

World SME Forum
2019

How to make your company excellent? 'Humane Entrepreneurship'

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(Former President of ICSB)

The largest profit company in the world in 2018?



Think different.



- How many companies are there in the world?
 - About 500 million?
- Based on the operating profit in EBITDA (before tax, interest and depreciation)
 - According to Fitch, an international credit rating agency 2018,
 - A listed company, excluding state-owned enterprises(Aramco)
- Which company has the largest profit in the world?
 - No1: Apple- US \$ 81.8 billion
 - No2: Samsung Electronics with 77.6 billion dollars.
 - No3: Royal Dutch Shell, the largest European oil company, \$ 53.3 billion,
 - No4: followed by Google's parent company Alphabet - \$ 40.4 billion
 - No5: the world's largest oil refiner, Exxon Mobil=\$ 40.4 billion.





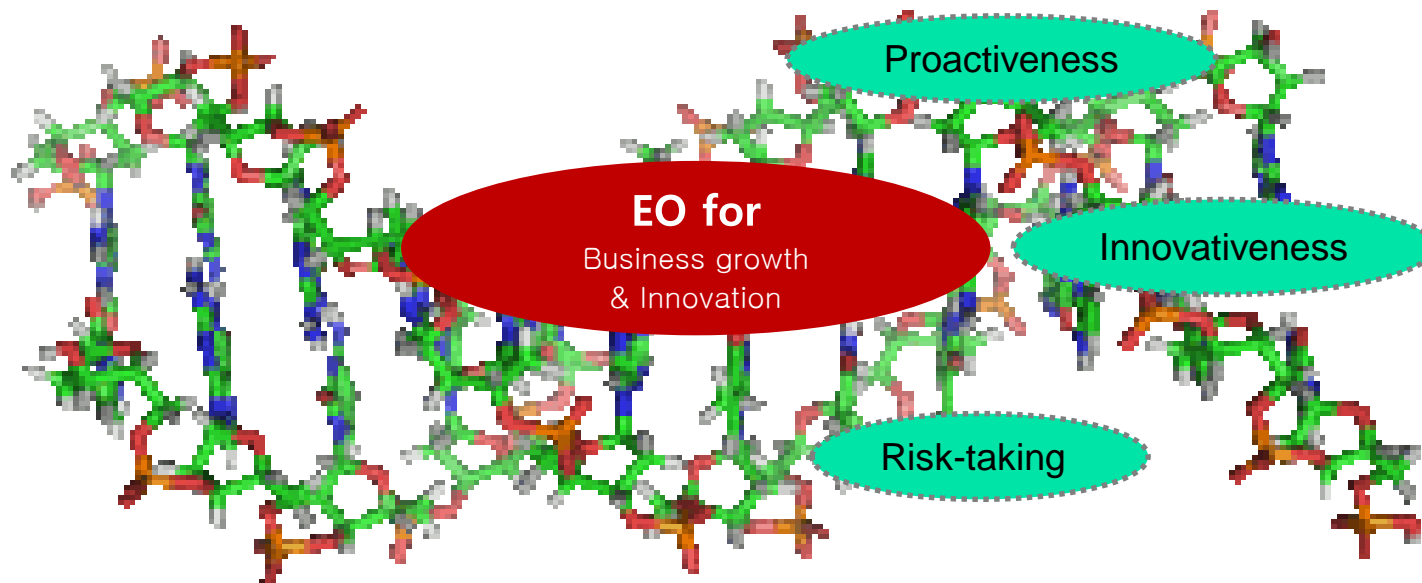
Secrets of Samsung Electronics with 77.6 billion dollars, EBITDA

- Samsung values **Talent/Human** most.--> Human Capital based Management
 - Samsung considers talent/people the most important.
 - They value talent at the selection.→They place talent at the right place.
- (CP Talent) Retention Program(Top 3%~5%)
 - CP(Corporate Promotable) Management : S(Super),A,H(High Potential)
 - Talent Caring System: Green (no abnormalities), Yellow (light signs), Red (retirement syndrome)
- Samsung- the S-class loss rate-2%
 - which is the rate of failure to hold super talent(A top-notch talent)
 - Only 2%. -It is the best in the world.
 - Career management by experience and majors.
- Three major resources of the enterprise? What is the most important of money, people, and technology?
 - **People>Technology>Money.**
 - **Money comes along with people.**
 - **Technology follows people.**

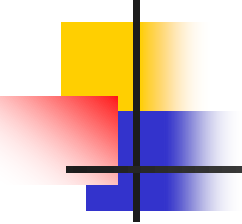


Humane Entrepreneurship

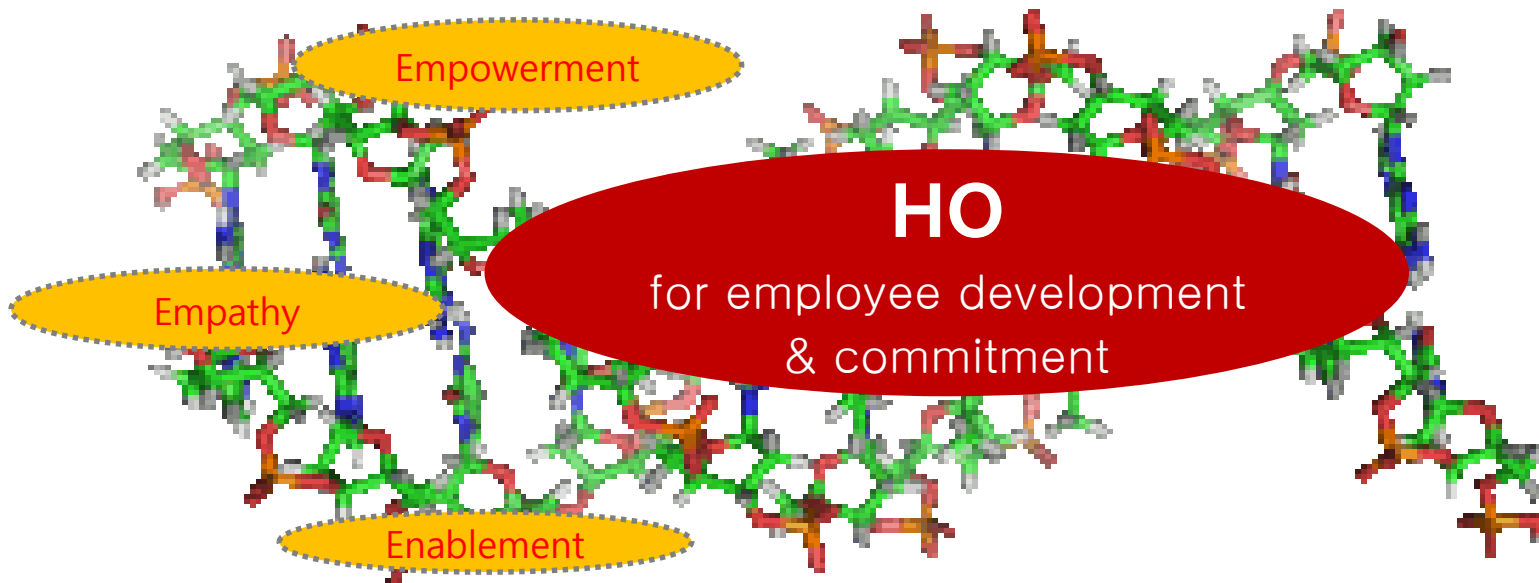
When you think of “Entrepreneurship,”
what comes first in your mind?



