

Editorial Note on Humane Entrepreneurship

by Editors, Chang Seok Song and Yong Jin Kim***

Entrepreneurship is a value creating activity that recognizes, executes realizes new business opportunities. It has been recognized as the driver for new business creation and economic development. Despite its contribution to economic development, entrepreneurship has been criticized in two ways. First, it has too much emphasized the creation of value but neglected the distribution of the created value. Second, it has focused too much on the roles of entrepreneurs and founding team but not on the development and happiness of employees. To address these problems, an augmented concept of entrepreneurship has been emerging that maximizes both the contribution and the happiness of all members. This is named as ‘humane entrepreneurship’ by International Council for Small Business.

Humane entrepreneurship is defined as the entrepreneurial activities to pursue business opportunities and build sustainable organization through human development (Kim et al., 2016). Humane Entrepreneurship pursues enterprise development with maintaining humanity and human-centered leadership. While many companies regard people as costs and expenses from the short-term perspective, excellent companies consider people the important source of creative ideas and innovations. People-centered management and humane entrepreneurship drive sustainable development by commitment and

active involvement of employees. Entrepreneurs with strong humane mind-set that is accepted by the society strive in the long-run. At the country level, developed countries with more than US\$40,000 in per capita GDP have a high humane entrepreneurship index (HEI) and are overcoming the growth barriers through human development.

In this issue, we selected four papers that address different aspects of humane entrepreneurship. First paper “Humane Entrepreneurship: Concept and Dimensions (by Bae, Kim, Kang, and Park)” provides theoretical foundations for humane entrepreneurship based on five disciplines in management studies: strategic entrepreneurship, stakeholder theory, transformational leadership, motivation theory, and humanistic management. To identify the underlying dimensions of humane entrepreneurship, this study developed the measurement model and tested its reliability and validity against data collected from 19 countries. The results indicate that the concept of humane entrepreneurship is composed of two dimensions, humane and enterprise cycles.

Second paper “The Impact of Humane Entrepreneurship on Business Ecosystem and Economic Development” (by Kim, Kim, Song, and Kang) empirically tested relationship among humane entrepreneurship, healthiness of business ecosystem and economic development of a country. The results in-

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dicate that humane entrepreneurship does not directly affect healthiness of business ecosystem, but the balanced entrepreneurship (or humane entrepreneurship) together with opportunity in business ecosystems has a positive relationship with GDP growth. In other words, opportunity can be appropriated by entrepreneurs who have balanced sense between human and enterprise dimension.

Based on this understanding, this paper developed a new concept called “Neo Middle-Income Trap.” The middle-income trap is a theorized term that explains the stalled economic development situation, where a country attains a certain income (due to given advantages) but gets stuck between \$10,000 to \$12,000 per capita GDP. Some countries including Korea, Italy, and Spain are under neo middle-income trap, even if they invest a lot in R&D, pursuing and building creativity. GDP per capita for these countries has been in the range between \$25,000 to \$30,000 of GDP per capita for a long time. In order for these countries to break through this trap, necessary is building stronger humane entrepreneurship while accelerating innovation.

Third paper “International Comparison of Humane Entrepreneurship: Status, Typology, and Policy Implications” (by Song, Kim, Bae, and Enriquez) compares two dimensions of humane entrepreneurship, enterprise and humane cycle, between different countries and examines a balance between the two. To make country-by-country comparison about humane entrepreneurship, they adopted Sethia and von Glinow’s (1985) organizational culture model which originated from Blake and Mouton’s (1964) managerial grid model. Innovation-driven countries achieve the balance between enterprise and humane cycles to a certain degree. That is, to invigorate the entrepreneurial ecosystem, both enterprise cycle and humane cycle are necessary.

Fourth paper “Kyocera Corporation” case study (by Suematu) explains humane entrepreneurship drawn on the Kyocera philos-

ophy management system. Kyocera’s organization is composed of small groups of 20 to 30 employees called amebae, which operate on a self-supporting basis. This small group system enhances sense of participation, motivation, and competition in management and serves to clarify the responsibilities of each group member. Kyocera’s management system consequently nurtures employee independence, free will, problem-solving skills, and creativity. Kyocera’s philosophy, on the contrary, emphasizes empathy, thoughtfulness, and altruism. Its employees support each other, and there is no discrimination or politics by academic backgrounds, even in the tough competitive environment. The philosophy complements the management systems that generate fierce competition among the amebae.

Humane entrepreneurship is a relatively new concept. Further research is desired to elaborate the concept and develop practical guidelines for achieving the human-centered entrepreneurship in firms. Longitudinal data collection is required to strengthen Humane Entrepreneurship Index (HEI) and international comparisons of humane entrepreneurship and verify the relationships between HEI and social/economic performance. We expect more scholarly work to develop more sophisticated research models to explain the role of Humane Entrepreneurship at the various levels (the national, firm, and individual levels).

References

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