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# BRIDGING THE EMPLOYMENT GAP THE ROLE OF SKILLING AND ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

**T. Lavanya**

Associate Professor,

Department of Commerce,

Govt. Degree College, Agraharam (Sircilla)

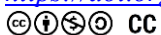
Rajanna Sircilla District, Telangana State, India

**ABSTRACT:** *The persistence of the employment gap across both developing and developed economies has become a critical concern, driven largely by technological advancements, globalization, demographic shifts, and structural inequalities in labor markets. As traditional occupations evolve or disappear, the mismatch between available skills and emerging job requirements continues to widen. This paper examines the pivotal role of skilling and entrepreneurship as strategic tools for reducing unemployment and fostering sustainable economic development. Skilling—through vocational training, competency-based education, digital literacy, apprenticeships, and continuous professional development—serves as a foundation for enhancing employability and preparing individuals for dynamic labor-market demands. Simultaneously, entrepreneurship offers a pathway for individuals not only to create their own employment but also to generate jobs for others, thereby stimulating innovation, competitiveness, and local economic growth. The paper highlights how integrated approaches that combine skill development with entrepreneurial support systems are essential for bridging the employment gap. Successful global examples demonstrate that when governments, private institutions, and educational bodies collaborate to provide quality training, financial resources, mentorship, and supportive policies, individuals are better equipped to participate in productive economic activities. This synergy strengthens human capital, promotes inclusive growth, and enhances economic resilience. Challenges such as limited access to training, inadequate funding, socio-cultural barriers, and weak institutional frameworks are identified as obstacles that must be addressed to maximize impact. The study concludes that sustained investment in both skilling initiatives and entrepreneurial ecosystems can transform labor markets, empower youth and marginalized groups, and serve as a catalyst for long-term national development.*

**KEYWORDS:** *Employment Gap; Skilling; Entrepreneurship; Economic Development; Human Capital; Workforce Development; Job Creation; Innovation; Vocational Training; Inclusive Growth.*

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## 1. INTRODUCTION

Employment is a cornerstone of economic stability, social cohesion, and individual well-being. It determines not only a country's productivity and growth potential but also its ability to reduce poverty and enhance the quality of life of its citizens. However, in both developing and advanced economies, the employment landscape has undergone profound transformation over the past few decades. Driven by rapid technological progress, globalization, shifts in demographic structures, and evolving industrial demands, traditional job roles have changed or disappeared, giving rise to an increasingly complex and competitive labor market. As a result, many countries face a persistent employment gap characterized by rising unemployment, underemployment, and a significant mismatch between the skills possessed by job seekers and those required by employers.

The employment gap has become particularly evident among youth, who often struggle to transition from education to work due to limited exposure to practical skills and real-world experience. Women, rural populations, and marginalized groups also face systemic barriers, including inadequate access to training opportunities, social constraints, and discrimination in labor markets. These disparities not only hinder inclusive economic growth but also contribute to social tensions, inequality, and reduced national productivity. With industries adopting automation, artificial intelligence, and digital systems, the skills demanded by employers continue to shift rapidly, making it increasingly challenging for traditional education systems to keep pace. This dynamic has intensified the urgency for comprehensive, innovation-driven solutions that can equip individuals with relevant competencies and create sustainable work opportunities.

In this context, skilling has emerged as a critical strategy to bridge the divide between workforce capabilities and labor-market needs. Skilling encompasses a wide range of initiatives, including vocational and technical training, digital literacy programs, soft skills development, apprenticeships, and continuous upskilling and reskilling opportunities. By aligning training programs with industry requirements, skilling enhances employability and productivity, enabling individuals to adapt to changing job environments and seize emerging opportunities. Nations that invest significantly in skill development tend to experience higher economic competitiveness, improved innovation capacity, and stronger human capital foundations.