Entrepreneurship without Human



When you think of ‘Humane Orientation’,
What’s the first thing that comes to your mind?



Human without Entrepreneurship

How can we create an entrepreneurial organization?

Humane Orientation(HO)

Entrepreneurial Orientation(EO)

We must not only cry out entrepreneurship but find a pleasant way of doing it.

1. Dreaming & Empathy

2. Empowerment

3. Enablement

The answer is to give employees and the ecosystem a dream.

Please empathize with them. Give them empowerment.

-This is called Humane Orientation(HO).

1. (time)
Proactive
↔ Reactive

2. (Human) Risk
Taking
↔ Wait and
See(Manager)

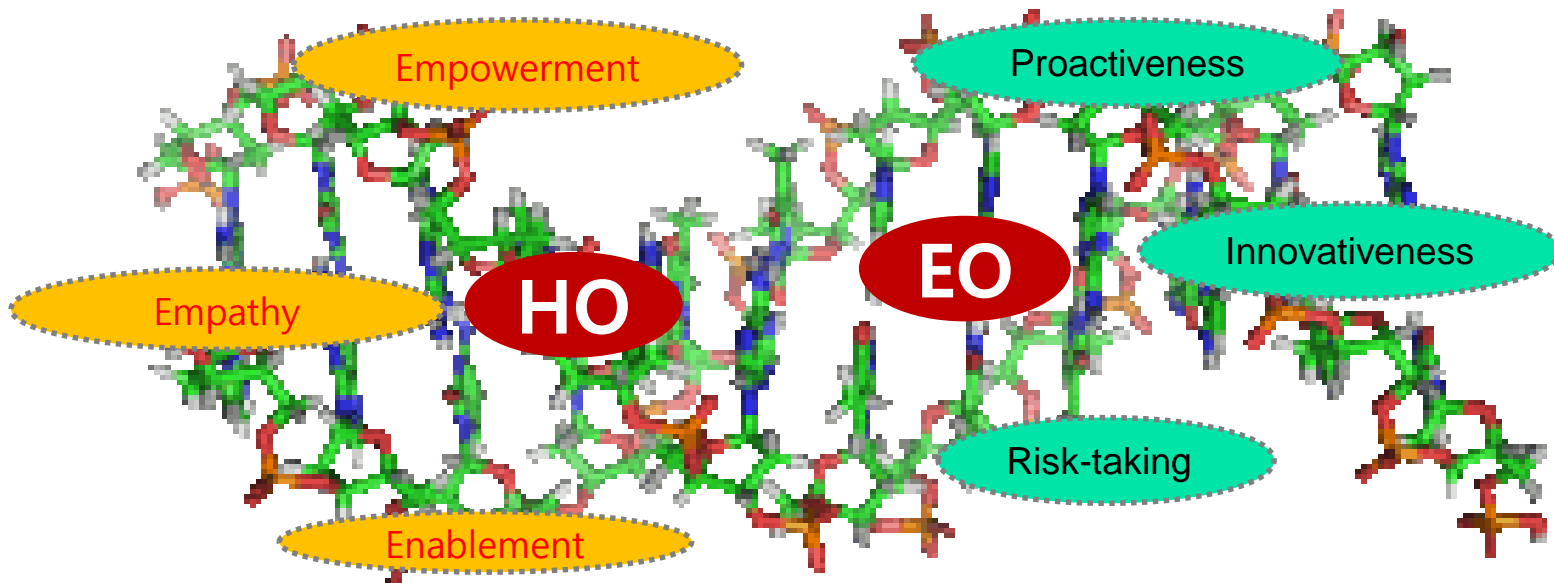
3. (Space)
Innovativeness
(New Technology)
↔ Existing technology

We need to find a way to make employee entrepreneurial.

But this is painful and hard.

What is Humane Entrepreneurship?

No one is left behind



→ Combination and a virtuous cycle of i) entrepreneurial growth & innovation(EO) and ii) employee development & commitment(HO) through human-centered leadership and management



Research Motivation

How can we create an
entrepreneurial organization?



EO is painful and hard.

- 1. Problem:
 - We say we need to create an entrepreneurial organization.
 - So we call for proactiveness, risk taking, innovativeness.
 - These are called entrepreneurial orientation(EO).
- But are these easy?
 - Are you innovating?
 - Are you proactive?
 - Are you taking risks?
- No. This is painful and hard.
 - So we must not only cry out entrepreneurship
 - but find a pleasant way of doing it.
- We need to find a way to make employee entrepreneurial.



Humane Oriented Hypothesis



1. Human-driven Innovation Effect Hypothesis : Humane Orientation(HO)

- Forcing employees to innovate unconditionally and practice entrepreneurship is to do hard and painful things.
 - That's why we need to find a way to easily practice entrepreneurship.
- Humane Orientation(HO) Hypothesis.
 - HO Hypothesis is that entrepreneur first dream and empathize with their employees and the ecosystem.
 - This is the Hypothesis of Humane Orientation(HO).
 - Then innovation happens by itself.
 - Because employees start to engage their dream and create ideas to realize their dreams.
 - That is why innovation is practiced in the humane enterprise.
 - This is the Human-driven Innovation Effect.
- Human-driven Innovation Effect
 - It's not as difficult as traditional innovation.
 - Because it's a innovation driven by employee's engagement.
 - Then, under Humane Orientation(HO) Hypothesis, not only human but also businesses grow.
 - At the humane enterprise, Human growth and corporate growth will be in the virtuous cycle.
- In the end, company becomes an excellent company.
 - This is the purpose of the study.



2. Modeling for Effects of HO on EO

- The proposed Hypothesis is
 - 1) to give employees and the ecosystem a dream.
 - 2) Empathize with them.
 - 3) Give them empowerment.
 - This is called Humane Orientation(HO).
- Effects of HO on EO
 - Then employees will challenge innovativeness for their dreams.
 - Empathy unites their dreams with your organization's dreams.
 - And then, empower to employees.
 - Then they start to create their own ideas to make that dream come true.
 - Then they will take risks. They become proactive.
- In the end,
 - the entrepreneurial orientation(EO) of proactiveness, risk taking, and innovativeness comes into play.
 - This is Humane Entrepreneurship Model.



Empirical Research

Evidence of 'Humane Entrepreneurship'
for
'How to make your company excellent?'



