Abstract: Globalisation has shown the critical involvement of each individual with his/her competencies. Every individual tries to maximize his/her skills in order to win in the competition of globalisation. In this sense, the discussion of human capital is needed. Human capital is embedded in the individual as the investment to be success in today’s world. It is the knowledge and skills that belongs to a person. Unfortunately, the discussion of human capital is obstructed by the generalization of the meaning of human capital in all field of work. It tends to assume that human capital is similar from one field to the other. It is merely about education and training. It is lack to identified that each field has its own uniqueness in which can create the need for specific human capital. In fact, the specific human capital may become the critical point of success in certain field. Therefore, this study will discuss about the human capital for entrepreneurial field. From the literature review, the model that acceptable to identify the specific human capital in entrepreneurial field is offered by Skuras et.al (2005).

Keywords: Human capital; Entrepreneurs.

1. Introduction

Friedman stated that the year 2000 is a new era which called Globalisation 3.0. This type of globalisation shows the importance role of an individual with his/her capabilities. Along with the dynamic and competitive business environment, each individual need to maximize his/her capabilities in order to be succeed. In this point, the discussion about human capital is necessary as it is inserted to the individual as his/her investment to win the competition in today’s world.

Basically, human capital consists of knowledge and training of a person obtained from formal education, such as school and from informal education, such as trainings, workshops, and experiences. Knowledge and training considered as human capital because these two factors will certainly determine the earn and consumption of an individual. All the investment from the human capital, essentially, increase the physical and mental capabilities of the individual, which will raise the real income of the person.

At first, the human capital is discussed in relation to company performance. In this context, the factor being measured is the human capital of the employee in accordance to the company performance. However, the human capital has a broader limit than only of the employee at a company. Individual who works independently must has something as his/her human capital. The only difference is that the level of the human capital that one-self has.

In recent times, human capital has been developed and discussed on the basis of entrepreneurial field. In fact, William explained that individual with higher level of human capital is more capable in using the resources for his/her business compare to the employee of companies. The awareness of the importance of entrepreneurial field has shown a significant development. It would be happened because entrepreneurial field has demonstrated its critical role in the economic development of a region or a nation. Lambing and Kuehl stated that entrepreneurship has become a major source of vitality in today’s world economy. It has been proven when the monetary crisis hit some countries in Asian region in 1997. The monetary crisis had given alarmed situation to countries like Indonesia,
Human Capital for Entrepreneurs

Thailand, Malaysia, Philippines and South Korea. In Indonesia, the only type of business that can survive from the crisis is the independent business that has no loan to the bank. Indeed, those businesses gain many surplus from the different monetary rates. Therefore, studying the human capital for entrepreneurial field may enhance the understanding about the critical factor to be succeed in the business. This paper will explain about the general human capital, the specific human capital for entrepreneurial field, and the possibility of further research.

2. Human Capital: The Knowledge and Training

When an individu is still seen as a production factor in the business, the action for the individu is only limited to satisfy his/her needs in the intention of becoming productive. Salary and/or wage are the indicator for the productivity. Nevertheless, this perspective has been changed as the discussion in economics, business, management and psychology is developed. Schultz affirmed that individu is different from property or asset that are marketable. Indeed, he/she has knowledge and skills, but those are capitals of self-investment. Individu has intangible assets that indirectly, shapes the economy.

The economic perspective had been influenced the notion of the early discussion of human capital. As asserted by Nahaphiet that human capital is a term used by neoclassical economists to describe the knowledge and skills of an individu in order to create economical value. Economist like Adam Smith, Alfred Marshall and Milton Friedman has been built a foundation for this thought. Nonetheless, it lacks to integrate the investation of human capital with the discussion of productivity. Theodore W. Schultz and some expert started to consider the implication of human capital investation for economic development and questions regarding economic.

In his well-known article, Investment in Human Capital, Schultz realized that each person is the important part for the nation’s wealth. He explained the human capital by giving an example of farmers. Farmers with less income are less educative, less healthy and less skilled. On the contrary, farmers with higher earnings have better education and skills and concern with health. This means when a person pays attention to his/her self-investment, the person will be able to conduct best action compare to the person who has less attention. The self-investment, then, is seen as human capital.

He explained five categories to increase the ability of individu in investing for human capital, such as health facilities and services, on-the-job training, education, higher study for adults, especially in agriculture and looking for job opportunities by moving of people. Moreover, Becker in the article of Investment in Human Capital: Theoretical Analysis, also affirmed four factors to be concerned in investing for human capital; on-the-job training, schooling, other knowledge and emotional an physical health. Hence, human capital is seen as an influential factor to the economic development.

The literatures studied about human capital lead to the discussion of education, knowledge and training. Human capital is defined as “knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well being.” In this sense, individuals are the initiator of created economy and social life by using their self-investatation. In addition, the human capital is the essential basis of competitive advantage as stated by Coleman and Gimeno et.al. In this notion, human capital becomes the centre of giving the best resources of one-self in order to build an environment where the individual lives or works.