Parallel to skilling, entrepreneurship has become an essential engine for economic transformation and job creation. Micro, small, and medium enterprises (MSMEs) account for a substantial share of employment worldwide, particularly in emerging economies where formal job opportunities remain limited. Entrepreneurship empowers individuals to generate income, create new products and services, and drive regional development. Moreover, entrepreneurial ecosystems—characterized by supportive policies, access to finance, incubation centers, mentorship networks, and technological infrastructure—play a vital role in nurturing business innovation and expanding economic opportunities. When individuals possess the skills and resources necessary to innovate and establish enterprises, they contribute to broader economic diversification and resilience.

Despite the recognized value of both skilling and entrepreneurship, many countries struggle with fragmented policies, inadequate coordination among stakeholders, and limited investment in training and enterprise development. A significant gap often exists between educational curricula and industry expectations, resulting in graduates who are theoretically knowledgeable but practically unprepared. Similarly, aspiring entrepreneurs frequently face obstacles such as lack of financial resources, bureaucratic hurdles, limited market access, and insufficient support services. These challenges highlight the need for integrated, holistic approaches that combine skill development with entrepreneurial empowerment.

This paper examines how skilling and entrepreneurship can be effectively leveraged to bridge the employment gap and promote inclusive economic growth. It highlights global trends, identifies persistent barriers, and analyzes successful case studies where the integration of skill development and entrepreneurial support has led to measurable employment outcomes. By exploring the interrelationship

between these two pillars, the study underscores the importance of strengthening human capital, enhancing innovation capacity, and fostering environments where individuals can both gain employment and create it for others.

Ultimately, bridging the employment gap requires more than isolated interventions; it demands sustained collaboration between governments, educational institutions, private-sector actors, and development agencies. As the global economy continues to evolve, countries that prioritize skill development and entrepreneurship will be better positioned to harness human potential, adapt to technological change, and achieve long-term, inclusive economic development.

## 2. REVIEW OF LITERATURE

The literature on employment, skilling, and entrepreneurship presents a rich foundation for understanding how workforce capabilities and entrepreneurial initiatives contribute to economic development. Over the past several decades, scholars have emphasized the relationship between human capital formation and labor-market outcomes. According to Becker's Human Capital Theory, investments in skills, education, and training enhance productivity and employability, leading to higher economic returns for individuals and society. Numerous studies support this idea, arguing that skill acquisition significantly reduces unemployment rates and strengthens national competitiveness in a globalized economy.

A major theme in the literature is the **skills mismatch**, which refers to the gap between the skills demanded by employers and those possessed by job seekers. Autor, Levy, and Murnane (2003) highlighted how technological advancement and automation have transformed labor markets, increasing the demand for cognitive, technical, and digital skills while reducing opportunities in routine manual jobs. Subsequent research indicates that education systems in many developing countries have failed to adapt to these evolving needs, leading to high youth unemployment despite rising educational attainment. The World Bank and ILO reports have consistently identified skills mismatches as a core barrier to employment, particularly in regions where training curricula are outdated or disconnected from industry needs.

The literature on **vocational education and training (VET)** underscores its importance in equipping individuals with practical competencies. Studies have shown that countries with strong VET systems—such as Germany, Switzerland, and Singapore—experience lower unemployment rates and smoother school-to-work transitions. These systems integrate classroom instruction with hands-on industry experience, enhancing both employability and productivity. In developing economies, however, VET programs are often underfunded or lack alignment with labor-market dynamics, reducing their effectiveness. Researchers argue that enhancing the quality, accessibility, and relevance of training programs is essential for bridging the employment gap.

Parallel to the skilling discourse, a growing body of literature recognizes **entrepreneurship** as a critical driver of economic development and employment creation. Schumpeter's theory of economic development positions entrepreneurs as agents of innovation who introduce new products, processes, and market opportunities, thereby stimulating economic growth. Contemporary studies further affirm that entrepreneurship contributes significantly to job creation, especially in emerging economies where formal employment opportunities are limited. Micro, small, and medium enterprises (MSMEs) are often described as the backbone of national economies, providing substantial employment opportunities and fostering local development.