Sample Characteristics

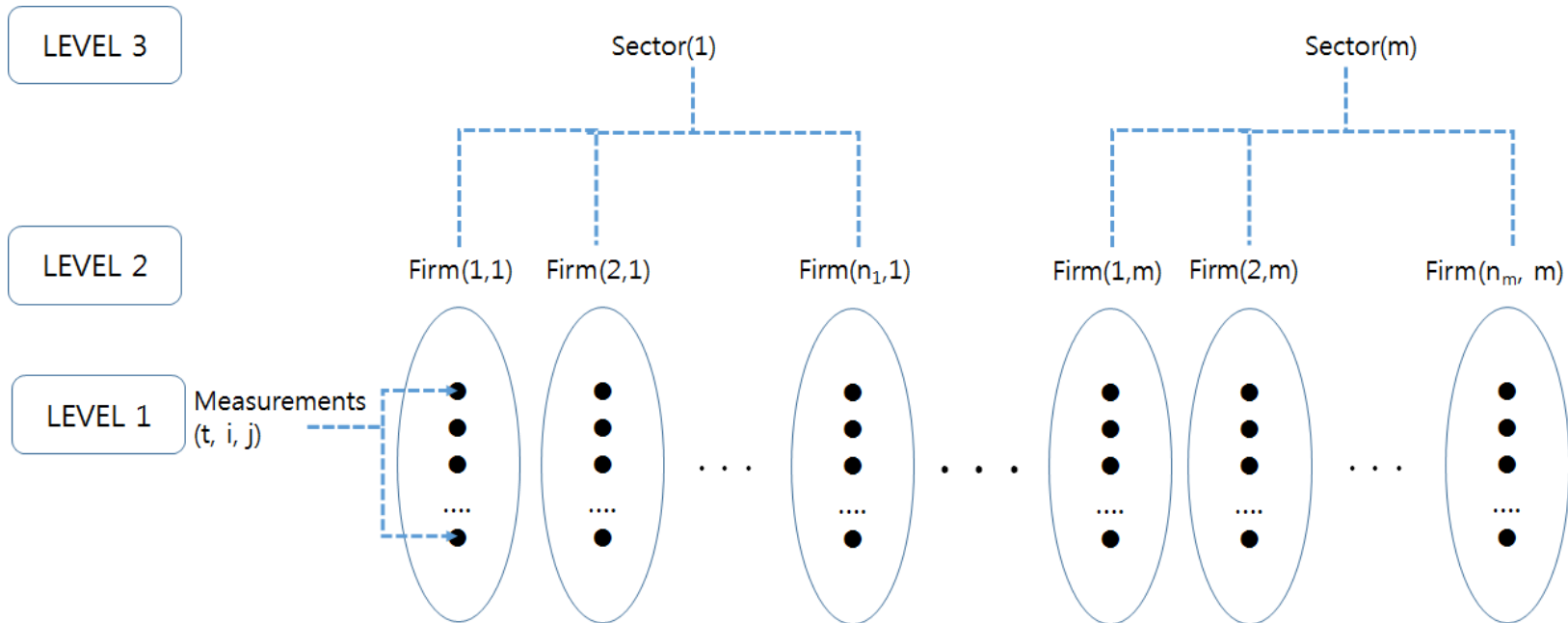
For data analysis we use Korean Corporate Data (KED).

- As of April 5, 2019, we analyzed **260,832 companies** with information on the number of employees.
- Data over last 10 years

Number of employees		Number of companies	Percentage
Sample	Below 50	245,570	94.1
	51-300	13,403	5.1
	301 above	1,859	0.7
Total		260,832	100.0

Data from Korean Corporate Data (KED)

The data in the model have three hierarchical levels.
The first level in the data is annually repeated measurements for the firms from 2009 to 2017

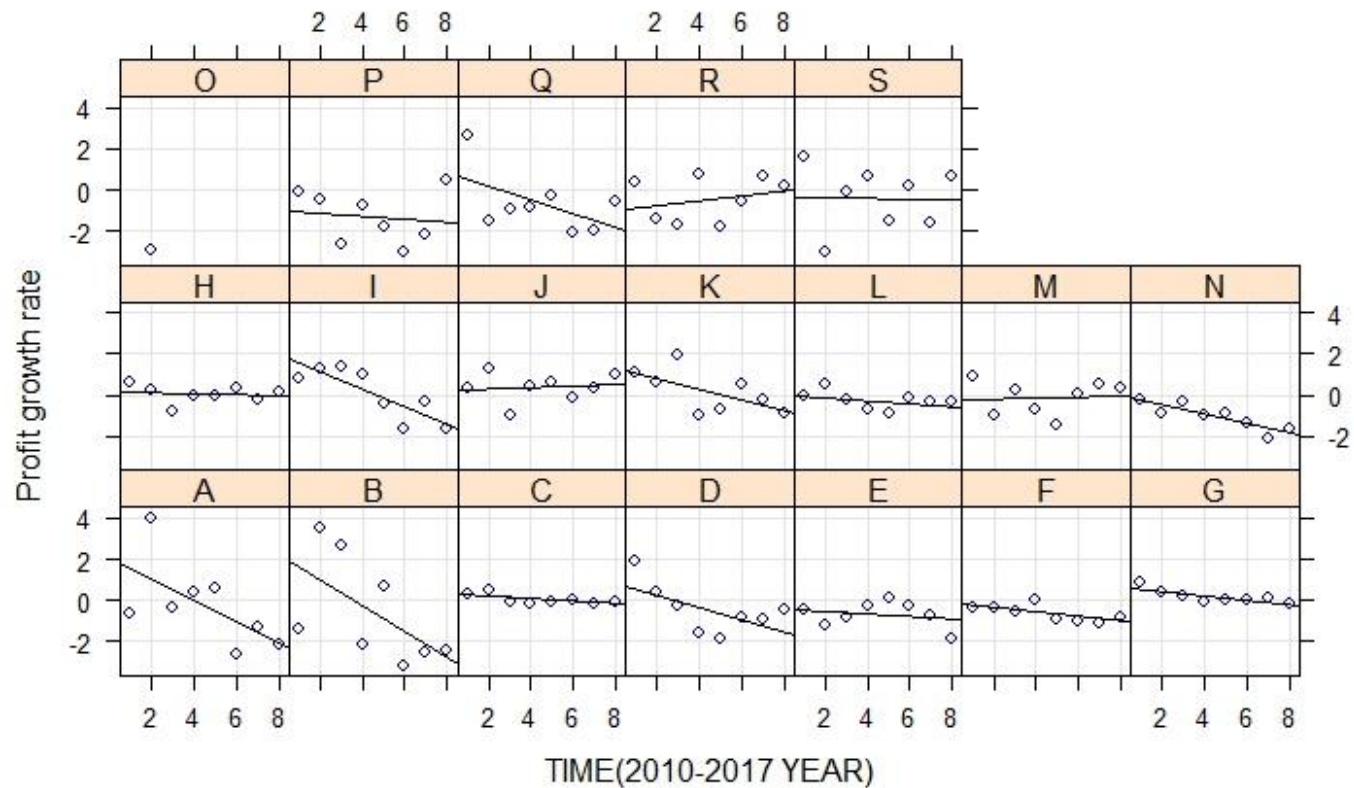




Model contains random effects in the intercept and slope as follows

- *LEVEL 1* : $Y_{tij} = \pi_{0ij} + \pi_{1ij}a_{tij} + e_{tij}$
- *LEVEL 2* :
$$\begin{cases} \pi_{0ij} = \beta_{00j} + \beta_{01j}X_{ij} + r_{0ij} \\ \pi_{1ij} = \beta_{10j} + \beta_{11j}X_{ij} + r_{1ij} \end{cases}$$
- *LEVEL 3*:
$$\begin{cases} \beta_{00j} = \gamma_{000} + \gamma_{001}Z_j + u_{00j} \\ \beta_{01j} = \gamma_{010} + \gamma_{011}Z_j + u_{01j} \\ \beta_{10j} = \gamma_{100} + \gamma_{101}Z_j + u_{10j} \\ \beta_{11j} = \gamma_{110} + \gamma_{111}Z_j + u_{11j} \end{cases}$$
- where Z_j stands for the characteristics of the j -th sector which is the level 3 variable.