From the literatures researched, it shows that human capital consists of two types; the general and the specific human capital. The first refers to the common term which are transferable to every industry and company. This includes family background, education, age and gender; knowledge and training used for many companies; year at school and year at work; knowledge gained from education and training which can be shared to other people; every skills and knowledge transferable to every economic situation and every knowledge, skills and experiences from individual life long learning. Meanwhile, the specific human capital implies an exclusive capital applied to certain businesses. This involves previous knowledge, experience, behaviour to innovation, technical and managerial competencies and industrial specific knowledge, knowledge and skills specifically for the companies, industrial specific experience, work-independent experience, leadership experience, self-employed father, specific skills and knowledge applied to create a new business, skills and knowledge that have limited scope for application and experiences related to business.
The general human capital can only be used for everyday business activities, while the specific ones is used to complex business activities. Bayan\textsuperscript{27} asserted that the general ones can only be beneficial at the level which the capital provides an access to job opportunities. It less suitable for complex jobs that require repetition in order to understand the activities. Training a person to operate a computer is common, whereas understanding the talent of the person is a specific knowledge. In fact, the specific expertise increase in business’s nowadays, but the politic, economic, social and culture situations make the general ones are still needed. Consequently, people in the business have to has both capital. Both becomes beneficial in developing business because the dynamic and challenges of unstable business environment.

Basically, many studies had been conducted to research about human capital. Most of the discussion are about human capital with company’s performance (Coleman, 2005 dan 2007; Saffu dkk, 2008; Sriyani, 2008), entrepreneurial field (Clausen, 2006; Ruzzier dan Antoncic, 2007; Sluis dan Praag, 2007; Ucbasaran dkk., 2007; Oong dan Ismail, 2008; Brixy dan Hessels, 2008; Gimmon dan Leve, 2009; Bayan, 2010; Junqueara, 2011; Jones dan Jayawarna, 2012; dan Toth, 2012), personal and social effects (Hartog dan Oosterbeek, 2007; Lindahl dan Canton, 2007; Leuven, 2007). This variation of research describes that human capital are not only for people work in the companies, but also to those who work independently as it is embodied to one-self in the form of knowledge, experience and skills.

**Entrepreneurial Human Capital**

Entrepreneurial human capital (EHC) is “the stock of competences, knowledge and personality attributes embodied in the ability to perform labour so as to produce economic value by undertaking innovations, finance and business acumen in an effort to transform innovations into economic goods”\textsuperscript{28} In this notion, the human capital requires for entrepreneur is knowledge and skills which assist the creation of idea to innovate in the business. Experience\textsuperscript{29} is also concerned as an essential capital for entrepreneur. Therefore, the EHC is designed solely for the well-being of the entrepreneur.

Johnson\textsuperscript{30} explained for types of individual-entrepreneurial knowledge. There are know-what refers to knowledge of fact, know-why means to knowledge of the notion of nature, human and society, know-how indicates to skills and competencies to do something and know-who involves who knows what, who knows what should be done and the network and trust.

Eventhough entrepreneurship is seen to operate without structure of formal design, essentially, the form of entrepreneurship is the form of an organization. In this case, Audretsch\textsuperscript{31} explained the entrepreneurship capital based on four levels, those are regional and industry level, company level, group level and individual level. In regional and industry level, EHC consists of factors that relate to social capital in which influence and generate the entrepreneurial activities. At the company level, EHC refers to organization factors which associate to social capital that change and shape the organization onto an organization that is conducive for the creation of new businesses. At the group level, EHC is defined as interpersonal factors that connect to social capital which impact and configure the group to be more assertive to conduct entrepreneurial behaviour. In the individual level, EHC serves as personal factors that link to social capital which effect and shape the individual cognition in order to invent and create the entrepreneurial opportunities and actively use the opportunities. This illustrates that each level has a correlation to other level because the EHC of lower level, eventually, supports the EHC of higher level.

Gimeno et.al.\textsuperscript{32} describe the human capital specifically aimed for current venture and for alternative occupations. This specific human capital is the result of education, training or experience with a limited implementation scope. But, if the result is only applied to usual business environment, then, the individual will less mobile to expand the business.

A comprehensive elaboration about EHC is given by Skuras et.al.\textsuperscript{33} who affirm that EHC in individual can be drawn in using a tree diagram as follows:
It explains that EHC is an accumulation process of formal and informal. The formal process is acquired from education and training. It aims to stimulate creativity, interest, open mind and interpersonal skills which will contribute to generate innovation and entrepreneurship. Whereas, the informal process is obtained from cognitive and non-cognitive processes. The cognitive process is the human capital that accumulated from work experiences or run other businesses. In this process, the individu is an active learner. Meanwhile, the non-cognitive process is the human capital obtained from spontaneous accumulation, such as the environment of his/her childhood, family background. In this sense, the individu becomes a passive learner since he/she only capture the information and use it when it is necessary in the future.

As a growing process, to have a good EHC needs a quite long span of time. It is a process in which an individual give meanings to the information obtained from education, training, experience and environment. The meanings, then, are stored as a knowledge used when the individu conducts business activities. Jones and Jayawardana has studied a longitudinal study of human capital accumulation to children born at the first week of March 1958 in England. The study aimed to investigate the likely of human capital in childhood, teenager and the possibility to be entrepreneur. The result reported when the respondent was 7, 11, 16, 23, and 33 years old. It showed the strong relation between a child who raised in the entrepreneur family and the possibility of the child to become an entrepreneur or work independently. The creativity in childhood influences the career to be an entrepreneur. Therefore, the individu has to work-on the process in which the interaction among knowledge, skills and experiences materialized in order to form appropriate EHC to conduct business activities. Indeed, when the individu has become an entrepreneur, the learning process of EHC is still going on in his/herself.

Human Capital for Entrepreneurs

3. Conclusion

At first, human capital discusses in the context of economics. The dialogue is extended to business context by emphasizing the existence of employee for company performance. In this situation, the human capital is only studied in terms of education and training. However, the environment of each field is different and complex. The human capital is needed to be researched, specifically, based on each field in order to find the best practice. In entrepreneurial context, the human capital is an accumulation process of education, training, experience and environment background which influence the individu. Therefore, more study of EHC is needed to understand about the process existed in the entrepreneur-self.

References

[3] Ibid.


