

While the primary goal of human development is to ensure the all-rounded development of people to achieve longer, healthier and fulfilling lives, an economic growth perspective has been the central issue, such as determinants of economic growth and measurements of growth, among others. Further, these studies paved the way for the advancement of acquisition and accumulation of human capital (Heitor, et al., 2013).

Human Capital and Entrepreneurial Innovation

One of the direct consequences of the comprehensive study of human capital and its impact on economic development was the necessity to find new ways of enhancing growth, through various alternatives such as reducing production costs, as well as competition for economic growth. It brought an intense focus on business, mostly the creation and transfer between different economies. Among the factors that were identified were technological creation and adoption, and innovation. Innovation was a central concern because countries were found to vary considerably in innovative activity, a factor Hofstede (1980) attributed to cultural differences. He accredited innovation differences to cultural factors relating

to "power distance, individualism, uncertainty avoidance, masculinity and long-term orientation" (Popescu & Diaconu, 2008). Other scholars such as Shane (1992, 1995) supported this view by arguing that individualistic and nonhierarchical nations were more likely to be innovative, as compared to others. He further adds that nations that support the reality of uncertainty were also likely to be more creative than those that did not embrace this aspect, as they are open to spontaneity, a critical characteristic associated with innovation (Shane, 1992). Adler (1997) also argued that cultural values played a role in the innovative nature of societies, with "doing-oriented" cultures being likely to achieve innovation easier and faster than "being-oriented" cultures. Regardless of these aspects, Popescu and Diaconu (2008) highlight a social aspect to the inventive process that influences how these societies innovate. They linked human capital and innovation by indicating that regardless of cultural orientations, infrastructure and personnel concentration play a role in the creative process. They add that the concentration of the staff at a particular place (research center or laboratory) often results in a great number of innovations per researcher, regardless of the number of researchers in the population being low. Human capital, from their perspective, is a major source of competitive advantage not only in nations but also firms and individuals. This influences innovation as persons with more investments in practical experience and skills enhancement are more likely to be more creative, hence the need to invest in strengthening human capital. Dakhili and De Clerqo (2004) also associate social

and human capital with the potential to innovate, finding human capital is more strongly related to innovation than social capital.

Technology: Vandenbussche, et al. (2006) looked at economic growth and innovation in relation to the technological aspect of development. According to them, economic growth is due to technological improvements, which are as a direct result of the combination of innovation and imitation (adoption). This is against the reasoning that technological advancements in any particular nation are as a result of technological innovation and adoption, which require differing levels of human capital, with innovation involving high skilled labor, while adoption requires lower levels of labor. Innovation, in this case, is associated with more intensive labor. In this view, growth can be achieved by investigating the human capital composition and concentrating their allocations on particular levels to achieve desired development outcomes. These views support Grossman and Helpman's (1991) viewed that the nature of the labor force regarding skills influences the amount of innovation in that economy. Benhabib & Spiegel (1994) also found similar results, associating human capital development with the speed of technological adoption and innovation. Bandinger and Tondl (2002), through an analysis of the EU regions in the 1990s, discovered that technological innovation in the region was spurred by the sufficiency of human capital in given areas.

Vinding (2000) investigated the relationship between the absorptive capacity of firms and innovation. Absorptive capacity in this context refers to the ability of the company to recognize, integrate, convert and implement valuable

external knowledge gained from external collaboration. The result of this process is the development of employee skills, which impacts other areas such as technical know-how and internal capability, hence the development of innovation performance and reduction of imitation tendencies. These implications can be felt in the rest of the economy through various linkages, hence national development.

The flow of human capital has also been associated with innovation. Faggian and McCann (2009) associated regional innovation in the Great Britain to the movement of graduates to specific regions, leading to accumulation of high skilled labor in these regions. Morgan (2007) also associates regional innovation to the concentration of human capital. Marvel and Lumpkin (2007) focused on the impact of human capital (education and experience) in relation to innovation radicalness. According to their research, individuals with better education and work experiences are better placed to recognize opportunities for groundbreaking, innovative outcomes, hence enhancing innovation radicalness.

Marvel and Lumpkin (2007) implicitly linked change to technological entrepreneurship, further steering the role of human capital and entrepreneurship, indicating that a study of this phenomena would provide more insight into the subject. A plethora of research exists regarding this subject (Unger, et al., 2011; Marvel & Lumpkin, 2007; Theiss, et al., 2015; Marvel, et al., 2014). Marvel, et al., (2014) argued that entrepreneurship and human capital interact due to the role played by human capital, particularly experiences in enhancing opportunity recognition and the creation of ventures. Each milestone achieved by the

investment is attributed to their knowledge and skills, hence highlighting the vital nature of human capital in the entrepreneurial process. Viswanathan, et al. (2014) highlighted the essential nature of human capital in determining the success or failure of the new venture. Unger et al. (2011) also held a similar opinion, but find a weak relationship, highlighting the need to study the dynamics involved in human capital development and entrepreneurship.

Other studies focus on the role of human capital in regards to self-employment. Ucbasaran, et al. (2008) closely linked the entrepreneur's human capital profile to information search and opportunity identification behavior. Block et al. (2013) associates advanced education levels to a higher likelihood of self-employment. Parker (2009, 2011) and Estrin et al. (2016) also found the same association, linking higher levels of education and experience to lesser quitting decisions. In addition, they cite flexibility, openness, and independent thinking as advantages of higher levels of education, as well as self-motivation and engagement, as well as a deeper understanding of critical issues, hence, the ability to properly identify opportunities and using them to achieve optimal productivity (Hmieleski, et al., 2015). Others, such as Van der Sluis, et al., 2005; 2008) did not find any relationship. Some researchers thought that the type of education should be considered, based on their findings that additional education enhanced entry into entrepreneurship (Parker and Belghitar, 2006). Estrin et al. (2016) offered an explanation to this, citing that "This is possibly due to rising opportunity costs, because more highly educated individuals are likely to be offered managerial jobs

in wage employment that like entrepreneurship entail considerable decision latitude and variable incentives — yet entail less risk bearing" (p. 453).

Millán, et al, (2014) and Baptista et al. (2014) focused on the role of survival for entrepreneurial start-ups, finding that prior employment experience increases the probability of survival. Millán et al. (2014)'s validation for this opinion is that previously employed entrepreneurs have the skill and resources for managing the venture. Besides, opportunity-based start-ups are more likely to succeed than necessity-based startups (Baptista, et al., 2014), because the former are likely to be formed by previously employed entrepreneurs who have more skill, as opposed to the latter that are created by unemployed individuals to escape unemployment.

Income Consideration: According to Estrin et al. (2016), an individual's choice to get into entrepreneurship is based on weighing between alternative occupations in the market, such as paid employment versus the benefits of self-employment. If self-employment based on their rational utility yields to the potential of better gains, these employees leave paid labor. However, utility in entrepreneurship is greater in terms of risk and investment. Therefore, variations in human capital are likely to be broadly influential. In addition, differences in paid employment, such as the uncharacteristic placement of independence and job satisfaction are the main focus of entrepreneurship. Thus, the initial investment in human capital during entry is likely to have an impact on performance and survival. Block et al. (2013) clarified this by explaining that proper investment in human

capital at the beginning of the venture leads to broader knowledge, hence the integration of new knowledge in the firm, enabling easier adoption of new situations. Unger et al. (2011) add that it also enhances the ability of the employees to discover and exploit new opportunities.

Based on these analyses, it is no wonder that developed and developing nations are promoting entrepreneurial activity in their economies. The main reason for this, Naude (2008) asserts, its ability to transform nations "from low income, primary-sector based societies into high-income service and technology based societies" p. 1 to help with stagnating development and accelerating growth. Szirmai, et al. (2011) attributed the importance of entrepreneurship to economic development as based on the role it plays in facilitating reallocation of resources to more productive uses, hence performing "'cost-discovery', 'gap-filling', and 'input-completing' functions in the economy (p.1)", while also supporting structural changes. However, each economy has its own reasons for embracing entrepreneurship. For developed nations, their main concern is enhancing their competitive advantage to enable them to maintain their status, while for developing nations, the major concern is "starting and accelerating growth, and in providing impetus to the structural transformation of economies; in the advanced economies the concern is largely concerned with obtaining new sources of productivity growth (which underlies competitiveness)" (p. 2).

As Szirmai, et al. (2011) noted, the role of entrepreneurs in developing nations has been underestimated over the years based on the perception that their

contributions in these regions are less important than in advanced economies. However, it offers significant contributions not only in promoting innovation but it also "involves the development of new products, new processes, new sources of supply,…the exploitation of new markets and the development of new ways to organize business" (p.26). They add that the impact of entrepreneurial activity in economic development in these nations varies based on the type of ventures. For instance, incremental entrepreneurial innovations directly affect growth in firms and the country. Others facilitate catch-up roles, especially in technological sophistication, and are a result of the need to respond to competitive conditions such as efficiency and creativity in marketing and production, to increase employment rates, and ensure flexibility.

Characteristics of Entrepreneurs

Entrepreneurial innovation in the current age is expected to grow in importance as more and more nations face current and future challenges in regards to global developments such as the financial crisis, natural disasters, climate change, and other global inequalities. Due to this, the role of entrepreneurs during such times indispensable as they do not only thrive in the needs created by such challenges but also provide more opportunities to the populations, and this reveals just how diverse entrepreneurship is, based on diverse contexts of the world economies. In developing nations, entrepreneurship also relies on the nature of the systems in which this practice is embedded, with success being associated with robust and friendly environments, particularly in relation to innovation, hence

success. However, as Naude, et al. (2011) indicated, the characteristics of the entrepreneur; specifically, education, experience and networks, play a very crucial role in entrepreneurial development in these nations, as does government support. Regardless of numerous researches indicating the benefits of entrepreneurial innovations in developing nations, attempts by new business owners often result in failure. Therefore, research is needed to determine whether this inability to perform is the reason why several entrepreneurial activities fail to be undertaken. However, our focus in this paper is mostly on comparing entrepreneurship in developed contexts and the developing economies, to offer insight on differences, hence the adoption of these strategies by developing nations to enhance their entrepreneurial capacities and as a result economic development.

Major Concepts

Having looked at the historical context of the problem and how it has impacted the current views regarding the problem, in addition to the justification of the study of this issue, this section will focus on two major concepts discussed below.

Human Capital in the Development and Sustenance of Innovative Entrepreneurial Strategies

Dobni (2006) sees innovation as a benchmark for entrepreneurship, citing the importance of its creation and maintenance. An entrepreneur's role in the business environment is creating value, assisted by their intellectual capacity that facilitates survival and competitiveness in the environment, while at the same time

providing them with the ability to seize opportunities that present themselves through innovative strategies that ensure competitive advantage and sustenance. Ekanayake and Abeysinghe (2010) were of the opinion that the underlying principle for innovative business ideas is knowledge transfer in the market that facilitates competitive advantage and therefore giving rise to the unique innovations and value creating strategies. The entrepreneur's sustenance strategies have everything to do with the knowledge they possess, allowing them to apply various strategies that promote desirable outcomes, such as obtaining exclusive rights to prohibit duplication and enhance competitive advantage as a monopoly among others. Moller et al. (2005) focus on the abilities of the businessperson as critical to the survival of their businesses as they affect a wide-range of activities such as value production, business relationships, and innovation, which open the business to new opportunities.

Many factors have been found to play a role in the growth of entrepreneurship, with numerous literature finding a positive relationship between human capital and innovative entrepreneurial strategies (Szirmai, et al., 2011; Slaus and Jacobs; 2011). Most scholars associate specific entrepreneur characteristics such as level of education and experience, referred as the key aspects of human capital, with entrepreneurial innovation (Marvel & Lumpkin, 2007; Naude, et al., 2011; Marvel, et al., 2014; Moller, et al., 2005; Bandinger & Tondl, 2002; Block, et al., 2013; Estrin, et al., 2016; Faggian, et al., 2016). Policies and institutions supporting innovation have also been seen as key drivers of these innovations

(Szirmai, et al., 2011). Slaus and Jacobs (2011) associated the sustenance of innovation as due to the quantity and quality of human capital, as well as the carrying capacity of the particular environment and the impact of human activity in these contexts, as can be seen throughout the exploration of human contributions through various stages of the world economy. In addition, Moller, et al. (2005) also associated innovation and its sustenance to the entrepreneur's knowledge connections.

The underlying concept in the relationship between human capital and innovative entrepreneurship sustainability is to find the entrepreneur's competitive action and to associate it with their knowledge connections to enable the exploration of opportunities transformation of these opportunities to a value-system and build competitive advantage while at the same time enhance the business' ability to endure competition. A supportive business environment is helpful in these situations, enabling individual to innovate and implement their ideas. In particular, Noguera (2015) highlighted the role of human capital development in terms of education and profession training, as well as revision of policies to future enabling environments for the innovative entrepreneurship creation and to allow them to thrive in the long-term.

Human Capital and the Success or Failure of Business Ventures

An investigation by Noguera (2015) indicated variations in the success of new business ventures across nations based on their development status, citing lack of innovation as one of the biggest problems facing innovation in developing

nations, in particular, small firms. She further explains, stating that the quality of the existing labor force in these regions is wanting, in terms of quality; hence, there is a lack of skills necessary for entrepreneurial innovation. She also clarifies the misconception that the emergence of entrepreneurship in developing nations is "a reflection of a large informal sector in which low- productivity firms are constantly emerging and dying" (p. 20). Rather, she views it as an attempt by the nations to make progress in entrepreneurial innovations, and consequently expected higher survival rates as the business environments undergo changes to accommodate these emerging businesses.

Estrin et al. (2016) associated the initial investment in human capital during entry as being likely to have a significant influence on the performance and survival of the new venture. Block et al. (2013) reasoned that proper investment in human capital at the beginning of the venture is likely to lead to broader knowledge, leading to the integration of new knowledge in the firm, enabling easier adoption of new situations. Unger et al. (2011) added that it also enhances the ability of the employees to discover and exploit new opportunities.

In terms of survival, various studies find an association between the entrepreneur's employment and experience history and survival (Baptista, et al., 2014; Millán, et al., 2014). Millan et al. (2014)'s validation for this opinion is that previously employed entrepreneurs have the skill and resources for managing the venture. Moreover, opportunity-based start-ups are more likely to succeed than necessity-based startups (Baptista, et al., 2014). The main reason for this is that the

former are likely to be formed by previously employed entrepreneurs who have more skill, as opposed to the latter that are built by unemployed individuals to escape unemployment. Santarelli and Vivarelli (2007) also cited fear of unemployment as one of the determinants of entry, in addition to entrepreneurial human capital capabilities shaped through previous job experience, education, and regressive determinants such as overconfidence and desire for independence from employment.

However, Dimov (2010) attributed new business failure to slow-moving investments. Hence, the innovators tend to abandon them and look for new ones. Noguera (2015) mentioned this, explaining that in developing nations, it is more likely to happen as the entrepreneurs are looking for opportunities that lead to fast money. Most of the times, as Dimov (2010) noticed, these quick-rich ideas are not sustainable and are what is considered bad ideas. Rauch and Rijsdijk (2013) also argued that although human capital has been said to be important in determining success, much of it has to do with the type of human capital. For instance, business failure is more likely for entrepreneurs with high levels of specific human capital, as their knowledge may be limited to particular industries, but this knowledge may be useful in maintaining the enterprises' profitable niche. Amaral, et al. (2011) found similar results, concluding that general human capital has a negative impact on entrepreneurial re-entry. Kato and Honjo (2015) also associated higher levels of human capital to voluntary liquidation of businesses in both high- and low-tech

economies, regardless of positive impacts in reducing bankruptcy in businesses in high-tech sectors.

The Human Capital Theory

The purpose of this study was to investigate the role of human capital on entrepreneurial innovation in developing countries. The study's importance was manifested in the intention to foster sustained economic development in third world economies through entrepreneurship, which, in turn, is facilitated by labor productiveness (Diana 2013). In this regard, entrepreneurial innovation and development, at different levels, depend on various factors affecting the human resource factors, such as education, culture, knowledge, among others. Human capital, though relatively new in the field of entrepreneurship scholarship, has already become a widely utilized and studied concept by various contemporary scholars in the sector (such as Martin, McNally & Kay, 2013; Volery, Naepflin & Mueller, 2013) over the past decade. It implies, then, that human capital, which can be innate or acquired, is a key antecedent in not only developing entrepreneurial skills but also in advancing the theoretical background of entrepreneurship. This section, therefore, seeks to illuminate the importance of the human capital theory in entrepreneurship, identify the factors affecting human capital development, and establish the significance of the human capital model in the current study.

Human Capital and Entrepreneurship

In many cases, a venture starts with the identification of a gap in the market, an opportunity, for which a new product or service must be developed to serve.

Identifying opportunities, to a large extent, is determined by various factors at an individual's disposal including knowledge, training, and education. In this respect, Marvel (2013) defined entrepreneurs as people who search for opportunities deliberately as well as those who create the opportunities without actively searching for them. Edelman and Yli-Renko (2010) described the two as discovery and creation theories of entrepreneurial development. Under the former, entrepreneurs scan the environment actively to identify competitive imperfections emanating from changing technological, social, political, regulatory, and economic actors. In contrast, the creation theory assumes that entrepreneurial opportunities arise from an entrepreneur's specific actions within a market. A common presupposition regarding the two theories, however, is the fact that the processes of creating or discovering opportunities require individuals with above average knowledge or information about the market and its dynamics. Considering that only a small percentage of the population can identify opportunities and take appropriate advantage of them, this realization, therefore, is the foundation of the human capital model, as it underscores the importance of an entrepreneur's abilities in discovering and creating opportunities (Marvel 2013).

Alongside helping to create opportunities, human capital is a vital subset of entrepreneurship as it enables entrepreneurs to acquire the necessary resources to launch a venture. Davidsson (2006) observed that an identified opportunity remains, merely, as just an idea until it is established. An opportunity is deemed profitable only when the entrepreneur’s actions of pursuing the venture result in the

creation of a viable venture opportunity, one that serves a new market need or an existing one using improved production approaches. The process of examining the viability of a venture assumes a gradual trend, whereby the entrepreneur collects and evaluates broad market information in order to ascertain the feasibility of the venture. The process of arriving at this conclusion, determining the viability of an idea, according to Marvel, Davis, and Sproul (2014) requires distinctive entrepreneurial analysis capabilities, which take up a considerable portion of an entrepreneur's resources, such as time and finances. Thus, successful entrepreneurs are regarded as those that are able to distinguish between feasible and non-feasible opportunities in order to avoid the risk of committing a vast amount of resources in pursuing a non-promising venture. Besides having the capability to determine the viability of a venture, entrepreneurs also need to have at their disposal adequate knowledge and skills to establish the venture. Collectively, the two requirements are known as opportunity confidence, and they influence, to a great extent, whether an entrepreneur pursues or dejects an opportunity. The relevance of human capital, thus, is manifested in the idea that to be successful, entrepreneurs require high levels of opportunity confidence in order to distinguish with clarity between ventures to be abandoned and those to be pursued.

The third importance of human capital, according to Bradley, McMullen, Artz, and Simiyu (2012), is that it facilitates the acquisition of new knowledge as well as accelerates the development of more efficient production approaches in firms. In a bid to eradicate poverty, people are presented with two options, to

pursue employment in order to earn wages or to take advantage of entrepreneurial opportunities so as to earn profits. Despite the fact that wages provide a low risk source of income, most people in developing economies may find it hard to venture into the employment sector due the limited number of openings available (Unger, Rauch, Frese, & Rosenbusch, 2011). As a result, such individuals' only option is to start their own businesses, in which undertaking they are forced to actively analyze the environment in order to determine the type of business to pursue, thereby giving rise to necessity-based entrepreneurs. In contrast, entrepreneurship in developed nations is regarded as opportunity-based, as it stems not from lack of alternative opportunities but from the need to take advantage of identified market gaps. This study's focus, however, was on developing nations, implying that emphasis will be placed on analyzing necessity-based entrepreneurship, where Baptista, Karaöz and Mendonça (2014) claim that the initial survival prospect of a venture is contingent on both general and specific human capital. The argument is based on the fundamental principal that the success of nascent ventures at the basic level is determined not only by the experience of the entrepreneur but also the amount of knowledge accumulated throughout the process of establishing the business. Although considerable evidence has applauded the importance of knowledge acquisition as a subset of human capital, very little is known regarding the specific information sources for necessity-based entrepreneurs.

When evaluating the potential of a venture, in terms of anticipated returns, most venture capitalists rely on feedback from human capital. Saxton, Wesley and

Saxton (2016) brand the feedback, “venture advocate behaviors (VABs),” claiming that new venture founders have a duty of facilitating the VABs so as to increase their chances of receiving assistance, especially from funders. The argument is justified in the observation that most nascent ventures are limited on various fronts including revenues, customers, assets, as well as employees. In this regard, depending on external sources, angel investors, for help becomes inventible. It is here that the importance of the human capital emerges as the founders’ expertise shortcomings are made up for by the venture community, including the angel investors, who make important contributions as additional finances, wages for initial employees, as well as other lacking start-up inputs (Hsu, Haynie, Simmons, & McKelvie, 2014).

Human Capital Constructs

The human capital model’s theoretical richness is reflected in the large number of constructs defining it. A meta-analysis conducted by Marvel, Davis and Sproul (2014) found an excess of 344 human capital constructs, with most reviewed studies having an average of 3.3. Work experience, education, and entrepreneurial experience were the most examined factors. Other commonly examined factors include the founders' demographics such as age, gender, and family background as well as psychological-related constructs such as the need for achievement.

Most Examined Human Capital Constructs

Construct Type	Percent (%)
Work experience	39.9
Education	26.6
ENT experience	19.8
Demographics	8.7
Cognition/Psychological	4.9

Source: Marvel, Davis, and Sproul (2014)

The same study further observed that 86% of the previous human capital research has been conducted at the individual level in contrast to a mere 14% at the firm level.

The disparity has been associated with the relative ease of obtaining individual as opposed to firm data. Human capital constructs can also be investment or outcome related; in which case, Marvel et al. 2014 claimed that much of the previous studies have focused on assessing investments in human capital as opposed to its outcomes. This is despite empirical evidence suggesting that outcome-based human capital is a better predictor of entrepreneurial development (Unger et al. 2011). Ease of accessibility of investment related data is also cited as the cause of this disparity. Considering the limited amount of research conducted in developing nations, at this point, it is difficult to quantify, with certainty, the human capital factors that influence entrepreneurial success in these regions, implying the

necessity to evaluate the currently most examined constructs in order to establish their relevance to necessity-based entrepreneurship.

Education. The importance of educational experience in fostering entrepreneurial capabilities is based on the fact that it provides prospective venture founders with several basic capabilities that enable them to maneuver easily in the market. Baptista et al. (2014) observed that formal education enables individuals to acquire critical thinking and high-order organization capabilities that enable them to take advantage of opportunities in the market. The manifestation of this is in terms of better decision-making and problem-solving abilities. Further, as a result of spending a considerable amount of one's lifetime in school, Ucbasaran, Westhead, and Wright (2008) claim that educated entrepreneurs are able to build broad social networks, which enable them to be successful in the infancy years of their ventures. As a result of education, most entrepreneurs, especially in developed nations, are able to find employment opportunities that offer high wages, which enable them to fund their business development activities in later life. In line with these findings, Dickson, Solomon, and Weaver (2008) recommended that governments, in partnership with institutions of higher education, should find ways of offering financial aid and scholarship opportunities to underserved populations in order to expand their potentials of future entrepreneurial success. Nonetheless, several studies have distanced education from the intention to become an entrepreneur (see Dickson et al., 2008; Volery, et al., 2013), arguing that entrepreneurial education only enhances decision-making abilities. In a similar

vein, a study by von Graevenitz, Harhoff, and Weber (2010) found a decline in entrepreneurial intention after entrepreneurial related education although such training was associated with a considerable growth of entrepreneurship-related success skills.

Work Experience. Various scholars in human capital and entrepreneurial scholarship agree that founders who have initial work or managerial experience have higher chances of launching successful ventures as compared to people without such knowledge (Baptista et al. 2014; Marvel, 2013; Marvel, Davis & Sproul, 2014). Baptista et al. (2014) observed that expertise in these fields can be obtained through playing an active role in making managerial decisions at previous employment opportunities or informally by observing other successful entrepreneurs. Consequently, this leads to the conclusion, "startups whose founder has more years of work experience and, in particular, more years of managerial experience have a greater probability of early survival" (Baptista et al., 2014, p.838). Experience, according to Dimov (2010), enabled the founders of a venture to enhance their productivity levels as they are placed in a position where they interact symbiotically with the major industry players, customers, venture capitalists, and suppliers. Besides facilitating the successful establishment of business, previous entrepreneurial experience is also positively associated with increasing the intent of founding a new venture. Nonetheless, as much as there is a positive relationship between entrepreneurial experience and the intent to venture into new business, scholarly evidence does not show any direct relationship

between experience and the future success or sustainability of a new venture (Samuelsson & Davidsson, 2009). The importance of industry-related experience is reflected in the fact that it enables nascent entrepreneurs' access to industry-specific information such as price, cost, and competition trends, which are normally not available to outsiders. Together, these advantages enable a venture's founder to succeed in positioning the firm competitively in the market.

***Entrepreneurship experience*.** Past entrepreneurial experience also plays a major role, in particular start-up experience and previous business ownership experiences. These factors are very crucial in revealing the likelihood of success of the new venture and crucial factors relating to human capital contexts in entrepreneurship (Marvel, Davis, and Sproul, 2014). Unger et al. (2011) cited that start-up experience equips the entrepreneur with task-based knowledge, hence achieving task-specific human capital and desired human capital investment outcomes based on their ability to drive moderators of the human-capital-success relationship.

Psychological factors. To a large extent, psychological factors are related to personality traits, in that certain personalities favor entrepreneurial related behavior than others do. Based on Volery's et al. (2013) analysis, innovation propensity, self-efficacy, need for achievement, and need for autonomy are the personality related traits that predict successful entrepreneurial careers. Innovation propensity implies an individual's ability to be creative and innovative, as these traits inform the ability to make sound decisions that enable the entrepreneur to deal with start-up

challenges. Self-efficacy relates to the prospective entrepreneur's ability to remain steadfast in the face of challenges, which are characteristic of most start-ups. Need for achievement is defined in terms of an entrepreneur's desire to be successful by proactively searching for new opportunities or challenges to counter. The entrepreneur's urge to be different in terms of overcoming societal-based stereotypes and enjoying one's independence is represented by this. The self-efficacy trait reflects people who are self-directed and motivated by their own independent goals. Individual's belief patterns also fall under this construct, and they include perceived desirability- the extent to which entrepreneurship is seen as a viable option, perceived feasibility- a feeling of personal capability to pursue a venture opportunity successfully, and perceived benefit- a venture advantages over other available and viable alternatives.