Growth rate of profit by largely classified sector



Panel analysis

Notes: 1) The numbers in the parenthesis represents standard errors.
 2) ***: p -value < 0.01 , **: p -value < 0.05 , *: p -value < 0.10

Dependent Variable	Model 1	Model 2	Model 3
	Sales (lnSLS)	Profit (lnPF)	per capita Profit (lnPCPF)
Intercept	8.206*** (0.075)	4.308*** (0.173)	6.452*** (0.230)
MNF (Manufacturing = 1, Others = 2)	0.176*** (0.024)	0.250*** (0.033)	0.086 (0.062)
Log(TAS) (Tangible asset)	0.113*** (0.003)	0.147*** (0.008)	
Log(EMP) (number of employees)	0.373*** (0.006)	0.350*** (0.015)	
Log(HIV) (investment in human capital)	0.313*** (0.005)	0.307*** (0.013)	
Log(TRND) (investment in R&D)	0.053*** (0.002)	0.095*** (0.006)	
{Log(HIV)-Log(\overline{HIV})} *	-0.024*** (0.005)	0.041*** (0.014)	
{Log(TRND)-Log(\overline{TRND})} *			
Log(PCHIV) (per capita investment in human capital)	HP2		0.251*** (0.020)
Log(PCRND) (per capita investment in R&D)	HP1		0.086*** (0.010)
{Log(PCHIV)-Log(\overline{PCHIV})} *			0.082*** (0.018)
{Log(PCRND)-Log(\overline{PCRND})} *	HP3		
Adjusted R ²	0.762	0.527	0.116

