



Received: 29-11-2023  
Accepted: 09-01-2024

## International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

### The Influence of Human Capital on the Entrepreneurial Success of Businesswomen in Vietnam

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#### Abstract

For the economy, human capital is the driving force of economic growth, affecting overall living standards. Improving human capital has become one of the main concerns in discussions on economic growth and development policy. The important role of human resources in economic development has received the agreement of many scholars, such as Barro & Lee (2010)<sup>[2]</sup> and Hanushek (2013)<sup>[18]</sup>. Starting a business is considered one of the strategic directions of countries around the world in this day and age because it is considered necessary for sustainable economic development, job creation, poverty reduction, and promoting economic growth (Misoska *et al.*, 2016; Otache *et al.*, 2021)<sup>[30, 32]</sup>. This paper aims at providing a

comprehensive empirical examination regarding the influence of human capital on the entrepreneurial success of businesswomen in Vietnam. We used primary data from a survey of 500 businesswomen in Vietnam during 2021–2023, and there were 364 valid survey questionnaires included in the analysis, including descriptive statistics, reliability analysis of scales, and correlation analysis. Our findings suggest that human capital has a positive influence on the entrepreneurial success of businesswomen in Vietnam. Based on the research findings, our study emphasizes that human capital and entrepreneurial success among businesswomen in Vietnam need urgent improvement to support the business performance of firms.

**Keywords:** Human Capital, Entrepreneurial Success, Businesswomen, Business Administration, Economics

**JEL Codes:** M31, M10, M20

#### 1. Introduction

For the economy, human capital is the driving force of economic growth, affecting overall living standards. Improving human capital has become one of the main concerns in discussions on economic growth and development policy. The important role of human resources in economic development has received the agreement of many scholars, such as Barro & Lee (2010)<sup>[2]</sup> and Hanushek (2013)<sup>[18]</sup>.

Some people believe that human capital needs to be measured through the monetary depreciation of money spent on investment in human resources, such as Engel (1883)<sup>[16]</sup> and Eisner (1989)<sup>[15]</sup>. Some scholars estimate human capital by summing up the amortized values of all future income streams that individuals earn over their lifetime (Dublin & Lotka, 1930)<sup>[14]</sup>. Some other researchers estimate human capital based on educational factors, such as Barro & Lee (2010)<sup>[2]</sup>. Besides, some scholars believe that human capital can be estimated from observed salary variables due to differences in training and education levels (Mincer, 1974)<sup>[29]</sup>.

Starting a business is considered one of the strategic directions of countries around the world in this day and age because it is considered necessary for sustainable economic development, job creation, poverty reduction, and promoting economic growth (Misoska *et al.*, 2016; Otache *et al.*, 2021)<sup>[30, 32]</sup>.

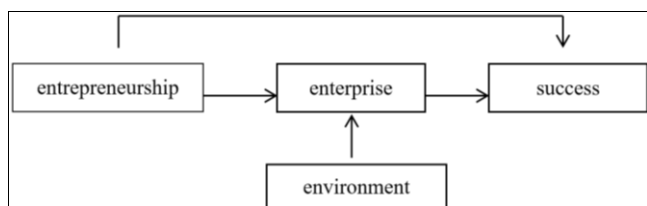
Women entrepreneurs seek to start a business with the following desires: Flexibility and autonomy, personal satisfaction and development, income, and prestige (Orhan & Scott, 2001)<sup>[31]</sup>. In studies on factors affecting successful business startups, human capital factors are always emphasized to confirm success in business startups.

**2. Literature Review**

**2.1 Research model on entrepreneurial success among businesswomen in Vietnam**

To choose a research model on successful business start-ups of female entrepreneurs based on the research purpose of human factors, the research subjects are female entrepreneurs who own and operate small businesses and medium enterprises (SMEs). Bosma *et al.*'s (2000) [6] model studies the resource factors and successful business start-up of entrepreneurs for SMEs.