In order to train people on these psychological factors so that they can gain entrepreneurial skills, it is imperative to note that people normally learn by seeing or doing. Therefore, the entrepreneurial skills can be imparted on people by demonstrating to them, through proper analogy, the existence of an entrepreneurial opportunity that can be viable and profitable. (Wideman, Finan, Edwards, Quartan, Buenava, Haythornthwaite, & Smith, 2014). In addition to this, such skills can be imparted on people by giving them examples of companies that demonstrate entrepreneurial opportunity (Wideman, Finan, Edwards, Quartan, Buenava, Haythornthwaite, & Smith, 2014). This will psychologically motivate people to engage in entrepreneurial practices. Lastly the kind of education that can facilitate

entrepreneurial skills is business education, where children are taught what business is and how they can identify entrepreneurial gap that exists in the market.

Significance of the Human Capital Model in the Current Study

The human capital theory is based on the proposition that higher levels or amounts of human capital lead to increased performance or productivity. At the same time, the current study's intention is to assess the role of human capital on entrepreneurial innovation. The general hypothesis emanating at this point is in the line that identifying and enhancing entrepreneurial-related human capital can lead to increased entrepreneurial culture in developing nations. Nonetheless, research underscores the need to distinguish between general and specific human capital as the two have dissimilar impacts on the growth and failure of enterprises, a factor that illuminates the usefulness of the human capital theory in evaluating business ventures (Rauch & Rijsdijk, 2013).

Based on the human capital theory, people work so as to receive compensation for the investment they make in human capital. The implication is that individuals pursue only opportunities that have the highest potential of maximizing their economic benefits. Consequently, this implies that an individual's choice between pursuing employment and entrepreneurship depends, entirely, on the expected returns of the two options. Further, through deductive analysis, it is possible to conclude that upon investing in entrepreneurship, one will keep striving for success based on the amount of investment made in human capital. Subsequently, the process of striving for growth and success leads to eventual

entrepreneurial accomplishment. Nonetheless, entrepreneurial success that is based on human capital investment is only practical if it is applied to specific tasks, those that need to be accomplished. Unger et al. (2011) observe that the transfer process is easier in instances where human capital is related to the task being executed, which elucidates the importance of distinguishing between task and non-task related forms human capital. General tasks in entrepreneurship include formulating strategies, scanning the environment, leadership, management, selection opportunities, as well as organizing tasks. Besides ensuring that human capital is related to these tasks, it is also imperative to ascertain that it is related to the processes and daily activities involved in running a business, in addition to being related to the industry in which the venture is positioned. A high relatedness between human capital and the identified tasks provides entrepreneurs with better knowledge of various business and industry related factors and processes, which are essential in launching successful businesses.

Entrepreneurial success initiated by human capital is also a key industry growth initiator, as it enables the growth of healthy completion. Such a proposition is based on the idea that competitive advantages would be limited if all entrepreneurs possessed similar human capital capabilities. Based on this argument, Unger et al. (2011) postulated that human capital creates a higher competitive advantage in developing nations than it does in developed ones. The high human capital variance, as a result of people venturing into entrepreneurship out of necessity, in developing states is the other plausible explanation for this

explanation. A further importance of human capital in developing nations is that it is critically more important for young venture than it is for older and established ones (Davidsson & Honig 2003). Older entrepreneurs are less hit by market dynamics, as they possess proven routines and a track record of dealing with the various expected and unexpected market eventualities. Unger et al. (2011) argued that human capital capabilities make up for the liabilities of newness that are associated with infant business by enabling entrepreneurs to learn coping mechanisms and strategies to deal with industry and firm-specific uncertainties.

Overall, the human capital theory provides a theoretical blueprint, which acted as a foundation for the current study's conceptual framework, in that it provided the possible units of analysis that were used in addressing the study problem. Through evaluating the model, the interrelationship between human capital and entrepreneurship in developing nations was brought into perspective, thus forming the foundation for further analysis.

Theoretical Framework

While the issue of human capital and entrepreneurial innovation has been widely studied, various scholars have differing views on the impact of human capital on these innovations on developing nations. Autio et al. (2014) looked at entrepreneurial innovation in relation to contextual influences which affect its occurrence. They take into consideration the underlying regulatory themes during the process, and how these impact the formation of businesses.

Moreover, the link between human capital and economic development because of entrepreneurial innovation has been associated with various theoretical frameworks. Hofstede (1980) attributed innovation to cultural differences. Shane (1992, 1995) attributed a nation's inclination to innovate to its national culture, asserting that along that along with risk-supporting nations, those with individualistic and non-hierarchal cultures were more likely to innovate. However, Popescu & Diaconu, (2008), building upon these principles, sought to explore the impact of different human capital stocks to innovation, finding out a strong association between innovation and human capital.

The focus on the relationship between human capital and innovative entrepreneurship has also resulted in varying theoretical perspectives on what influences change. Vandenbussche, et al. (2006) view it from a technological perspective, attributing innovation to the ability of the human capital to adopt and innovate technology. These views are based on Benhabib & Spiegel (1994) findings that associated human capital development to the speed which they adapt foreign technology and invent their own. Others such as Bandinger and Tondl (2002) cited contradictory findings, relating levels of human capital to large influences on the adoption and innovation of technology. Some researchers such as Vinding (2000), theorize that innovation is due to the ability of the labor force to absorb external knowledge and internalize it to their advantage. Others see human capital concentration as a predecessor of innovation (McCann, 2009; Morgan, 2007; Marvel and Lumpkin, 2007).

However, numerous researchers attribute the knowledge and skills of entrepreneurs (Human capital) to innovation (Unger, et al., 2011; Marvel & Lumpkin, 2007; Theiss, et al., 2015; Marvel, et al., 2014; Ucbasaran, et al., 2008; Block, et al. (2013); Parker, 2009, 2011; Estrin et al., 2016; Millán, et al., 2014; Baptista et al., 2014). The underlying rationale in this view is that innovation depends entirely on the abilities of the entrepreneur, or lack thereof, therefore, concluding that human capital significantly influences the entry, survival, and exit (whether voluntary or involuntary) of innovative ventures.

However, very little literature exists on the reasons to why innovative entrepreneurship is lagging behind in developing nations, regardless of the numerous amount of research available linking these ventures to success in economic development. One of its benefits is that it brings up the need to conduct research on whether the inability of these ventures to perform is the cause of failure for entrepreneurs to undertake these endeavors. The purpose of this study was, therefore, to investigate the role of human capital on entrepreneurial innovation in developing countries, based on the human capital theory. Specifically, the paper addressed several smaller firms in similar developing nations to come up with complete results on the role of human capital on entrepreneurs in these countries. The study also looked into the role of innovator's human capital variables in attaining development finance in developing nations. In this research, the intention was to investigate the impact of human capital on the development and sustenance

of innovative entrepreneurial strategies, and the relationship between human capital and the success or failure of business ventures in developing countries.

The theory of human capital was the framework of choice as it will enable the association of entrepreneurial success to the concept of human capital. In addition, it highlighted the role human capital plays in enhancing competitive advantages in developing and developed nations, as well as the varying human capital forces behind venturing into entrepreneurial activity. Further, this examined the part played by new ventures in relation to human capital, as opposed to established firms. Overall, the human capital theory provided a theoretical blueprint, which acted as a backbone for the current study's conceptual framework, providing the possible units of analysis that were used in addressing the research problem. Through evaluating the model, the interrelationship between human capital and entrepreneurship in developing nations was brought into perspective, thus forming the foundation upon which further analysis will be based.

Synthesis

A review of the literature reveals the important role played by human capital in facilitating innovative entrepreneurship and as a result economic growth. The ability of a nation to increase in wealth and welfare has been associated with its potential to develop its human capital over time, in particular through education, professional training, and even concentration of human capital. They have demonstrated that as human knowledge increased, it was followed by periods of immense economic development, patterns that can be seen during the agricultural

and industrial revolutions in the past, and the current digital revolution. Thus, human capital can be said to be a robust catalyst for innovation and economic development. In terms of innovation, a two-way relationship can be seen regarding the initiation of innovation and availability of human capital. The launch of innovative ideas is a result of the construction of connections involving improved knowledge, training, and support for the process of innovation, in addition to the inspiration by competition among firms that leads to accumulation of capital for individuals. The main reason for this is that the accumulation of knowledge and skills is an essential part of innovation, as these people seek to expand their creative capacities.

The groundwork for this paper was based on various research in the past related to human capital, entrepreneurship, and economic development. One of the main tenets regarding this research was that human capital is important for economic development, as supported by historical economists such as Sir William Petty and Adam Smith (Smith, 1776; Potelienė & Tamašauskienė, 2014) and recent research (Frank, 1960; Barro, 1992; Benhabib & Spiegel, 1994; Bousrih, 2013; Mincer, 1981; Diana, 2013; Manuelli & Seshadri, 2014; Obisi, et al., 2016; Tudorescu, et al., 2010). Furthermore, most of these scholars agree that the development and accumulation of human capital are acquired through education and work experience (Schultz, 1961; Mincer, 1958, 1971, 1981; Becker, 1961; Shaffer, 1961). Moreover, the issue of technological entrepreneurship and its relationship with the level of human capital has been highlighted by (Benhabib &

Spiegel, 1994; Vandenbussche, et al., 2006; Grossman and Helpman, 1991; Bandinger and Tondl, 2002). Entrepreneurial innovation and human capital were also found to be directly related, particularly in regards to regional innovation levels (McCann, 2009; Morgan, 2007; Marvel and Lumpkin, 2007), opportunity recognition (Marvel, et al., 2014), entry (Ucbasaran, et al., 2008; Block, et al., 2013; Parker, 2009, 2011; Estrin et al., 2016), and survival of the enterprise (Viswanathan, et al., 2014; Millán, et al., 2014; Baptista et al., 2014). Further investment in innovative inventions to increase economic growth in developing nations was supported by numerous researchers (Bradley et al.,2012; George et al., 2012); Awogbenle and Iwuamadi, 2010; Hanushek et al., 2015). Causes of low development in these nations have been attributed to improper infrastructure, non-supportive policies, political instability and low levels of technological adoption (Bell & Pavit, 1997; Mazumdar, 2016). However, there is little research regarding the failure of entrepreneurial ventures in developing nations in regard to inadequate human capital, regardless of the establishment of the essential nature of this factor.

Therefore, the purpose of this study aimed at investigating the role of human capital on entrepreneurial innovation in developing countries, based on the review's findings of its impact on innovation and economic development. The research investigated the role of innovator's human capital variables in attaining development finance in developing nations. While a substantial quantity of research studies exist, many of these studies have stated that access to human capital has been a major challenge in innovation due to a momentous gap in knowledge of the

entrepreneurs in developing countries. The study utilized human capital theory to address the research topic that aimed at evaluating the role of entrepreneur's human capital in developing sound and strategic innovations in developing countries. As a result, the study examined whether those entrepreneurs who have access to this knowledge have ever employed innovative strategies in their line of work.

The paper contributed broadly towards understanding how entrepreneurs in developing nations differ from those in developed countries, based on human capital factors such as education, experience, and professional training. In focusing on comparisons between two nations that are on different economic development situations, this paper represented novel research on entrepreneurship levels as a source of differences in economic development. No research study was identified that has tried to relate the economic development differences in developed and developing nations to entrepreneurial activity and strategies, in relation to human capital. Consequently, the study was of scholarly significance to various parties, particularly the government organizations in developing nations looking to improve their development and sustainability to attract various desired outcomes such as foreign direct investment. In addition, the findings of the study will be of importance to the management of small and big firms, as they will gain more insight into human capital management to enhance their innovative capacities, as well as international economic development bodies. Existing research only indicates that proper management of human capital leads to success, but there is little research to explain why innovative entrepreneurship strategies in developing

countries fail to be undertaken. Finding out the answer to this problem is expected to create new knowledge, therefore, making fresh contributions to the existing body of knowledge about the subject, and possibly, opening up new approaches to the problem that were not examined before. These findings also supplemented the existing studies in innovative entrepreneurship and human capital development, highlighting the reasons why new ventures fail, despite some of them being very promising, enhancing sustainability in these regions.

CHAPTER 3

METHODOLOGY

Overview

The methodology chapter introduces the research methodology that was used for this study and explains how it guided the research process, including the data collection, analysis and development of appropriate theoretical concerns. The chapter highlights various aspects of the research process, such as the researcher's worldview, the research questions, research approaches, population and sampling, instrumentation, data collection procedures, data analysis, ethical consideration, researcher positionality and validity and trustworthiness.

The research carried out in respect to this dissertation was applied, but novel because previous studies relevant to human capital in developing nations were used to determine what is known and to identify the existing gaps. While there is conflicting evidence about human capital, a thorough literature search presented novel ideas. Numerous literature reviews exist regarding the topic of human capital in regard to economic development and innovative entrepreneurship in both developing and developed economic contexts. However, none took into consideration these three variables at once. The proposed study takes the form of a new research in an existing field. To satisfy the objectives of this researcher, a pragmatic research paradigm was undertaken. The premise for this was based on the paradigm's basic tenet about action and change, particularly in relation to human evolvement, which was the focus of this study; to facilitate human

evolvement in relation to their skills to facilitate economic growth fueled by entrepreneurial innovations.

A qualitative approach was utilized to address the research objective, which was to investigate the role of human capital on entrepreneurial innovation in developing countries. The definition of qualitative research used in this context was the one by Polgar and Thomas (2008) that saw it as a "disciplined inquiry examining the personal meanings of individuals' experiences and actions in the context of their social and cultural environment" (p.84). The choice of the design was informed by the fact that the review of literature identified inadequate research in regards to factors affecting the development of human capital in middle- income countries.

Due to the nature of the researcher's inquiry, qualitative phenomenological methodology was best suited for the study based on the need to interact with study participants at a personal level to facilitate the identification of research variables and themes. Thus, it allowed the researcher to have access to numerous data sources as well as use primary data collection tools. The method gave the researcher an opportunity to make observations and communicate directly with a variety of the participants in a bid to explore and further their personal experiences in relation to the study question. The research population was selected using purposeful simple random sampling technique as the target population comprised of experts in the field of economic development in relation to human capital and entrepreneurship. Based on the research approach, the most appropriate data

collection strategy was interviews. Semi-structured, open-ended questions were used to guide the researcher, but additional questions were administered during the interviews with the aim of identifying and clarifying the participant experiences. Interviews facilitated a personal-touch that was very necessary with phenomenology, while at the same time enhancing rawness and spontaneity. Lastly, content analysis was applied to analyze the data.

Initially, the objective of the researcher was to include participants from China in the interviews. The specific goal was not met due to the absence of individuals from China available for the interview process at the conference. As result, the researcher was not able to recognize the experiences of Chinese experts in human capital and entrepreneurship. However, due to the recognition that there was need for countries to benchmark themselves with other nations like China and the U.S. due to their investment in research and development as well as creation of favorable entrepreneurial policies and strategies, participant exploration of perceptions of the role of human capital on entrepreneurial innovation of the U.S. and Chinese economies will be revisited in a future study. Future research will guide developing countries in ensuring that the accessible firms are able to accommodate the available human capital.

Worldview

The researcher adopted a pragmatic worldview, which highlights the consequences of actions, which are problem-based, pluralistic and real-world oriented. Pragmatists focus on research problems using a combination of

techniques to devise knowledge concerning the problem (Creswell, 2014). Such characteristic makes it appropriate for research approaches that have the purpose of intervening in the world, as opposed to just observing. As such, the paper aimed to investigate the role of human capital on entrepreneurial innovation in developing countries, and use the findings from this study to make suggestions for improvements for various parties involved in the economic development process in both developing and developed nations.

The research paradigm was that pragmatism emerged through the philosophical writings of various authors such as Pierce, Dewey, Mead, and James among others in America. The basic tenet of this view is action and change, particularly in relation to human evolvement as explained by Blumer's (1969) that

> the essence of society lies in an ongoing process of action - not in a posited structure of relations. Without action, any structure of relations between people is meaningless. To be understood, a society must be seen and grasped in terms of the action that comprises it. (p. 223)

Action, while being critical for pragmatism, plays the role of an arbitrator to various aspects such as existence. Because of this, it is crucial that it must be guided by appropriate knowledge and purpose to achieve the desired results. Therefore, it introduced an inseparable link between human action and reasoning, offering insight into the magnitude of actions, and their roles in the cognitive development of man. According to Goldkuhl (2012), the basic principles of pragmatism are related to the real-world consequences of a concept. The significant

relationship between pragmatism and research is based on its characteristics in relation to inquiry and constructive knowledge. Dewey's (1938) concept of inquiry defined as "Inquiry is the controlled or directed transformation of an indeterminate situation into one that is so determinate in its constituents, distinctions and relations as to convert the elements of original situation into a unified whole" (p. 108). It is seen as process that allows one to make improvements to their situations, and therefore, it involves investigation into some kind of reality with the intention of creating new knowledge and making controlled changes to the reality of focus. Pragmatism has also been associated with more than creating knowledge based on current situations, it is also focused on the future state of things.

In addition, the pragmatism offers various advantages over other paradigms. It does not restrict the researcher to one philosophical view and reality as other paradigms do, while at the same time giving the research the freedom of choice to choose their preferred methodology, techniques and procedures that best suit their research needs and objectives. It also offers insight into the research process based on multiple approaches, allowing one to select the approach that is best suited for them. In addition, it is based mostly on the reality of the situation, which most of the time reflects the truth as opposed to duality, which may result in inaccurate results. In addition, pragmatic researchers are open to various perspectives regarding their research, and they therefore consider a wide variety of contexts such as historical, political, and social in their research, hence deriving comprehensive results.

Phenomenological research, according to Cresswell (2014), “describes the common meaning for several individuals of their lived experiences of a concept of phenomena” (p. 75). Therefore, the essence of this research approach is to reduce the experiences of the participants into a describable phenomenon to enable one to grasp the nature of such things. Thus, this research design was based on the pragmatic paradigm. This is because the pragmatist paradigm offers an epistemological justification through its standards and principles, and logic for the phenomenological approach. Pragmatism insinuates the situation in which an action is not guided by prior principles, but rather actual assessments of actual constructs and opportunities in the given context are used to guide these situations (Englander, 2012). Therefore, as Baert (2011) put it, the pragmatic paradigm implies that the “choice of theories or techniques depends on the particular topic of investigation or situation at hand rather than on a well-articulated philosophical or theoretical position” (p. 26). Thus, the perfectly fitting phenomenology, as its underlying principle**,** is that it uses unstructured methods to collect data, and as a result, one of its strengths is the high probability of finding factors or variables that were not included in the original focus of research.

Further, according to Munhall (2007), pragmatism helps in the search for significance of phenomenological research, highlighting the significance of one’s research, at the same time allowing the researcher to demonstrate the significance of their research from changes based on emerging interpretations from the participant’s meanings of their experiences. Thus, these results can be used to make

changes not only in practice, but also in policies, increasing our compassion and care, and raising awareness to what will be not previously known.

Organization of the remainder of the chapter

The chapters are divided into twelve main sections. The first section addresses the research questions in relation to various variables of the research while the second section addresses the applied research design in greater length (the research design in qualitative research). The next section addresses the overview of the research approach which was used, in this case phenomenology, and the rationale for using it for this particular study. This includes how it aligned to the research objectives. The fourth section focuses on the description of the participants of the study, including the target population and the accessible population. The rationale for the selection of the sample is also provided, as well as the inclusion criteria. The subsequent section describes the instruments used for data collection. Interviews were selected as the most appropriate data collection tools, which were followed by a description of step-by-step actions to be taken to answer each research question. Subsequently, data collection strategies and procedures are discussed, as well as data analysis approaches and the reasoning behind their selection. Ethical considerations are also described in detail in relation to a variety of factors such as Institutional Review Board guidelines, participant recruitment, informed consent, and confidentiality among others. Researcher positionality is also addressed, highlighting the position of the researcher in regards to the research process and how this would influence their research, and finally, validity and

trustworthiness issues are addressed in relation to various research aspects such as instrumentation.

Research Questions

The researcher aimed at investigating the role of human capital on entrepreneurial innovation in developing countries. Precisely, the paper addresses several smaller firms in similar developing nations to come up with comprehensive results on the role of human capital on entrepreneurs in these nations. The study also looked into the role of an innovator's human capital variables in attaining development financing in developing nations. While a substantial quantity of research studies exists, many of these studies have stated that access to human capital has been a major challenge in innovation due to a momentous gap in knowledge of the entrepreneurs in developing countries. The study utilized human capital theory to address the research topic, whose objective was to evaluate the role of entrepreneur's human capital in developing sound and strategic innovations in developing countries. As a result, the study also examined whether those entrepreneurs who have access to this knowledge have been innovative in these developing countries. In addition, the paper also analyzes the role of human capital in the US economy. Each of the identified research questions guided the researcher to achieve the objectives.

Research Questions

***Research question one (RQ1)*:** What is the impact of human capital in the development and sustenance of innovative entrepreneurial strategies?

This is an inferential question relating the independent variable human capital to development and sustenance of innovative entrepreneurial strategies, the dependent variable. Here the researcher aimed to make this connection, to determine the role of human capital in the development and maintenance of entrepreneurial strategies. Questions regarding the current state of the participants' nations in relation to entrepreneurship were answered to provide perspective on the status of affairs in these regions, in addition to the role human capital or lack therefore of has played. Strategies that have been employed in these nations were also explored to find out their relationships to human capital and the status of entrepreneurship. Further, the business environments were taken into consideration to act as a guide to understanding these variables. This was against the background that an entrepreneur's role in the business environment is creating value, assisted by their intellectual capacity that facilitates survival and competitiveness in the environment, while at the same time providing them with the ability to seize opportunities that present themselves through innovative strategies that ensure competitive advantage and sustenance. The aim of this research question was to investigate the transferability of human capital in the said environments and the dynamics involved in creating innovative solutions, as well as creating competitive advantage, while ensuring value creation. In addition, the research also aimed to determine if the sustenance strategies of the ventures are based on the owner's level of knowledge, and if so, what is the implication of these differences in relationship to business creation, sustenance, competitiveness and an array of other business

processes. These impacts were associated both negatively and positively with the overall economic growth of the nations that these forces reside in, as well as the global economy.

Research question two (RQ2): What is the relationship between human capital and the success or failure of business ventures in developing countries?

The question sought to find if a relationship existed between human capital and the survival if the business ventures in developing nation contexts. It was based on the assumption that developing nations lag behind in economic development due to the lack of innovative solutions that have the potential for value creation, hence making positive contributions to the economy. Various methods were used to collect data on the role played by the small firms in these regions that were formed as a result of innovations, particularly in the face of low financial capital and human capital. The goal was to investigate whether the survival of these businesses had anything to do with human capital investments, and if not, what factors influenced their survival and failure. The findings of this inquiry were expected to serves as a basis for major recommendations in these regions relating to the role of human capital. In addition, they were more likely to result to suggestions for policy changes in an attempt to make their business environments friendly and supportive

Research Design

The study utilized a qualitative research design to address the research objective, which was to investigate the role of human capital on entrepreneurial innovation in developing countries. Although there exists various and variant

definitions of qualitative research, this study adopted the definition promulgated by Polgar and Thomas (2008), who declared that "it is a disciplined inquiry examining the personal meanings of individuals' experiences and actions in the context of their social and cultural environment" (p.84). Through it, researchers were able to understand various complex social problems by transcending the limitation of theoretical variables to include the constitution of participants' beliefs, values, and opinions regarding phenomena under investigation (Curry, Nembhard and Bradley, 2009). Simply put, qualitative research can be defined as the analysis of words in order to understand a given phenomenon. The choice of the design was informed by the fact that the review of literature identified inadequate research in regards to factors affecting the development of human capital in middle-income countries. For example, this is observed in Szimai et al.'s (2011) study, which observes that entrepreneurs in middle-income economies receive lesser scholarly attention than their counterparts in developed nations. In a similar vein, the study's variables could not be articulated since it was not possible to link the studied human capital constructs to entrepreneurial innovativeness in developing nations. In such an instance, Cheppel (2012) observed that a qualitative phenomenological methodology is the best suited approach.

Consequently, the need to interact with study participants at a personal level was important because it led to the identification of variables that could be affecting entrepreneur's human capital factors in the developing nations. Furthermore, in qualitative designs, the researcher is a key data collection

instrument, a factor that facilitates a direct interaction with the study participants for the purpose of fully understanding their life experiences. Presence of the researcher in the data collection stage was also an important aspect of qualitative designs, as it enabled the researcher to obtain multiple sources of data. In addition to utilizing the interview protocol, the researcher was also in a position to make observations and communicate directly with a variety of the participants in a bid to explore, further, their personal experiences in relation to the study question. This was in line with the idea that qualitative studies focus on examining and exploring the participants' personal and individual experiences in relation to the research problem (Cheppel, 2012). Conducting the study qualitatively also paved way for a bi-faceted data analysis approach where the researcher would employ both deductive and inductive analysis approaches to establish a theory that addresses the research problem.

Using a qualitative design also created a new body of knowledge since much of the study's focus was placed on obtaining and presenting only the participants' meanings regarding the research problem (Neuman, 2005). This was important for the study since it enabled the researchers to base the study's findings not on theoretical literature but on actual human experiences. Qualitative designs are also flexible, which were anticipated to enable the researcher to adapt the data collection process to the emergent circumstances. For instance, although the research will use an interview to obtain the participants' experiences, it was expected that the researcher may make use of probing questions in order to gain a

clearer understanding of issues. Additionally, the qualitative approach also gave the researcher an opportunity to elaborate regarding the impact that personal beliefs and values have on the bearing of the study. Qualitative studies are not constricted to any specific variables; thus, it implies that the choice of this design would enable the study to present a thorough coverage of the problem area. The fact that all factors identified by the participants were reported in the final report would facilitate this. This was in line with Neuman's (2005) observation that individual experiences are autonomous, implying that each of the study's participant brought in new and unique data.

Based on these observations, it was possible to evaluate why other designs, quantitative, and mixed-method, were inappropriate in the study. In quantitative designs, the methods are rigid and predetermined prior to the data collection process (Creswell, 2014). Thus, the possibility of tweaking the methodology based on the emergent participants' circumstances would not be possible in this approach. Further, quantitative designs including surveys and experiments are restricted to particular study variables, and this would limit the study's richness in the facet of exploration. The strict use of data collection tools in quantitative designs imply that the researcher's ability to interact at a personal level with the participants would be limited and this would undermine the study's intention to address the research problem using lived experiences. Mixed-method designs are also prone to a vast majority of these shortcomings (Creswell, 2014). The implication of this is that their ability to provide an in-depth understanding of the entrepreneurial culture in

middle income nations is limited. In this regard, the selection of the qualitative design is justified since it makes-up for the shortcoming of the other methods and provides a higher potential of delving deeper to present the issues surrounding the research problem.

Overview of Research Approach

The richness of a qualitative study was further manifested in its ability to utilize a variety of designs, which include narrative research, phenomenology, grounded theory, case studies, and ethnographies. Narratives focus on reporting a participant's life story and analyzing them against the researchers own experiences. The use of phenomenological research is widely spread in studies that seek to understand a particular study problem through describing the lived experiences of the participants. In grounded theory, the researcher utilizes responses from the participants to create a general conclusion, theory, regarding a given issue. A case study is defined as an inquiry in which a researcher focuses on studying a time-bounded event or activity in order to give logical conclusions regarding a given study problem. In ethnographies, the researchers are concerned about studying the defining characteristics of an existing cultural group over a prolonged period of time through observations and interviews (Creswell, 2014). Based on these descriptions, the current study perceived phenomenological research as the most suited design; through it, the researcher was in a position to report the actual experiences of entrepreneurs living in middle income countries. A shared experience is usually the guiding framework in a phenomenological study

(Maypole & Holstein 2001). For this research, human capital was the study phenomenon, whereby participants who must be practicing or potential entrepreneurs were required to describe how the various factors affecting human capital influenced their entrepreneurial capabilities. The objective was to identify what elements of human capital determine entrepreneurial innovativeness and how the identified variables affected them individually in terms of the intent to start own ventures.