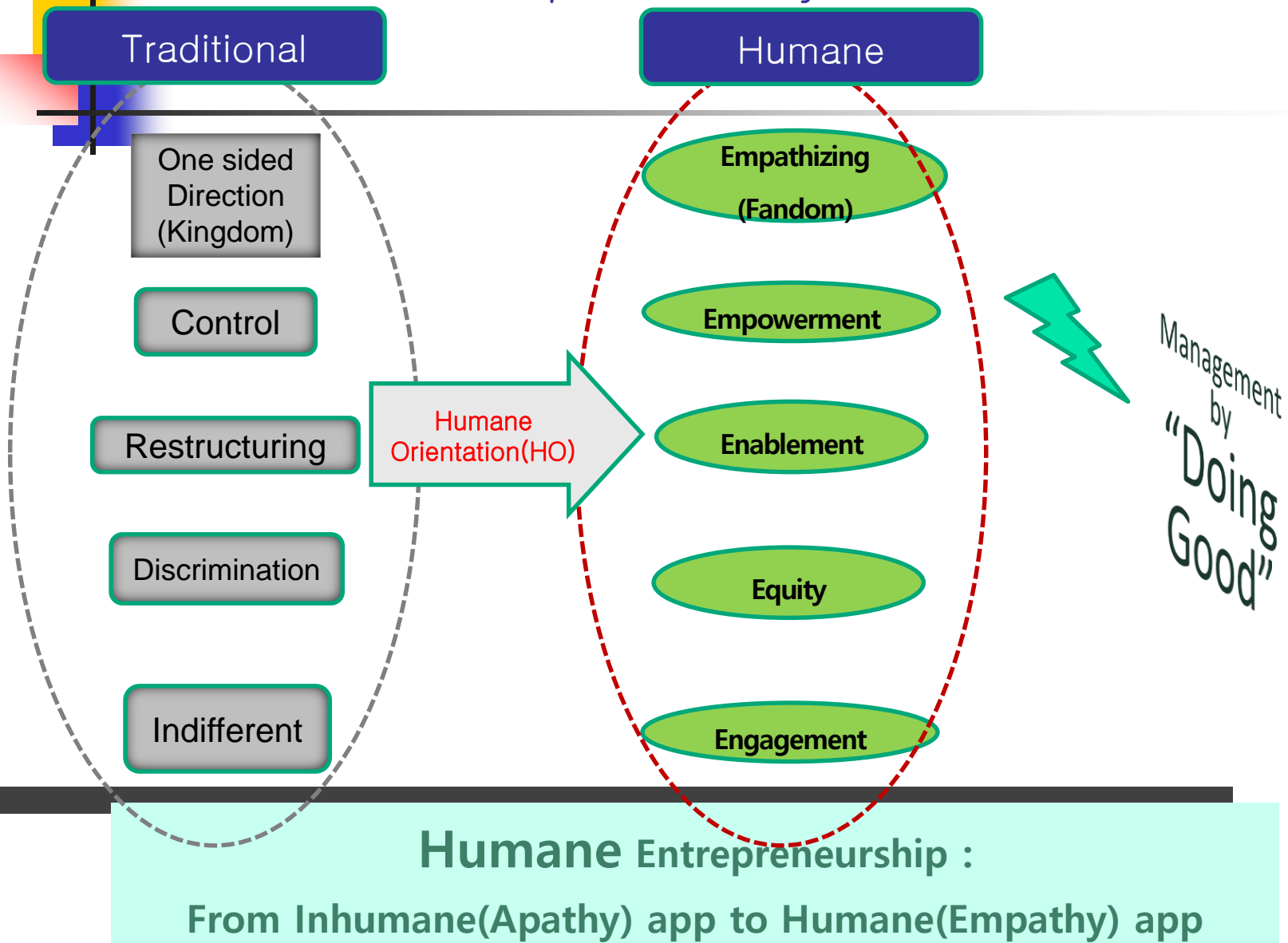


Implication

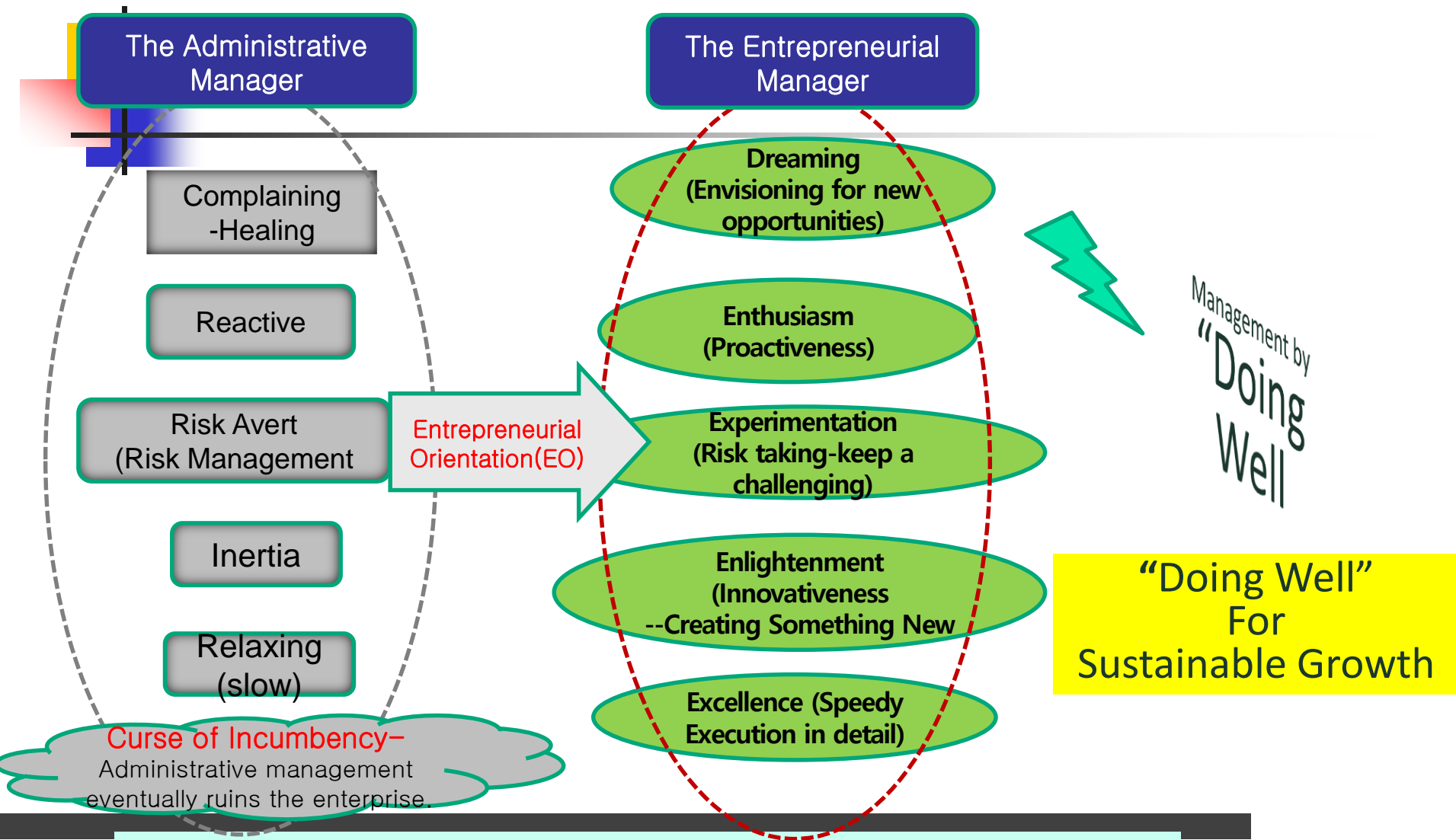
From Traditional Entrepreneurship
to Humane Entrepreneurship

Keywords for Humane Entrepreneurship

Which of the following words gives us hope?
What companies do you want to work for?



Which company can survive longer?

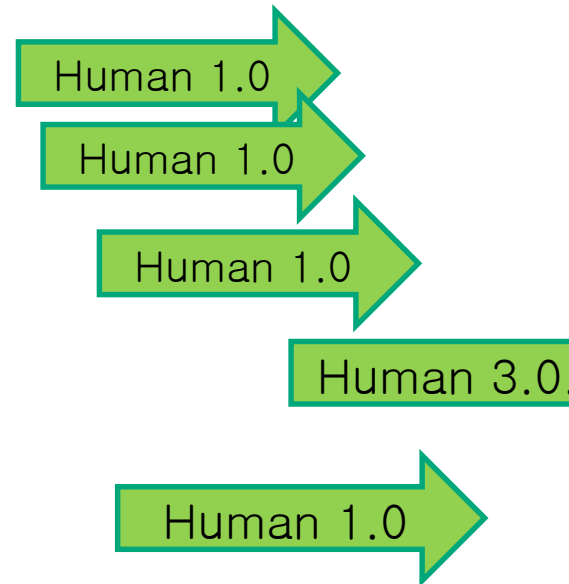


Humane Entrepreneurship:
From Administrative App to Entrepreneurial App

Human Engagement Level?

From Human 1.0 to Human 10.0

	Engaged Employee rate
China	6%
Indonesia	8%
South Korea	11%
USA	30%
World wide	13%



How can you level up?

Humane Entrepreneurship

Cooler thing ever!
HE(Human is Everthing)
Robot: Cool, but not Warm.

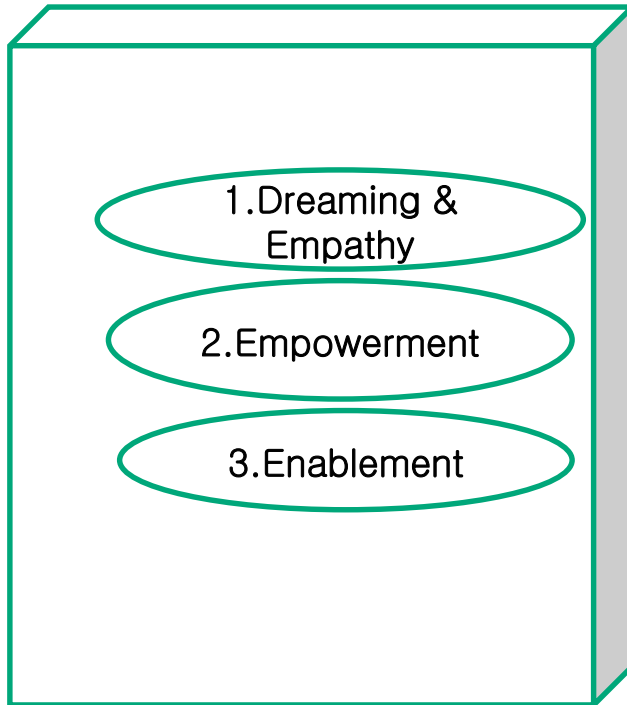


The more the 4th Industrial Revolutionary Technology,
the more importance of empathy with human.