Bosma *et al.*'s (2000) [6] research model aims to determine success factors for entrepreneurs starting businesses in small and medium enterprises (see Fig 1). Bosma *et al.* (2000) [6] believe that the success of an entrepreneur in starting a business is the success of the business. The successful business start-up of an enterprise is determined by factors belonging to the entrepreneur and factors belonging to the enterprise. According to Bosma *et al.* (2000) [6], the structure of a business is determined by the entrepreneur and the environment. However, in this model, environmental factors are assumed to be determined. Entrepreneurial success is measured by the success of the business. The research model identifies one dependent factor, which is successful business start-up, and four independent factors, which are human capital, financial capital, social capital, and business start-up strategy.



Source: Bosma *et al.* (2000) [6]

Fig 1: The relationship between entrepreneurship and success

The research model of Bosma *et al.* (2000) [6] has achieved certain successes because it has identified the impact of human factor groups on successful business start-ups by entrepreneurs for SMEs. The model generally identifies factors affecting successful business start-ups. This model is also suitable for research in developing countries because the lack of human resources for the business start-up process is a major concern in these countries. However, there are still some limitations of the study that need to be improved in future studies, such as the measurement of successful business start-ups, maintenance of operating hours, job creation, and profits. seems insufficient to evaluate the success of female entrepreneurs' SMEs. Some studies believe that measuring business start-up success by profit is not accurate because newly established SMEs need additional investment, which will reduce current profits, or the business is profitable but at a very low growth rate. Therefore, in addition to evaluating profits, additional indicators such as customers, market, sales, etc.

**2.2 Human capital**

Researchers have used many factors that represent human capital, such as formal education, training, work experience, starting experience, entrepreneurial experience, background, skills, knowledge, and other factors.

Research on the impact of human capital on successful business start-ups by entrepreneurs has confirmed that it is

different between male and female entrepreneurs. Coleman (2007) [10], studying service and retail businesses in the US, found different effects between a number of human capital factors and business growth and profits on the projects of female entrepreneurs compared to male businessmen. Collins-Dodd *et al.* (2004) [11] found that human capital factors such as education and years of experience were differentially related to the performance of male and female entrepreneurs in Canadian corporate accounting business research. Manolova *et al.* (2007) [28] found differential effects of human capital and social capital on the business growth expectations of male and female entrepreneurs from new entrepreneurship research in Bulgaria. In addition to comparative studies, a number of researchers have demonstrated the value of human capital and social capital in promoting business opportunities and growth for women entrepreneurs (Kickul *et al.*, 2007; Lerner *et al.*, 1997) [22, 25]. The human capital identified in this study includes trained knowledge and skills appropriate to the business field; business knowledge; and experience, which includes work experience in the field of business, management experience, and business start-up experience. Through research, the author found that the human capital scale identified in Huang's (2014) [19] study is appropriate. Therefore, the author chose the Human Capital Scale, which includes four observed variables built from the research work of Huang (2014) [19]. The author has edited these scales to fit the research topic.

Table 1: Human Capital Scale

Description	Source
I have a professional and educational background that is relevant to the business field. (HC1)	Huang (2014) [19]
I have experience successfully managing a business enterprise. (HC2)	
I have experience working with the business sector of the enterprise. (HC3)	
I have experience managing newly established businesses in the past. (HC4)	

**2.3 The relationship between human capital and entrepreneurial success among businesswomen**

Research the impact of human capital on the successful business start-ups of different female entrepreneurs in different research contexts. Adom and Asare-Yeboah's (2015) [1] qualitative study on the impact of human capital on successful business start-ups of Ghana female entrepreneurs shows that the level of education, business training, and knowledge acquired during work processes are important factors in their success. Coleman (2007) [10] researched and compared the factors affecting the success of female entrepreneurs in small businesses compared to male entrepreneurs, confirming the positive relationship between the level of education and experience and the successful business start-up of businesswomen.

Human capital is defined as a set of skills and abilities that an individual has acquired through formal education and experience (Becker, 1993) [5] and that enable him or her to act creatively and contribute to solid business profits (Coleman, 2007) [10]. Becker (1993) [5] defines human capital as including general human capital and special human capital. General human capital refers to the knowledge and skills that individuals acquire through formal education and work experience and that are applicable to more than one

job or one business (Becker, 1993) [5]. Specialized human capital consists of specialized knowledge and skills specific to an industry.

