

Formulating and Implementing Government Policies to Promote Humane Entrepreneurship

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Abstract

The business field has underestimated the importance of human factor for the business success, rather it has focused on capital development or entrepreneurship itself. However, people are key sources of sustainable growth. This paper proposes how to formulate and implement government policies to promote humane entrepreneurship which adds the human-centered idea to traditional entrepreneurship. Humane entrepreneurship incorporates both business development and people growth. This paper suggests to make sure sustainability in action, build partnership, and secure political commitment. Other issues regarding policy development are discussed.

Introduction and Relevant Literatures

In general, the business field and the entrepreneurship literature have ignored or underestimated the importance of human factor for the business success, because capital and/or entrepreneurship itself has been regarded as the key resources for business development. However, people are not just costs of business operation, but key resources and sources of corporate growth and sustainability. Human beings need to involve actively in envisioning, planning and execution of enterprises to thrive in the future (Saint-Andre, 2015). By adding the human-centered idea to entrepreneurship, the concept of humane entrepreneurship has been developed by Kim et al. (2016, 2018) as a new entrepreneurship model to incorporate both business development and people growth.

To promote humane entrepreneurship within the industry, a government needs to set up policies with regard to humane entrepreneurship. Policy refers to a deliberate statement of intent developed by government in order to provide a guideline in achieving specific objectives for the target audience by solving challenges and/or problems in the society (Torjman, 2005). Through implementing policies, the society is able to reform socio-economic structure as well as technological structure. In the sense, humane entrepreneurship as a new concept is able to be an object of government policy to change the current practice of business development which is focusing on capital part of the equation. In this study, we discuss the core idea of humane entrepreneurship and the way of formulating the policy for promoting humane entrepreneurship.

Concept of Humane Entrepreneurship and Human-centered Enterprise

Humane entrepreneurship (HumEnt) is defined as the “virtuous and sustainable integration of entrepreneurship, leadership, and human resources management of which successful

implementation leads to beneficial increase in wealth and quality job creation, perpetuated in a continuous cycle” (Kim et al., 2018). This definition of HumEnt expands the scope of entrepreneurship to include leadership and human factors in entrepreneurship and provides the purpose of entrepreneurship. The HumEnt needs to be implemented by and embedded in companies which are named as the *human-centered enterprise (HCE)* in this study.

Based on diverse literature reviews and structured observations, we believe that the *HCE*, exercising actively HumEnt principles in business reality, pursues i) good mission for thriving, stakeholders’ happiness, and sustainability, ii) business growth and innovation and iii) employee development and commitment through human-centered leadership and management. We in this paper suggest a *framework of HumEnt*, as shown in Figure 1. This framework suggests that the three parts of HCE need to be closely integrated and interactive each other for companies to achieve sustainable growth in any business domain.

However, it is not easy to achieve the tight alignment among the three factors of the HCE. To make more HCEs and make them successful, a new practical management system enabling HumEnt needs to be designed. This paper addresses the application and implementation issues for HumEnt principles and processes for HCEs to use in their journey for building better HCEs.

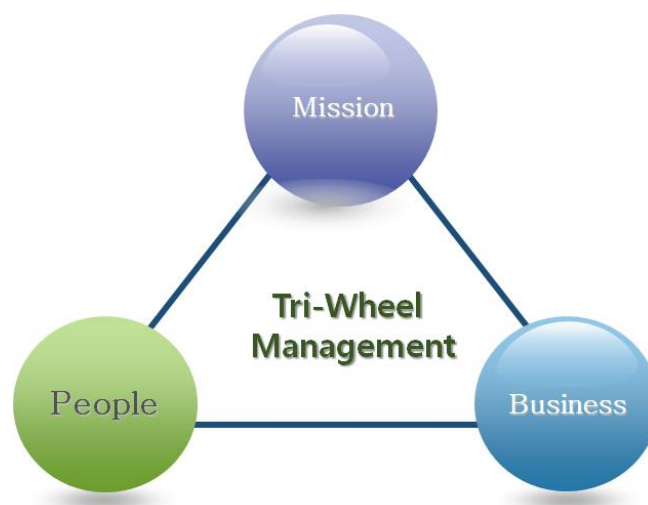


Figure 1. The Framework of HumEnt

Tri-Wheel Management by Mission, Business, and People (MBP) Development

The framework of HumEnt assumes that any company starts from building mission which explains why the business exists or what is the core value the business wants to achieve. To implement the mission, the company needs to have people who understand the mission and wants to participate in the achievement of the mission. Finally, the business is executed through entrepreneurial activities. The framework suggests three pillars of why, what and how to

transform innovative SMEs into HCEs. The transformation requires i) changes in enterprise mission (why), ii) strong entrepreneurial orientation toward new business opportunity and caring for profit (what), and iii) deliberated human-centered management and caring for people. This framework leads to the new concept of *tri-wheel management (TWM) stemming from mission, business, and people (MBP) development* from the management perspective, as shown in Figure 2. TWM can transform innovative SMEs to HCEs.