EO & HO

Humane Orientation(HO)



Entrepreneurial Orientation(EO)

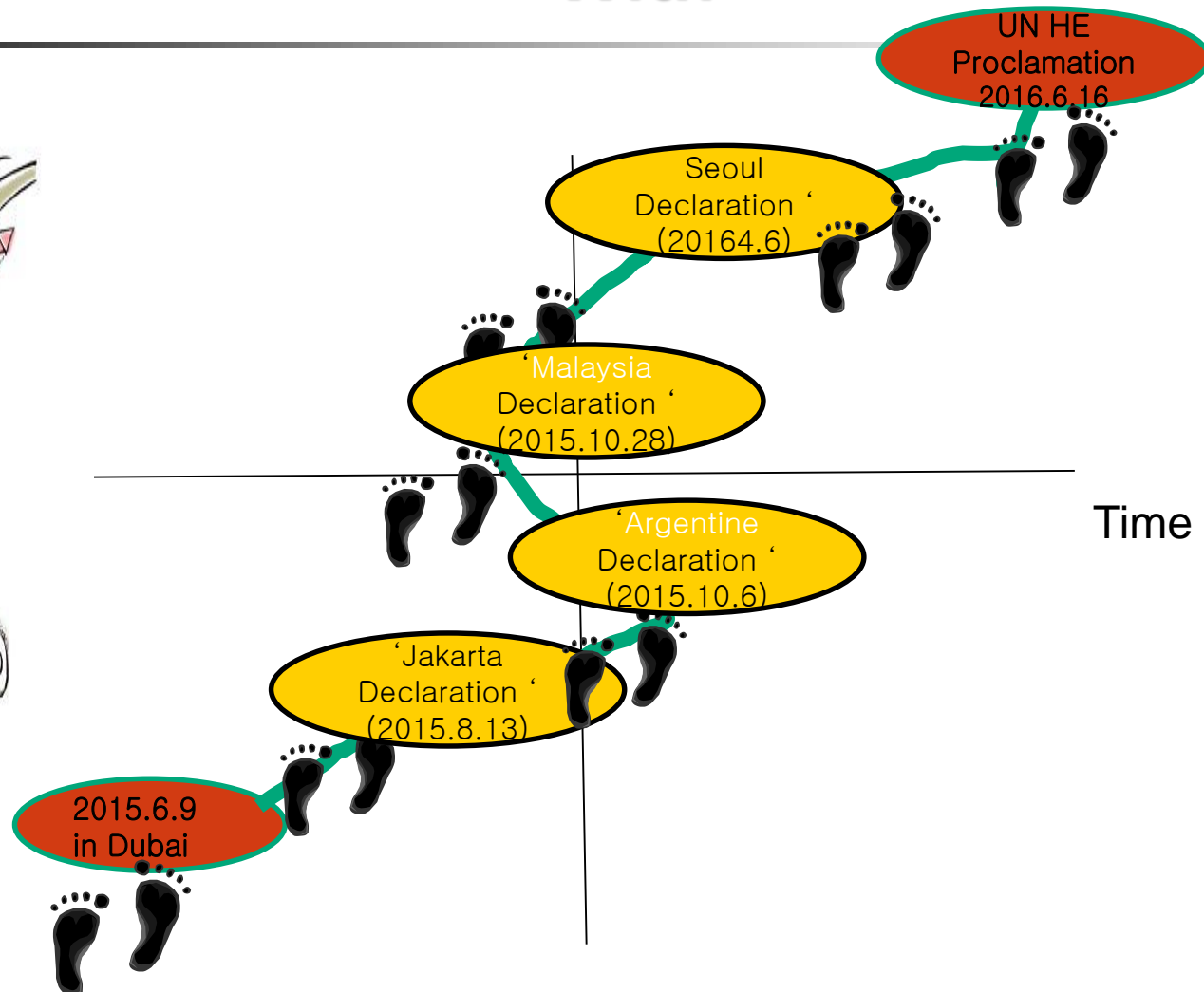
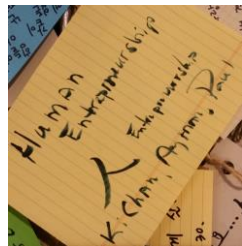




Our past, present and future

Diffusion into outside
& Permeation into Inside

Footprints of Humane Entrepreneurship With ICSB



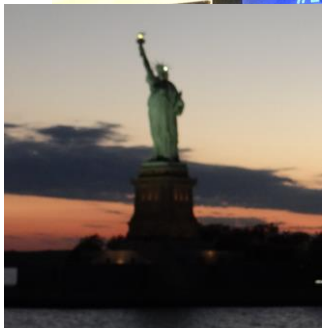
UN HE Proclamation

2016.6.16



- ‘Jakarta Declaration ‘(2015.8.13)
- Argentine Declaration ‘(2015.10.6)
- ‘Malaysia Declaration ‘(2015.10.28)
- Seoul Declaration ‘(2016.4.6)
- **UN HE Proclamation 2016.6.16**
- Seoul Declaration ‘(2017.04.12)
- May 2018 – Launch of the ICSB Global MSMEs Report
- October 2018 – The Salerno Declaration
- August 2019 – The Bali Declaration
- December 2019 – Macao Declaration

61th ICSB UN World Conference at UN, 2016.6.16



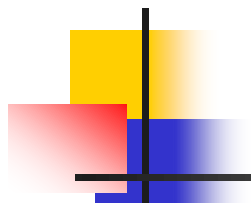
2017.4.6 – UN General Assembly(193 countries)
→Resolution UN MSME day



12/26/2018, Seoul, National Economic Advisory Council was held at the Blue House, Prof. KIM Ki-chan advised “Human-centered enterprise and innovation-driven growth” to President MOON



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Ministry of Trade



MINISTRY OF COMMERCE
PEOPLE'S REPUBLIC OF CHINA



Ministry of Trade,
Industry and Energy



経済産業省
Ministry of Economy, Trade and Industry

**National
Standard Body**



국가기술표준원
Korean Agency for Technology and Standards



**Trade
Promotion
Organization**



kotra
Korea Trade-Investment
Promotion Agency

JETRO
日本貿易振興機構(ジェトロ)

**Chamber of
Commerce**

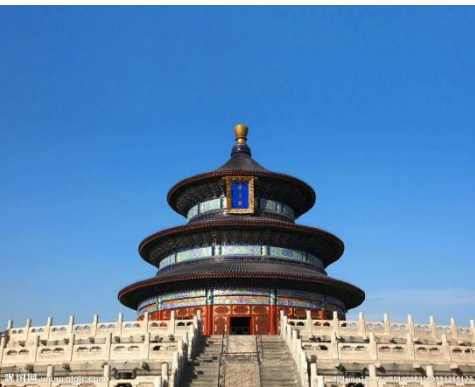


日本商工会議所
The Japan Chamber of Commerce and Industry

Roadmap of development of standard on

***"Guidance for humane
entrepreneurship"***

-from Northeast Asia to International
-from Dream to Action



奉為公以



March, 2018, “Humane Entrepreneurship: How Focusing on People Can Drive a New Era of Wealth and Quality Job Creation in a Sustainable World” was published by JSBM

Journal of Small Business Management 2018 56(S1), pp. 10–29

<https://doi.org/10.1111/jsbm.12431>

Humane Entrepreneurship: How Focusing on People Can Drive a New Era of Wealth and Quality Job Creation in a Sustainable World

by Ki-Chan Kim, Ayman ElTarabisy, and Zong-Tae Bae

During the next 15 years, 40 million jobs need to be created each year in order to keep pace with population growth and foster greater participation of small and medium-sized enterprises (SMEs) in a globally integrated economy. Our paper proposes a new theory that integrates the sustainable use of natural resources, better use of produced capital, and further investment in human capital. Our new theory, Humane Entrepreneurship (HumEnt), encompasses three key research domains: Entrepreneurship, Leadership, and Human Resource Management. The HumEnt theory presents a new perspective on how to create 40 million quality jobs each year and helps address global challenges.

