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INTERACTIVE PAPER

SELF-EMPLOYMENT ENTRY AMONG GRADUATES - THE ROLE OF HUMAN CAPITAL IN EMPLOYMENT CHOICE DECISIONS

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Principal Topic

Understanding the choice for self-employment has received increased attention in entrepreneurship research (Bates 1995, Delmar & Davidsson 2000, Katz 1992, Kolvereid 1996, Kolvereid & Isaksen 2006). Human capital is argued to play an important role in the identification of entrepreneurial opportunities (Shane 2000, Ucbasaran et al. 2003, Davidsson & Honig 2003), the choice to enter self-employment (Bates 1995), as well as for venture success and survival (Bates 1990, Bosma et al., 2004; Ucbasaran et al., 2008). Considered as a specific entrepreneurial resource (Baron, Frese, & Baum, 2007) it comprises multiple dimensions, including education and work experience (Cooper et al. 1994), cognitive characteristics (Alvarez & Busenitz 2001), specific market and industry know-how (Cooper et al. 1994), competencies (Chandler & Jansen 1992), parental role models / family background (Greene & Brown 1997), gender (Cooper et al. 1994), and age (Bates 1995, Aldrich 1999). The distinction in general (i.e. education, gender and age) and specific human capital (i.e. managerial abilities, technical abilities, entrepreneurial experience) can add valuable insights (Ucbasaran et al. 2003, 2008).

Graduates differ in their human capital settings. Different fields of study, level of work experience, and several personal characteristics and skills influence human capital. Which graduates are most likely to start a new venture? Which combination of human capital is favorable for choice to become self-employed? What determines the involvement of graduates in entrepreneurial activities immediately after their studies?

Method

The sample comprises data of 4.573 alumni graduated in 2003/2004 from universities in Germany. The data provides insight in early career paths of graduates and allows comparisons between 29 different fields of study. Human capital is measured with a broad set of items and split in general and specific human capital components.

Results and Implications

First, our results can provide insight into the question whether human capital in general and which dimension in detail can be used as determinants of self-employment entry among graduates. Second, potential human capital combinations that favor graduates' early self-employment decisions are identified. Third, we can contribute to the research in the field of entrepreneurship education by providing insight into special education and training needs of specific graduate groups.

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