Phenomenology emerged in the late 1800 as a philosophical concept in the works of Edmund Husserl, but its utilization as research methodology gained significant popularity in the 20th century. Its major philosophical underpinnings, according to Creswell (2014), are "scientism, natural attitude, and consciousness." Etymologically, the term "phenomenology" is based on a related Greek term meaning "to bring into the light" (Pringle, Hendry, & McLafferty, 2011). A clarification of this stance can be obtained from Raco and Tanod's (2014) claim, "what objectively exists cannot be separated from a subject who recognizes it" (p.778). The model is based on the idea that things do not exist independently; rather, people's personal experiences are responsible for shaping various phenomena. The essence of phenomenology-based research is to study an event, activity, or object right from its natural setting (Groenewald, 2004). Ideally, the concept was coined to address the shortcomings of the theories of rationalism and positivism. Knowledge, based on the rationalist perspective is as a result of intellectual processes. The theory applauds logical conclusions more than it does

human experiences. As a consequence, a vacuum was created whereby it was impossible to link human experiences to knowledge. On the other hand, the positivism approach saw knowledge as a function of senses; it disregarded the role of science in developing means and this formed its key shortcoming, which the phenomenological approach seeks to address. Groenewald (2004) claimed that most of these shortcomings became apparent in post-World War II when most social elements had lost meaning throughout Europe, thereby forcing people into a state of hopelessness.

As a scientific construct, phenomenology expounds on the fact that science is a subset of human experience. Whatever that is considered a scientific body of knowledge stems from the creator's ability to experience it. Deductively, this stance implies that science does not exist outside of human experiences as scientific knowledge is based on real life activities and events. Consequently, it is possible to utilize phenomenology in conducting scientific research, and when it used for such a cause, Giorgi (2010) referred to it as applied or scientific phenomenology. The strength of the methodology is particularly pronounced in data collection; unlike in other approaches where theoretical knowledge is important. In a phenomenological approach, the process is only informed by the pure experience of the participants.

All phenomenological designs begin with the identification of a study phenomenon, and in this case, "role of human capital on entrepreneurial innovation." In the process of describing a participant's lived experiences; phenomenological researchers are required to "bracket" themselves from the study

to avoid instances of their personal experiences interfering with those of the participants. Data collection, in most cases, is conducted through interviews, and this is also chosen as the main approach for this study. Finlay (2009) observes that as much as possible, phenomenological researchers should try to exercise self-awareness all throughout the interview process in order to ensure minimal influence on the data collection process. Analysis of data through this design focuses on "what" was experienced and "how" it was experienced (Creswell, 2014, p.78).

Besides adhering to these procedures, it was also important to choose between the two types of phenomenological approaches: hermeneutical and psychological designs. Hermeneutical phenomenology concerns itself with not only describing the participants' experiences but also interpreting the texts relating to their lives. Under psychological phenomenology, upon which the current study is based, researchers mainly describe the participant's experiences through bracketing in order to ensure all participants' responses are reported as unique experiences. The selection of this latter design was based on the fact that its utilization would enable the researcher to provide an in-depth and unique analysis of the study problem. Furthermore, the approach also facilitated for a structured analysis of the participants experiences through the use of themes.

In entrepreneurial research, Raco and Tanod (2014) claimed that phenomenology is an appropriate methodology since it collects data from experienced entrepreneurs in a bid to use the information to inspire other aspiring individuals. The overreliance on quantitative methods in entrepreneurship research

has, in most cases, confirmed existing theories. As a result, such studies have failed to bridge contextual knowledge gaps, and, in this case, those who are experienced in the middle income countries. Neegaard and Ulhoi (2007) argued against the use of quantitative approaches in entrepreneurship research, branding such methods redundant, since they focus on replicating existing knowledge through the use of hypotheses, which, in most cases, do not reflect the true realities of the industry. Furthermore, quantitative research alone cannot, at any time, explain why some individuals become successful in entrepreneurial development while others fail terribly in comparable settings. To justify the uniqueness of entrepreneurship, Raco and Tanod (2014) argued that an entrepreneur who is successful in one place might not automatically be successful in other places because of the different context. This shows the nature of science and knowledge which continue to grow according to the place, space, and time. Science is always dynamic, constantly developing and changing. (p.282)

The use of the qualitative approach is also justified by Bjerke (2007) who observed that entrepreneurs' actions are subjective, and, therefore, irrational in most instances, which makes it persistently difficult to formulate hypotheses about them. Thus, the use of a conference, as discussed in the population section, was meant to ensure that the study focused on obtaining data only from practicing economic growth experts in different countries, and, here the choice of the phenomenological approach was justified as it facilitated the acquisition of 'lived experiences' in the data collection process.

Focus groups were also used in the study. However, previous studies have cited the incompatibility of the phenomenological approach to research and use of focus groups, which is based on the interaction with many participants at the same time (Webb & Kevern, 2001). Vogt, King, and King (2004) justified their use in qualitative research, indicating that focus groups facilitate a consultation with the members of the target population, and in this case, an expert consultation, with the intention of gaining useful input in the item-developing stage. These opinions were crucial in ensuring the final draft of interview questions is appropriate in context and cultural sensitivity of the targeted population, in addition to ensuring ease of understanding relevance, and representativeness of constructs (Vogt, King, & King, 2004). Moreover, focus groups facilitate the gathering of clearer information on the respondent's perspective in a group context to help fine-tune themes gained from the individual interviews, as well as additional views that could otherwise have not been detected (Bradbury-Jones, Sambrook, & Irvine, 2009).

Population and Sampling

The choice between qualitative and quantitative research approaches is commonly determined by the research questions, as opposed to the choice of the researcher. For instance, Marshall (1996) differentiated between qualitative and quantitative approaches by stating that the aim of quantitative studies is basically to "test pre-determined hypotheses and produce general results. Such studies are useful for answering more mechanistic 'what?' questions. Qualitative studies aim at providing illumination and understanding of complex psychosocial issues and are

most useful for answering humanistic 'why?' and 'how?' questions" (p.522). Appropriateness of the goals of the researcher was spelled out this earlier on in the study. While quantitative studies endeavor for random sampling approaches, qualitative studies cannot use random sampling because these approaches are incompatible with the goals of qualitative studies; hence the purposeful criterion-based sampling approaches.

One of the guiding factors to the research design in qualitative research is the identification of a particular population of study based on desired characteristics. The population, according to Patton (1990) is defined as "a complete set of elements (persons or objects) that possess some common characteristic defined by the sampling criteria established by the researcher". Barnerjee and Chaudhury (2010) defined population based on a statistical approach, defining it as "an entire group about which some information is required to be ascertained… as the population is well defined with explicit inclusion and exclusion criteria". Check and Schutt (2011) see it as all members of a specified group. It can be classified into two groups, the target population, and the accessible population. The target population refers to the entire group of people through which the researcher intends to generalize the findings of the research. Anyone meeting the selection criteria for the population is eligible to be identified as a target population of nay study. Barnerjee and Chaudhury (2010) had a slightly different definition of the target population, terming as "Any inferences from a sample refer only to the defined population from which the sample has been properly selected."

The second classification is the accessible population, or what Check and Schutt (2011) refer to as the sampling frame. It speaks of to the population to which the researcher is able to access. It is this population that gives the researcher the sample of the study, using a systematic sampling technique. The population sample is therefore, a subset of the target population, gotten from the accessible population to represent the target population. These populations are referred to as subjects, respondents, or participants.

The objective of the study was to investigate the role of human capital on entrepreneurial innovation in developing countries. The research participants were selected from the attendees of the 12th European Conference on Innovation and Entrepreneurship (ECIE) that was held in Paris, at the Novancia Business School Paris for two days September 21st and 22nd 2017. There were over 150 attendees from developed and developing countries with expertise in the area of entrepreneurship and innovation and economic reform. Since it was impossible to interview the essential amount of experts needed for the study, the remaining samples were selected from the Ecuador Chamber of Commerce. The researcher managed to qualify interviewees with entrepreneurial experience and economic background. The researcher used a simple random sampling method to ensure that all participants had a chance of being selected.

Selection of Participants

Being a qualitative study, Marshall (1996) suggested the use of a purposeful criterion-based sampling approach as opposed to random sampling methods. His

rationale is that based on the goals of the study as well as gaining an understanding of the variables involved. In this case, random sampling techniques are inefficient as the target population is not only small in number, but is not normally distributed, with these experts being scattered all over the world. The most appropriate method for this research was purposive sampling. This involves the purposeful identification and selection of information rich sources of information related to the phenomenon of interest due to the limited nature of these resources (Palinkas, et al., 2015). It also involves selected individuals that are experts in the field of interest (Creswell, 2014), based on various factors such willingness to participate, and availability (Patton, 2002). Purposeful sampling techniques maximize efficiency and validity, while providing in-depth insight into the subject of interest. In addition, this method is perfect for a phenomenological study, based on its attention to detail and homogeneity. Since simple random sampling technique was used, the criterion for selecting those to participate in the study was generally related to their educational background. In other words, those who were interviewed during the conference were those whose educational background relates to either economics or entrepreneurship. In terms of demographics, the study targeted those who had work experience of not less than three years in these two fields (economics and entrepreneurship). In addition to this, such people who were included in the samples were from developing countries and had resided and worked in such countries in the last three years.

Description on how Sampling was done

Having settled on the sampling strategy, the researcher was faced with challenges of getting the actual respondents according to the sampling techniques. In order to make the overall study a success, the researcher targeted a global conference for entrepreneurs that brought different personalities from different nations together. Despite the fact that people were drawn from different parts of the world, it was still evident that there were many more individuals in attendance from developed nations. Due to this, it still remained a challenge task to get interviews from developing countries, to meet the specifications of the chosen methodologies.

As a specific measure, the researcher attended the conference in order to get informed on the discussions and developments. After forming linkages and establishing networks with those who attended, it was easier for the researcher to identify five respondents who were interviewed separately busing the conference rooms that were not occupied as the interview locations. Respondents were asked the questions and the researcher copious took notes in order to document important conversations for purposes of analyzing it later. The recruited respondents were participants in the workshop and comprised innovators and entrepreneurs. Apart from the interviews, a focus group discussion was separately conducted on four other respondents which was an avenue to spur different reactions from different people. Basically, the researcher did not take an active role in the focus group discussion as members were allowed to contribute and freely interact while the researcher was keen to note the comments. Employing more respondents from

developed nations was considered advantageous as it enabled the researcher to collect information based on expertise, skills, knowledge, and strong entrepreneurial culture that is deemed to be rampart in developed nations as Uden et al. (2014) asserted.

Instrumentation

Instrumentation refers to the means or tools that the researcher uses to measure the variables of interest in the data collection stage of research. Data collection instruments, according to Seaman (1991) referred to the devices used in collecting data such as interviews, questionnaires, tests, and checklists among others. Several factors affect the instrumentation of a study, according to Devers and Frankel (2000). The first is the purpose of the study. For instance, explorative studies tend to require more open-ended protocol. In addition, the existing amount of knowledge also seems to have an impact on the instrumentation, and how relevant and applicable these concepts are to different contexts. Furthermore, the structure and degree of instrumentation can also be determined by the resources disposable to the researcher, the availability of the subject, and complexity and number of cases. Agreements with gatekeepers also seem to play a significant role, as other factors such as result sharing mode and type of results. For instance, structured instruments are quicker to analyze and report than unstructured approaches.

Based on the objectives of this study and the nature of the sample population, the research utilized interviews as the main instrument of data collection. The main reason for using interviews was that the participants were readily available. Englander (2012) asserts that interviews are the most appropriate instruments for qualitative research, particularly phenomenology-based research as its interest is to explore the experiences as lived by the respondents. Semi-structured questions were used to provide more insight into the field of study because the study could use of probing questions to collect more information about the research topic. The interviewees' questions were based on the observable facts and career experiences.

Procedures

Each research question investigated unique aspects of the research. Therefore, each question was subjected to different actions to ensure that all the areas of interest are covered.

Research question one (RQ1): What is the impact of human capital in the development and sustenance of innovative entrepreneurial strategies?

The research question focused on two variables; namely, human capital and innovative entrepreneurial strategies. The goal here was to link these two factors together, based on the experiences of the participants. Therefore, the first question was related to the experiences the respondents had in entrepreneurial innovation and whether human capital played a major role, and in what way. It was followed by clarification of the state of innovative entrepreneurship in their regions, and what

they thought human is the role played by human capital in making that happen. An investigation into the strategies implemented in their nations in regards to innovation and entrepreneurship was also discussed, along with the role that human capital had played in the process. It was accompanied by a description of their experiences in these environments, and how it had influenced their perception of this relationship, in addition to actual impacts in their respective economies.

Research question two (RQ2): What is the relationship between human capital and the success or failure of business ventures in developing countries?

The question sought to have the participants describe their experiences in the ventures and the role played by human capital. At first, the researcher sought a general perception of the influence and the role that human capital plays in the survival of business ventures, and then followed it up with their experiences in starting and developing their ventures. It was expected that some entrepreneurs would not have success stories during their initial ventures before the success of their current ones. Therefore, this question was target to those who have had instant success stories and those that had to try multiple times and finally got it right, in relation to their skills as well as that of their employees.

Data Collection

There were two options that emerged as suitable methods of data collection. The first method was the traditional-face-to- face interview where the researcher and respondents would meet and interact fully. The second method involved written or recorded accounts of the participant's experiences. While the first one

contained more detail and nuance of the subject's experiences and allowed for clarifications and additional questions, it was often longer and time consuming, and hence inappropriate if the researcher and participants had limited time. It also resulted to a lesser number of participants. Written or recorded experiences on the other hand, are appropriate if one has limited time and wants to reach a bigger target audience. However, they lack the vigor that is contained in face-to-face interviews. In addition, factors crucial to the research process such as trustworthiness and review of ethical considerations, which lead to great relationships between the researcher and participants, are not created in the latter. Prior meetings, for instance, give the respondent an opportunity to go over the questions and ponder over their experiences leading to richer descriptions without seeming as if they are coercing the respondent. However, critics argue against this, citing that the interviewee may begin to self-interpret their experiences, leading to biases due to the loss of the rawness and spontaneity of the process.

It is clear that that there is no particular way to conduct these interviews. However, the guiding principle is to conduct an appropriate interview that will not only be bias-free, but also information rich. Thus, in this situation two categories of interviews were used: Individual and focus group interviews. Fontana and Frey (2000) found out that individual interviews are most suited for exploring human behavior, and in accordance to this finding, the current study relied on interviews to obtain the entrepreneurial lived experiences of the participants. Focus group interviews, in contrast, are a form of discussion where participants listen to each

other's responses, thereby giving room for the generation of other perspectives which would not become apparent in individual interviews (Carter, et al., 2014). In addition, focus groups maximize the limited time there is and strengthens comparability (Devers & Frankel, 2000).

Before the interviews were conducted, the researcher ensured construct validity through the operationalization of the term. The variables in the study were operationalized to reflect the theoretical assumptions that underpin the conceptual framework for the study (Sheahan, Nelson-Wong, & Fischer, 2015). The experts were generally composed of policy makers with entrepreneurship and economics backgrounds. These experts were generally university professors and research officers drawn from different research institutions. The interviews were carried out after acknowledging the participants' profession and their knowledge and experiences in entrepreneurship.

The interviews were recorded via an audio-recording device to facilitate data analysis, since the researcher was not expected to be able to hold all the information from the interviews, and approaches such as transcription would result to the loss of valuable data. The interviewer also took field notes. These recorded what the researcher saw, heard, thought and experienced in the course of the interviews, based on descriptive and reflective aspects in the process. A moderator also recorded the key points and participants' opinions of the discussion in a flip chart to facilitate correlation with the audio source and field notes. In addition, flip charts were very instrumental in helping the participants come up with other

comments derived from the visual presentation of themes they have already discussed. This could be in the form of clarifications, follow up questions and "aha" ideas development through making correction with other concepts discusses during the discussion process.

Data Analysis

A phenomenological study needs to be able to collect accurate data without putting into jeopardy the spontaneity of the experiences described by the subject. The premise for this is the importance of the data these subjects hold, as these experiences are unique to every one of them. Therefore, appropriate data analysis techniques are needed to preserve their originality, while at the same time taking great care to remove the chances of bias in the encoding process. Since the study is generally a phenomenological study, the main approach that was adopted was one in which the analysis of the data collected would generally involve such processes as coding, categorization of the variables, and making sense of the essential meaning of the phenomenon (Van Bendegem, Van den Heuvel, Kramer, and Gossens, 2014). In addition to this, the researcher coded the descriptive data collected in which different themes that directly explain the phenomenon of human capital emerged. "This stage of analysis basically involves total immersion for as long as it is needed in order to ensure both a pure and thorough description of the phenomenon" (van Bendegem, van den Heuvel, Kramer, & Goossens, 2014). The process of the data analysis also involved reading of the interview transcripts for the purpose of getting what the responses generally implied. The transcripts were

read a second time in order to help in dividing the data into various themes. The section was then integrated in order to give a clear picture of the phenomenon in question.

Lin (2013) suggested three conceptual tasks that may be useful in reducing the bias of the researcher. The first is Epoch, which involves temporarily suspending the researcher's existing personal bias, opinions, presumptions and assumptions about the phenomena of interest, to facilitate their interpretation and understanding of the raw and unbiased version of the respondent's experiences. It is also referred to as bracketing. The researcher planned to suspend his own bias by ensuring that he wrote a draft of his study before he began collecting his data. This draft helped him in focusing on collecting data only when he entered that phase of the research (van Bendegem, van den heuvel, Kramer, & Goossens, 2014). In addition, it helped him in creating a record of expectations, which was useful in recognizing bias when in the process of data collection. In terms of separating his voice from the research voice, detailed notes were maintained, along with electronic recordings during the data collections process.

The second is eidetic reduction, which revolves around going underneath the conventional patterns and thought to expose the underlying true meaning structure, therefore, revealing new perspectives. Eidetic reduction is significant in this analysis as it enables the researcher to test the various features of the phenomenon without changing the phenomenon under study. As such, the focus of the researcher was to deconstruct the various underlying structures of the

phenomenon in order to reconstruct it on more solid philosophical ideologies. Through the analysis, the researcher hoped to bring to the fore different eidos that attempted to provide entirely new views for the phenomenon. Though different approaches exist in conducting eidetic reduction, the researcher was on one hand to compare the phenomenon under study with another related phenomenon through what is referred to as "variation of imagination". In so doing, themes and patterns related to the phenomenon were easily pointed out.

In this study, the researcher began by reading/listening to the interviews in entirety to get a general overview of the whole, which was closely followed by an Eidetic Reduction process characterized by slow and repetitive reading to facilitate division of the data into meaningful groups with similar perceptions. An open coding process facilitated this. Open coding process, according to Lin (2013) refers to the "the identification of concepts and categories by segmenting data (e.g., interview transcriptions) into smaller units and labeling and describing their conceptual properties" (p. 473). This made it possible to identify different faucets of the meaning of the concepts in the interviews. These concepts and categories were also subjected to imaginative variation to enable the recognition of underlying themes based on different perspectives. The codes deciphered from this process were then classified in appropriate structures for comparison. Miles and Huberman's (1994) cross-case displays techniques were used to visualize these comparisons to reveal different meanings. These classifications were then elaborated. A revisit of the raw descriptions was required to make sure the

meanings are in accordance to the research structure. The findings were then presented in a table showing the comparison of different structures. In addition, the findings, which comprise of both secondary and primary data, were as well ranked or sorted. Ranking was done based on the characteristics of the data, with particular focus on the function and purpose of the study in contrast to quantity.

Ethical Considerations

Collecting data for a research project involves collecting confidential information that affects people's lives. Conducting a research study therefore, calls for utmost good faith and adherence to the rule of law, guidelines, and regulations. Kaiser (2009) observed that research participants should not be coerced to take part in the research process; rather a researcher should ensure voluntary participation by informing the study's participants about the intent to include them in the undertaking. A common practice widely exercised is sending consent forms detailing the particulars of the study to the target population so that they can accent to voluntarily taking part in the study (Creswell, 2014). Following recommendations from the Institution Review Board, this study utilized an informed consent form that clearly stated the name of the researcher, the goals of the investigation, funders of the research, importance of taking part in the study, potential harms of engaging in the study, voluntary withdrawal from the process, and how confidentiality will be maintained before, during, and after the study. Informed consent forms were presented at the beginning of each interview. Only individuals who signed the consent forms were interviewed. The researcher also

acknowledged that consent is an ongoing process throughout the study process; thus, besides using the informed consent forms, the researchers also reminded all interviews verbally that their participation in the research was voluntary and they could choose to withdraw at any time.

Besides from ensuring informed and voluntary participation, this study also guaranteed confidentiality of the respondent's information. According to Halai (2006), confidentiality is achieved when participants' information is not disclosed to third parties without their permission. Considering that the study will collect participants' experiences, the study had to find a way of ensuring anonymity of the participants. The researcher adopted Kaiser (2009) approach, which requires that responses can be described but only to the extent that the identities of the individual respondents are not revealed to the readers of the report. The researcher opted to use pseudonyms in place of the participants' real names (Kaiser, 2009; Houghton, 2010). The study's confidentiality was enhanced further through the use of member checks, where the final report was availed for review by the participants so that they could ascertain that their responses were presented accurately. Houghton (2010) also emphasizes the need to make it clear to the participants that their contribution is invaluable to the process of creating new knowledge and this can increase their confidentiality in the study.

Research Positionality

According to Holmes (2014), positionality refers to a description of the position or stand of the researcher in relation to a specific research task. It is

concerned with “ontological assumptions (the nature of social reality), epistemological assumptions (the nature of knowledge) and assumptions about human nature and agency” (Holmes, 2014). Bourke (2014) defines positionality as “space in which objectivism and subjectivism meet.” According to the author, these aspects exist in a debatable relationship, such that to achieve pure objectivity is referred to as a naive quest, as it is almost impossible to free ourselves from our subjectivity. Thus, positionality aims at enhancing objectivity through making the researcher aware of their subjectivities. Thus, the need to identify oneself as an individual and as a member of various groups, in addition to other social positions we are in at any given time. It is also highlighted with various other aspects such as values and beliefs regarding sexuality, religion, political beliefs, social class, disabilities or abilities, gender and race just to name a few. It also reflects the position of the researcher in relation to the position they chose concerning the study as identified by the researchers’ position in three main areas namely the subject of research, the participant, and the research context and the process itself. While some aspects are fixed such as race, gender and nationality, others are contextual and subjective such as the researcher’s experiences and history (Holmes, 2014).

Positionality affects various aspects of the research. It recognizes the researcher as a part of the social world in which the research is occurring and that this world is “an already interpreted world by the actors, undermining the notion of objective reality” (Cohen, Manion et al., 2011, p. 225). That the implication for the social and historical orientations of the researcher are not separate from the

research, and are therefore embedded in the process, and likely to exert some influence. Therefore, it may influence what they choose to bring to the research process and their understanding of the outcomes (Foote & Bartell, 2011). Sikes (2004) also related it to bias and partisanship in research. Holmes (2014) pointed out influences in relation to shaping the research, researcher interpretation, understanding, and truthfulness of other research.

As such, positionality, based on a reflexive approach is used as a form of refutation of the idea that social research is distinct from wider society and the individual researcher's biography (Holmes, 2014). The approach calls for the researcher to disclose their true selves in research in an attempt to understand the influence they might have on research, with the hopes that in the process of this discovery they will be able to overcome individual bias and prejudice. As a result, the position of the researcher is that human capital and entrepreneurship play a significant role in economic performance both in developed and developing countries.

The researcher in this study has been a curious, eager to learn, ambitious and a determined student. He has lived in South America for the Past 10 years, and the question of why the south will be so different from the north was particularly a fascinating issue for him. Prior to conducting the research, he had put on hold his interest in this field to focus on his studies. Therefore, when an opportunity to conduct research presented itself, human capital and its role in the developing countries emerged as the best topic for the study. His experiences in a developing

world led him to questioning why a beautiful country such as Ecuador could not be as 'wealthy' as the US. However, he found out that it was not as easy as it sounded. Many factors came into play to enable economic development and countries spend vast amount of resources and time to achieve economic development. His ambitions and determinations drove him to promising himself that he would make a contribution towards making Ecuador an economic powerhouse, albeit how little.

Validity and Trustworthiness

According to Shenton (2004), qualitative research achieves trustworthiness by demonstrating that the data used is credible (internal validity), transferable (external validity), dependable (reliable), and can be confirmed for objectivity purposes. The study employed various mechanisms to achieve the four elements of trustworthiness. They include:

Credibility

Credibility measures the internal validity of the of the research results by ensuring that the study measures or tests what it actually intended. Ideally, the element seeks to ensure that the results of the study correspond to reality. Shenton (2004) states that one way of meeting the objective is developing an early familiarity with the culture of the participating organizations, an aspect that was achieved by conducting a pilot study. The purpose of the pilot study was to ensure that the questions were well understood by the sample, but also, they are understood in the same way, while at the same time detecting and removing flaws in the questions (Dikko, 2016). As result, content and construct validity were

attained. Pilot testing also ensured the final draft of interview questions was problem-free, as it would allow modification, adjustment, and even elimination of problematic questions, and or ambiguous ones.

Triangulation is yet another method used to achieve trustworthiness in qualitative research (Shenton, 2004). Data source triangulation is the most commonly utilized approach and it involves soliciting data from multiple sources so as to find a convergence in the findings, which is regarded as valid data. However, the study used methodological triangulation to cross-validate data across the three sources used; literature review, individual interviews, and focus group. One approach through which this stance was achieved is through classifying participants in different categories by conducting in-depth individual interviews (IDIs) and focused group interviews (Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). Fontana and Frey (2000) found out that IDI's are most suited for exploring human behavior, and in accordance to this finding, the study relied on IDIs to obtain the entrepreneurial lived experiences of the participants. Focused group interviews, in contrast, are a form of discussion where participants listen to each other's responses, thereby giving room for the generation of other perspectives which would not become apparent in individual interviews (Carter, et al., 2014). Besides, four coding labels were used to evaluate the variance of the research themes with respect to the four human constructs examined.

Shenton (2004) further states that, member checking is also another method widely used in qualitative research to enhance credibility. The approach ensured

that the presented findings were an actual reflection of the contextual realities. The method entailed coding the collected data for themes and generating descriptions for the data, and then taking themes and descriptions, back to the study participants to confirm that the interpretations were true interpretation of interviewees' responses (Creswell, 2014). Furthermore, the process was carried out as a continuous process throughout the data gathering process so as to ensure consistency of the results at each level.