Introduction

Where—exactly—is the wealth of nations? A decade ago, when the World Bank published a book asking that important question, they introduced the concept of wealth as a complementary indicator to gross domestic product (GDP) for monitoring sustainable development in a country. For the first time, the World Bank demonstrated that development is about managing a broad portfolio of assets—produced, human, and natural capital.

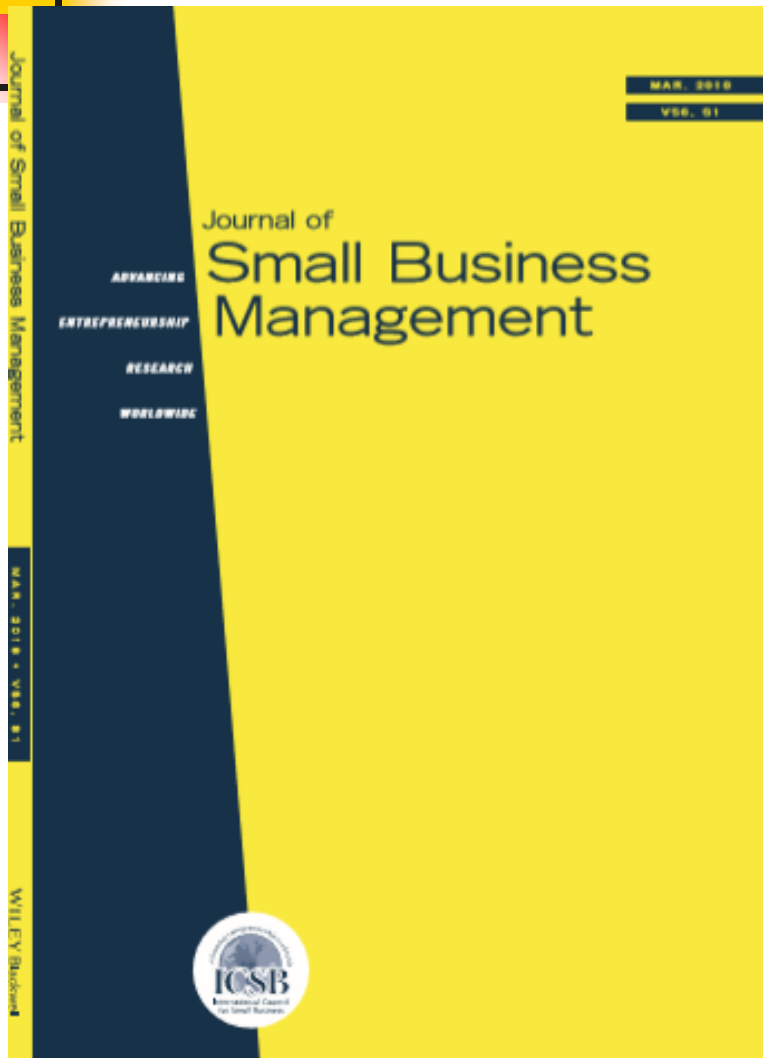
Nobel Laureate Joseph Stiglitz observed that a business is always evaluated by both its income statement and its balance sheet (assets and liabilities, or wealth). However, as it pertains to the economic performance of countries, measurement is based only on national income, with national wealth being largely ignored. The World Bank report proposed a new and holistic view of a country's comprehensive national wealth, which can determine whether GDP

growth is sustainable in the long run (Lange, Wodon, and Carey 2018).

The United Nations' Sustainable Development Goals (SDGs), created at the beginning of 2016, were built upon the United Nations' previous Millennium Development Goals and set a new global agenda to eradicate extreme poverty and shift the world onto a sustainable path by 2030. The SDGs are comprehensive and include goals on extreme poverty reduction, education and health, the environment, and peaceful and inclusive societies. The 17 SDGs and their 169 targets are interrelated, as progress toward one goal can enable advancement in others. At present, there is no agreed-upon macroeconomic indicator of sustainability; however, the measurement and monitoring of a country's change in wealth per capita over time—including natural and human capital—can help fill this void.

Wealth is considered the assets base which enables countries to generate income (GDP)

Ki-Chan Kim is Professor of Entrepreneurship and Innovation at The Catholic University of South Korea. Ayman ElTarabisy is Professor of Management at the School of Business, the George Washington University. Zong-Tae Bae is Professor of Management at the Korea Advanced Institute of Science & Technology (KAIST), South Korea.





HumEnt: Permeation into Inside

- 델스타 홈멜 사례
 - - 주물기기를 청소하는 여직원이 있었다. 그녀는 청소부였다.
 - -이 과정이 로봇으로 대체되면서, 이 janitor을 교육시켜 로봇운동을 맡겼다.
 - - 이제 이 janitor은 로봇 관리의 전문가가 되어, 다른 로봇의 관리도 맡게 되었다.
 - -Enablement와 Empowerment로 이 여직원은 가장 자기 일에 열중한 직원이 되었다.
- HumEnt
 - Dellstar Homemel Case
 - -There was a female worker cleaning the casting machine. She was a janitor.
 - As this process was replaced by robots, the janitor was educated and commissioned to operate the robot.
 - This janitor is now an expert in robot management, taking care of other robots.
 - With Enablement and Empowerment, she became the most involved employee.



Conclusion: How to make your company excellent?

Make innovation a result, not a goal.
First, give your employees a dream
and empathy