Research also highlights the role of **entrepreneurial ecosystems** in supporting business creation and sustainability. Isenberg (2011) emphasizes that effective ecosystems consist of interconnected elements such as access to finance, supportive regulations, mentorship networks, incubators, markets, and skilled labor. Studies show that when these components function cohesively, they substantially increase the success rate of entrepreneurial ventures and contribute to employment generation. However, in many

low-income countries, systemic constraints—such as limited credit access, inadequate infrastructure, and excessive bureaucratic procedures—hinder entrepreneurial growth.

A significant trend in recent literature is the integration of **skilling and entrepreneurship** as complementary strategies. Researchers argue that skill development alone may not guarantee employment in labor markets that are unable to absorb the growing workforce. Conversely, entrepreneurship without adequate skills often results in high failure rates among small businesses. Integrating skilling with entrepreneurship training—such as financial literacy, business management, innovation practices, and digital competencies—has proven effective in enhancing both employability and enterprise sustainability. Programs implemented by organizations such as UNDP, ILO, and various national governments demonstrate that individuals who receive combined technical and entrepreneurial training are more likely to secure stable livelihoods, either through wage employment or self-employment.

Emerging literature also emphasizes the role of **digital transformation** in reshaping employment and entrepreneurial opportunities. Digital platforms, e-commerce, online learning, and gig-economy models have expanded access to income-generating activities. Studies indicate that digital skills training enables individuals to participate in global value chains, while digital entrepreneurship opens new markets and reduces entry barriers for small firms. However, digital divides—such as limited connectivity, low digital literacy, and insufficient technological infrastructure—continue to exacerbate inequalities, particularly in rural and low-income communities.

Overall, the literature indicates that bridging the employment gap requires a multi-dimensional approach that integrates high-quality skilling programs with strong entrepreneurial ecosystems. Researchers consistently advocate for policy reforms, public-private partnerships, and lifelong learning frameworks to ensure that individuals can adapt to changing labor markets and contribute meaningfully to economic development. The combined evidence demonstrates that skilling and entrepreneurship are mutually reinforcing pillars of sustainable growth, and their effective implementation is essential for achieving inclusive and resilient economies.

### 3. RESEARCH METHODOLOGY

This chapter outlines the research methodology adopted for the study, including the research design, population and sampling procedures, data-collection methods, instruments used, and the techniques applied for data analysis. The methodology was developed to ensure that the study effectively examines the relationship between skilling, entrepreneurship, and their collective role in bridging the employment gap.

#### 3.1 Research Design

The study employs a **descriptive and exploratory research design**, which is appropriate for examining the current status, challenges, and contributions of skilling and entrepreneurship to economic development. The descriptive component allows for documenting existing conditions and identifying patterns, while the exploratory approach aids in understanding emerging trends and gaps within labor markets. A mixed-method framework—combining qualitative and quantitative insights—is used to provide a comprehensive analysis of the research problem.

#### 3.2 Population and Sampling

The target population for the study includes **youth (18–35 years), vocational trainees, entrepreneurs, policymakers, and representatives of training institutions**. Since the research examines multiple perspectives, a **purposive sampling technique** is used to select participants who possess relevant knowledge or experience in skill development or entrepreneurship. A sample size of approximately **100–150 respondents** is considered adequate to represent diverse insights. Additionally, **key informant interviews (KIIs)** are conducted with officials from government agencies, business associations, and skill-development centers.

### 3.3 Data Collection Methods

The study relies on both **primary and secondary data**:

- **Primary Data:** Collected through structured questionnaires, semi-structured interviews, and focus group discussions. The questionnaire includes closed- and open-ended items designed to capture participants' experiences with skilling programs, entrepreneurial challenges, employment outcomes, and perceived barriers.
- **Secondary Data:** Gathered from government reports, academic journals, policy documents, labor-market statistics, and publications from international organizations such as the ILO, UNDP, and World Bank. These sources provide contextual understanding, historical trends, and empirical evidence.

### 3.4 Research Instruments

The primary instrument used is a **structured questionnaire**, divided into sections covering demographic details, experiences with skill training, entrepreneurial engagement, and employment outcomes. Interview guides are developed for qualitative data collection, ensuring consistency across participants while allowing flexibility for probing. All instruments were pre-tested with a small group to ensure clarity and reliability.