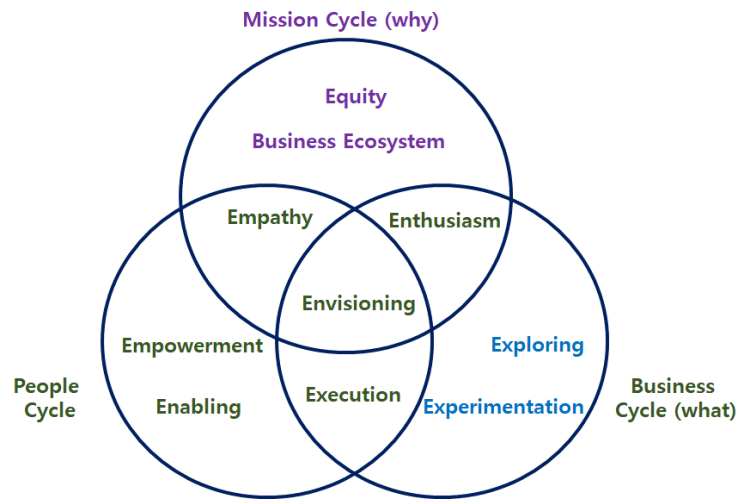


Figure 2. Tri-wheel Management Model

As shown in Figure 2, Tri-Wheel Management Model consists of three wheels of mission cycle, people cycle, and business cycle. Each wheel is comprised of 5 factors including 4 common factors of envisioning, empathy, enthusiasm, and execution. Among these factors, envision takes the core position as the starting point of any wheel. The ‘*mission cycle*’ includes 5 factors of envisioning – empathy – equity – ecosystem – enthusiasm. This sequence means that the mission cycle starts from building vision, moves to getting empathy from associates of the company, to setting up fair and equal culture, to establishing viable partnership with other companies, and finally to prompting enthusiasm for all the participants. The ‘*people cycle*’ which supports both the mission cycle and business cycle starts from envisioning, moves to getting empathy from associates of the company, to empowering employees to make decisions on their own, to making employees capable of performing their jobs, and finally to leading to excellent execution of their tasks. The ‘*business cycle*’ again starts from envisioning, moves to building enthusiasm for all the participants, to exploring various options and technologies for their own jobs and businesses, to experimenting with the options explored, and finally to executing the options tested in an excellent manner.

Formulating Policy on Humane Entrepreneurship

Ideal policy process is required to answer the following three questions including ① what are the prerequisites of a successful policy process? ② who are the main actors and what is their role? ③ what are the main steps in the policy process? (Torjman, 2005). First of all, a

successful policy process requires sustainability in action, building partnership, and securing political commitment. Sustainability in action can be achieved by aligning with other national processes such as entrepreneurship education and research and development, bringing coherence to a set of tested and approved entrepreneurship interventions, and if possible targeting at internationally-set objectives to which the country has adhered e.g. decent work and economic growth, industry, innovation and infrastructure, and sustainable cities and communities in Sustainable Development Goals of UN.

Humane entrepreneurship can be promoted and implemented by establishing strong partnerships with other ministries including finance, science and technology, education, labor, and industry, public agencies, banks, venture capitals, and angel investors. Securing the sustainability of humane entrepreneurship policy is very critical because it takes quite a long time to promote and embed humane entrepreneurship in organization and even further it requires for companies to change their organizational culture. The policies of key partners are able to have a strong impact on humane entrepreneurship directly or indirectly. The collaboration with other ministries and institutions facilitates the integration of the national entrepreneurship policy into budgeting and planning processes, which affects the implementation of entrepreneurship policy and its performance.

Securing political commitment, in particular commitment at the highest level, is very critical for the successful implementation of humane entrepreneurship. A political commitment at the highest level makes sure effective coordination between various ministries to set it up as a national agenda and smoother collaboration among them. One thing which is noted with regard to political commitment is that there should be a champion who is in charge of humane entrepreneurship development policy. A clearly mandated leader is able to give visibility to the process and to coordinate various institutions and actors involved and the diversity of their intervention levels.

Policy development follows the following steps (Anderson, 2014): agenda setting or problem identification, policy formulation to explore a variation of options or alternative courses of action, decision-making on an ultimate course of action, implementation, and evaluation in terms of its perceived intentions and results. With regard to humane entrepreneurship, the problems have been identified as neo middle income gap caused by focusing too much on capital and less innovation, which requires the balance between business cycle and human cycle. Accordingly, the alternative course of action needs to be based on promoting empowerment, enablement, exploration, experiment, and equity. It is absolutely not easy for governments to promote empowerment and equity compared to promoting enablement, exploration, and experiment. Empowerment may be promoted by recognizing and awarding companies which actively implement some kinds of systems to embed it in their processes. With regard to exploration and experiment, governments are desired to provide various tools or investment to let SMEs experiment and explore their new businesses without much cost by

setting up better infrastructure as well as to provide tax incentives to encourage SMEs to adopt benefit sharing with employees and offer better education opportunities. Enablement can be promoted by providing education opportunities to employees working in SMEs. Finally, equity can be attained by pushing the gender equality and profit sharing within the organizations.

While pursuing the humane entrepreneurship policy, a government needs to keep in mind that a good policy development process requires active communication with partners at every step, from the problem identification to the policy implementation to the evaluation. Moreover, it is worth noting that supporting individual companies is less effective than offering useful infrastructure or supporting SMEs as a group.

Conclusion and Discussion

The key challenges for implementing humane entrepreneurship are to find policy interventions that are technically reasonable and well adapted in the national context and to coordinate various actors who may have different goals and priorities in their policy development. In particular, the misconception about the pursuit of humane entrepreneurship needs to be avoided. When governments provide subsidies to SMEs, it can be understood as welfare cost. But humane entrepreneurship is not about welfare, it is about the balance between business growth and human development to promote a healthy and sustainable growth of SMEs.

Tri-wheel management model proposed here in this study provides theoretical background and practical approaches for successful HumEnt implementation in SMEs and large enterprises. This model also can be applied to industrial and national level analyses for higher HumEnt. Humane entrepreneurship policy need to address each factors in the tri-wheel model to effectively come up with policy interventions as well as the objectives.

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