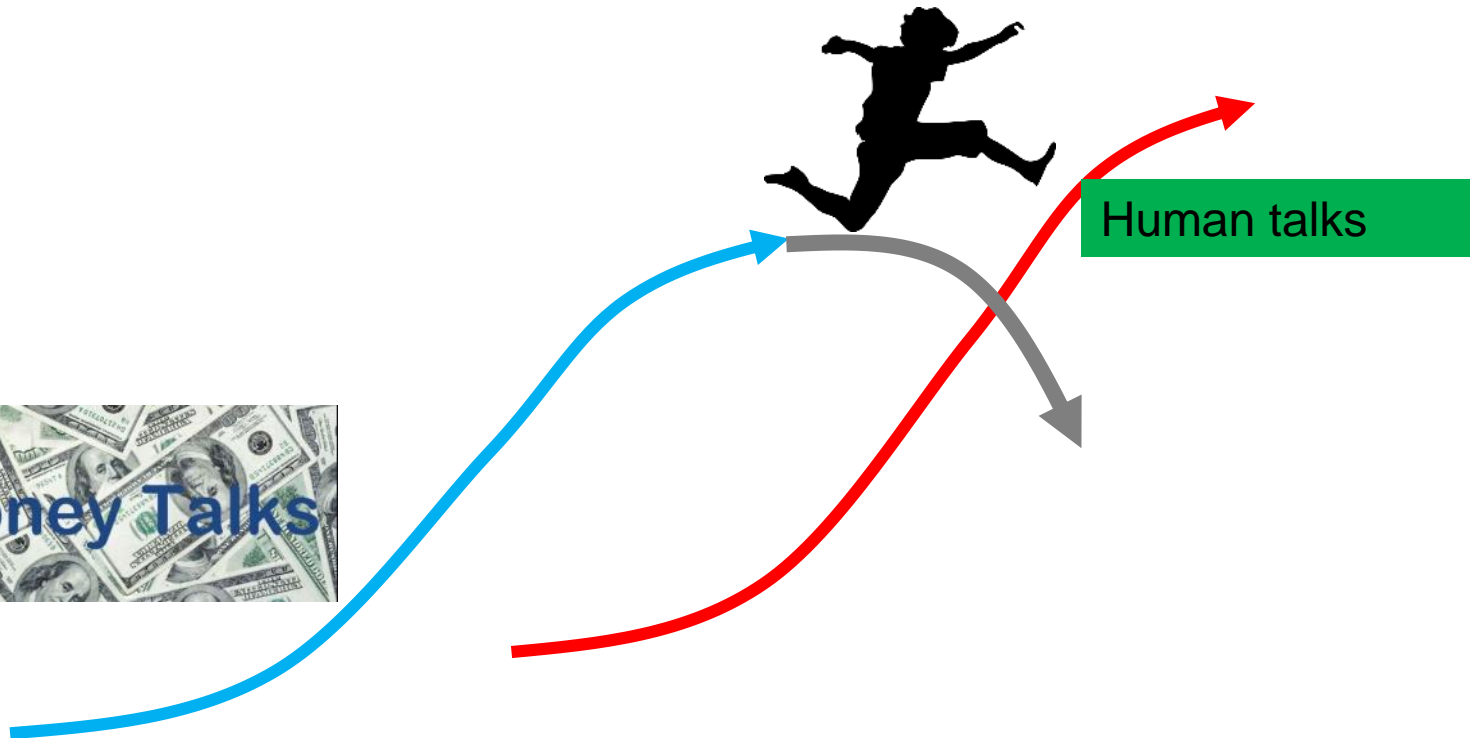


Conclusion

- 1. Make innovation a result, not a goal.
First, give your employees a dream and empathy.
 - Then they will engage themselves for their dreams.
 - They will start to come up with ideas.
 - They will start to innovate.
- 2. In the end,
 - the company becomes an excellent company.
 - How easy is it?
 - This is the result of humane entrepreneurship.
 - This is how people grow and businesses grow.
- 3. Next?
 - So, with the collaboration of ISO we are creating humane entrepreneurship guidelines.
 - Let's go together.



From Money to Human





Now,
what will you open your eyes for?

- Humane Entrepreneurship
- Secrets to change your life in 5 Years.



From presentation of 가대 마케팅2006 아클팀

HO ultimately resulted in Innovation.
→ Innovation(EO) and Empathy(HO) live in one house.



Empathy






Open your eyes!!



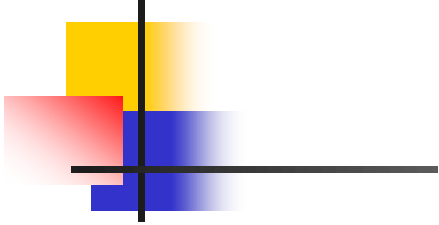
자료: 두리비전?



” If you want to go fast, go alone.
If you want to go far, go together.

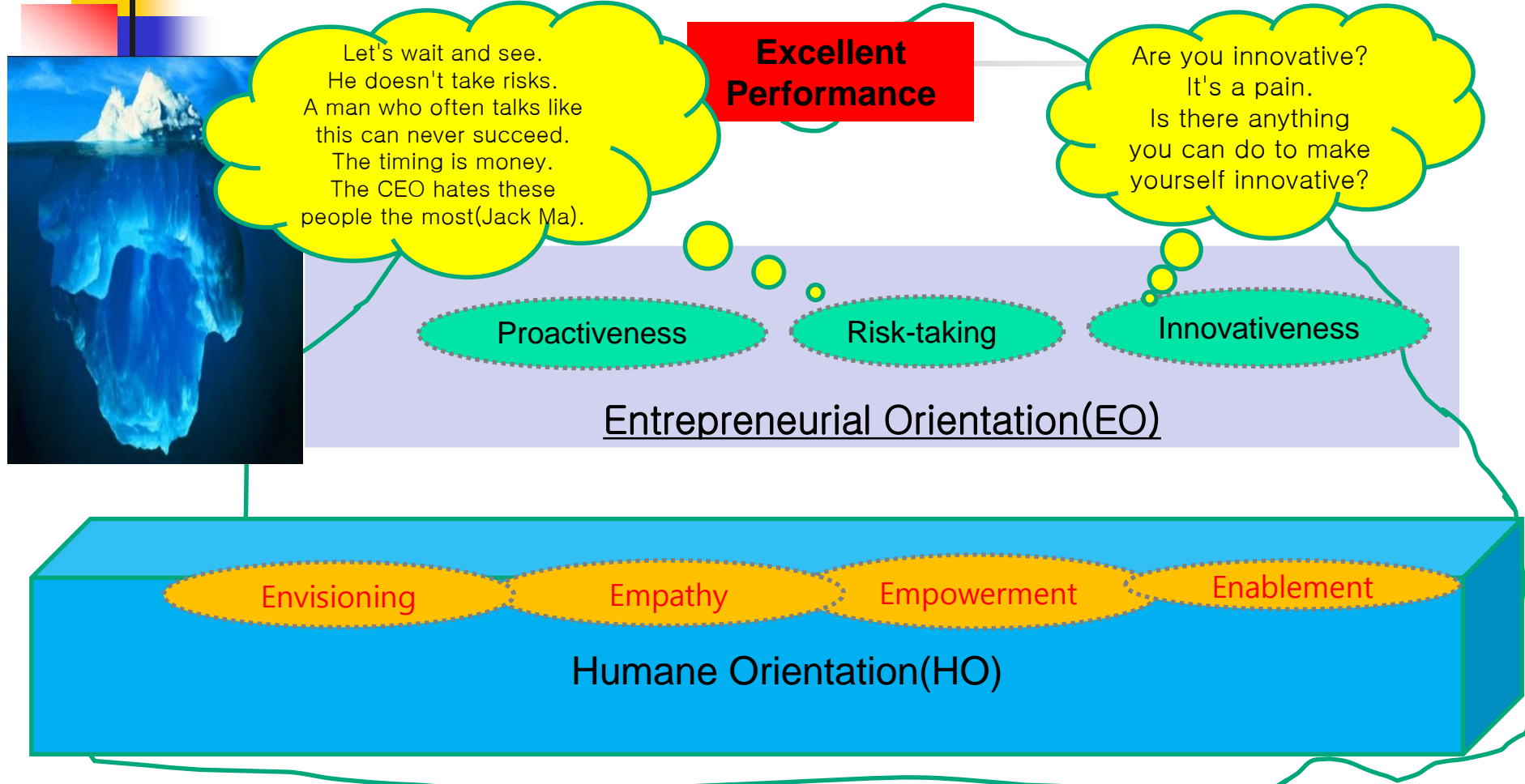
African proverb

- ALONE you may go faster,
- but TOGETGER you can go farther!
 - An African Wisdom
 - The Happier your people are,
 - The Happier your customers are!!



Thank you!

Humane Entrepreneurship =Speed of Innovation(EO)X Engine of Innovation(HO)



Humane Entrepreneurship=Speed of Innovation(EO)X Engine of Innovation(HO)