Transferability

Transferability is the extent to which the findings of one study can be applied in other studies or situations (Shenton, 2014). Transferability in qualitative research is achieved through thick description of the research elements including themes, research questions, literature reviews, and detailed and comprehensive discussion of the research findings. This study has not only analyzed but detailed every step of the research process especially the results analysis as well as the challenges that should be taken into consideration while carrying out future research.

Dependability

This is the ability of the study to be repeated in the same context using the same research methods with similar research participants (Shenton, 2004). Studies use overlapping methods such as focus groups and individual interviews to demonstrate that similar results can be achieved using the same research methodology and similar participants. This study achieved dependability by

involving participants' evaluation of the findings, interpretation and recommendations of the study to ensure that the findings are supported by the data as it was received from the participants of the study.

Confirmability

This is the degree to which the findings of the study can be confirmed by other examiners. It aims at ensuring that the findings of the study are not based on researcher's imagination but derived from the data collected using recommended tools and procedures. Triangulation plays a huge role with regard to confirmability by reducing the effect of investigator's bias (Shenton, 2014).This study did not only use research interviews to collect data but also employed methodological triangulation to cross-validate the data across the three sources of data.

Results and Outcome

To begin with, the study aimed to highlight the role of human capital in the development and sustenance of entrepreneurial innovations in developing nations, and thus, highlighted the importance of these nations investing on human capital to enhance productivity of their labor force and facilitate economic development. As such, the results of the study were employed in training entrepreneurs on sustenance of entrepreneurial innovations based on some of the human capital variables identified extrapolated in the study. Such a move will put these nations at par competitively with developing nations, while at the same time attracting desired outcomes such as increased FDI, improved HDI, and overall improvements in the GDP, in addition to sustainability.

The study aimed further to provide new insights into the field of innovative entrepreneurship and its relationship to the developing countries management of human capital. Such information is significant in providing insight into new approaches that was non-existent before in the management of entrepreneurial issues. In addition, as the study aimed to supplement the studies in innovative entrepreneurship and human capital in developing nations by exploring developed and developing countries. It argued that developing nations often fail to perform in innovative entrepreneurship ventures due to the mismanagement or lack of human capital. It highlights why innovations in these nations, despite most of them being promising ventures, fail and the role the entrepreneurs and human resources play in this failure. With a better understanding of these problems, it may be possible for developing nations to identify and develop recommendations and policies that will assist in ensuring sustainability of innovations.

In conclusion, the results of the study are likely to be of great significance to several parties. To begin with, entrepreneurs, particularly from small size firms in developing countries, will be provided with new insight on various approaches they can use to develop their human capital in an effort to drive their entrepreneurial innovation. Second, the research results will be shared with members of business & industry, government officials and academicians at international economic development conferences and workshops. This knowledge sharing and dissemination of information is expected to result in collaborative alliances and partnerships that are needed to produce critical change in

governmental policies and generate the critical resources that are needed for widespread sustainability of entrepreneurial innovations in developing nations, based on essential human capital variables. Third, the research results will provide new knowledge on the role of innovator's human capital variables in attaining economic development in developing nations.

Coding

Coding is a technique employed in classifying key themes used to categorize the observed or collected data into thematic areas for data analysis and presentation. The study used two coding procedures namely grounded and priori coding. During the first stage of ground coding, the examiner highlighted notable themes and patterns while examining the literature review on human capital development and entrepreneurship in developing countries. The key terms noted included education levels, entrepreneurial culture, government role, mentorship, entrepreneurial training, and learning infrastructure. The second phase was the priori coding. According to Creswell (2014), priori coding involves applying pre-existing theoretical frame works to analyze the research data or pre-existing themes and patterns to categorize information. During the priori coding, the terms and phrases mentioned by the participants during the individual interviews and in focus groups were listed to narrow down similar themes that relates to human capital development and entrepreneurship. some of the themes that emerged during the priori coding were education and business ventures, failure of start-ups, effect of human capital on success or failure of business, human capital and entrepreneurial

innovations, business experience and human capital, and human capital and economic development. After a comprehensive analysis of the terms and patterns in the grounded and priori coding process, the study established four themes that were discussed extensively in chapter 4 and 5. The four themes were experience and knowledge, the right employees, entrepreneurship as an economic pillar, and failure of start-ups.

CHAPTER 4

FINDINGS

Overview

Human capital is one of the most critical elements that spur the economic growth of any nation. The human capital skills which are comprised of both the hard and soft skills determines the rate of production as well as the quality of products and services produced, regardless of the business or industry sector. Although human capital is a big determinant of economic growth for nearly all countries, the level of application, investment and development varies among countries. This is highly attributed to economies of scale and access to the technological know-how of major economic players in the country (Hanushek, 2013). This explains why there is a huge difference in the way human capital is developed and applied in developed and developing countries. Human capital in developed countries tend to be more sophisticated because of advanced technology, as well as training and learning institutions, as opposed to developing countries. It is therefore, important to examine the factors that can contribute to the success of developed human capital in developing countries as well as the challenges that impede the effort of both government and private institutions towards advancing human capital in such countries.

The aim of the research was to contribute to the body of knowledge on the role of human capital in the developing countries in accelerating economic growth. All developed countries have a human labor force but the major concern remains as

to how this important element of capital is developed (trained) and utilized (appraised) to achieve the desired change. The significant objective highlighted in this research study included determining the impact of human capital in accelerating economic growth and entrepreneurship development through sustenance of entrepreneurial strategies. According to Budhwar and Debrah, (2013), sustainable business growth, which is a major factor in promoting economic growth, depends on the ability of entrepreneurs to design and implement business strategies that creates additional value for both products and services produced within the economy. It is for this reason that this research chose to analyze how human capital influences entrepreneurial skills and business development.

In developing countries, there is a very close relationship between human capital and the success or failure of entrepreneurs. Research shows that despite the fact that developing countries have a massive labor force, many entrepreneurs in these countries are not as successful as their counterparts in developed countries due to poor training and skills development and mentoring (Pugh, 2013). As a result, this research focused on entrepreneurs in developing countries such as Ecuador to analyze how undeveloped human capital affects their business. It is also important to note that even in developed countries, human capital tends to have a different impact on entrepreneurs, a major reason why this research also analyzed entrepreneurs from developed and developing to explore more on this controversial issue (Van den Berg, 2016). China and the U.S. are the leading world economies

and thus, analyzing the application, development, and influence of human capital on entrepreneurs was essential to make comparisons with similar trends in developing countries.

It is always said that necessity is the mother of invention. Perhaps this concept is what creates a difference in the development and application of human capital in developed and developing countries. Technological invention has enabled developed countries to create conducive business environment which in turn, have created millions of job opportunities for the ever-growing young population, solving societal problems such as unemployment, poverty, crime, poor health care outcomes and social inequality (Innovation Policy Platform, 2018). When it comes to innovation, the first thing that comes to mind is the Human Capital. Nevertheless, this has been necessitated by using technology to transform and improve human capital skills. Innovation is directly concerned with Human Capital.

According to Viswanathan et al. (2014), human capital is an essential resource needed for entrepreneurial innovation to add value to products and services within the economy. Nonetheless, innovators face many challenges when making business decisions. One of them is the risk of making a decision whose future outcome is not certain. The burden for making such decisions usually lies heavily on the entrepreneur alone while its success is shared by many. Thus, human capital management and advancement requires investment to realize its full potential towards economic development through innovation. The research was,

therefore, geared towards identifying the elements of human capital that determines the entrepreneurial innovativeness and how these identified elements individually influence one's intent to start their own business enterprises. The researcher also examined the relationship that exists between human capital and the economic development in both the developed and developing countries, through entrepreneurship and innovation.

Recent research shows that underdeveloped human capital poses significant challenges to developing nations in addressing innovative strategies that facilitate sustainable economic development (Terjesen, Hessels, & Li, 2016). This in turns, leads to the perpetuation of common problems relating to economic growth such as inflation, devaluation of national currencies, low employment rates and higher levels of poverty. These negative consequences are spread nearly through all sectors of the economy as reflected in poor healthcare systems, infrastructure, and low living standards.

The primary questions that were highlighted during the research were:

a. What is the impact of human capital on the development and sustenance of innovative entrepreneurial strategies?
b. What is the relationship between human capital and the success or failure of business ventures in developing countries?

The findings of the research were synthesized in meaningful clusters of information. It also discussed the contribution of the study to the applied practices

to explain the relevance of the methods employed in the study for achieving the objectives.

Literature reviews drawn from entrepreneurial spheres (sociology, economics, psychology) were incorporated with interviewees' assertions to analyze the research topic. Thus, human capital was estimated based on education levels. One of the primary drivers of education is to hone up the overall skills of individuals, a major reason why education was used to measure human capital. Besides, academic outcomes are frequently measured and reported. The researcher pursued this by analyzing how to interpret differences in salary through educational achievement and more accurately through in-service investment training.

Another objective aspect of the research was to identify what elements of human capital determine entrepreneurial innovativeness and how the defined variables affect them individually regarding the intent to start own ventures. The data were analyzed via a coding method which is the process of determining thematic categories as they distinguish themselves throughout the transcripts to discover frequent patterns and relationships (Saldaña, 2015).

Findings

The research examined the impact of education level on advancing human capital through entrepreneurship. The study examined the perception of the interviewees towards the role of education level in making strategic entrepreneurship decisions as well as in advancing the labor force. It also

documented the resilience of entrepreneurs to thrive and maintain a competitive edge despite low or average human capital. In addition, the study looked at the characteristic traits of the best employees and how they overcome challenges to gain perfect skills that meet the demands of the job market. Also, their resilience in entrepreneurship was widely explored, taking into consideration the fact that all entrepreneurs interviewed faced various challenges but they endured and soldiered on with the entrepreneurship journey. Above all, qualitative analysis about entrepreneurship as an economic pillar also formed huge part of this explicitation process.

Delineating Units of Meaning

This section outlines and highlights the relevant units and themes raised by both the interviewees and the desired results as intended by the researcher to address the research topic. Groenewald (2004) states that units of meaning are important in qualitative research because it enables researchers to prevent subjective judgments. Additionally, the list of relevant meaning are extracted from every interview, examined to eliminate the redundant units. Generally, the list of meaning enables a researcher to holistically generate the meaning of units (Groenewald, 2004). To achieve this objective, the literal content of the phrases and words used were analyzed comprehensively by linking the phrases with the research topic based on the weight and chronological presentation during the interview. For this reason, words such as education qualification, work and entrepreneurial experience, personality and technical skills, and integration and

transformation of human capital guided the process of delineating units of meaning. The following words and phrases were highlighted to help in clustering of research themes:

a. Education
b. Professional Experience
c. Mentorship
d. Government subsidies
e. Entrepreneurship
f. Start-ups
g. Human Capital
h. Labor force
i. Entrepreneurial innovation
j. Skilled and semi-skilled employees
k. Profitability and productivity

Summary of each interview: Validating and modifying

This section appreciates the fact that each interviewee has his/her own experience with regard to how human capital affects entrepreneurship and economic growth. However, it is important to note that these experiences are based on the environment within which the entrepreneur exists. For instance, the factors that promote or catalyzes the development and transition of human capital in developed and developing countries differ in very many ways. Therefore, capturing

the experience of each individual was helpful in analyzing the differences in human capital development between the developed and developing countries.

Profile of the Interviewees

Individual Interviewees

Table 1

Demographic Characteristic

Participant Code	Gender	Approximate Age	Country
V0923001 Tim	M	40	USA
V0922003 John	M	52	UK
V0923004 Ken	M	38	Ecuador
V0922005 Maria	F	35	Ecuador
V0923006 Fabricio	M	34	Colombia
V1202007 Ted	M	55	USA
V0923008 Vic	M	38	India
V1213009 Ivette	F	35	Ecuador
V1213010 Sofia	F	33	Ecuador
Total Participants 9	Male 66% [6] Female 33.33 [3]	Avg. Age 40	Ecuador 44.47% [4] U.S.A. 22.2% [2] UK 11.1% [1] Columbia 11.1% [1] India 11.1% [1]

There was greater proportion of men than women among the individual participants: 66.7% (6) were males while 33.3% (3) were females. Three of the nine participants (33.3%) were from two developed countries (U.S.A. and U.K.) Whereas six (66.7%) were from developing countries including Colombia and Ecuador or emerging industrialized countries like India. The participant's average age was 40.

Table 2

Level of Education

Participant Code	Gender	Country	Education Level
V0923001 Tim	M	USA	PhD
V0922003 John	M	UK	PhD
V0923004 Ken	M	Ecuador	Masters
V0922005 Maria	F	Ecuador	Masters
V0923006 Fabricio	M	Colombia	Masters & Diplomat in Economic Development
V1202007 Ted	M	USA	PhD
V0923008 Vic	M	India	PhD
V1213009 Ivette	F	Ecuador	Master
V1213010 Sofia	F	Ecuador	Masters

The table above shows the level of education of the individual interviewees.

Among the participants interviewed, 44.4% had a Ph.D. and 55.6% had a Master's. Of the participants with highest level of education, four were from developed countries while the remaining six were from developing countries. The highest level of education attained among participants from emerging countries was a Ph.D. (India). The remaining participants from developing countries had attained a Master's degree respectively.

Table 3

Entrepreneurial Experience

Participant Code	**Gender**	**Country**	**Entrepreneurial Experience**
V0923001 Tim	M	USA	13 years
V0922003 John	M	UK	29 years
V0923004 Ken	M	Ecuador	10 years
V0922005 Maria	F	Ecuador	10 years
V0923006 Fabricio	M	Colombia	5 years
V1202007 Ted	M	USA	30 years
V0923008 Vic	M	India	13 years
V1213009 Ivette	F	Ecuador	15 years
V1213010 Sofia	F	Ecuador	12 years

The number of years of experience obtained by the men interviewed ranged from a minimum of five years and a maximum of 30 years. The years varied significantly from the women, whose years of experience ranged from 12 to 15 years.

Table 4

Demographic Characteristics

Participant Code	Gender	Approximate Age	Country
V0920000_1 Max	M	35	Finland
V0920000_2 Monica	F	36	Finland
V0920000_3 Kal	M	38	Finland
V0920000_4 Martin	M	47	Finland
V0922002_5 Mathew	M	46	New Zealand
Total Participants 5	Male 80% [4] Female 20% [1]	Avg. Age. 40	Finland 80% [4] New Zealand 20% [1]

The focus group was comprised of four men (80%) and one woman (20%), four of which were from Finland and one from New Zealand. The participants' average age was 40.

Table 5

Level of Education

Participant Code	Gender	Country	Education Level
V0920000_1 Max	M	Finland	PhD
V0920000_2 Monica	F	Finland	PhD
V0920000_3 Kal	M	Finland	PhD
V0920000_4 Martin	M	Finland	PhD
V0922002_5 Mathew	M	New Zealand	PhD

All the participants in the focus group had attained a Ph.D. degree

Table 6

Entrepreneurial Experience

Participant Code	Gender	Country	Entrepreneurial Experience
V0920000_1 Max	M	Finland	-
V0920000_2 Monica	F	Finland	-
V0920000_3 Kal	M	Finland	-
V0920000_4 Martin	M	Finland	-
V0922002_5 Mathew	M	New Zealand	-

The focus group did not disclose their years of entrepreneurial experience.

Combining the total number of participants interviewed individually and in the focus group, there were 14 study participants. There were 10 males, occupying 71.4% of the total participants while there were 4 females, occupying 28.6% of the total participants. The highest level of education attained among participants from developed countries was Ph.D. In comparison, the highest level of education attained among participants from developing countries was a Ph.D. (India) degree while the least was Master's. When it comes to entrepreneurial experience, the number of years of experience ranged from five to thirties years, with an average of 13.8 years, although participants from New Zealand and Finland did not disclose their entrepreneurial experience.

Justification of the Respondents' Selection

Although the methodology used in sampling was convenience sampling, the researcher was well aware of the fact that there is a huge difference between the entrepreneurial environments in developing nations as compared to developed nations. Moreover, the study's main focus was on developing nations in order to

examine the level of human capital development and potential future prospects. Despite this, the researcher conveniently recruited respondents from both developed and developing nations in order to be able to compare and contrast findings so as to add credible knowledge to existing models. As a matter of fact, it is noted that developed nations have more advanced economic conditions in terms of education, productivity, innovation, professional experience, government policies, and mentorship, respectively (Uden et al., 2014).

In addition to this, Aluko and Aluko (2012) noted that there are numerous challenges facing human capital development in developing nations as compared to developed nations on a wider context. These assertions are supported by Olamide et al. (2017) who maintained that the level of success of human capital development in a country is commensurate with the overall economic development of the nation, an implication that less developed nations have a slow rate of human capital development. In this regard, the researcher evaluated the benefits and experiences that individuals from developed nations can have in shaping the discussions and conclusions of the current study. As such, it was considered a justifiable strategy to recruit respondents from both economies despite the study's focus on developing nations, primarily to allow collection of varied views and perspectives concerning the overall topic of human capital development. The different views were considered important in showing the contrast between the two economies.

Clustering of Units of Meaning to Form Themes

Identifying and highlighting units of meaning calls for more judgment to group the units of similar meaning (bracketing) to come up with more specific themes that links the research topic with interviewees' assertions and perceptions. In qualitative research, clustering units of meaning are used to form themes. According to Groenewald (2004), clustering units allow a qualitative researcher to cluster themes by grouping the units. In relation to the current study, the researcher used the units of significance that were derived from the phrases used by interviewees and the assessment of the chronological presentation of ideas and themes made it possible to realize the significant topics of the research. The following topics emerged as the key research elements:

a. Experience and knowledge
b. The right employees
c. Entrepreneurship as a pillar of human capital development and economic growth and empowerment
d. The impact of success and failure of start-up business on human capital transformation and economic growth.

Primary Findings

The research examined the perceived impact of educational level advancing human capital through entrepreneurship. The study examined the perception of the interviewees towards the role of education level in making strategic entrepreneurship decisions as well as in advancing the labor force. It also

documented the resilience of entrepreneurs to thrive and maintain a competitive edge despite low or average skills of the human capital. Besides, the study looked at the characteristic traits of right employees and how they overcome challenges to gain perfect skills that meet the demands of the job market. Also, their resilience in entrepreneurship was widely explored considering that nearly all entrepreneurs interviewed faced various challenges but they endured and soldiered on with the entrepreneurship journey. Above all, qualitative analysis about entrepreneurship as an economic pillar also formed a huge part of the primary findings.

1. **Experience and Knowledge**

The results of this study revealed that human capital is a collection of experience and knowledge. It is dependent on the habits, personality and social attributes, together with creativity, which enables a person to contribute to the production of economic values of the individual. Human capital is one of the critical inputs in production. It is a combination of qualities (skills, intelligence, abilities, talent, wisdom, and training judgment) that an individual possesses (Hanushek, Ruhose & Woessman, 2015). Human capital comprises factors such as labor, age, and educational level among other elements

Knowledge, a key element of human capital development, is highly influenced by the education system adopted by the country. It is obvious that the education system in developed countries is much more advanced than that in developing countries. However, the theoretical skills attained through learning plays an important role in integrating human capital and entrepreneurship which

together, enhances the advancement and development of the former, both in developed and developing countries. Ken from Ecuador recounted that education played a major role towards his ambition of becoming an entrepreneur, as he says:

> "My family always instilled in me the importance of education as a way of opening doors of opportunity. I, therefore, ensured that I was educated in a manner that allowed me to be successful at University in the course of study that provided well-rounded areas of interest specific to the operation of business ventures. These courses provided theories I studied with vigor and which became the lens through which I viewed all of my work experiences. They allowed me to compare what should be with what was and to envision a superior way of operating. I believe that my education was that key to my success in early years where I had little experience in operating my own business because without the theoretical underpinnings provided by my University education I would have lacked the ability to understand the paths I needed pursue." **(V0923004 Ken from Ecuador).**

Even as an entrepreneur, Ken asserts that learning has the ability to transform business operations and processes, expanding the total output. He argues that in order to transform and advance the current human capital in developing countries such as Ecuador, employers should invest heavily in employee training and learning. This aspect, he says can help expand the pool of entrepreneurs and in turn, generate economic growth through job creation and value addition. He reiterates that:

> "Human capital is the most important asset an organization can have. Your company is only as good as its weakest employee. It is very important, then that you invest in your employees and create knowledge and learning that improves their abilities on a daily basis. My philosophy is that an investment in my human capital is an investment in my company's long-term success. I hire people I know will be able to grow and develop over the long-term instead of hiring people who may be educated or experienced immediately yet lack long-term commitment. This is important, that I demonstrate my recognition of their value to my organization by creating capacity in them to grow and succeed that becomes a reciprocal agreement

> in which they help the company grow and succeed." (**V0923004 Ken from Ecuador).**

There is no doubt that education does not only instill technical skills and theoretical knowledge necessary to acquire a decent job but also influences learners to be creative and become entrepreneurs in the near future. Maria from Ecuador argues that her mindset to become clearer developed during her days in college, asserting that before then, she knew little about entrepreneurship and had no intentions of starting a business. She recounts that:

> "My educational level gave me the perseverance and entrepreneurial mindset that informed most of the business decisions. For example, my understanding of the demand and supply principle enabled me to discern the business opportunity in this area. Secondly, my knowledge of resource mobilization and fundraising also gave me the confidence that I could be able to start this business. My understanding of various factors that influence a business' prospects nudged me in this direction. For example, the role of the economy in the possibilities of business, and the function of human capital management in a venture. More importantly, the most outstanding impact that lessons of entrepreneurship instill in some is the urge for ownership. Indeed, before those classes, I never thought of owning a business, but upon graduation and working briefly, I felt I ought to break away to start what I could call mine: eventually, that is what I did." **(V0922005 Maria from Ecuador)**.

Maria too, just like Ken, strongly believed that investing in employees' training programs has a huge impact on entrepreneurial development. She reiterates that employees need to update their skills, especially in this current era where technology seems to be changing every day. Employers who invest in employees' training have an upper hand and competitive advantage over those who do not invest in employees training. According to her, training programs have the ability

to change employees' perceptions psychologically towards the importance of synergy at the workplace. She stated that:

> "Oh, yeah, thank you for that question; I suppose this is the most crucial part. Let me tell you this, business is as good as the people working in it. Employees determine the success or failure of a business. With this in mind, it is vital to invest in human capital management besides financial management. Indeed, there are a couple of human capital management related practices I have deployed to foster this business. For example, I have invested in the right technology, by that I mean reliable technology and the latest in the market. You see, most of the staff in here is comprised of young people, so they are intrigued by latest technology; in this way, most of them are motivated to work here. There is an employee, Steve, who transferred from another restaurant to work here because of his friend, who is an employee, told him about the technological level around this place. So technology is a big plus." **(V0922005 Maria from Ecuador).**

Maria's assertions were evidence that technology is still undeveloped in developing countries. Critiques argue that the level of the educational systems that are adopted by Latin American countries are competitive but not enough to compete at the global stage (Puryear & Goodspeed, 2008). Research shows that a country's ability to absorb new technologies that can enhance production of goods and services that can reach standards of quality and performance acceptable in intentional markets as well as engaging with the rest of the world market in ways that are value-creating is ultimately determined and closely linked to its educational system. Therefore, for developing Latin American countries to achieve this objective, their labor force needs to have access to quality education and training that meet the needs and demands of the current and future labor market. This, to a greater extent, depends on the quality of its schools. A good educational system characterized by quality training facilities and trainers both at the low level and in

institutions of higher learning improves workers' skills, promotes economic growth which in turns reduces poverty and provides a strong foundation for building the institutions, transparency, and governance (Puryear & Goodspeed, 2008).

There is a major concern that the education system in Latin America does not receive required attention from stakeholders such as employers and the government. Despite the fact that it is a perfect tool to empower the people and is one of the essential pillars of economic growth, the education sector receives an average amount of funding from the government in comparison to that received by other developing nations, and little attention from the corporate sector. According to Puryear and Goodspeed (2008), one of the major reasons why the educational system in Latin America receives little or average attention is because there are many avenues and loopholes used by employers to source cheap labor, even across country borders. Nearly 60% of the firms that operate or do business in Latin America cite lack of skilled human capital as an important constraint to productivity in the region. This is accelerated by the availability of a huge number of low-skilled Chinese and Indian workers. The second reason is the ever-increasing enrollment rate in learning institutions without an improvement of learning facilities which on the other hand, leads to poor quality education and training. Investment in the educational system matters much to the economic development and quality production. Instead of investing in the educational system and structures, most of the Latin American countries are most concerned with enrolling more children in school, rather than keeping them there for a longer

period (Puryear & Goodspeed, 2008). The third main reason is that educational inequalities still exists in Latin America, expanding the gap between the poor and the rich. While the vast majority of the Latin America's current population is unable to meet the skyrocketing cost of quality education, the few elites continue to seize the opportunity, expanding their financial muscle far much more than the middle class and the poor. They end up occupying the huge share of the public and private sectors' profit. It is for this reason that many employers do not want to invest in employee training programs.

Fabricio, an entrepreneur in Colombia, asserts that one of the reasons for venturing into entrepreneurship was a result of realizing a new way of meeting clients' needs more conveniently and faster through technology. His sentiments is an acknowledgement that employers are not doing enough to train employees to be more efficient; besides, they are doing little to incorporate the latest technology that can enhance the production and business processes. He recalls that:

> "My previous employment had a significant impact on my decision to venture into business since I saw the unfulfilled needs of clients who came to the company. I therefore decided to venture into an online business of delivering products to customers after facing a number of complaints where customers complained of a delayed delivery schedule. My previous employment also motivated me to enter into business as I sought for a more flexible working schedule and an opportunity, which would allow me to practice my skills. Through the mentorship that I received from my supervisors in my previous employment as an economic analyst I felt that I had the confidence required to start a business. Moreover, my previous employment caused me to identify a market niche of improving customer service and discharging delivery services more efficiently." (**V0923006 Fabricio from Columbia)**.

Ecuador and Colombia are included among the developing countries. The account of entrepreneurs from these two countries indicates that the education system has failed to advance human capital. Unfortunately, employers too have joined the bandwagon and are doing little to support employees in their acquisition of current technological and technical skills that can increase production. It is a shame that employers are not willing to incur the cost today to improve and increase production levels for tomorrow. The few entrepreneurs who are realizing the need to invest in employee training programs have become more competitive and even porch employees from firms that have failed to recognize the importance of keeping the skills of their employees updated.

In developed countries, there are conflicting perceptions towards the role of education in developing countries and what is required in nurturing an individual to become an entrepreneur. There are those with a school of thought that education is an important element in entrepreneurship. For instance, Bob from U.S. asserts that education played a very little role in shaping him to become an entrepreneur. Bob accounts that:

> "Technically the education level that I have and degree, has nothing to do with business. So, the only thing that I would say which I value from my education would be the ability to think critically. The ability to do research and analyze, so that was very helpful, when doing market analysis, market research. In studying the competition within the industry, I benefited from my undergraduate and graduate which helped me make a better analytical thinker, and also reading, writing and research." **(V1202007 Ted from USA)**.