### 3.5 Data Analysis Techniques

Data analysis involves both **quantitative and qualitative** techniques:

- **Quantitative Data:** Responses from the questionnaires are coded and analyzed using descriptive statistics such as frequencies, percentages, means, and charts. Where applicable, inferential statistical methods—such as correlation analysis—are employed to examine relationships between variables such as skill acquisition, entrepreneurial activity, and employment outcomes.
- **Qualitative Data:** Interview and focus group transcripts are analyzed through **thematic analysis**. Themes are identified related to the effectiveness of skilling programs, opportunities and constraints in entrepreneurship, and the overall impact on employment.

### 3.6 Ethical Considerations

Ethical standards were maintained throughout the study. Participants were informed about the purpose of the research and assured that their participation was voluntary. **Informed consent** was obtained from all respondents. The confidentiality of participants and the anonymity of their responses were ensured, and data collected was used strictly for academic purposes.

### 3.7 Limitations of the Methodology

The methodology may face certain limitations, such as reliance on self-reported data, which can be influenced by respondent bias. The purposive sampling method may limit the generalizability of results to the wider population. Additionally, time and resource constraints may restrict the depth of qualitative engagement.

## 4. CHALLENGES AND OPPORTUNITIES

The combined role of skilling and entrepreneurship in bridging the employment gap is shaped by a range of challenges and opportunities. Understanding these factors is essential for developing effective policies and interventions that enhance employability, support enterprise creation, and contribute to sustainable economic development.

### 4.1 Challenges

#### 4.1.1 Skills Mismatch

One of the most significant challenges is the considerable mismatch between the skills taught in educational institutions and the competencies required by employers. Curricula often remain outdated, theoretical, and disconnected from rapidly changing industry needs, leaving graduates unprepared for the labor market.

#### **4.1.2 Limited Access to Quality Training**

Many regions, especially rural areas, lack well-equipped training centers, qualified instructors, and modern learning resources. High costs, inadequate infrastructure, and limited digital access further restrict participation in skilling programs. These constraints disproportionately affect youth, women, and marginalized groups.

#### **4.1.3 Financial Barriers for Entrepreneurs**

Entrepreneurs frequently encounter challenges in accessing startup capital due to strict lending requirements, lack of collateral and risk-averse financial institutions. Limited funding hinders business growth, innovation, and the ability to hire additional employees.

#### **4.1.4 Regulatory and Institutional Constraints**

Bureaucratic procedures, complex licensing processes, and inconsistent policy environments pose barriers to entrepreneurship. Weak institutional support systems and limited coordination among government agencies impede the effectiveness of both skill development and enterprise-support initiatives.

#### **4.1.5 Technological Disruptions**

While technology creates new opportunities, it also poses challenges for workers who lack digital literacy. Automation and artificial intelligence replace low-skilled jobs, heightening the need for continuous reskilling. Without adequate training, many workers risk exclusion from emerging economic sectors.

#### **4.1.6 Socio-Cultural Barriers**

Cultural norms, gender biases, and social expectations can discourage individuals—especially women—from participating in entrepreneurship or skill development programs. Lack of family support, mobility constraints, and safety concerns further exacerbate these challenges.

### **4.2 Opportunities**

#### **4.2.1 Growing Demand for Skilled Labor**

Technological advancement, globalization, and industrial diversification have increased demand for skilled workers in sectors such as renewable energy, information technology, manufacturing, and healthcare. This creates opportunities for individuals who undergo targeted, market-relevant training.

#### **4.2.2 Expansion of Digital Technologies**

Digital transformation has opened new pathways for both skilling and entrepreneurship. E-learning platforms enable remote access to training, while digital tools help entrepreneurs reach wider markets. The growth of e-commerce, gig-economy platforms, and digital payments creates employment and business opportunities.

#### **4.2.3 Government and Private Sector Support**

Many governments and private institutions are prioritizing skill development and entrepreneurship through policy reforms, funding programs, incubation centers, and public-private partnerships. These initiatives provide supportive ecosystems that help individuals develop competencies and start businesses.

