

Organizational Atmosphere That Support Humane Entrepreneurship Implementation Case Study In Indonesian Small and Medium Enterprise

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Organizational atmosphere that support Humane Entrepreneurship Implementation
Case Study in Indonesian Small and Medium Enterprise

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Purpose- This paper start with the question “How the enterprise can implement Humane Entrepreneurship (HE) completely, what kind of situation that must be exist or create?”. Humane Entrepreneurship is a model of Ki Chan Kim (2017) that suggest to combine entrepreneurship cycle with human cycle. Main ide of this model is the happiness of people in the enterprise will bring the great performance of the enterprise if leader also take a good role in entrepreneurship.

Methodology- survey conducted to 114 small and medium enterprises in Indonesia. Questionnaires related to humane enterprise and organization atmosphere used as a main data collecting in this research. Linear and multi-linear regression were used to evaluate the proposed model.

Humane entrepreneurship model declared by ICSB global in 2017 and become a main agenda in any activities of ICSB globally. In Indonesia, HE research still few and need more exploration to confirm the HE concept become a main approach in developing small and medium enterprise in Indonesia.

Finding- HE implementation need openess and trust from leader to member of the enterprise. A spirit to find a better solution, a new product or services supported by positive thinking, optimistic, and willingness to learn from every sources and every accident. Empowering always need trust, but also need a great spirit of learning. Discussion about all factors in HE show the importance of human-centered entrepreneurship-a new era of managing enterprise.

Keyword: Humane Entrepreneurship; organization atmosphere; entrepreneurship; human-centered, human resource management; change management

Paper type: research paper

Introduction

Small and Medium Enterprise (SME's) still attractive in business and management study. In the fact SME's until now become a power of country every situation.

Nowadays, the situation has been changed a lot. VUCA -volatile, uncertainty, complexity, and ambiguity become a new normal in this time. An entrepreneur need to be agile, flexible, and innovative to be survived. One of key success factor is innovation. The flexibility of SME's become an advantages for this situation, easier to adapt. In the meanwhile, less formal situation make SME's have a higher respond, such as change the product, related to the need of customer. Global crisis because of covid19 change the business of SME's. some industries have been attached down, such as travel services, travel bureau. Creativity of the leader push the enterprise to create new product or service in order to be survived, or even to make a life.

Ki Chan Kim ((Kim K. C., 2015) developed Human Entrepreneurship (HE) as the answer of this new challenge in 4.0 era. HE combine the human cycle and entrepreneur cycle as a new way in leading the SME in the 4.0 industry era. Great entrepreneurs with strong humane mindsets fuel the concept of Humane Entrepreneurship. Human oriented businesses are deemed to perform better, come up with better products and services, and ultimately, satisfy their customers. Using HE in the company it's means take into consideration the happiness of the worker as the key success factor of the company. the happy workers will bring happiness to their customer both inside and outside.

HE has been declared as a new way of conducting SMEs in ICSB (International Council for Small Business) global congress in 2016 (Kim K. C., 2016). Humane Entrepreneurship is a key to the sustainable development of not only enterprises, but also to the sustainable development of society.

Further, this is the right time for the company giving more appreciation to all the member of the company, to the stakeholder, and to the environment where the company exist. For me, the key to strengthen the enterprise and all the stakeholder is by give them meaning.

Discussion about HE implementation among authors focus on the theory, result or impact (Yong Jin Kim, 2018 20(4)) (Roberto Parente A. E., 2018) (Roberto Parente A. E., 2020). None of them discuss about the situation or condition in the organization as a determinant factor of successful HE implementation. From my opinion, climate or atmosphere in the organization become the core in HE implementation, that promise success for the enterprise.

The question is what kind of organization atmosphere needed to support HE Implementation.

Concepts of Humane Entrepreneurship (HE)

Human Entrepreneurship define as a "virtuous and sustainable integration of Entrepreneurship, Leadership, and HRM, in which successful implementation leads to a beneficial increase in wealth and quality job creation, perpetuated in a continuous cycle." (Kim T. a., 2018)

There are two cycle in HE, entrepreneurship cycle included envisioning, enthusiasm, experimentation, and excellence. Human cycle included empowerment, ethics, engagement, and ecosystem.

In order to have sustainable development, enterprise need Entrepreneurship, that included enterprise development and eco-systemic development. To be good company, enterprise need Human factors, included human development and well-being. HE mission is improve the lives of all human beings through entrepreneurship, micro-businesses, and SMEs. Basically H.E pursues and deal with the profitable and human organization by value creation, and cover both human side and enterprise side. (Kim K. C., 2015).