On the other hand, others like Tim believed that education is not the only necessary ingredient to become an entrepreneur. Being an entrepreneur and a

mentor from the U.S., Tim asserts that there are very many factors that influence people to become entrepreneurs. For him and the experiences he has had over the years mentoring entrepreneurs, he reiterates that although education is essential, it is not the only thing that motivates people to become entrepreneurs. Most of the entrepreneurs apply the knowledge they learned in school to perform technical tasks. However, most of them are influenced by their family business while others are motivated by their managerial position and the experience they have gained in their profession to start a business. He recalls that:

> "Thinking through the different people that I help along the way. In the case of my family, they did not have the experience in the managerial or practically as an owner that they had the confidence as an owner that was something that built confidence in their business. In the case of my students, they had different situation, in some cases they came from family business and situations from management positions where they didn't have the experience and connection that they could successfully launch. In other cases they were looking at their family and friends objecting and doubting which I don't want that, so instead of filling with positive experience, they may had an internship or two, in most cases if they worked it was from top tier internship, they had practically no work experience, mostly more like summer jobs." **(V0923001 Tim from USA)**.

The business idea can also be induced from an individual's career, mentorship and even government subsidies. Business ideas came in after one realizes that current employment was not ideal for him because of his skills and career path. Since he had a degree in economics, he saw that there were untapped areas in the world of business. He therefore invented a company that would allow him to develop the existing products in the market. He added that his entry into the company was also propagated by good mentorship and positive examples of how easy it was for start-up businesses to succeed. Government also aided in motivating

him to start the business. It showed commitment to funding start-ups and creating an enabling environment to guarantee that companies would conduct their operations in a secure environment. The company that he ventured in was an online system which allowed shoppers to order products via the internet. He delivered the ordered goods to the relevant destination. He said that the business was viable as it offered customers an opportunity to collect their product efficiently. Fabricio stated:

> "I decided to begin my business after deciding that conventional employment was not ideal for me due to my skill set and my career path. Having acquired a degree in economics, I thought that there were untapped areas in the business environment. I, therefore, decided to begin a business through innovation that would allow me to develop the existing products in the market. My entry into the business world was also propagated by good mentorship and positive examples of how it was possible for startup businesses to work. Government intervention also played a significant role in motivating me to start a business. I was motivated by how the government showed a commitment to financing startups and creating an enabling environment to guarantee that businesses would conduct operations in a conducive atmosphere. The business that I decided to venture into involved an online system, which allows shoppers to order products from retail stores. My business was structured towards delivering these goods and services to the customers. I decided to start this business since I saw that presented an opportunity by offering customers the convenience and the required resources to acquire their ordered products." **(V0923006 Fabricio from Columbia)**.

However, regardless of whether or not education plays an essential role in becoming an entrepreneur, it is evident that both education and experience remain as key factors towards development of human capital both in developed and developing countries. Mathew from New Zealand asserts that the integration of education and professional experience is the main ingredient in human capital development in developed and developing countries. In his experience, he accounts for human capital

capabilities that can only be achieved by education and experience. Mathew believes that entrepreneurial skills one can use to start and maintain a successful business can only come through the key aspects of human capital achieved in both educating oneself and accumulating experience in that particular field of knowledge. He recalls that

> "You have to build up your capabilities before you can even think of innovating. Henry Ford would never have been able to grab the car if he wasn't an engineer and he had many years practicing before he got it right. So human capabilities are the essential aspect of human capital in terms of delivering entrepreneurship. The other part of course is the opportunity with silver features of the environment. But if you don't have those capabilities you'll never be old. Henry Ford had grown up in Ghana. He would never have made the Model T. So it's capabilities and environment. Is one of when you have these stupid ideas that you know because you're not you personally at least use some of the academics you know your Latin. I'm like the Celtic you know somebody is Chinese and someone is to put the four of us together because we in different colors of skin, we can innovate. That's totally bullshit you know we've actually got. You get together four people who are engineers and they innovate. It's the capabilities that determines whether you innovate and create a successful business. Not, skin color, not ethnicity." **(V0922002 Mathew from New Zealand)**.

John from the UK shared Mathew's sentiments that education has a huge impact on transforming the human capital in all countries. Employers and employees should embrace it at all levels regardless of the organization or industry they are operating in. In his view, education contributes so much to the development of human capital. He takes himself as a case study to give this assertion where he has taken three degrees with an intention to help develop his human capital capabilities and competence. Unlike Mathew, he particularly gives his focus to education and knowledge acquisition aspect of the human capital. The knowledge one acquires in school opens their entrepreneurial skills such as

leadership, innovation, and technological advancement. Besides, it gives one creative thinking that is beneficial for the development of one's business as well as giving fundamental contributions to companies, especially in the case one decides to seek employment after acquiring education in a particular field. He argued that:

> "Well I think the…First of all the intellectual property which I am now commercializing is the result of my academic career. So, in this case a product you know I'm doing this online I've already said you know 20 years ago I did a first online masters in the university, went on to the first foundation degree, went on to develop a European-wide Master's program delivered in the same model in collaboration with the university. So all of that, was done as part of my employment. Give me a lot of insights into learning models work online ideas but it's good to have taken that put that into a product to try to sell it. So I've got this bank if you like, of intellectual capital I built up 25 years of you know, academic career starting Ph.D. then you know and the subsequent research and the Ph.D. supervised. That's now the intellectual capital I'm sort of exploiting if you like to sell."**(0922003 John from UK)**.

Vic from India asserted that he managed to learn more and improve his entrepreneurial skills after completing a Master's degree. As he narrates, the knowledge he got from taking his Master's degree in MBA equipped him with exposure as well as right-mindedness. Indeed, education gives people the right mind to start and run a business. In addition, Vic contended that education gives one several business ideas so that one has better chances of starting a business. In this manner, he gives the assertions of this research paper on the importance of education to human capital. From Vic's example, it is implicit that education grows human capital in knowledge and skills. It also adds to ideologies that competence of the human capital so that a company with educated human capital stands a competitive advantage in the market as opposed to the company with untrained

human capital. Vic underscores this by comparing his entrepreneurial skills before his further education and after the education. He recalled that:

> "In education itself one of the things it helps you with, it brings you …..you know, helps you think like a business person, gets you involved in a lot of business terminology, which was very alienated to me. Pre-2009-2010 when I first ventured in to be honest I did not know what an MBA student was or what they did. I could tell you all about how genes work or how cells work, but I could not tell you anything what an MBA student did. That was a very interesting knowledge and year……and discovery itself and of course, in that microeconomics, HR and operations quality really spoke to me a lot and I decided to spend time in those areas."**(V0923008 Vic from India)**.

The narratives given by entrepreneurs from developed countries (U.S.A.) and developing countries (Colombia and Ecuador) highlights the differences about the impact of experience and knowledge in development of human capital and becoming an entrepreneur. However, there are various empirical differences that have created a huge difference in the level of human capital through education and professional experience between developed and developing countries. Fyer (2017) explains that one major difference is how developed countries have worked hard to reduce inequalities in accessing quality education. Although there are still incidences where the costs of tuition in institutions of higher learning are still high, developed countries have implemented education systems and structures that ensure that young people have access to quality education at affordable rates. According to Guo, Xiao, and Yang (2012), quality and affordable education, has improved the quality of workers as evidenced by improved production at low cost. Another difference is that institutions of higher learning in developed countries have invested in the development of human capital advancement by financing

research and facilitating seminars aimed at sharing knowledge and skills in development of human capital. They also have programs specifically for human resource managers to advance their skills in human capital management (Sohrabi, Tabatabaei, Hajifarajzadeh, & Aqdam, 2015). The Canadian education system is a good example of how human capital training is a major focus across all learning institutions irrespective of the kind of courses offered to trainees (Crocker, 2006). These are some of the factors that have accelerated the advancement of human capital in developed countries. Perhaps these are some of the lessons that developing countries should learn and embrace to keep-up with the current trends in human capital.

2. The Right Employees

The term "right employees" is commonly used to refer to having an efficient human capital that can execute duties and tasks with minimal defects. A research study carried out in Chile, Ecuador, and Colombia indicated that employers looking to hire both informal and formal employees based their selection on various features that they believed were relative to the current market trends, including knowledge in technology application and other technical skills necessary to perform tasks in employees' profession (Castro, Giron, & Soto Cuadros, 2017).

Hanushek (2013) asserts that the reason why firms in Latin America still source for human capital in other countries include poor education systems and availability of semi-skilled cheap labor that is in plentiful supply from China and India. With regard to education systems, the Latin American countries have

inappropriately emphasized, and attempted to capitalize on school attainment, as opposed to educational achievement and development of cognitive skills. Without improving the quality of the graduate through well-structured education systems, developing countries will always remain behind, increasing the cost of doing business. Interviewees from Columbia and Ecuador ascertained that employees in developing countries lack quality technical skills that meet the needs and demands of the current labor market (Baldacci, Clements, Gupta, & Cui, 2008). Besides, lack of political goodwill to implement laws that govern importation of labor continues to haunt the trained and skilled labor in Latin American countries. In fact, fixing the education system may do little if there are many loopholes and avenues that firms can use to access cheap labor in other countries. Nonetheless, all the respondents ascertained the importance of having the right employees for their venture to be successful.

Thus, this study suggests that entrepreneurs are keen to hire people with talent, have the right human development policies and create favorable working conditions for their employees. Therefore, there is a direct correlation between the success of a venture and human resource**s**. Managers must know about business management to be able to identify and mitigate risk and human skills as well as focus on training the employees to meet customer needs (Mayhew, 2016). Eventually, organization's success depends on the employees' performance since poor performance is detrimental to the company's success.

Noorbakshsh (2009) argues that the inability to select the right employees is the recipe for failure of new business ventures. Innovators are likely to abandon their ideas and pivot to new ideas if there is lack of human capital to support their objectives. Others, as noted by Nouera (2015), just want to exploit opportunities that will make them rise up quickly and get rich at all costs. In most cases, these get rich overnight ideas are considered bad ideas because they are not sustainable in the long-term. Amaral, et al. (2011), noted that the sustainability of a business or entrepreneurship is adversely affected by a decline in profitability. As a result, lack of human capital is linked to liquidation of enterprises in the technology industry both in developed and developing countries. She noted that:

> "I have extensive experience in what I have just told you. In other words, I have seen a significant number of innovativeness from the employees end to the extent of being confounded. We took in an employee, Mark, who had a background in art but had done a diploma in hotel management. One day mark approached me with the idea of having artistic wall picture which could have the theme of the locals are this place. In the beginning, I almost objected to the idea because I felt it was like making this restaurant more of an art gallery than a restaurant. However, this innovation has increased our customer base, and we have received tons of compliments regarding the artwork on our restaurant walls. So, I think human capital does improve businesses, there are numerous examples, but that is a story for another day." **(V0922005 Maria from Ecuador).**

The Organization for Economic Cooperation and Development (OECD) reviewed the role of employee training in promoting innovation and economic growth in developed countries. In developed countries, immigrant enterprises are no longer limited to lower market segments and are increasing more and more in high value-added activities that characterize the advanced urban economy. This has been accelerated largely by prioritizing education and employee training and

development. Moreover, this has also been caused in part by an increase in skilled and educated immigrants in developed countries (Unger el al. 2011). Research shows that in developing countries, employee training contributes to human capital development. People who use their will and imagination, especially young skilled, energetic and optimistic entrepreneurs, innovate in ways that will benefit the majority which is the society. By training employees, entrepreneurs contribute to the society's greater good.

Entrepreneurial innovation has helped to achieve gender parity, contributing to a gender balance in the corporate industry as well as economic development. Today, women are on the frontline in entrepreneurial innovation. Technology today makes it easier for women to access capital, empowering them to implement business ideas and achieve economic empowerment (Saldinger, 2018). Most of the income derived by women in business is in areas that were once dominated by men, such as engineering. However, there are still challenges that hinder women to compete favorably with men, especially in developing countries. Baumol (2011) suggests that it is essential to overcome these externalities and amend rules and regulations, as well as policies to ensure equal gender participation in entrepreneurship. Achieving this objective requires equal participation and consultation among stakeholders including government and learning institutions (Von Graevenitz and Weber 2010). One of the interviewees noted that:

> "I suspect that's a lot to do with the fact that you know it's a fairly dictatorial kind of society to what is has to do it just do it without consult. You don't have to ask people what they think it's what his house needs. Knocking down to do it all just in the house. I think there is some evidence

> that. Countries which are necessarily dictatorial that is too extreme but take Singapore for example. So it didn't just make me growing very quickly etc. I used the word conservative in the political sense but just in a social or social sense… yeah it's a very pretty conservative society, so I think countries like that. I mean Singapore has two things going for it why is it has a very conformist that's really about sell wood and I rollick of people like you might not think of entrepreneurship and conformism. But I think regarding getting things done." **(V0922003 John from UK)**.

The fear of unemployment is one of the determinants of the human capital. Many organizations believed that they risk losing employees who are more experienced at the time of employment. Nonetheless, employers agree that educated and skilled human capital is essential to the growth of that particular company. Based on this, most educated people prefer to start and develop their own business as they risk lacking employment opportunities. On the other hand, organizations assert that trained human capital is for a greater benefit of the company growth and development since they offer good entrepreneurial skills that make the company have competitive advantage in terms of its human capital. As a result, companies prefer absorbing less trained people in order to empower their human capital through further training. Organizations feel such trained employees will serve in the company for long; thus, offering competent human capital for longer terms to the company. An interviewee supported this by arguing that:

> "Human capital is the most important asset an organization can have. Your company is only as good as its weakest employee. It is very important, then that you invest in your employees and create knowledge and learning that improves their abilities on a daily basis. My philosophy is that an nvestment in my human capital is an investment in my company's long-term success. I hire people I know will be able to grow and develop over the long-term

> instead of hiring people who may be educated or experienced immediately but may lack long-term commitment." **(V0923004 Ken from Ecuador).**

Schultz (1960) asserted that the economic environment in a country plays a significant role in determining the success of new business ventures. Countries that have innovative entrepreneurs tend to have more developed human capital. This is achieved when the environment is favorable. Factors such as political stability, education system and infrastructure act as pillars of the entrepreneurship sector. This demystifies the false narrative portraying the emergence of entrepreneurial spirit in developing countries as a reflection of the shading (dying) at large informal organizations, due to low productivity. In some cases, specifically in the developing countries, the national government has come in to promote business innovation to support and encourage entrepreneurial innovation. This step is very encouraging as it reveals the perception with which the developing countries regard human capital in the era of technological advancement. Max stated that:

> "I suppose this is the most crucial part. Let me tell you this; business is as good as the people working in it. Employees determine the success or failure of a business. With this in mind, it is vital to invest in human capital management besides financial management. Indeed, there are a couple of human capital management related practices I have deployed to foster this business. For example, I have invested in the right technology, by that I mean reliable technology and the latest in the market. You see, most of the staff in here is comprised of young people, so they are intrigued by latest technology; in this way, most of them are motivated to work here. There is an employee, Steve, who transferred from another restaurant to work here because of his friend, who is an employee, told him about the technological level around this place. So technology is a big plus." **(V0920000 Max from Finland)**.

3. Entrepreneurship as an Economic Pillar

All the participants acknowledge that enterprise is essential for the growth and development and generally forms the economic backbone of many nations. They believe that human capital influences the development of innovative business strategies and sustainability. According to Haber and Reichel (2007), entrepreneurship brings innovation and job creation in a country. In fact, participants suggest that developing countries should promote entrepreneurship as economic development and patent rights legislation should be enacted to protect entrepreneurs. Indeed, policymakers have to encourage and motivate entrepreneurs for significant economic growth (Audretsch, Beltksi, & Desai, 2015). Therefore, entrepreneurship is considered to be an essential economic pillar within a country ruled by governmental policies. Max from Finland indicated that:

> "if entrepreneurs had capital and strategy oriented, but now I think about those things. And then we claim that they don't have the necessary entrepreneurial skills. And they don't know they have. Thinking up strategies to be able to develop their businesses compare to some other entrepreneurial that have this small business education background." **(V0920000_Max from Finland)**.

Ivette, an entrepreneur in Ecuador asserted that entrepreneurship is a major influence on the economic performance of any country especially the developing countries. The interviewee argued that coupled with technological innovation, entrepreneurship can enhance not only human capital development but also it empowers a country economically. The assertion is based on the experience and skills human capital can possess from using technology. Innovating

entrepreneurship drives a country's economy through the creation of many job opportunities and capita income. Moreover, technology ensures that the human capital applies innovation in their organizations as well as their own businesses. In return, the developing countries gain economic growth that meets the new market demands. Ivette reiterated that:

> "Well, the technologies of the information and communication are related to the innovation, then everything has been changing previously the control of human capital we take it in paper now we take it by means of the systematization by means of programs then specifically if you helped enough that part of bringing the human capital to develop more skills in this staff through innovations, then it's like relationship marketing, in relationship marketing you focus more on the Client to train your staff that treats the customer well and that customer returns, then part of that innovation I think is related. And if it has influenced the venture if it influences because if you treat your staff well, your internal client then you are going to get a better performance and that will focus on the venture." **(V1213009 Ivette from Ecuador)**.

Vic, a freelance entrepreneur from India, believes that there are other aspects that contribute to human capital development other than just technology and education. He argues that team work plays an important role in coordinating key business processes and units. His school of though is that although education and technology are essential in advancing human capital, I cannot be successful without teamwork and coordination. This indicates that developing countries should also support and encourage good leadership and management to accelerate advancement of human capital. In so doing, the developing countries must ensure that human capital is emphasized as part of the training on leadership and management. This will equip them with essential and practical skills to incorporate teamwork once they attain employment. Vic stated that:

> "I am a big believer in on teams that make entrepreneurs really work. You might have heard this before from others. A team can make B level work but a B team can never make A level work. That tells a lot and I have seen teams do not take the idea threw which requires. That comes down about not having knowledge on human capital, also capital that you can accessed. This type of human capital I think is something that people maybe should even be trained in a little more and that's one of the apps that I designed which is the entrepreneur game that I work with. It's to teach people that there is more forms of capital than just money capital. And one of the things you see there is forming a team. So you need a good team to be able to do anything, and then you need trust, good communication, and of course networks."**(V0923008 Vic from India)**.

The research also focused on developing countries. When asked about the impact of human capital on China's economic development, the interviewee delved his opinion on the capabilities that China builds in order to maintain productive human capital. Human capital in China works alongside training. The country has realized the impact effective human capital has on its economy. Actually, most entrepreneurs in China attain their education and experience from foreign countries, especially the United States. This helps them to gain experience and skills relevant for improving the country's economy. On the other hand, the economic growth that the country enjoys is due to effective and trained innovative human capital, which in most cases initiates innovations and entrepreneurs in the country. In China for example, the first step for an entrepreneur is to seek knowledge and skills in more advanced education system then return home to employ in practice that knowledge and skills acquired. In giving his assertions, Martin from Finland responded that:

> "Well, China was building productive capabilities. That's what it was doing they had got foreign investment in it first. And people would bring in foreign productive capabilities to teach them how to use it sometimes as joint ventures and then increasingly take on a lot of their spending a lot of years overseas to foreign universities and universities putting up capabilities

> coming home learning by doing with and when they invited foreign companies. This year people would work for a while build up their capabilities, and that involves a lot of this capability that came from the opportunity to work for an existing company. So in China, it's so modern China now I'm not trying to the family for modern China the transition was." **(V0920000 Martin from Finland)**.

Although some of the participants did not grow up in an environment that fully support and foster entrepreneurial skills, they managed to become entrepreneurs due to their work experience, innovation from knowledge acquired in school, market demand/gap, also being unsatisfied with current job position. From the interviewee, knowledge is of great importance. In this case, formal education gave the participant the chance to understand business management through the concept learned in the universities. Monica from Finland said:

> "I read quite a lot of business stories. So, I read the biography of Richard Branson. Things like that, I find it easier and more fun to read a story than a textbook. But also, I get an understanding of how that person operates and their experiences." **(V092000_Monica from Finland).**

Understanding the relationship between human capital and technology is essential for entrepreneurs. A lot of theoretical and empirical research succeeded and adaptable, business knowledge enabling companies to adapt to technology change takes place. Also, given the role of entrepreneurship in economic growth, investigations have emerged to determine the impact of development and the shortage of the country. According to Ucbasaran (2008), the welfare of the state belongs to human capital. The development of natural resources and human capital is concerned with vocational knowledge and natural resources, and in particular, high density associated with overcrowding, as the comparison of human capital is

more important for growth. Furthermore, the importance of human capital in economic development policies such as education may be underestimated based on the premise that the certainty of competence is a natural resource which is extremely important for this purpose. It brings peace of mind to them and brings about the development of negligent human capital (Smith, Campbell, Skinner, & Hoopla digital, 2015). As mentioned above, natural resources are resources of countries that do not surpass rich countries. The explanation of potential causes of investment in human capital in developing countries contributes to economic growth due to increased income and leads to poverty reduction. Ted from the U.S. stated that:

> "Let me talk specifically about the manufacturing startup. That one was probably the best example. When the three of us partners got together, we were all very familiar what are talents were strength and weakness. So and we complemented each another, we were all good at other things, I was in sales and marketing research, another partner came out of the software industry, hardware, software. And another partner was in the commercial real estate and finance industry. So one of the first things we did as a team we said ok, now we know what our strength and weakness were, what are we missing? We went out and then developed a team based on the gaps that we had in human resource and the criteria was talent. People who excelled in areas that we needed. So we brought on outstanding people that well versed in the different areas that we needed. Regarding the management approach, management structure, very entrepreneurial and decentralized, everyone was responsible for their areas, but the team always weighted in and we helped each other." **(V1202007 Ted from USA)**.

Education was useful when the content was deemed to be related in some way to the start of the business when the four participants got the highest level of qualification. The most useful topics were business research, economics, and psychology. Especially those who did not enroll in PhD degree selected business

and economy and showed at least the first interest in understanding business problems. He was asked about the importance of education in the development of human capital as a useful resource. Kal from Finland said:

> "Capabilities can come in some different ways. It's simply said it might be then just education might not be that good for if you look at Stanford or the people in Silicon Valley other people creating these businesses coming out of business school coming out of engineering school. So it's capabilities regarding. Broader than just traditional formal education and that's why I think I took those first five years that's formal education by the parents. And it's not education it's more from the brain. So you think you've got to have a broader view of capabilities as well as academics like stressful education. Quite interesting to see the industry to see their backgrounds of the guys who started out at Yahoo. What they have is that they do business for anyone or who may just come straight from engineering." **(V0920000 Kal from Finland)**.

The main aim of entrepreneurships is to achieve the main theme of decisive factors for economic growth and measures, in particular, economic growth prospects, more satisfied with long life and health, to achieve the comprehensive development of people to secure it. Also, these studies paved the way to improve the acquisition and accumulation of human capital (Neuman, W. L., 2005). In addition, this research aims to display important factors that contribute to the development of effective human capital. Essentially, there is a realization that the urge and intention to start entrepreneurship entirely builds on the economic factors affecting the individual. Nevertheless, the skill to make the right decisions in the entrepreneurship makes one stand out amongst others in the competitive business environment. Tim from the U.S. noted that:

> "I would define niches that are underserved; in the case of my sister and her husband, their bike business is one of four in about a two-mile radius. So there are a lot of bike shops in Michigan for some reason. And they have to because they listen to the customer and then focusing on the service side and making sure that people feel comfortable with their bike decisions and having to be encouraged on maintenance, which means less wear and tear on the bike and you also have fewer bikes being thrown away. There are greater improvements to go out and do active things, which in Michigan where snow cover is about 75% of the year where makes a strong need in checkmate, they had identified the underserved part of the internet where they started where their role as began bigger and having them monetarist an account, and know they are moving with startup companies to receive their initial prototype." **(V0923001 Tim from USA)**.

The role of vertical and horizontal rate of production with regards to innovation in the business sector as well as the impact on the growth of income per capita was widely examined. Much of the empirical literature on the entrepreneurial spirit and economic growth viewed the former as an external variable and the latter as a product of per capita income levels and changes in growth rates. Innovation in entrepreneurship was not widely explored in the past as it is now due to the e-commerce and cloud computing. Companies like Alibaba and Amazon have proven that it is possible to launch a new and unique platform that facilitates business-to-business (B2B) and Business-to-consumers (B2C) transactions. An increase in the vertical rate of production (across business units) and horizontal rate of production (within a business unit) were widely perceived as means of innovation but ideally, they were strategies of economies of scale to save costs and increase production. The challenges resulting from the internal and external variables are what acts as a driving force for new entrepreneurs to find better ways and solutions to where current entrepreneurs have failed to perform (Volery et al., 2013). Monica recalls:

> "That's one thing that it was a goal, that… and then, how do you study some of those companies from Finland. Where we found out that certain cases if there is the right attitude. A mission of the entrepreneur is capable of finding human capital for example, and it's still but far beyond the regional development agencies or regional help to build technology allotted for sustainable business." **(V0920000_Monica from Finland).**

Wang, Wan, & Yang (2014) use an internal growth model to explain the role of entrepreneurship in spurring economic growth. The author explains that people choose to become entrepreneurs or employees based on the level of training they have received and the environmental setup they grow in during their early years. Accordingly, the model explains that countries with a good entrepreneurial culture tend to have high economic growth. The assertion received support from an interviewee from Ecuador who reiterated that:

> "Innovation is success. Without the ability to innovate and sustain change, an organization is doomed to be surpassed by its competition. I think that the link between human capital and innovation is critical – that is why I continually invest in the knowledge and skills of my employees. If they are aware of the most current developments in our industry, they are capable of seeing where improvements can be made and efficiencies achieved to save the organization money without costing quality. We constantly improve because we improve the individuals who work alongside us. This idea has always influenced my entrepreneurial activity because I first invest in people and then in fixed capital." **(V0923004 Ken from Ecuador)**.

The challenges affecting human capital in developing countries are quite complex in that streamlining one section such as the education system or adopting of new technologies cannot solely solve them all. Social structures in developing countries are less developed, a major reason why adopting new technologies may not have a long-term impact. For instance, with interruption of power supply can adversely affect human production even when the firm has well skilled employees.

Poor road network, high rates of poverty and insecurity will still mutualize the great effort achieved through better education systems (Baldacci, Clements, Gupta & Cui 2008). It is for this reason that developed countries have a competitive advantage over developing countries. Countries such as UK, Japan, and Germany have advanced infrastructure and social amenities which provide humble environment for incorporation and integration of new technologies to provide necessary human capital for the economy.

Entrepreneurship remain a key element of economic development through enhancement of human capital in Latin American countries yet countries such as Chile, Colombia, and Ecuador are yet to realize full economic potential. This is largely accelerated by lack of direct investment in research and development, both in institutions of higher learning and in corporations. Few universities and colleges budget for students' research and since many students depend on government loans to support their education, they have no option but to focus on nurturing their theoretical skills. Nonetheless, countries such as Chile and Mexico have set up productivity commissions to oversee implementation of design strategies for human capital development. On the contrary, critics argue that the work of these commissions is likely to be influenced by lack of independency and transparency. This is because there are high chances that their functions will be influenced by the pressure from political groups and lobbies.