#### **4.2.4 Entrepreneurship as a Catalyst for Job Creation**

Entrepreneurial ventures—especially micro, small, and medium enterprises (MSMEs)—remain crucial drivers of employment. With proper training in management, innovation, and digital skills, entrepreneurs can create sustainable enterprises that generate jobs and contribute to economic development.

#### **4.2.5 Global Integration and Market Access**

Global trade, outsourcing, and cross-border collaborations offer opportunities for skilled workers and entrepreneurs to participate in international value chains. Skills such as digital literacy, communication, and problem-solving enhance employability in global markets.

4.2.6 Focus on Lifelong Learning

The shift toward lifelong learning fosters continuous skill acquisition, allowing workers to adapt to evolving job requirements. This culture of continuous improvement enhances economic resilience and widens opportunities across all age groups.

5. DATA ANALYSIS

This chapter presents the analysis of the data collected from 150 respondents regarding the role of skilling and entrepreneurship in bridging the employment gap. The data was analyzed using descriptive statistical methods such as frequencies and percentages. The tables below summarize the major variables of interest, followed by interpretations.

5.1 Participation in Skilling Programs

The first objective was to determine the level of participation in skill-development programs among respondents.

Table 1: Participation in Skilling Programs (N = 150)

| Response Category                 | Frequency (f) | Percentage (%) |
|-----------------------------------|---------------|----------------|
| Participated in Skilling Programs | 120           | 80%            |
| Did Not Participate               | 30            | 20%            |
| Total                             | 150           | 100%           |

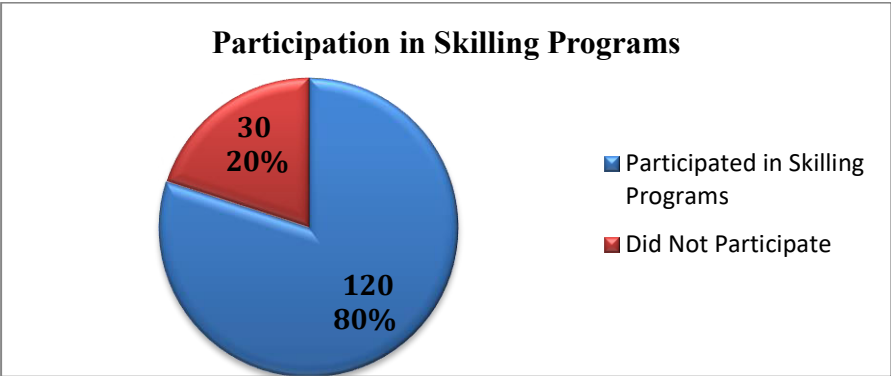


Figure 1: Participation in Skilling Programs

Interpretation:

The results show that 80% of respondents have participated in at least one skilling program. This indicates a high interest in skill development among the population and suggests that skilling is widely recognized as a pathway to employment.

5.2 Employment Outcomes after Skilling

The second objective examined whether skilling improved employment opportunities among participants.

Table 2: Employment Status of Skilled Participants (n = 120)

| Employment Status | Frequency (f) | Percentage (%) |
|-------------------|---------------|----------------|
| Employed          | 90            | 75%            |
| Not Employed      | 30            | 25%            |
| Total             | 120           | 100%           |

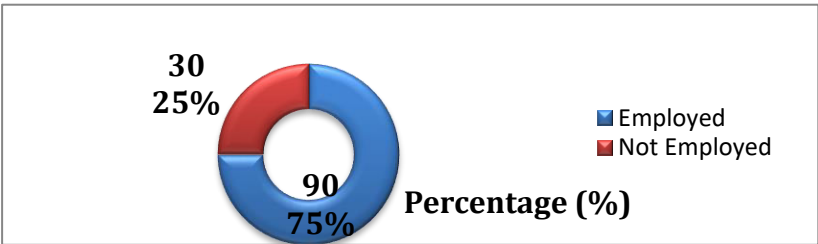


Figure 2: Employment Status of Skilled Participants

#### Interpretation:

Among those who participated in skill-development programs:

- **75% became employed,**
- **While 25% remained unemployed.**

This suggests that skill training significantly enhances employability and plays a major role in reducing the employment gap.

