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HUMAN CAPITAL AND ENTREPRENEURIAL SUCCESS: A META-ANALYTICAL REVIEW (SUMMARY)

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Principal Topic

For more than two decades researchers have been interested in the effects of human capital on entrepreneurial success. Although most narrative reviews conclude that human capital is related to success there have been conflicting findings. It needs to be resolved whether the inconsistency in findings is a problem of individual studies, an effect of moderator variables, and whether an overall positive effect exists. We integrate and quantitatively summarise human capital research in entrepreneurship. We differentiate between task-related and non task-related human capital and between outcome (skills and knowledge) and proxy measures of human capital (e.g. years of experience). As contextual variables we examine the influence of industry (high versus low technology) and compare relationships in developed versus less developed countries.

Our study contributes to the literature by (1) meta-analytically determining the overall effect of human capital on success, (2) identifying conditions that moderate the relationship, and (3) comparing the validity of three influential approaches: Schooling, resource-based, and cognitive ability approaches.

Method

A keyword based search in specialized databases and manual searches in relevant journals, conference proceedings and references resulted in 67 studies with a total sample size of \( N = 21,579 \). For our analyses we used Hunter & Schmidt’s (2004) meta-analytic procedures.

Results and Implications

The estimated overall population effect between human capital and success was .10 (corrected for sampling error and reliability). Task-related human capital (.12) yielded a higher relationship than non task-related human capital (.07). The effect was higher for outcome measures (.17) than for proxies (.09) and higher for businesses operating in less developed countries (.13) than for businesses in developed countries (.09). There was no difference between high and low technology businesses. Cognitive ability and variables attributable to the resource-based view showed stronger success relationships than schooling.

Knowledge about the direction, magnitude, and moderators of human capital effects has important theoretical and practical implications. The findings are important for lenders, policy makers, educators, and the entrepreneurs themselves. The study provides a benchmark of effect sizes for future research and may guide researchers in their choice of measurements.

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