4. Failure of start-up business

The first and foremost element outlined from the interviews was inherent resilience. Resilience as a data element is a dynamic adaptation process that allows entrepreneurs to create plans for the future despite hard market conditions and destabilizing events they must continually face (Ramirez-Faria, 2011). Most business ventures fail soon after they are invented due to poor management and other reasons which were established from the study. In this study, all the participants exhibit a high level of resilience and patience.

As it was seen from the interviews, all the participants have experienced failed startups in the entrepreneurship efforts. Despite these failures, they did not stop but moved on and ultimately established their businesses. Notably, an interviewee (Fabricio) explained why his first venture failed. He stated that failure of his start-up was due to insufficient funds. He did not have enough resources to cater for production of goods. He, therefore, decided to use manual methods of production which were very slow and resulted in the creation of low-quality products. He added that he countered this problem by carrying out in depth market research and sourced resources from various sources to cater for production, as he said:

> "ah yes, I have failed the startup 2008 manufacturing start-up was a failure on a big scale……so unlike other low-cost startups, we decided we will actually going to make a physical product manufacturing. Ah low cost wireless control system for heating and cooling. Ahh so, I would say the primary reason it failed was timing. In the sense in 2008 was not the great, best time to launch a business worldwide recession. We have done due diligence, we have done good industry and market research. We have done good product time development. One of my partners was in the finance world

> in the money raising world. And we all incorrectly assumed that it would be easy to raise money to get to commercialization. We self-funded through beta steps, and when we started to try to raise money in 2008/2009, especially for the type of product, we couldn't raise the money." **(V1202007 Ted from USA)**.

As noted by Naude (2010), external shocks do not have to scare an entrepreneur. It helps a person not to rely on the right economic conditions since they are not everlasting (Ayala & Manzano, 2014). Therefore, inherent resilience is of crucial importance. Lack of passion was also identified as another reason why start-ups failed. The business failed even without her learning how the mechanic is done. From the respondent's view, the business failed because it was not her passion, but a friend's desire. Her friend secretly took all his revenue since she did not know what was happening. She realized that she was associated with the wrong partner and she did not have enthusiasm for garage management. Later on, she opened a car wash near the garage. Unfortunately, the car wash also failed as she felt that it was not an exciting business. She stated that:

> "Yes, I have experienced startup fails, but during my initial ventures. For example, six years ago, I started a garage business because I felt it could be a profitable venture. However, it turned out to be the biggest entrepreneurial mistake I have ever done. Indeed, I was relying on mechanics and other colleagues who had a back ground in fixing broken cars. However, on my end, I did not have any clue what mechanics was, and how it is done. I had bought into the idea when one of my friends proposed it during one of the evenings in my apartment. I think the business flopped because it was not my passion, but my friend's desire. Secondly, my friend took away most of the revenues we made but did so secretly. So, I think I had the wrong business partner and lack enthusiasm for garage management. I later opened a car wash next to our garage, but I noticed it was not an engaging or exciting venture; ultimately, we fell out and everyone took the little that was left as we went our separate ways. Passion and being the chief decision maker are the most

> fundamental lessons that I borrowed for my current venture." **(V0922005 Maria from Ecuador)**.

Lack of market information was identified as another reason for failure of business ventures. To achieve the success of the failed investment, one had to look for a mentor who would take him through all difficult times in the startup. The mentor having learned from experience offers practical education to the new entrepreneur. In this sense, entrepreneurs can help overcome such challenges as Maria noted above. Moreover, the mentor expounds on the market challenges and offers a lesson on the necessary information concerning the market. Actually, getting and sustaining market appears to be difficult for most entrepreneurs despite their level of education and skills. To the new entrepreneurs, market may pose such challenges as lack of competitive technology, financial management skills, leadership skills that may enhance teamwork, and inability to secure customers. In this regard, many entrepreneurs fail at the start-up point which, therefore, calls for good market search through mentors. Fabricio noted that:

> "I have experienced failed start-ups especially in my early years of entrepreneurship. My view is that they failed start-ups were not a success mainly due to my inability to correctly interpret the market and to face opportunities that were promising. In my early years as an entrepreneur, I was unable to identify customer needs and the market trends that were important to ensure that my business was a success. Furthermore, I attribute my early failures to an inability to find a mentor that would have guided me through the difficulties of establishing the business and avoiding unnecessary expenses. To achieve the success of my current ventures I decided to look for a mentor who would guide me through the difficult process of starting up a business. Furthermore, I decided to engage in a more prudent financial management program that would allow me to manage my finances better to meet my short term and my long-term obligation." **(V0923006 Fabricio from Columbia)**.

One of the characteristics of entrepreneurs is that they are risk takers. Businesses are associated with many risks. According to an interviewee, entrepreneurs tend to be drawn to the unique and risky because they see potential where others can't. He argued that some startups failed due to lack of coherent vision of what customers and employees wanted. It is vital for an entrepreneur to consider the needs of both customers and employees because if one of the parties is not dedicated, cost-efficiency of the product might be compromised. On failure of his start-up, the entrepreneur implemented his approach and restarted his business which peaked up, making him happy and proud. He recalls that:

> "I have most certainly experienced failed start-ups, both as an owner and as an employee. I believe all entrepreneurs are risk takers; we tend to be drawn to the unique and risky because we see potential where others may not. I worked for many start-ups before striking out on my own; some of those failed because they lacked a coherent vision for what customers and employees wanted. It is important to consider both because you can provide a service or product that customers want or need but if your employees are not dedicated, it will not be possible to bring that to market in a cost efficient way. I took that lesson with me to my first venture (which failed). When that happened, I was forced to look at my own approach, improve it, and start out again with a new concept. This one succeeded because of the lessons learned about sharing a vision and valuing the input of all in the decision making process." **(V0923004 Ken from Ecuador)**.

Synthesis and Summary of Data

The study established that there are three elements that play a critical role in human capital development including: experience and knowledge, selection of right employees and entrepreneurship. The participants tend to value more their current education qualification when starting a business venture as well as in their entrepreneurial careers of the last stage of formal education that they had

completed. Most authors have concluded that there is a direct relationship between the human capital and entrepreneurial success. Others argue that the relationship between human capital and entrepreneurial success is overemphasized. However, this research study shows there is a relationship between human capital and its variables and entrepreneurial success which cannot be ignored. Also, strategies for human capital development were identified, such as mentorship.

This study shows that the level of education has a direct connection to the success of business start-ups. Through training, an entrepreneur learns the basic knowledge on how to manage a business. Most of the businesses that are successful today are owned and controlled by people who are educated and know about entrepreneurship. Additionally, previous experience is another human factor in the enterprise.

From the study, it was noted that individuals who had previous experiences in businesses were able to run their ventures more comfortably. It was also observed that entrepreneurs were able to start up a business venture and thrive in the industry they have once worked before than venturing into a totally new business industry. This is because previous employment positions give them the relevant skills and knowledge necessary for starting up individual companies. In fact, in some cases, entrepreneurs derive their business idea from their previous work stations. Above all, passion has been found as the driving force in achieving entrepreneurial success, especially when the entrepreneurial idea seems to be falling apart.

Another aspect of concern revealed during the study was that in developing countries, there is a very close relationship between success or failure of business ventures and human capital. Due to lack of innovation and investment in training institutions, the human capital in developing countries is underdeveloped. As a result, entrepreneurs lack necessary human capital to thrive their business, increasing the cost of doing business. This is the main reason why entrepreneurship in developing countries is growing at a low rate compared to developed countries.

Similarly, gender smart interventions are essential in boosting profits and productivity as witnessed with Maria, the woman interviewee. The gender smart interventions also create efficiencies for companies because the focus is more on strategies that improved productivity and continuity of business. Women have proven to be as skilled as men and considering them in the labor markets boosts the economy. Notably, companies with a diverse workforce perform better (Edwards, 2017).

The management and development of human capital relies on the ability of a country to adopt new technologies faster and investment in education facilities. Technology is key in driving the cost of production down; that is increasing the level of production at a low cost, which in turn, minimizes cost and maximizes profit. On the other hand, investment in education system helps to improve the quality of education and training of students, ensuring that graduates' skills meet the requirements of the labor market. Above all, employers should embrace

employee training programs to ensure that they are updated with current technology and business process to be efficient at the workplace.

The entrepreneurship sector is a strong pillar of economic development. For instance, in developed countries like the U.S., entrepreneurs create job opportunities which in turn reduce the poverty levels, dependency ratio and mortality rates. The government spending on social amenities for instance, for the provision of basic needs decreases because employed people can now provide for themselves. Employed people tend to have fewer children than unemployed people (Acs, 2006). Thus, it is a right way of controlling population that usually characterizes developing nations. Apart from the rate of unemployment, factors like an unstable political environment, corruption, and unfavorable macroeconomic conditions, for instance, are adverse to inflation which slows down the economic development. Other factors include a high population, inadequate education system, lack of natural resources and many bureaucratic obstacles. These factors make countries lag behind regarding economic growth.

Composite Summary

Question one, two, and three aimed at introducing the interviewees to the research topic.

Question 1: Can you tell me about you and how you came to be in this conference?

V0922003 John	Exhibition stand at the conference
V1202007 Ted	Non participant
V0923001 Tim	Attendee
V0922005 Maria	Non participant
V0923006 Fabricio	Participant
V0923004 Ken	Non participant
V0923008 Vic	Participant
V1213009 Ivette	Non participant
V1213010 Sofia	Non participant

Question 2: What are your educational qualifications?

V0922003 John	PhD
V1202007 Ted	PhD
V0923001 Tim	PhD
V0922005 Maria	Masters
V0923006 Fabricio	Masters & Diplomat in Economic Development
V0923004 Ken	Masters
V0923008 Vic	PhD
V1213009 Ivette	Masters
V1213010 Sofia	Masters

Question 3: How long have you been an entrepreneur?

V0922003 John	29 years
V1202007 Ted	30 years
V0923001 Tim	13 years
V0922005 Maria	10 years
V0923006 Fabricio	5 years
V0923004 Ken	10 years
V0923008 Vic	13 years
V1213009 Ivette	15 years
V1213010 Sofia	12 years

Question 4: What led you to begin your business? Probes: Why did you think it would be a viable business?

V0922003 John	The pressure from the organization that he was working in. Demands of students.
V1202007 Ted	Family experience and the itch to do something of his own.
V0923001 Tim	Consultant to entrepreneurs, his clients mentioned job security made people begin their own business.
V0922005 Maria	The passion to do something of own. The popularity of the restaurant business.
V0923006 Fabricio	Desire and skills possessed that allowed him to offer customers other options to order from retail stores.
V0923004 Ken	Dissatisfaction with the currently available resources and the need of others.
V0923008 Vic	Knowledge gained after pursuing an MBA and challenges facing NGOs.
V1213009 Ivette	The family business model facilitated to open branches in surrounding towns and start her own business.
V1213010 Sofia	Identification of a market; Lack of a tourist operator/agent to market Ecuador tourism sites to the outside world.

Question5: How did previous employment impact your decision venturing into business?

V0922003	Motivated him to follow his dreams by venturing into something that the organization did not allow him to do.
V1202007	Gave him an entrepreneurial thinking.
V0923001	No Response
V0922005	Encouraged and motivated her to venture into the food industry.
V0923006	Gave him a business idea; unfulfilled clients' needs.
V0923004	It molded interviewee's skills and experiences that necessitated his success in entrepreneurship.
V0923008	A motivation to achieve more in life, especially after doing an MBA degree?
V1213009	Her experience with family business, made her a very organized and structured person to start up four additional branches.
V1213010	Poor payment package by the previous employer; desire to generate more income.

Question 6: How did your education influence your ventures?

V0922003	Acquired skills (intellectual property) that helped him start the business.
V1202007	Other than equipping him with skills to think critically, his education level did not impact much on his entrepreneurial skills.
V0923001	Did not have a huge impact on interviewee's entrepreneurial skills and experience.
V0922005	Gave the interviewee the perseverance and entrepreneurial mindset that informed most of the business decisions.
V0923006	Gave him sufficient training on entrepreneurship, economic development and innovation
V0923004	Undergraduate education helped him to pursue a course of study that provided well-rounded areas of interest specific to the operation of business ventures that the interviewee started.
V0923008	Helped him think like a business person, especially in learning business terminologies.

V1213009	Her education helped her realize how the business works as she had the theoretical knowledge as well
V1213010	No response

Question 7: Have you experienced failed start-ups? Why do you think they failed? What did you do different to achieve the success of your current ventures?

V0922003	Yes, his first start-up failed to keep up because of lack of finance. Ensuring that people are willing to or the valuable solutions that the venture provides is the best way to reduce the risk of failing as a start-up.
V1202007	Yes, The first venture failed because of poor timing of the 2008 recession that affected nearly all businesses. Finding the necessary funding required to propagate the business is a good idea to avoid the risk of failing.
V0923001	Yes. The business venture of the interviewee's sister failed to start-up because of poor pricing of her are products. Viewing failed start-up venture as part of the journey/process to success is the best way one to motivate him/herself.
V0922005	Yes. She failed in starting a garage because she did not have the necessary skills and relied on colleagues. She had the wrong business partners and lack enthusiasm for garage management.
V0923006	Yes. The business venture failed due to my inability to correctly interpret the market and to face opportunities that were promising.
V0923004	Yes. Both as an owner and as an employee. Most failed because they lacked a coherent vision for what customers and employees wanted.
V0923008	Yes. The business venture failed due to lack of clear focus as to what entrepreneurs want to do. Many tend to focus on raising capital, when looking for capital it uses and weaken your time because you are trying to do many things.
V1213009	Witnessed failed start-up is that she did not have a clear vision of what the customer or employees wanted
V1213010	Yes. Due to lack of quality products accelerated by lack of enough capital to produce consumer-tailored products.

Question 8: Can you tell me about your general practices relating to human capital based on experiences in managing other people? Is there a system that determines compliance to human capital requirements (Probe further to discover if it is a universal approach or national? If national, find out what country).

V0922003	Human capital is difficult to manage but good education and training makes things easier. Yes there must be a system that determines compliance to human capital requirements.
V1202007	People within the same profession should complement each other and maximize the power of forming professional bodies.
V0923001	Firms do not rely on fresh graduates because they are mainly in their transition stage are likely to look for greener pastures.
V0922005	National perspective: It is vital to invest in human capital management besides from financial management.
V0923006	The universal approach posits that entrepreneurs and business people who want to obtain optimum results must treat the employees fairly by providing adequate remuneration and rewards for work well done. The universal approach also advocates for the motivation of employees by providing a healthy and competitive environment. The national standards setting at Colombia requires business to provide employees with a decent wage which assists them to afford basic amenities.
V0923004	Investment in my human capital is an investment in my company's long-term success.
V0923008	Trust among employees, good communication, and business network working contributes towards building efficient human capital resource.
V1213009	Human capital management is essential for business success.
V1213010	Human capital should have the experience and expertise to dominate the industry and market.

Question 9: What do you think about the link between human capital and entrepreneurial innovation? In your experience, did it influence your entrepreneurial activity?

V0922003	Innovation is what breeds business ideas driving economic growth and human development.
V1202007	Startups can only succeed only if you have a great talent that comes on board. This calls for the right employee skills achieved through training and education.
V0923001	Innovation is one way of finding new markets, an aspect that links human capital development and entrepreneurship.
V0922005	Innovation plays a crucial role in economic growth. Investment in human capital is one of the ways of spurring economic growth in business.
V0923006	There is a very strong relationship between innovation and human capital development.
V0923004	Innovation is success. It is what drives entrepreneurs to be competitive.
V0923008	Investing in human capital is more important than innovation.
V1213009	Human capital and innovation play a critical role in the success of the company, making the organization more efficient.
V1213010	No response

Question 10: What have you learned most from running your business in terms of human capital? Probe: What other factors have impacted your journey? If you could, what could you have done differently?

V0922003	Human capital is all about relationships and about building those relationships.
V1202007	Always look for and hire the best person you can find and with a caveat and people with a mindset where take initiative.
V0923001	Innovation is the key towards human capital and entrepreneurial development.
V0922005	Human capital is the most significant asset in the growth of the business, but losing that human capital is a significant impediment to economic growth.

V0923006	I have learned critical elements of business management and the effective management of human capital in the course of my business.
V0923004	I have learned that people are the most important aspect of my business, and far more valuable than any monetary assets I have or equipment I own.
V0923008	No answer
V1213009	Human capital is the reason any business is profitable or not
V1213010	No answer

Question 11: What do you think is the impact of entrepreneurs on economic development? Probe: Is it overrated or underrated? Why? What can be done?

V0922003	In the UK at the moment, entrepreneurship makes big play growth in small business.
V1202007	It spurs job creation, create new jobs. But I think it also changes, culture with in a startup of a company, culture within a community, it's a mindset, where you're looking for opportunity to solve problems.
V0923001	Entrepreneurs find solution to issues affecting the community, creating new ways of income generating activities which in turn, enhance economic growth.
V0922005	Entrepreneurship is a strong pillar in any economic development mainly through job creation and income distribution.
V0923006	The economy of Colombia and other third world countries is dependent on small and medium enterprises to increase their revenue and to increase the available employment opportunities.
V0923004	Entrepreneurs are the backbone of economic success. Without small business people with big ideas, none of the major corporations would have ever gotten off the ground.
V0923008	The GDP of developed and developing countries depend on the ability of entrepreneurs to create income generating opportunities.
V1213009	Finding people who can buy your shared vision and are ready to swim against the tides are important to build a genuine team
V1213010	Entrepreneurship contributes to GDP growth.

Question 12: Why do you think that some nations are developed, while others are not? Probe: Does Human capital management and entrepreneurship, from your experience, have anything to do with it?

V0922003	Developed countries ensures a humble environment for doing business including respect for property rights. This aspect is lacking in most developing countries.
V1202007	Respect for property rights and good macroeconomic conditions that supports business and entrepreneurship is what separates the developed and poor countries.
V0923001	The cultural structure, political structure and economic structure enhances policy formulation and implementation that propagates innovation in developed countries as opposed to developing countries.
V0922005	Nations that have created opportunities for entrepreneurship are more affluent while those that have taken the opposite route are poor.
V0923006	Developed nations value entrepreneurship and human development than developing countries.
V0923004	Political goodwill generates a huge difference between human capital development in developed and developing countries.
V0923008	Countries that have hardworking and innovative entrepreneurs stand or emerge world's economic powers as opposed to depending on natural resources.
V1213009	The cost of production specifically, we are very far behind, still have to work more on innovation.
V1213010	Endowment of natural resources gives some countries an upper hand. Challenges such as huge public debt haunt developing countries and developed countries.

Question 13: What is your perspective on the USA and China situation based on human capital and entrepreneurship perspective?

V0922003	Countries that develop faster are those where there is an equitable income distribution. In Poor countries, it is the vice versa

V1202007	In China, the government controls nearly everything including human capital an entrepreneurial development contrary to the U.S.
V0923001	China is doing a good job in helping to reinforce intellectual properties components, encouraging entrepreneurs to other directions as oppose to some of the directions they had done before.
V0922005	United states is where it is because of human capital. Most people do not care what goes on in Washington but care about their business and the economy. China's population is the country's huge advantage for its economic growth.
V0923006	The United States of America has been successful as an economy by creating a structure where small and medium enterprises are able to access funding and an enabling environment to conduct their businesses. China has recorded significant economic growth due to the emphasis of entrepreneurship in the country.
V0923004	China places less value on human factors and labor; therefore, they can create products and services at a lower cost, undercutting like the United States where human capital is regarded in a much higher value and status.
V0923008	Mixed reaction. Not actually aware of human development in China.
V1213009	Human capital is valued by Chinese manufacturing where as human capital is valued for innovation in the U.S. making the U.S. sustainable when it comes to entrepreneurial innovation.
V1213010	China is becoming global economic powerhouse because of its ability to develop human capital to maximize on its huge population.

Focus Group

Question 1: How does human capital impact the development and sustenance of innovative entrepreneurial strategies?

Focus Group	Human capital enhances knowledge and skills which in turn enhance entrepreneurial capabilities and create business environment.

Question 2: How is the success of business ventures in developing nations associated with human capital?

Focus Group	Human capital creates entrepreneurial capabilities

Question 3: In contrast, how do you think that the failure of business ventures in developing nations is tied to human capital?

Focus Group	Developing countries have not invested enough in structures that promote development of human capital such as education facilities. Most people who venture in entrepreneurship in developing countries are highly educated and who, in most cases are risk averse

Question 4: How do you think that human capital impacts economic development in the America?

Focus Group	The U.S. has good technology and infrastructure that has developed the entrepreneurial nature of the country for a long time. Human capital development in the U.S. has empowered entrepreneurs to live their dreams without worrying of job security.

Question 5: In comparison, how do you think that human capital impacts economic development in China?

Focus Group	China is building strong productive capabilities and changing entrepreneurial trend globally. Besides, its culture where family business is inherited by young generation has accelerated entrepreneurship in China. Human capital development in China focuses on entrepreneurial orientation and entrepreneurial risk as well as the use of capability approach in building new skills.

Table 7

Qualitative Meta-Analysis of the Journal Articles Used

Research Themes Addressed By Journal Articles In Chapter 2 & 4	
Chapter 2	**Minor Themes** a. Historical development of human capital b. Human capital and economic growth c. The impact of education attainment in the growth and development of human capital d. Relationship between human capital and income distribution based on labor concentrations e. Age and income distribution as an essential measure of human capital development **Major themes** a. Human capital in the development and sustenance of innovative entrepreneurial strategies – 16 journal articles b. Human Capital and the Success or Failure of Business Ventures – 11 journal articles
Chapter 4	**Major themes** a. Experience and Knowledge: Human capital as an element of work experience and educational knowledge gained over years - 14 journal articles b. The right employees: The role of employee training programs and quality professional undergraduate and post-graduate programs in institutions of higher learning - 21 journal articles c. Entrepreneurship as an Economic Pilar: Developing human capital through entrepreneurship - 8 journal articles d. Success and failure of start-ups: The role of human capital in the success or failure of a new business venture – 3 journal articles

The introductory part of chapter 2 examined journal articles that have detailed the early development of human capital. Theories and concepts of scholars who have contributed towards human capital including Ivern Fisher, Adam Smith, Theodore Schultz, Jacob Mincer, Gary Becker, Sir William Petty, and Alfred Marshall were presented and analyzed. The journal articles in last part of the literature review section examined the understanding of human capital in the late 20th century and early 21st century. Two key concepts emerged. The first one was the role of human capital in the development and sustenance of innovative entrepreneurial strategies, paving way to the second theme which dwelt on how human capital contributes towards economic growth.

Chapter four aimed at authenticating the findings of the facts and concepts presented in chapter two. Fourteen journal articles with information about human capital as an element of work experience and education knowledge gained over years were analyzed. Twenty-one journal articles were presented to explore the role of employee training programs and quality professional undergraduate and post-graduate programs in institutions of higher learning. The chapter further analyzed eight and three journals on entrepreneurship as an economic pillar and success and failure of start-ups respectively. These journal articles gave a solid foundation for the triangulation process against the results of the individual interviews and focus groups.

Validity Check Based on the Triangulation Protocol

The results of the study were analyzed based on four categories according to the convergence coding scheme for triangulation protocol. Thus, the results can be stated to have an agreement, partial agreement, disagreement, and a silence coding label (Hopf et al., 2016). An agreement code label indicates that the results were identified in a particular study while a partial agreement indicates that the results were partially covered (Hopf et al., 2016). A disagreement code means the results were contradictory. If the results cannot be categorized among none the three code labels, the results are said to have a silence code.

The main aim of using a triangulation protocol is to cross-validate data while at the same time capturing different dimensions of the same research topic or variables being examined. Ideally, it is one way of examining and assuring the validity of the research instruments and data collected using a variety of methods. This study borrowed the concepts of the research done by Marvel, Davis and Sproul (2014) which, using the meta-analysis research design, documented that more than 344 human capital constructs have been reviewed through research. Education, work and entrepreneurial experience were the major human capital constructs researched by scholars. This concept provided a solid foundation of analyzing the impact of entrepreneurship in developing human capital. This study also used meta-analysis approach to analyze the impact of human development and sustenance of innovative entrepreneurial strategies, the relationship that exists between human capital and the success or failure of business ventures, and the role

that human capital has played in the economic development of developed countries, specifically in the U.S.A. Various journal articles were extracted from online data bases and examined. The journal articles considered contained information on the three main human capital constructs highlighted in the research hypotheses including work and entrepreneurial experience, education and entrepreneurial innovation.

Chapter two identified five most examined human capital constructs which include work experience, education, entrepreneurial experience, demographics, and innovation. However, this study focused on the first three: work experience, education, and entrepreneurial experience. Although various articles attest that education is essential in enhancing human capital, they distanced education as a fundamental concept towards mentoring entrepreneurs. Many articles have also focused more on work experience, documenting its essentiality in enhancing human capital and entrepreneurship. Entrepreneurs who have initial managerial experience usually launch successful ventures compared to those who do not have relevant skills or knowledge about the industry they are venturing in. The ability and mind set to venture into entrepreneurship is also correlated to entrepreneurial innovation. Previous studies analyzed in chapter two indicate that education plays a key role towards shaping individual's innovative skills among many young entrepreneurs.

Chapter four examined more than 40 journal articles with research on the three main human capital constructs discussed in chapter two, linking the information retrieved from individual interview and focus groups to find a common

ground between the literature review and the facts stated by the interviewees. For this reason the data obtained was analyzed based on three research themes developed with regard to the three human capital constructs discussed in chapter two and four. The following are the two main research questions used to synthesize and cross-validated data across the three sources of data used to examine the three human capital construct:

1. What is the impact of human capital in the development and sustenance of innovative entrepreneurial strategies?

2. What is the relationship between human capital and the success or failure of business ventures in developing countries?

The Triangulation Process

Triangulation method was first used in health and social science research. Over time, other research fields have employed the technique in broad areas. Ideally, the primary purpose of using triangulation is to examine convergence, complementarity and dissonance of the research data (Farmer, Robinson, Elliott, & Eyles, 2006). The authors argue that by achieving the three attributes, the investigators increase the likelihood that the findings and interpretations presented are credible and dependable and further, the process can be replicated in future research. As such, there are four main triangulation techniques that investigators can use to examine and enhance the validity of the research data. They include methodological, data, theoretical and investigator triangulation (Farmer et al., 2006). In methodological triangulation, investigators evaluate the validity of data

collected using more than one research technique such as interviews and focus groups. Data triangulation focuses on the use of multiple data sources such as analyzing two types of research reports. Theoretical triangulation, on the other hand, uses alternative disciplinary or substantive theoretical framework and perspective to view the research findings. Lastly, investigator triangulation involves data validity of two or more investigators in the research. Farmer et al. (2006) assert that although using triangulation technique may amplify sources of error and bias, it helps investigators improve confidence in the research findings.

Application of the Methodological Triangulation Process

This study employed methodological triangulation in examining the data collected. Farmer et al. (2006) state that methodological triangulation is suitable when there is more than one method of data collection technique. As a result, methodological triangulation technique was suitable because the study used three methods to collect data including literature reviews, individual interviews, and focus group. The data collected from the three sources were examined thematically to identify consistencies with regard to the two research themes based on the four coding scheme labeled as agreement, partial agreement, disagreement, and silence. The table below shows how the convergence coding scheme for the methodological triangulation protocol was interpreted.