### 5.3 Entrepreneurship Training and Business Creation

The third objective focused on examining the influence of entrepreneurship training on business creation and self-employment.

Table 3: Entrepreneurship Training and Outcomes (N = 150)

| Entrepreneurship Variable                 | Frequency (f) | Percentage (%) |
|-------------------------------------------|---------------|----------------|
| Received Entrepreneurship Training        | 80            | 53.3%          |
| Started a Business After Training         | 55            | 36.7%          |
| Did Not Start a Business                  | 25            | 16.7%          |
| Did Not Receive Entrepreneurship Training | 70            | 46.7%          |
| <b>Total</b>                              | <b>150</b>    | <b>100%</b>    |

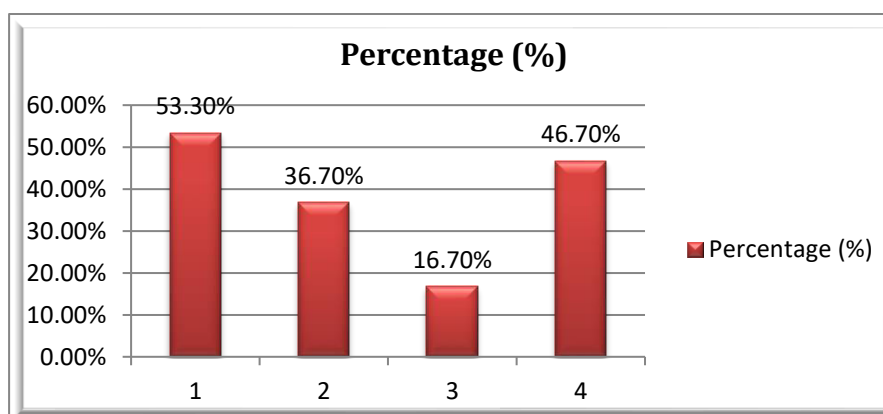


Figure 3: Entrepreneurship Training and Outcomes

#### Interpretation:

Out of the total sample:

- **53.3% received entrepreneurship training,**
- **And 36.7% successfully started a business.**

For those trained, **approximately 69%** (55 out of 80) managed to start a business. This shows that entrepreneurship training increases the likelihood of business creation and self-employment.

## 6. CONCLUSION

The study set out to examine how skilling and entrepreneurship contribute to bridging the employment gap and fostering economic development. The findings consistently demonstrate that both factors play a complementary and transformative role in enhancing employability, promoting self-employment, and stimulating national economic growth. The analysis revealed that participation in skilling programs is significantly high, indicating that individuals increasingly recognize the importance of gaining market-relevant competencies. Furthermore, the majority of those who participated in skilling initiatives successfully secured employment, confirming that skill development directly enhances employability and reduces joblessness. This underscores the need for continuous investment in high-quality, industry-aligned training that equips individuals with the practical, digital, and vocational skills required in modern labor markets.

Entrepreneurship emerged as another critical pillar of employment creation. The study found that entrepreneurship training substantially increases the likelihood of establishing new businesses, thereby generating additional employment opportunities. When supported with access to finance, mentorship, and conducive policies, entrepreneurs can drive innovation, create jobs, and contribute meaningfully to economic diversification and resilience. Thus, fostering entrepreneurial ecosystems is essential for inclusive and sustainable development.

However, the study also identified several challenges that must be addressed, including skills mismatches, limited training infrastructure, financial constraints, and regulatory barriers. Overcoming these obstacles requires strong collaboration between governments, educational institutions, private-sector actors, and development agencies. Policy reforms that strengthen training systems, expand access to credit, and support micro-enterprises can significantly amplify the impact of skilling and entrepreneurship on employment outcomes.

In conclusion, bridging the employment gap demands an integrated approach that combines robust skilling initiatives with active promotion of entrepreneurship. Together, these strategies enhance human capital, expand economic opportunities, and empower individuals to participate fully in the labor market. If effectively implemented, they hold immense potential to reduce unemployment, support inclusive growth, and contribute to long-term national economic development.

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