Human centered approach in the organization can be showed, when employee feel that their effort and existence is appreciated, not only in output/result performance, but also in their soft performance, such as, ideas, morale, commitment, motivation. in short these all about the dignity of human resource as a human (Talim, 2012)

Research on H.E in Indonesia (Kim K. C., 2016) showed that the Entrepreneur cycle importance are: Envisioning-33%, Enthusiasm- 19 %, experimentation-11 %, excellence- 18%; the human cycle importance ranking: Empowerment - 37%, Ethics- 23%, Engagement - 13 %, and Ecosystem - 18 %. Based on this finding, for Indonesian SME, envisioning become the most important aspect in the enterprises, and empowerment also considered as an important driver for organization growth.

Basic theory of HE mention to five disciplines in management studies strategic entrepreneurship, stakeholder theory, transformational leadership, motivation theory, and humanistic management (Bae, 2018). These disciplines are shared into two cycles of HE, Organization cycle and Human cycle.

Based on HE description, the concept of HE basically consist of leadership, human resource management, and entrepreneurship. The relationship mechanism of those dimension and how those dimension are strategically developed, might result a greater wellness of people in the organization. Study of Felix showed that the charismatic, humane, and self-protective types of leadership have a positive and significant correlation with entrepreneurship. Charismatic style leadership has an effect on entrepreneurial activity, which turns out to be greater than other leadership types, and even more on opportunity entrepreneurship (Felix, 2019).

Finally, HE as a new concept promising a greater happiness and productive employee that bring higher organization growth.

Organizational Atmosphere

Implementation of HE in the organization need good climate. In this paper I use organizational atmosphere as substitute of organizational climate. Organizational atmosphere describes the situation that feel by all member of the organization. In the long run it also representative the culture of the organization.

Organizational atmosphere creates the situation that employee and all the leader build the strong relationship, that drive the productivity in the enterprise. Trust between leader and member, create the productive environment. Organization atmosphere can be seen in the way leader and member relationship, the opportunity to change the process according to the customer needs, the willingness to learn from everywhere everything, and how the member keeps their attitude ethically. Study of Kao found that the ability of employees to innovate is often the starting point

of an organization's innovation. Further, transformational leadership shows significant positive influence on organizational climate (Kao, 2017) (Santos Bernardes E. a.). (Monsen, 2018)

The study of Banowati (Talim, 2012) showed that the leader in small and medium scale enterprise has an importance role in leading the change. The initiatives, the strategy, and the execution of planned change, should be started by the leader. The leader become a role model for all the workers. This evidence can be explained by the Indonesian culture that placed the leader as a pattern model for any action in the small and medium enterprise. This is recognized as a paternalistic model of leadership. A meaningful change is built by the effectiveness of leader's performance, quality of planning, awareness of change from workers, and workers' self-efficacy. The leader has to develop the meaningful change, based on ethical orientation and aspiratif orientation, and force worker to develop innovative learning spirit, learning from everywhere, and make sure the worker has suitable competencies.

Other scholar also found that courage to risk, openness to new information, flexibility, creativity and determination were the features of successful entrepreneurs in Estonia most often pointed out by all categories of respondents (Elenurm, 2009).

In fact, innovation is a key element for the longevity of a business as well as economic growth. By embracing innovation to keep up with the pace of change in the dynamic world of business, entrepreneurs are surging steadily forward with a wealth of creative and innovative ideas that they transform into competitive products and services, allowing entrepreneurs and their small businesses to garner financial gains that, in turn, help to boost the country's economy. (Maroufkhani, 2018).

Bernardes studied have found some definition of flexibility from authors. (Santos Bernardes E. a., 2009). Flexibility showed in new product, mix, quality, volume and delivery. Flexibility can be used in machine, process, routing, operation, product, volume, production and expansion; material handling, program and market. Further, flexibility also can be showed in new product flexibility and modification flexibility. In the context of psychology, viewed flexibility as a dynamic and temporal construct that entails "how a person: (1) adapts to fluctuating situational demands, (2) reconfigures mental resources, (3) shifts perspective, and (4) balances competing desires, needs, and life domains" Strategic flexibility is the ability of a system to respond to market changes, strategy, new product introduction and design change. Tactical flexibility is the ability of a system to operate at different levels and to accept minor and random changes. Finally, operational flexibility is the ability of a system to adjust to the different production tasks.

Study around leadership as a key success factor in SME's also showed in four key strategies: attention through vision, meaning through communication, trust through positioning, and confidence through respect (Darling, 2007). The heart of successful leadership strategies rests a concern for people and the interpersonal values of joy, hope, charity and peace. These values provide a new paradigm of interactive cues and a foundational core for the successful fulfillment of those key strategies. In short, the human center approach have an important roles in the enterprise or organization.

Based on this literature studies, here the variable of HE implementation and Organizational Atmosphere.