Table 8

Convergence Coding

Coding Label	**Convergence Coding**
Agreement	The finding is identified with regard to the research themes
Partial agreement	The finding is partially identified
Disagreement	The finding contradicts across the research themes
Silence	No finding is identified whatsoever

The data collected across the three sources was cross-validated in each of the research questions, highlighting whether the finding identified, partially identified, contradicted, or did not find the human capital constructs to rhyme across the sources.

a. The impact of human capital on the development and sustenance of innovative entrepreneurial strategies

All the study participants interviewed agreed that human capital remain an essential element in the development and sustenance of innovative entrepreneurial strategies in both developed nations such as the U.S. and developing nations. Interviewees from the U.S. and UK inferred that the development of innovative entrepreneurial strategies is accelerated not only by the positive environment for doing business but also because of the availability of efficient and quality human capital. For instance, an interviewee from the U.S. argued that the availability of human capital reduces the cost of doing business. In developing countries, start-ups incur a lot of costs in terms of training employees to acquire the necessary skills to perform their tasks effectively. In developed countries, such costs are only incurred

when a firm is adopting a new technology or changing its business operations. With regard to measuring human capital development, the interviewees argued that work experience is one the ways used measure human capital development among employees.

Another aspect that became evidently important is that countries that are well-developed countries value and embrace entrepreneurship more than countries whose majority of the population is semi-skilled. The focus group interviewees stated that education plays a significant role in human capital development. This is accelerated by the fact that institutions of higher learning in developed countries have incubation centers and entrepreneurial mentorship programs that equips young people with entrepreneurial mindset and skills to venture into entrepreneurship after graduation. In fact, an interviewee from the U.S. argued that the only way college education impacted him was by enabling to think critically. Analytical skills are paramount to young entrepreneurs who are venturing into business for the first time because many entrepreneurs have failed to achieve the desired success just because they failed to analyze the industry trends. On the contrary, in developing countries, stakeholders have for a long time focused on increasing the rate of school enrollment at the expense of quality education. This explains why developing countries have fewer entrepreneurs compared to developed countries. Nevertheless, the three sources agreed that having the right employees, an aspect that is accelerated by better education structure and infrastructure, is significant towards achieving entrepreneurial success.

The results of the study correlate with the findings discussed in the literature review section. The studies conducted by Baptista et al. (2014) found out that education instills knowledge that helps individuals to be innovative and become entrepreneurs. By giving them information about the existing markets, individuals are able to take advantage of opportunities in the market especially when the current market players are not meeting the demands of the customers. Equipped with better decision-making and problem-solving abilities, learners are able to take on new challenges and turn them into business ideas even before they finish school. This is widely manifested in the tech industries where young entrepreneurs have been able to become billionaires even before they graduate. Entrepreneurship is, therefore, a major pillar of human capital development both in developed and developing countries.

Table 9

Summary of Convergence Coding

Research Theme	Convergence Coding		
	Literature Review	**Individual interviews**	**Focus Group**
Work experience	Agreement	Agreement	Agreement
Education	Agreement	Partial	Agreement
The right employees	Agreement	Agreement	Agreement
Entrepreneurship as a pillar of human capital	Agreement	Agreement	Agreement
Failure of start-up business	Agreement	Partial	Partial

As indicated by the results of the convergence coding scheme, there was some dissimilarity between the three data sources. With regard to education, the literature reviews and participants from the focus group agreed that human capital is essential in developing and sustaining entrepreneurial strategies. However, some individual interviewees reiterated that education plays a little role developing entrepreneurial strategies. Individual interviewees and participants of the focus groups partially agreed with literature reviews indicating that entrepreneurial experience matters in using human capital to develop and sustain entrepreneurial strategies.

b. The relationship between human capital and the success or failure of business ventures in developing countries

Entrepreneurs with work experience in their professional field are more likely to start successful business ventures. Individual interviewees, focus group, and the literature reviewed inferred that work experience plays a key role in launching successful business ventures. The argument is further supported by the idea that entrepreneurs aim to attract, hire, and retain the right and best employees within the industry. An interviewee from Ecuador admitted that her garage business failed to pick-up because besides from lacking the necessary skills, she had the wrong business partners who laced enthusiasm for garage management. The challenges that upcoming entrepreneurs face in Ecuador is a true reflection of what entrepreneurs go through in developing countries. It is worth to mention that lack of financial resources is the backbone of the challenges that entrepreneurs face, creating a vicious cycle of problems that become complex to solve. Without available efficient and quality human capital, firms find it difficult to increase production and minimize production costs at the same time. In most cases firms are forced to outsource employees with technical skills. It becomes even more expensive to entrepreneurs who are entering the industry with less knowledge and experience of how the industry works. There is a very close and direct relationship between human capital and failure of business ventures in developing countries.

Work and entrepreneurial experience attracted varied opinion among individual interviewees and focus groups. While there are substantial literature

reviews that support the positive relationship between entrepreneurial, work experience, and launching successful business ventures, some of the interviewees disputed this fact. They argued that currently, various factors override entrepreneurial experience and education qualification. Some of these factors include ability to access credit, technological advancement, and legal frameworks. In developed countries, human capital plays a minimal role in the failure of success of new business ventures mainly because entrepreneurs can easily access credit (capital/business loan) and start-up capital. However, this does not rule out the fact that some entrepreneurs in developed countries fail to start-up due to lack of conformity in employee wages and compensation packs. Unlike in developed countries, developing countries lack local trained professionals who can perform technical task especially in tech industry. As a result, entrepreneurs who start a business venture in the tech industry are likely to fail due to lack of human capital. Therefore, human capital and entrepreneurship have a direct and positive correlation; lack of sufficient and efficient human capital led to failure of entrepreneurial business ventures and vice versa.

As highlighted in the literature review based on the various studies carried out by number of scholars including Baptista et al. (2014), Marvel (2013), and Marvel, Davis and Sproul (2014), it is true that entrepreneurs with initial work or managerial experience have higher chance of starting a successful business than those without experience. Entrepreneurs who have undertaken formal training and achieved skills in their respective professional field are likely to succeed than those

who do not have professional skills. The results of this study, therefore, rhymes with previous literature that shows that human capital and the success or failure of the business are directly related.

Table 10

Summary of the Convergence Coding

Research Theme	**Convergence Coding Scheme**		
	Literature Review	**Individual interviews**	**Focus Group**
Work experience	Agreement	Partial	Partial
Education	Agreement	Partial	Partial
The right employees	Agreement	Agreement	Agreement
Entrepreneurship as a pillar of human capital	Agreement	Agreement	Agreement
Failure of start-up business	Agreement	Partial	Partial

The agreement between the three sources varied in three human capital constructs examined. Participants from the focus group and individual interviewees stated that work experience does not explain the relationship between human capital and success and failure of new business ventures. The results were the same in two other human capital constructs which included education and entrepreneurial experience.

Contribution to Applied Practice

In quantitative studies, reliability can be defined as the consistency of a measurement or the extent to which an instrument obtains the same results each time a measurement is taken. On the other hand, the definition of reliability in

qualitative studies may be challenging. Thus Creswell (2014) states that the challenge arises from the lack of accepted consensus about the validity and reliability standards to measure qualitative data. Studies contribute to existing knowledge and applied practices when its results are reliable and valid. The study employed methodological triangulation and comprehensive description and analysis to achieve trustworthiness.

The study collected relevant information on the role of human capital and innovative entrepreneurship in developing countries through individual and focus group interviews as well as analyzing literature reviews on the research subject. The analysis of the literature reviews in chapter two laid a solid foundation for the research, providing knowledge and evidence of the past studies with regard to the human construct examined in the research. Through literature reviews, the study established a theoretical relationship between human capital development and entrepreneurship as well as the factors affecting this relationship, such as education, work and entrepreneurial experience. Other aspects such as the role of human capital development in the success and failure of business ventures and entrepreneurship as a key economic pillar were also examined comprehensively. As such, the study is of great importance to entrepreneurs who wish to start their business ventures as argued by Acs (2006) who asserts that having access to human capital with excellent relevant skills and experience reduces failure of launching new business ventures. More importantly, the study demonstrated the importance of using triangulation process as an essential element in verifying and achieving

validity of the data used across multiple sources. Employing methodological triangulation process enabled the study to examine how human capital constructs varied across three sources including literature reviews, individual interviewees, and focus group. The study, therefore, evokes the importance of cross validating data in research, especially when more than one source of data is used.

The study established that the ability of entrepreneurs to remain competitive and emerge as global leaders in corporate industry depends largely on their access to the right human capital. As such, entrepreneurs should not only hire qualified employees but also implement strategies that will enable employees to be innovative and creative as well. Age, education level, skills and other human factors are crucial aspects in the sustenance of any business ventures (Grossman and Helpman, 1991). However, the new entrepreneurial era will evaluate the quality of employees based on recent trends in human capital development other than the common values such as age and work experience. One such key aspect that will shape employees' value is technology. For instance, entrepreneurs will value employees who are well versed with the current technology as opposed to work experience.

To a practitioner who is seeking to improve systems addressed in this paper such as economic development and sustenance of business ventures, this study will be very relevant and applicable. It mentors him/her into choosing the best workforce and implementing strategies that improve the productivity of his/her business. It is good to consider human factors that a worker possesses before

assigning his job. Moreover, the findings of this study resulted in the institutional improvements. For instance, with the help of this research, the managers could detect whether or not their management practices are employee-friendly. This way, it might be easier to understand why employees quit their job or why the company is having a high employee turn-over. A good example could be a situation whereby employees have inflexible work schedules that do not allow them to have free time for doing other activities outside the workplace such as spending quality time with their families.

In a nutshell, the advancement of human capital is a key aspect towards accelerating economic growth through entrepreneurial innovation. Developing countries should emulate strategies employed by developed countries to foster human capital training regardless of the challenges that entrepreneurs and the private sector face. Education, such as institutions of higher learning and business mentoring and incubation centers should embrace technology to ensure that the young and upcoming entrepreneurs can compete effectively at the national and international level.

CHAPTER 5

DISCUSSION, IMPLICATIONS, AND RECOMMENDATIONS

Overview

The role of entrepreneurs in enhancing economic performance through job creation depends on the availability of human capital. Many studies in human capital have established that there is a close and positive direct relationship between human capital and entrepreneurship (Marvel, 2013). Nonetheless, Theiss et al. (2015) assert that lack of necessary technical skills remains a huge obstacle towards attaining innovation success by entrepreneurs. Notably, developed countries tend to have much more readily available human capital compared to developing countries, a major reason why entrepreneurs play a significant role in skills acquisition and development (Acemoglue, Gallego, & Robinson, 2014). It is, therefore, important to explore the role of entrepreneurs in human capital development through entrepreneurial innovation, knowledge development and the growth and expansion of employee skills.

Through the research questions, the investigator focused on the three areas of human capital. The first research question explored the relationship between human capital development and the improvement and sustenance of innovative entrepreneurial strategies. The research question was based on the fact that developing nations are characterized by lack of entrepreneurial culture and skilled labor force. Previous research, drawn from the literature, are supported by the data of this study which indicates that human capital achieved through work experience

and formal learning necessitated by entrepreneurial innovation influences entrepreneurial culture and innovation. For instance, the interviewees from the U.K. and the U.S. alluded that the availability of efficient human capital enhances the development of entrepreneurial strategies. More importantly, the participants argued that through entrepreneurial innovation, human capital reduces the cost of business because start-up business ventures do not need to source labor from other countries. This also explains why the cost of doing business is high in developing countries. The high costs results from either sourcing human capital from overseas or incurring training costs. The latter is more expensive due to the time taken to train employees while the former becomes expensive only when there are strict migration laws of the expatriates' home countries. As a result, the availability of human capital enhances the improvement and sustenance of innovative entrepreneurial strategies.

The second question explored the correlations that exist between the development of human capital and the success and failure of business ventures in developing countries. Entrepreneurs from developing countries experience many challenges, including inability to access cheap credit. Start-up firms fail to attract employees with efficient technical skills due to lack of capital (Obisi, Gbajumo-Sheriff, & Uche, 2016). Readily available and easily accessed credit acts as short term capital that entrepreneurs can use to train employees whose work can meet the global standards. A quality product is what gives new firms a competitive advantage over giants and already-established companies. It is for this reason that

human capital plays a significant role in failure or success of new business ventures in developing countries compared to developed countries. Besides, Baptista et al. (2014) established that entrepreneurs who are well trained and educated have a high chance of launching a new business venture successfully compared to those who have no knowledge or skills about the business they are venturing into. The success and failure of new business ventures is largely influenced by the ability to access the right human capital.

In addressing research themes, the study focused on three main constructs of human capital including entrepreneurial knowledge and experience, the role of having the right employees when starting a business venture, entrepreneurship as an economic pillar, and the significance of human capital in the success and failure of start-up companies. With regards to experience and knowledge, human capital development is perceived as a process through which human resources transform through changes in technology, education and entrepreneurial experience. While experience is the factor of the number of years invested in professional work processes, its relationship with knowledge gained through formal and informal training programs influence entrepreneurial culture (Baldacci, Clements, Gupta, & Cui, 2008). The impact of knowledge on entrepreneurship is directly correlated with the education system and reforms adopted by a particular country. This is accelerated by the huge budget allocated to the education sector in the developed countries. Consequently, the level of technological innovation is high due to research and development enabled through available resources and facilities.

Nonetheless, entrepreneurs in developing countries tend to forget that they also have a role to play in human capital development. Bleakly (2010) argues that by financing employee training programs, entrepreneurs can enhance human capital development without necessarily depending on the national government to implement policies that will enhance acquisition of necessary skills that meet demands of the labor market. Entrepreneurial knowledge and experience contributes towards human capital development by incorporating technological changes in employees' structure as well as through knowledge development.

Having the right employees is the second construct discussed widely in this research. It is a dream of every entrepreneur to have the best employee, an aspect that ignites entrepreneurs' interest in advancing employees' skills and knowledge. Employees who have the right skills and experience are more likely to contribute towards achieving the goals and objectives of the start-up company than employees with limited or no experience. Furthermore, it is easy to establish an employee culture with employees who are aware of what they are supposed to do, at what time, and where. Start-up companies build strong employee skills that become a brand image of the company in future years. Just like knowledge, having the right employees is influenced by the education system of a particular nation. Countries with well-developed education systems are likely to have employees with the right skills compared to nations that have education systems that are underfunded.

Perhaps the main element that history has taught both developing and developed countries is that entrepreneurship is a key pillar of economic

performance and development. There is no doubt that entrepreneurs have been the pivotal force driving economic performance through development of innovative business strategies and sustainability (Ayyagari, Demirgue-Kunt, & Maksimovic, 2014). They do so by creating employment opportunities, an aspect that contributes to GDP growth and income distribution among households. This is evidenced by the high percentage of employees in the private sector compared to those who work in the public sector. Unfortunately, the effort of entrepreneurs is sometimes limited by the policies and regulations implemented by the government. Although such policies play a critical role in entrepreneurial development by ensuring that there is fair competition, some of these policies tend to limit the autonomy of entrepreneurs. China, for instance, is a good example where most of the entrepreneurial initiatives are state-owned. Moreover, the country has strict rules and regulations that tend to hinder the autonomy of entrepreneurs. Countries that have created an enabling environment for people to become entrepreneurs regardless of their age, gender, religion, or race experience high economic growth.

The human capital theory was employed to analyze the concepts of human capital. Over the years, scholars from various disciplines have explored the key constructs of human capital including education, economic performance, distribution of wealth, and entrepreneurship. The study focused on theories of human capital elements, especially work experience, education, employee skills and qualifications, and the character of the present work as well as the requirements and demand in the labor market. First, the study analyzed how the phrase “human

capital" came into existence, highlighting economic theories and concepts that accelerated the development of various human capital constructs. Various economic theories established by renowned scholars such as Sir William Petty and Adam Smith commonly known for his book "The Wealth of the Nation" were presented.

Contribution of the Current Literature

1. Contribution of the Research Literature towards the Development and Sustenance of Innovative Entrepreneurial Strategies through Human Capital Development

Skill creation, development and enhancement of human capital through entrepreneurship were the major focus of the research study. Entrepreneurs aim at becoming successful by having the right employees. Driven by the desire to succeed, entrepreneurs contribute towards human capital by enhancing employee skills and knowledge through employee training programs. A lot of research has been done in this area, particularly on the role of entrepreneurship in enhancing economic growth through job creation. As a result, many investigators concentrate more on job creation and economic performance without focusing on other simple but significant elements that integrate economic performance, entrepreneurship, and job creation such as skill creation through human capital development. Focusing on the relationship between human capital and entrepreneurial culture, the study established that entrepreneurial innovation is an essential element in developing employee skills through sustainable entrepreneurial.

The desire to enhance human capital triggers the development and sustenance of entrepreneurial strategies such as employee training programs, strengthening entrepreneurial culture within the economy. For instance, interviewees from developing countries such as Ecuador as well as those from developed nations such as the U.S.A. and the United Kingdom alluded that countries which have a stable economy value and support entrepreneurship through various structures including education, access to credit and infrastructure. Entrepreneurship contributes towards creation, development, and enhancement of human capital skills in a similar way that education systems act as the foundation of human capital development.

A lot of studies have concentrated on factors that contribute to the humble environment of doing business such as political goodwill, infrastructure, and the willingness of communities to support business operations in their areas. While exploring the development of human capital through sustainable human entrepreneurial strategies, the study examined how development of human capital can act as a competitive advantage for firms operating at the local and international levels. Interviewees from the U.S. asserted that the cost of starting up a business is usually low when there is readily available human capital. The cost of doing business is evidently high in places where human capital development is still low, especially in developing countries. Countries that do not have employees with current technical and competitive skills force locals firms to source labor from developed countries, increasing operational costs of the business. In some cases,

stiff immigration laws make it more difficult to source well-trained employees from other countries. This is more common among firms in the technology industry. When start-ups face such challenge, the only option available is to train the local employees to master the necessary skills. The costs involved in training programs are usually high, not to mention that such employees may take years to master the technical skills. The skills acquired become the company's most valuable asset which is widely used as a competitive advantage within the industry.

The level of human capital development in a country also informs how people value entrepreneurial culture. Nations that have well developed human capital are characterized by strong entrepreneurship culture that is deeply rooted among families and embraced at the household level. This is further explained by the education systems and structures adopted by developed countries compared to those in developing nations. In the recent past, learning and training institutions in developing countries have identified entrepreneurship as an important aspect of human capital. The emergence of incubation centers are a result of entrepreneurial initiatives being implemented by institutions of higher learning. Developing an entrepreneurial mindset is also enhanced by the availability of mentors who play a critical role in helping young entrepreneurs to launch new business ventures with much struggle. Unfortunately, the level of funding towards the education sector in most developing countries has decreased immensely in the last one decade. According to Steer Liesbet, the Director of the Education Commission and former Brookings expert, who oversees development assistance towards the education

sector donations decreased by 10%, resulting in reduced donor funding being channeled into basic education by 16% (Steer, 2014). The move by donors to deprioritize basic education is likely to affect developing countries such as the Sub-Saharan African nations whose education sector still depends on donor funds.

Education is one of the most reliable strategies for developing human capital and for a long time, countries have focused on improving education systems and infrastructure to enhance ease of access to quality and affordable education. This observation is supported by the data collected from interviewees. Nonetheless, this concept continues to attract divided opinion. New trends are emerging with regard to the role of education in promoting entrepreneurial spirit and culture. Education is one of the best and commonly used mechanisms by many countries both developed and developing to enhance people's quality and standard of living. However, opponents of this strategy argue that the education systems used, especially in developing countries, instill managerial skills as opposed to instilling entrepreneurial values among young graduates. Their contention is that entrepreneurial skills arise from innovative abilities. Nevertheless, there is no theory or school of thought that explains as to whether innovative abilities are inborn or learned from experiences, market forces, and even from the general classroom knowledge.

Despite these conflicting views and perceptions about the relationship between education and entrepreneurial innovation as indicated by the triangulated results, there is a need to look at the current education systems, especially in

developing countries, to ensure that they address real issues affecting the economy. In fact, some of the interviewees argue that entrepreneurship and education are inversely proportional. This is evidenced by successful entrepreneurs who operate multimillion dollar companies in the industries that are completely opposite of their career profession (Gerxhani, 2004). The body of facts provide indication that some of the education systems in developing countries play very little role towards helping young graduates become entrepreneurs. Although young graduates have necessary skills and knowledge, they lack mentors and role models within their academic professional sphere to guide them through the entrepreneurial journey. This explains why in recent years, various higher learning institutions have established incubation centers that help students shape their entrepreneurship journey through mentors and successful entrepreneurs. Nonetheless, this does not rule out the fact that education is a key element in building a strong entrepreneurial culture in developed and developing countries.

2. Human Capital and the Success or Failure of Business Ventures in Developing Countries.

The positive impact for entrepreneurs in accessing cheap credit is one significant factor that determines the availability of sufficient and efficient human capital. Unfortunately, access to cheap credit has received little attention from researchers. This factor is discussed widely by the second theme of the research that explored the factors that integrate to determine the success and failure of the business and achieving entrepreneurial success in developing countries. Access to

cheap credit has always been linked to business capital and yet, its impact on the development of human capital remains significant. This is evidenced by interviewees from developing countries, especially Ecuador, who experienced many challenges in accessing cheap credit, not only to launch new business ventures successfully, but to also enhance their employees' skills and knowledge. The main challenge was finding a partner who is well trained and informed about the industry of the new business as well having access to cheap credit to use it to hire qualified employees with necessary skills and expertise. As a result, there is a direct correlation between lack of human capital and the failure of business ventures in developing countries. On the contrary, human capital development is associated with success of entrepreneurs in developed countries. This is attributed to various factors that exist in vibrant economies of developed countries. One of them is that entrepreneurs have access to cheap credit and necessary equipment and infrastructure, as well as the readily available human capital. Access to cheap credit can potentially boost entrepreneurs in supporting employees to acquire new skills that rhyme with technological and market trends.

How the Research Differs from other Previous Studies

This study differs from what other researchers have argued in that it raises the most important question on what can be done to improve the human capital. Other studies such as the one conducted by Castano, Mendez, & Galindo (2015) have attributed the challenges facing entrepreneurship in the developing nations on social, cultural, and economic factors. Lack of government support has also

emerged as one of the main issues facing entrepreneurship. However, this research has shown that although the developing nations have a lot of human capital available, lack of skills is one of the major challenges. The educational systems in developing countries require reforms that will propel entrepreneurship sector through innovative ideas among young graduates. As outlined by the experts, a successful entrepreneur is an educated and informed entrepreneur.

Lastly, many studies have been done on different constructs of human capital. However, application of the methodology of triangulation in the present study of human capital constructs still remains limited. This research employed the methodological triangulation method in analyzing the data of the individual interviews and focus group as well as peer reviewed articles discussed in the literature review section. The articles used in the literature review and the data obtained from the individual interviewee and focus groups have been evaluated to cross-validate the information obtained and highlight the different dimensions of the research topic as well as the variables under consideration. The triangulated results were achieved using the methodological triangulation protocol. The method was selected because based on Farmer et al. (2006), a study that uses more than one research technique in collecting the data is best suited to use the technique to increase the validity of the results. The four coding scheme labels including agreement, partial agreement, disagreement, and silence were used to analyze consistencies of the research themes across the three sources of data. The results

were presented in tabular form, highlighting how the research themes rhymed across the three sources in each of the two research questions.

The type of research design used plays a significant role in collecting quality data. Despite using methodological triangulation process to cross-validate data, using a mixed research design could have also enhanced the validity of the data collected. Mixed research methodology is used to collect, analyze, and integrate both qualitative and quantitative data. The method helps to overcome the challenges of relying either on qualitative or quantitative data. Nonetheless, the four coding labels of the triangulation process including agreement, partial agreement, disagreement, and silence played a significant role in ascertaining the convergence of the research subjects.

Implications

a. Experience and Knowledge

The testimonies of the interviewees indicated that human capital is a collection of work experience and knowledge achieved over a certain period. Human capital experiences are reflected in the personality traits and habits of the labor force. The never-quitting spirit of entrepreneurs demonstrated by their resilience in innovative ideas to achieve success also contributes to human capital development. For this reason, knowledge and experience became the first key elements of human capital evidenced by the data collected. In their quest to enhance economic production, entrepreneurs achieve skills that define and shape their personality traits such as intelligence that is essential in the decision-making

process (Feldman, 204). The knowledge aspect of entrepreneurs is determined by the level of educational training, a reason why people who are well-educated have high chances of launching a business venture successfully. Experience, on the other hand, is determined by one's age. Ideally, people who have been in the industry long enough tend to have more experience than newcomers, which gives them enough experience and knowledge to solve complex entrepreneurial challenges

Knowledge gained through formal training and vast years of experience is determined by the education systems and structures within the economy. Education and experience in human capital represent an opportunity that people use to acquire knowledge and skills, although opponents to this school of thought argue that it should not be confused with having high knowledge and good skills. Nevertheless, the structures and systems of education in developing and developed countries differ widely. One of the characteristics of the developing nations is the lack of proper funding which in turn, causes a shortage of quality learning facilities (De Vita, Mari, M., & Poggesi, 2014). Literacy levels remain low in these countries, which makes it hard for businesses to succeed in the modern technology-based economies. Furthermore, educational facilities in developing countries are rarely used to equip students with the right entrepreneurial attitude. Learning is an integral tool used to develop human capital through skills acquisition and innovation. When a country fails to support its education system, the labor market lacks technical skills and the abilities to implement entrepreneurial strategies (Loyalka et al., 2015). Acemoglu, Gallego, and Robinson (2014) argue that economic development

in a country is directly proportional to the investment in education, especially in research and development. Funding research and development enhances development and acquisition of new skills while improving knowledge enhancement (Acemoglu et al., 2014). Lack of skills in the developing nations slows down entrepreneurial development.