Many researchers, such as Kirzner (1997) [23] and Shane and Venkataraman (2000) [35], agree on the importance of learning throughout the entrepreneurial process and pursuing new opportunities. Knowledge from learning influences the entrepreneur's cognitive ability (Shane, 2000) [35], which in turn evaluates valuable business opportunities and develops the initial idea into a new product or service (Ravasi & Turati, 2005) [33]. After discovering a potential opportunity, the relevant knowledge they have previously accumulated allows entrepreneurs to make better decisions and take more informed actions in the face of ambiguity and uncertainty (Reuber & Fisher, 1999) [34].

There are four types of experience considered for business performance: labor experience, industry experience, professional experience, and business start-up experience. The effects of work experience on performance are generally weak. There is little evidence to suggest that general employment experience has a significant impact on new venture performance (Bosma *et al.*, 2004) [6]. In contrast, the impact of industry experience on business entrepreneurship was found to be strong. Entrepreneurs are more likely to succeed if they have prior knowledge of customers and suppliers and understand business operations issues in their industry (Bruederl *et al.*, 1992; Lerner & Almor, 2002; Bosma *et al.*, 2004) [8, 25, 6]. Regarding professional experience, researchers often emphasize management experience.

For entrepreneurs, the professional background, success, and past personal experiences that belong to the entrepreneur's human capital can help them cope with future challenges (Baum & Silverman 2004) [3]. Many studies on business entrepreneurship have suggested that human capital enhances entrepreneurial success (Unger *et al.*, 2011) [37]. For example, with outstanding human capital, entrepreneurs have the capacity to carry out entrepreneurial tasks and identify business opportunities (Shane & Venkataraman 2000) [35]. Past experience enhances cognition for future entrepreneurial activities (Westhead *et al.*, 2005) [38]. Emergent human capital underpins learning, and entrepreneurs can accumulate new knowledge and skills (Hunter, 1986) [20]. Thus, entrepreneurs with a professional background and outstanding work experience will increase their human capital and lead to successful business startups. Studies on the impact of human capital on successful business startups by female entrepreneurs are also strongly

confirmed. However, female entrepreneurs have difficulty training and equipping themselves with knowledge about modern technology and markets. Studies on Vietnamese female entrepreneurs also commented on the lack of information and business training programs for female entrepreneurs, especially in rural areas of Vietnam. As they began to develop their business start-ups, they realized the need for training to overcome their low efficiency.

Human capital is mentioned a lot in studies on successful business startups by entrepreneurs in general and female entrepreneurs in particular. Through an overview of research on the relationship between successful business start-ups of female entrepreneurs and human capital analyzed above, it shows that the impact of human capital on successful business start-ups of female entrepreneurs Factors including education, business training, knowledge, and work experience are important to the success of female entrepreneurs. Studies on successful business startups by female entrepreneurs in Vietnam also highlight the lack of access to business training programs. In the model of Bosma *et al.* (2000) [6], human capital is proposed and confirmed to have a positive influence on the successful business start-ups of entrepreneurs.

Thus, all studies confirm the important role of human capital in the successful business start-up of female entrepreneurs. However, in different research contexts, the conclusions of each human capital factor affecting a successful business start-up are different.

**3. Methodology**

A research method combining desk research, a survey, and an in-depth interview was implemented. Five businesswomen in Vietnam and five lecturers in economics and business administration were selected for interviews and an online survey.

Scale: 5 variables the entrepreneurial success among businesswomen in Vietnam is inherited from the study of Mai and Pham (2023) [27] and previous studies.

The questionnaire was sent to businesswomen in Vietnam, and 500 questionnaires were collected. After cleaning, there were 364 valid responses, which were used for analysis.

**4. Research results**

**4.1 Descriptive Statistics**

Table 2 indicates that the respondents agree with the independent variable, which is human capital, where four attributes were quite high. All four attributes were rated at an average of 3.34 or higher.