Figure 1		
HUMANE ENTREPRENEURSHIP	Entrepreneurship Cycle:	<ul style="list-style-type: none"> • Envisioning • Enthusiasm • Enlightenment • Experimentation • Excellence
	Human Cycle	<ul style="list-style-type: none"> • Empowerment • Ethic • Equality • Engagement Ecosystem
ORGANIZATIONAL ATMOSPHERE	Flexibility	<ul style="list-style-type: none"> • Opportunity to excuse • Adjustment to change • Compliance to procedure
	Continuous Learning	<ul style="list-style-type: none"> • Questioning • Learning from any sources • Open minded
	LEADERSHIP	<ul style="list-style-type: none"> • Leader-member relationship • Trust
	Innovation Spirit	<ul style="list-style-type: none"> • Looking for new product/service • Discussion about new idea
	Ethic	<ul style="list-style-type: none"> • Honestly in working

Methodology

Research method used was survey, questionnaires distributed online to SME's owner or employees, and 114 respondents finally sent their respond. To measure the implementation of HE, this research developed questionnaire with the question: "How frequent". the more frequent the action done in the organization, the higher the score given. All respondent is Indonesian. 79,5 % are business owner and the rest are employee. Regression analysis used to analyses the influence of multi-factors: leadership, innovation spirit, ethic, flexibility, and continuous learning toward HE implementation; and also do partial analysis.

Hypotheses

Leadership, Innovation spirit, flexibility, ethic, and continuous learning influence the HE implementation

Result

Figure 2

Frequency distribution of Quality of the HE Implementation and Organizational Atmosphere (%)

Aspect	Very Good	Good	Moderate	Poor	Very Poor
Leadership	40.35	21.05	26.32	7.02	5.26
Innovation	15.79	21.05	26.32	19.3	17.54
Ethic			80.7	19.3	
Flexibility	0.88	43.86	42.11	10.53	2.63
Continuous Learning	0	0	24.56	57.89	17.54
HE Implementation	33.33	33.33	21.05	10.53	1.75

Figure 2, depict the quality of HE implementation and organizational atmosphere. is great, 33.33 % is very good and 33.33 of enterprises has a good HE implementation. Only 1.75 % respondent in very poor quality. This situation told us that HE has already implemented in the Indonesian SME's, become a culture. Leadership showed as a main role in managing enterprise and in very good quality. In the SME's working environment found that continuous learning still need attention from leader. That's why the spirit of innovation is quite good, but still need improvement.

Figure 3
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.749 ^a	.560	.540	3.11889	.560	27.521	5	108	.000	2.415

a. Predictors: (Constant), ETHICAL, INNOVATION, FLEXIBILITY, LEADERSHIP, LEARNING

b. Dependent Variable: HE

Figure 4 Regression Analysis
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients			Correlations			
	B	Std. Error	Beta	t	Sig.	Zero-order	Partial	Part	
1 (Constant)	7.631	2.487		3.069	.003				
FLEXIBILITY	-.145	.202	-.050	-.721	.473	.166	-.069	-.046	
LEADERSHIP	.920	.188	.517	4.892	.000	.723	.426	.312	
INNOVATION	.272	.139	.165	1.949	.054	.535	.184	.124	
LEARNING	.171	.135	.144	1.260	.210	.649	.120	.080	
ETHICAL	.512	.835	.044	.613	.541	.281	.059	.039	

a. Dependent Variable: HE

Discussion and Conclusion

Research found that quality of HE implementation is depend on leadership as a key role. Open minded Leader that stimulate member to the highest level of competency, know member better than others, Leader give inspiration to member, but also push member to be creative and independent. Transformational leader become a role model for leadership in SME's. Even though leadership show a strong influence toward HE implementation, but still need to be develop among SME's leader.

Innovation spirit and ethic give very little portion to HE implementation. It means that, although leader open the opportunity to any innovation, but the respond from member still not accurate. This finding support Talim study at small and medium business (Talim, 2012) that innovation according to staff employee is not their responsibility, but the leader does. This leader need to set up the future state that shared to all the member, then the member might follow the leader order to create a new way or product. So the initiatives come from the leader not by the member.

The interesting finding here is that flexibility give negative impact to quality HE implementation. The more flexible the enterprise, the lower quality of HE. Flexibility in some level bring confusion among the employee, insecure, and finally drive to the passive behavior. Flexibility seem need conditioning factor, leader need to prepare the system to be flexible, this paradox phenomena, bring security among member or employee in the SME's.

Empathy from leader to worker and from worker to leader, together with equity, can bring positive impact to the working life situation, that bring self-efficacy to worker to act and perform better. In the meanwhile, empowerment and enablement, will produce an innovative learning spirit and growing worker competency. By doing so, the ecosystem will bring the awareness to change for every member of the organization or the enterprises.

Leader's capability will bring the envisioning and enthusiasm in the enterprise, and this will come to leader's effectivity. Through exploring and experimentation ethically, will give opportunity to worker to have greater self-efficacy to be a great perform.

This preliminary research still need to be confirm and validated with greater respondent.

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