Entrepreneurial experience is yet another important aspect of human capital development gained through the application of human skills that were obtained through formal learning or informal training. Achieving entrepreneurial success and development of human capital at the same time tends to be challenging due to some economic factors that limit the ability of entrepreneurs to implement their strategies comprehensively. A good example is the high tax rates and double taxation witnessed in developing countries. Up-and-coming entrepreneurs can only contribute towards human capital development when their business ventures record growth in revenue. High taxes reduce business income which in turn, limits the financial resources that entrepreneurs can invest in human capital development programs such as employee training and research and development in the field of human capital. Labor unions as well as government laws and regulation are also some of the hurdles that limit entrepreneurs' efforts in human capital development (Al-Sayyed, 2014). Having recognized that human capital attributes such as education, knowledge, experience, and skills are critical to the success of small businesses, entrepreneurs aim to attract and retain the right skills that are currently available on the labor market (Jimenez, Palmero-Camara, Gonzalez-Santos,

Gonzalez-Bernal, & Jimenez-Eguizabal, 2015). As a result, the acquisition of human capital with enough experience is one of the elements to look out for when starting a business venture. There are two options widely employed by entrepreneurs when the current labor market does not have the required human capital. The first option is hiring and training employees to equip them with the necessary skills required while the second option is sourcing labor from overseas. It is also important to note that experience of employees remain top priority when attracting and retaining employees. More importantly, the potential of the business venture is highly reflected in the experience of the entrepreneurs. The significance of entrepreneur's experience plays an important role when seeking for investors. Venture capitalists usually look at managerial skills and experience as the most frequently used criteria when analyzing the potential of a company of firm. To develop and grow a business venture, the organization has to ensure they invest in the human capital with a focus on decision makers (Marvel et al., 2016). The previous knowledge helps in increasing the entrepreneurial alertness and prepares the owner in discovering some specific opportunities that may not be visible to other people.

b. The Right Employees

Every entrepreneur wants to have the best team that is focused and values the interest of the firm more than their personal interests. There is no doubt that quality of a product is what builds a business brand, giving it a competitive advantage over other firms within the industry (Loyalka et al., 2015). Quality

products results from having the right employees who, in turn, rely on the quality of the educational systems, especially the programs offered by institutions of higher learning. Entrepreneurs tend to compete with one another in the acquisition of the skilled labor (Faggian & McCann, 2009). The competition is not only in business but also in getting the skilled human capital. Therefore, training is important in ensuring the employees get the right skills and knowledge to ensure the company achieves its goals and objectives (De et al., 2014). Having the right employee depends on the level of human capital development as well as the education system within a country.

c. Entrepreneurship as an Economic Pillar

Entrepreneurship influences the development of innovative business strategies and sustainability, enhancing economic growth through job creation and distribution of income and wealth. For this reason, entrepreneurship remains one of the strongest pillars of economic performance. Countries that have policies and regulations that protect patent rights and give entrepreneurs autonomy to make decisions without government interference have a strong entrepreneurial culture (Joshua, 2016). Unfortunately, this is not common among developing countries. Nonetheless, this does not rule out the fact that entrepreneurs in countries with largest economies such as China do not face challenges when establishing new business ventures (Constant, Tien, Zimmermann, & Meng, 2013). Every country is unique with different entrepreneurial opportunities and challenges. However, certain factors seem to influence the ability of entrepreneurship to spearhead

economic performance and growth, including technology and employees' social aspects such as corporation and willingness to help each other within and beyond the workplace. By helping employees acquire skills and knowledge that meet the standards of the labor force market, entrepreneurs not only contribute towards human capital development but also enhance employees' job security and stability as well.

Due to globalization, technology has become one of the ingredients of economic development attained through sharing of labor and skills, as well as innovative ideas, especially among countries of certain specific regional trade blocks. Developing countries tend to be less developed when it comes to technology advancement compared to developed nations. As a result, they exchange the know-how knowledge with agricultural resources or trade agreements that facilitate the smooth flow of innovative technological strategies based on mutual trade agreements (Kusakina, Bannikova, Morkovina, & Litvinova, 2016). Nonetheless, some developed countries share technological know-how for free with developing countries which is seen as an initiative to spur economic performance among developed countries. The concept of technology is intertwined with that of innovation. Adoption of technology has become an integral part of modern business and the ability of the company to invest in technological advancements depends on the skills possessed by the human capital. Entrepreneurial innovation aims at exploring and coming up with new methods of production, which partly influences employee skills and competence. Ideally, areas that have witnessed poor

employee performance have always been perceived as opportunities for entrepreneurial innovation. For instance, start-ups companies have been geared towards providing products and services where well-established companies have failed to do so. The absorptive capacity of firms and its relation to innovation is one of the challenges facing entrepreneurial ventures in the developing world. (Gabriel & Kirkwood, 2016). The result of this development can be seen in increased and improved employee skills and production output. Technology has transformed the world into a global village and entrepreneurs have tapped this new era to their advantage by sharing technology and innovative skills to spur human capital development.

Countries endowed with technological resources tend to have vibrant economies compared to those whose technology is still advancing. Asian countries such as Japan and China as well as the U.K. in Europe and the U.S. are among countries that are well-advanced in technology as evidenced by sophisticated industrial and manufacturing processes and the mode of transport they use. It is for this reason that this study established that the relationship between human capital and success in business tends to be stronger in high technology industries such as China and the U.S. compared to the low technology industries like Ecuador and Colombia. Human capital has the ability to give business ventures in developing countries a competitive advantage in the industry especially when the service and products are heterogeneous and rare (Chari & Dixit, 2015). This is most common for companies whose business process and employee skills and knowledge cannot

be transferred to other firms or pirated due to the technical aspect involved or strict industry regulations (Barney & Wright, 1998). Comparing developed and developing countries, the former has well-advanced technology compared to the latter. As a result, human capital development gives developed countries a competitive advantage over the less developed countries. A trade-off between developed and developing countries ensures a smooth transfer of human capital and technological resources between countries.

d. Success and Failure of Start-ups

Another aspect of entrepreneurship informed by the data gathered is the relationship between human capital development and the success and failure of new business ventures. Participants both from developing and developed countries agreed that the success and failure of new business ventures is related to the availability of sufficient and efficient human capital. The availability of human capital increases the capability of the owners to perform generic entrepreneurial tasks (Chao & Dahu, 2017). First, human capital helps in discovering and effectively exploiting business opportunities found in a specific country (Calkin, 2018). Entrepreneurs who have access to employees with the right skills are likely to succeed in launching a new business venture. One major advantage of having access to employees with the right skills is that the cost of capital to start the business is usually low compared to when sourcing human capital from another country. Expatriates are usually expensive to hire. Furthermore, they are commonly affected by factors beyond the entrepreneur's control, including language barriers

and changes in the environment. As a result, availability of sufficient human capital helps the owners plan well and make future adjustments and to make forecasts on how to achieve the goals of the business. This is especially true in ventures that require acquisition of other resources, including financial as well as physical capital.

Investment in human capital is one way to ensure availability of efficient human capital within a country. This process involves both the government and the entrepreneurs initiating programs that promote fair competition and knowledge enhancement among employees as well as skills acquisition and sharing. In developing countries, investment in the human capital is seen as the responsibility of the national government. This is evidenced by the little role played by established corporations in enhancing the knowledge of their employees to ensure that their skills meet the ever-changing needs of the labor market. In developing countries, employers may rather hire expatriates than train their current employees. This explains why they tend to fall behind in terms of human capital development. The government alone cannot train its entire people to be competitive for the job market. Moreover, in developing countries, employee education that is offered is mostly in the form of vocational training (Felicio, Couto, & Caiado, 2014).

Essentially, employees' needs, as well as the benefits of education and training programs offered within a country depends solely on the education system and structure adopted by the particular nation. Breaking it down even further, the education systems adopted relies on the policies implemented by the government

(Frese, Gielnik, & Mensmann, 2016). Poor policies will always lead to average results including poorly-trained young graduates. Developed countries have invested immensely in their education system as evidenced by millions of dollars channeled in the education sector, contrary to developing countries whose education programs are underfunded. This is the most important aspect that differentiates the education system in developed and developing countries. Research and development creates new ways of solving societal problems, an aspect that also enhances entrepreneurship. Developing countries do not invest in research and development as much as developed countries. Many technological innovations witnessed in developed countries are as a result of many years invested in research and development. This is perhaps the most important lesson that developing countries should learn and emulate to spur entrepreneurial culture among the young generation. This further calls for national governments of developing countries to make investment in research and development a national priority and budget for it as well. The initiative can help the government promote entrepreneurial culture and spur the performance of the economy by making sure that the people are able to possess the right skills (Blackburn, 2016). There is no doubt that countries that have higher education investments, such as China, tend to have businesses that are successful as owners and employees have the skills necessary to compete globally. Such countries have people who are skilled and who can take up jobs in various sectors when businesses expand. Research and development is an important element of human capital development that requires

the attention of policy makers and industry stakeholders, especially in developing countries.

Entrepreneurs should also take the challenge and invest in the professional qualifications of the employees through training programs that can equip employee with the right professional knowledge and skills, as well as competencies that are necessary for giving the business a competitive advantage. Gabriel and Kirkwood (2016) argue that employee culture is reflected in the skills and competencies that have an aspect that can be compared to the firm's goodwill which cannot be replicated by other organizations easily. However, only a few entrepreneurs take a part in this type of investment due to the skills and cost involved. The success of the business usually depends on whether the employees have the right skills to work in the business (Feldman, 2014). Entrepreneurs should step in and help employees acquire up-to-date knowledge and skills when the government fails to train its citizens through well-structured education systems. Although human capital development is primarily the responsibility of the national government, entrepreneurs need to support government efforts and initiate programs that will equip employees with competitive skills and competencies.

Conclusions

In analyzing the human capital development and its role in the developing countries, the study examined four main themes related to human constructs. The study focused on four key elements of human capital including entrepreneurial knowledge and experience, the role of having the right employees when starting a

business venture, entrepreneurship as an economic pillar, and the significance of human capital in the success and failure of start-up companies. Based on the data collected, it was evident that human capital development is a process through which human capital transforms as a result of technological advancement coupled with education and entrepreneurial experience. Moreover, the ability of entrepreneurs to access affordable and right human capital determines the success or failure of launching a new business venture. However, entrepreneurs can contribute towards human capital development through various mechanisms including instituting employee training programs. In fact, this is one the best ways new business ventures can achieve a competitive advantage within the industry. Lastly, using the triangulation process, the three sources of data supported the fact that entrepreneurship is a key pillar of economic performance. Through innovative business strategies and sustainability, entrepreneurs propagate economic development by creating employment opportunities and contributing to the development of infrastructure as well as human capital.

The research themes examined by the study contributes immensely to the current literature on entrepreneurship and human capital development. Key aspects of the study that contribute to knowledge enrichment include sustenance of innovative entrepreneurial strategies through human capital, its role in the success and failure of new business ventures, and comparison of human capital development in the U.S. and compared to developing countries. Most importantly, the study highlights seven recommendations that developing countries can

implement to enhance human capital development and improve economic performance through entrepreneurship. They include reforming the education sector, creating an entrepreneurial environment, incorporating technology and involving the private sector in human capital development, empowering women entrepreneurs, and benchmarking entrepreneurial policies and strategies against those of the developed countries.

Recommendations

Entrepreneurship is one of the key pillars of economic performance. At the center of entrepreneurial, culture is the human capital. Developing human capital enhances entrepreneurship within a country which, in turn, spurs economic performance. The government and entrepreneurs through the private sector, have a responsibility to initiate human capital development initiatives at various levels of learning based on the financial abilities. Developed countries are a step ahead in human capital development based on their effort to invest in research and development as well as in education systems over many years. This is evidenced by the level of skills that expatriates demonstrate when deployed in developing countries. This is evidence that investing in human capital plays a significant role in ensuring the existence of a skilled workforce within a country (Gonzalez-Pernia, Jung, & Pena, 2015). To ensure that the firms are able to use the skills available in the country, developing nations must put the framework for policies needed in the creation of skilled jobs for the young people (Baptistab et al., 2014). The lesson can be drawn from China where the citizens work in companies after undergoing

technical training. Failure to ensure that the formal sector can absorb the employees results in the mismatch between the skills and the opportunities available in the country (Brinkmann & Kim, 2015). The only way to ensure a stable formal sector is through the development of policies that ensure entrepreneurial ventures can operate at a low cost (McGrath, 2016). The developing nations should ensure that the available firms are able to accommodate human capital available (Brinkmann & Kim, 2015). This can only be achieved when the government plays its role towards implementing education reforms that meet the demands of the current labor market. Countries that have a stable economic development attract international investors, an aspect that fosters the existence of the stable firms that can reduce the unemployment burden. As a result, developing countries should consider the following recommendations;

1. **Implement and Reform the Education Sector**

Implementing education reforms calls for governments in the developing countries to align fiscal policies with human capital constructs to ensure a continued investment in education. Bae et al. (2014) argue that without proper funding, training institutions cannot be able to implement any meaningful training programs that guarantee acquisition of skills by the citizens especially among the young people. The stability of the economy in the developing nations usually depends on having a skilled workforce, and the government should focus on the youth to ensure a smooth transition from lower levels of learning to institutions of higher learning such as universities. The United States has revealed that with

proper spending in education, a country can be able to transform its human capital to one that can succeed in any sector (Baptista et al., 2014). Increased budgetary allocation of the education sector may lead to improved training equipment for the training institutions in the country and hence more skills for the employees. It also means that the country will enjoy better training as trainers are motivated by the availability of resources, facilities, and better remuneration (Minniti, 2017). Developing countries should emulate what developed countries have done in the past by investing in research and development and increasing budgetary allocation of the education sector.

It is essential to note that the investment should not only be in terms of increased spending on education but also quality learning. The quality of education depends on the policies developed by the government. Considering that many developing countries have failed to implement effective education policies, an oversight body should be created to ensure inspection of all training institutions and determine their adherence to and compliance with the requirements set by the government (Murphy & Topel, 2016). Having strict measures coupled with immense investment will eventually lead to a successful transformation of the workforce into human capital. Technical skills, especially in technological aspects, are one of the areas that the government should focus on (Ogundari & Awokuse, 2018). The governments in developing countries should expand the institutional capacity by strengthening the level of infrastructure in the educational institutions (Bae et al., 2014). Most of the learning institutions in developing countries are

overcrowded and lack essential facilities that are needed to produce quality learning. This can be improved by establishing more learning centers to reduce long travel distances and building more classrooms in already existing schools to reduce overcrowding and cut class sizes. This will increase the chances of producing a quality workforce. Most entrepreneurial ventures in the developing world face the challenge of having people who can work with different technological advancements (Vinod & Kaushik, 2007). Therefore, a focus should be placed on increasing the number of people with technical skills as a way of allowing businesses to increase production and adopt new methods that can increase the chances of success. The education curriculums should also incorporate entrepreneurial learning as a subject across all levels of the education system. Introducing entrepreneurship to students at an early age will help to nature their attitude towards entrepreneurship, an aspect that will enhance the development of entrepreneurial culture in developing countries.

2. **Create a Friendly Entrepreneurial Environment**

Providing an enabling environment for entrepreneurship can also play a huge role towards building entrepreneurial culture. This can be achieved through well-structured policies and regulations that enhance economic stability and fair competition among both well-established and upcoming business ventures. The macroeconomic stability ensures human capital is used as a factor of production. The macroeconomic stability in a country leads to increased investment in a country, thereby increasing the production levels (Vinod & Kaushik, 2007). As a

result, there will be increased investment in human capital in both state-owned business and the private sector. This can be achieved when the national government in developing nations focuses on entrepreneurial development. This can be attained through initiation of incubation centers that can mentor upcoming entrepreneurs and to encourage them to take up the challenge and believe in themselves and their ability to become successful entrepreneurs in the future. In the process, the government will be helping the young people create employment opportunities for the youth, elevating property and other social problems such as crime. This will also enhance economic performance.

3. Involve the Private Sector in Human Capital Development

The private sector, which is comprised of mostly entrepreneurs, should also play its role in the development of human capital. Human capital is not only described by the knowledge and skills of employees but also their social aspects such as motivation as well (Murphy & Topel, 2016). Improving the human capital among the employees through employee training programs increases the morale that in turn increases the productivity levels of the firm (Brinckmann & Kim, 2015). The sense of belonging among employees achieved though human capital development initiatives helps in retaining the most talented employees working in the company (Naude, 2014). Human capital is not static and therefore, entrepreneurs should implement policies and strategies that seek to attract and retain the best employees in the industry. One way this can be achieved is through full-time and part-time training programs financed by the company, employee

exhibitions, and seminars. Such programs help employees to gain more skills in more than on area, enhancing their professional qualifications and experience. This prepares the employees to work in various segments of the company and across the industry. A company is more capable of increasing the skills possessed by the employees through the organization of seminars purposefully meant for its employees where training can take place within the organization. This process has a higher chance of succeeding as the employee will be motivated by learning and earning all the same time.

4. **Match Employees' Skills with the Needs and Demands of the Labor Market**

Entrepreneurs in the developing world should focus on training employees to ensure they have the right skills to meet the challenges of the corporate world. The training should be related to the specific tasks that the individuals would be handling in the companies (Pelinescu, 2015). As pointed out earlier, task-specific approaches in the business tend to utilize human capital in the right manner and hence increase the chances of success in the company (Ogundari & Awokuse, 2018). The government training that is organized in the country should be in line with the need of the private sector (Blackburn, 2016). A linkage between the government and the private sector ensures that the training institutions provide the companies with the much-needed workforce that can help the companies attain a competitive advantage. Entrepreneurial ventures should also focus on acquiring human capital with the right skills for them to succeed (Naude, 2014). Which

ensure that they can have a competitive advantage over the other companies operating in the same industries. This calls for entrepreneurs to work on retention abilities of the most skilled talented employees working in the company.

5. **Promote Gender Parity in Entrepreneurship**

Governments in the developing nations should focus on the education of women as a way of promoting gender-balanced entrepreneurship initiatives within the economy. Polices need to be developed on how to ensure success in promoting education for women education in the country (Bae, Qian, Miao, & Fiet, 2014). Diversity in the workforce or human capital ensures diversity in the ideas proposed by the employees for the success of the business. According to Brinkmann & Kim (2015), in most cases, the male dominated workforce lags behind that of the developing world in regards to women empowerment. Women play an integral role concerning the success of new businesses (Pelinescu, 2015). Women start a considerable number of new businesses in developing countries, which infers great potential if governments could focus on empowering women entrepreneurs. Women in developing countries are less advantaged compared to their male counterparts. They have limited access to credit and certain traditional practices make it hard to inherit property and land, the key entrepreneurial resources in developing countries. The government should implement policies that will ensure gender parity in all sectors of the economy including accessing credit, corporate and political leadership, and equal employment opportunities.

6. Incorporate Technology in Human Capital Development

There is also need to ensure that technological advancement has been enhanced in different industries within the economy to increase entrepreneurial production output. The government can lessen regulations for start-up businesses to acquire technology to support entrepreneurs in developing human capital. The fear of unemployment in these countries may have a negative impact on the human capital. Training employees to acquire technical skills will not only enhance employee job security but also contribute towards human capital development. Entrepreneurs also need to have education on the need to have technology as a way of promoting efficiency. As a result, educational reforms in the developing nations should be coupled with emphasis on automation of business operations by entrepreneurs.

While quality education plays an essential role in the development of human capital, integrating entrepreneurial skill-training beyond performing managerial duties can help overcome the inaccurate perceptions around education and entrepreneurship. The concept of self-employment is yet to be accepted by many young graduates in developing countries. As a result, many spend years looking for a job after graduation, wasting resources that could be used as start-up capital. The current education system in developing countries helps student to manage their work but it does not inspire or instill innovative ideas that could enable young graduates to be entrepreneurs.

7. **Developing Countries should Benchmark their Entrepreneurial Policies and Strategies against those of Developed Countries**

In their quest to be efficient and competitive on the global scale, developing countries should employ and implement strategies used in developed countries. From the agriculture to the financial sector, as well as education, using proven strategies and systems applied in developed countries can on a larger scale, help to revamp major sectors of the economy which will in turn, promote entrepreneurship and development of human capital. Nonetheless, it is essential to not forget that although this could be an excellent way through which developing countries can become key players in the global market, the challenges they face are completely different from those in developed countries. For instance, food security is no longer a major challenge in the developed countries as opposed to many developing countries. As a result, employing entrepreneurial strategies used to solve food insecurity in developed countries cannot work in developing countries but may face many unique challenges. Notably, the timeframe to solve such challenges could be much longer than anticipated. Without proper planning and research, such mismatch of economic investment could lead to wastage of resources and time. This mismatch of entrepreneurial strategies exists in nearly all sectors of the economy in developing countries.

Recommendations for Further Research

Human capital is a broad subject affected and influenced by other factors beyond what have been examined in this research. The capability of a state to implement human capital policies that can effectively improve its economy depends largely on its economic ability. While this research has explored the key human capital constructs that contribute towards economic development through entrepreneurship, the impact of economic situation of a country is still an important factor that requires attention in this subject. Future research should explore how the nation's budget and GDP impacts its ability to develop human capital. With regard to research methodology, focusing on one human capital constructs can provide an in-depth analysis of how it not only relates to human capital development based on recent and past material information. A good example could be focusing on education and exploring the facts, figures, and literature with regard to how it relates to human capital. Additionally, data mining facilitates in extracting relevant, small data from the pool of big data, and ensures that the data collected is kept safe and is only accessible to researchers. Small data can be collected with the help of new technology such as remote sensors, cell phones, and other modern devices; however, it is important that the data is kept private and free from politicization (Runde, 2017). Therefore, focusing on a specific human capital construct will enhance data mining for literature review and data analysis, which in turn would lead to development of important research and successful studies.

Although reviewed literature and current research outcomes have revealed that developed nations have efficient entrepreneurial polices making their human capital development better compared to the developing nations, a recommendation is given for future studies to investigate the concept in detail. Specifically, there exists a paradox on this assertion given that some developing nations such as China are registering steady economic growth which overall, matches or is better than that of developed nations, such as the US. As such, it is of paramount importance for future scholars to focus on specific strategies employed by some developing nations that have shown tremendous performance in the recent past. Nevertheless, a focus should also be put on the areas that can be improved further by developing nations to enhance entrepreneurial development in states where human capital development has not been achieved.

The study also makes recommendations for future studies concerning resilience of entrepreneurs. More importantly, it was revealed in the study that those entrepreneurs who are able and willing to wait for payoff stand a higher change of being successful. Moreover, in a systematic literature review by Korber and McNaughton (2018) on resilience and entrepreneurship, it was noted that three fundamental aspects of resilience are key to individual or organizational success. Precisely, the three elements include the fact that resilience is a characteristic that indicates persistence and efforts towards success. Secondly, they noted that it normally acts as a trigger towards the development of entrepreneurial intentions in a society. Thirdly, they pointed out that resilience is a pure form of desirable

process that guarantees transformation and recovery in the economy. Based on these foundations, future studies should focus in the identification of how resilience relates with human capital development and how it can act as a form of recovery as well as transformation in developing nations.

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Appendix A

Interview Questions

General questions

1. Can you tell me about you and how you came to be in this conference?
2. What are your educational qualifications?
3. How long have you been an entrepreneur?

Entrepreneurship

4. What led you to begin your business? Probes: Why did you think it would be a viable business?
5. How did previous employment impact your decision venturing into business?
6. How did your education level influence your ventures?
7. Have you experienced failed start-ups? Why do you think they failed? What did you do different to achieve the success of your current ventures?

Human capital

8. Can you tell me about your general practices relating to human capital based on your experiences in managing other people? Is there a system that determines compliance to human capital requirements (Probe further to discover if it is a universal approach, or national? If national, find out what country).

9. What do you think about the link between human capital and entrepreneurial innovation? In your experience, did it influence your entrepreneurial activity?
10. What have you learned most from running your business in terms of human capital? Probe: What other factors have impacted your journey? If you could, what could you have done differently?

Economic development

11. What do you think is the impact of entrepreneurs on economic development? Probe: Is it overrated or underrated? Why? What can be done?
12. Why do you think that some nations are developed, while others are not? Probe: Does human capital management and entrepreneurship, from your experience, have anything to do with it
13. What is your perspective on the USA and China situation based on human capital and entrepreneurship perspective?

Reflections

14. What do you think are the future trends in human capital management and entrepreneurship in the future?

Appendix B

Focus Group Interview Questions

1. How does human capital impact the development and sustenance of innovative entrepreneurial strategies?
2. How is the success of business ventures in developing nations associated with human capital?
3. In contrast, how do you think that the failure of business ventures in developing nations is tied to human capital?
4. How do you think that human capital impacts economic development in the America?
5. In comparison, how do you think that human capital impacts economic development in China?

Appendix C

Individual Interview Consent Form

José Torrech
jtorrech2015@my.fit.edu

Florida Institute of Technology
Dr. Lisa Steelman, IRB Chairperson
150 West University Blvd.
Melbourne, FL 32901
Email: lsteelma@fit.edu Phone: 321.674.8104

To whom it may concern,

The purpose of this study is to investigate the role of human capital on entrepreneurial innovation in developing countries, through comparing the US and Chinese economies. This research project is being carried out by Jose Torrech at the 12th European Conference on Innovation and entrepreneurship. You are invited to participate in this research project because you are an expert entrepreneur, and therefore, your perspectives and experiences in economic development in relation to entrepreneurship and human capital are relevant to our study.

Participation in this study is voluntary, and you are free to choose whether to participate and when to discontinue participation. The interviews will only take up 30 minutes. Your responses will be confidential, and no identifying information will be collected. The interview questions will be about your experiences as an entrepreneur in relation to human capital, and your thoughts on the role of entrepreneurship and human capital on economic development in different

contexts. The results will only be used for scholarly purposes only and may be shared with relevant scholarly platforms.

In case of further inquiries about this research, please contact: Dr. Lisa Steelman, IRB Chairperson, 150 West University Blvd., Melbourne, FL 32901, Email: lsteelma@fit.edu Phone: 321.674.8104. This research has been reviewed by the university's IRB procedures involving human subjects.

Statement of consent: I have read the above information, and any questions I had have been answered satisfactorily. I affirm that I consent to take part in the research study Human Capital and Its Role in Developing Countries.

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Participants signature	Date

Appendix D

Focus Group Consent Form

José Torrech
jtorrech2015@my.fit.edu

Florida Institute of Technology
Dr. Lisa Steelman, IRB Chairperson
150 West University Blvd.
Melbourne, FL 32901
Email: lsteelma@fit.edu Phone: 321.674.8104

To whom it may concern,

The purpose of this study is to investigate the role of human capital on entrepreneurial innovation in developing countries, through comparing the US and Chinese economies. This research project is being carried out by Jose Torrech at the 12th European Conference on Innovation and entrepreneurship. You are invited to participate in this research project because you are an expert entrepreneur, and therefore, your perspectives and experiences in economic development in relation to entrepreneurship and human capital are relevant to our study.

Participation in this study is voluntary, and you are free to choose whether to participate and when to discontinue participation. The focus group will only take up 30 minutes. Your responses will be confidential, and no identifying information will be collected. The questions will be about your experiences as an entrepreneur in relation to human capital, and your thoughts on the role of entrepreneurship and human capital on economic development in different contexts. The results will only

be used for scholarly purposes only and may be shared with relevant scholarly platforms.

In case of further inquiries about this research, please contact: Dr. Lisa Steelman, IRB Chairperson, 150 West University Blvd., Melbourne, FL 32901, Email: lsteelma@fit.edu Phone: 321.674.8104.This research has been reviewed by the university's IRB procedures involving human subjects.

Statement of consent: I have read the above information, and any questions I had have been answered satisfactorily. I affirm that I consent to take part in the research study Human Capital and Its Role in Developing Countries. I agree to have the focus group discussion recorded for transcription purposes only.

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Participants signature	Date

Appendix E

Tabular description of coding process

Action	Results
Read/listen to focus group discussions in entirety	To get a general overview
Eidetic reduction	Group data into groups with similar perceptions
Open coding	Classifying data into groups based on conceptual properties
Imaginative variation	Recognize underlying themes
Miles and Huberman's (1994) cross-case displays techniques	Visualize and compare themes to reveal different meanings and elaborate them
Revisit raw descriptions	To ensure meanings are relevant to the research structure