**Table 2:** Descriptive analysis of attributes

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
HC1	364	1	5	3.61	1.032	-.917	.128	.275	.255
HC2	364	1	5	3.63	1.027	-.773	.128	.170	.255
HC3	364	1	5	3.35	.895	-.752	.128	.761	.255
HC4	364	1	5	3.34	.944	-.405	.128	.336	.255

**Table 3:** Results of Cronbach's alpha testing of attributes and item-total statistics

Cronbach's Alpha		N of Items		
.921		4		
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HC1	10.32	6.730	.847	.888
HC2	10.30	6.767	.844	.889
HC3	10.58	7.578	.802	.904
HC4	10.59	7.399	.787	.908

### 4.2 Cronbach's Alpha

Human capital has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 3 above. The results also show that attributes of human capital have Cronbach's alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the independent variables are statistically significant (Hair *et al.*, 2009; Hair *et al.*, 2014)<sup>[12, 13]</sup>.

### 4.3 Correlation analysis

The purpose of Pearson correlation is to check the strong

linear correlation between the dependent variable and the independent variables and early identify the problem of multicollinearity when the independent variables are also strongly correlated with each other.

Sig t-test The Pearson correlation of the independent variable human capital with the dependent variable entrepreneurial success among businesswomen in Vietnam is less than 0.05.

Thus, there is a linear relationship between this independent variable and the dependent variable (Hair *et al.*, 2009; Hair *et al.*, 2014)<sup>[12, 13]</sup>.

**Table 4:** Results of correlation analysis

		The entrepreneurial success among businesswomen in Vietnam	Human capital
The entrepreneurial success among businesswomen in Vietnam	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	364	
Human capital	Pearson Correlation	.576**	1
	Sig. (2-tailed)	.000	
	N	364	364

### 5. Discussion and implications

Research results on the rate of female entrepreneurs starting a business in the 2015 Vietnam Startup Index Report show that 15.5% of female entrepreneurs surveyed participated in starting a business, while the proportion this figure for men is only 11.6%. The business start-up activities of female entrepreneurs are mainly small-scale and micro-scale in the fields of commerce and services, with a narrow business scope.

However, in terms of motivation, the proportion of women starting a business to take advantage of opportunities in Vietnam is lower than that of men (82% compared to 87%). On the contrary, the rate of women starting a business because of essential needs in Vietnam is higher than that of men (18% compared to 13%). This shows that female entrepreneurs participate in business due to life's requirements rather than being proactive to take advantage of opportunities, and this will greatly affect their business performance. The majority of business activities of female entrepreneurs are small and micro-scale, mainly in the commercial field and with a narrow business scope.

Human capital in this study focuses on professional knowledge and training appropriate to the business field and previous experiences such as experience in managing a successful business or experience in managing a newly established business. Establishment and experience working in the business field. The higher the human capital of a female entrepreneur, the greater her ability to successfully start a business will be.

This research result is consistent with previous studies on the relationship between human capital and successful business start-ups by entrepreneurs in general. Bosma *et al.* (2000)<sup>[6]</sup> believe that business start-up experience, business field experience, etc. have a positive impact on the entrepreneur's successful business start-up. Huang (2014)<sup>[19]</sup> emphasized that human capital has a positive impact on the time it takes to start a successful business. Kato and Honjo (2015)<sup>[21]</sup> studied Japanese businesses and confirmed that industry knowledge has a positive impact on business survival. Chen and Chang (2013)<sup>[9]</sup> confirmed that business start-up experience has a positive impact on the business start-up success of newly established small technology

enterprises in Taiwan. Santarelli and Tran (2012)<sup>[36]</sup> affirmed that human capital such as professional knowledge, business start-up experience, and learning are statistically significant in predicting the successful business start-ups of SMEs in Vietnam. Ganotakis (2012)<sup>[17]</sup> concluded that industry knowledge, experience, and industry, commercial, and management knowledge create greater success for fundamentally new technology businesses.

Regarding research on successful business start-ups by female entrepreneurs, this study is also consistent with the research results of Lee and Stears (2012)<sup>[24]</sup> that the success of Korean female entrepreneurs is influenced by general knowledge and business knowledge. Research by Zhouqiaoqin *et al.* (2003)<sup>[39]</sup> also concluded that human capital has a positive impact on the successful business start-ups of Chinese female entrepreneurs. Bhardwaj's (2014)<sup>[4]</sup> study of women entrepreneurs in emerging economies concluded that knowledge and training equip women entrepreneurs with the skills to acquire business resources and influence their businesses.

According to the qualitative and quantitative research results of this study, human capital is one of the very important factors determining the successful business start-up of female entrepreneurs in Vietnam.

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