

# ICSB GAZETTE

THE GLOBAL LEADER SUPPORTING MICRO-, SMALL AND MEDIUM ENTERPRISES

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## DO MICRO-, SMALL AND MEDIUM ENTERPRISES HAVE A SOUL?

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*"Perhaps the best way of understanding this vibrancy is to observe the people and identify the values that underpin this organizational culture."*

The soul is the expression of profound individual and collective values. Some enterprises, especially MSMEs (Micro-, Small and Medium Enterprises), seem to have a "soul." There is an inexplicable, underlying factor that makes them appear more vibrant. Perhaps the best way of understanding this vibrancy is to observe the people and identify the values that underpin this organizational culture.

An enterprise reflects the personality of its creator. As the enterprise grows, that reflection is generally diluted. However, in most organizations, some elements remain in the form of values that are deeply rooted in the company's culture. In most cases, the soul of an enterprise will take root more easily and survive over time if the owner-manager has a more humanist outlook.

Some entrepreneurs, perhaps after creating their enterprise's first product, continue to be highly focused on creativity. Their associates adopt the same outlook, generating what might be called a creative soul. In these companies, a new product is always under development, and the people who work there never stop talking about it. The owner-manager's most fundamental value is that of creation and it continues to be reflected in the enterprise culture. Other entrepreneurs focus on sales, and their enterprises will develop a persuasive soul. Everyone in the enterprise knows why clients should buy their products. There are also entrepreneurs who focus on social responsibility, and their firms will have a generous soul. Others want to initiate a revolution in their particular sector, through an enterprise that has a revolutionary soul.



There are also enterprises with a green soul, where the entrepreneur pays particular attention to ecological values and sustainable use of natural resources. These entrepreneurs often pay particular attention to their employees' personal fulfillment. In social entrepreneurship and in foundations, where people are dedicated to a social cause, enterprises may have humanitarian MSMEs and proximity management. Whenever I visit or study a MSME, I can almost always identify its underlying dynamism. There is a groundswell of involvement and commitment among its people that is not usually found in larger organizations, and that appears to be conveyed by diffusion from the creator to his or her collaborators. There are many factors that explain this process. The team is built by the leader on the basis of a healthy psychological contract with team members to ensure that they will help to achieve his or her goals. The creator chooses people who share (or will share) his or her values. In concert, the people who apply to work with the creator do so because they recognize those values and goals as being meaningful to them.



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In most MSMEs, team cohesion is based primarily on shared values. If we take the example of an MSME with a humanitarian soul, the team's members are not there just for the money; they want to provide a humanitarian service or defend a cause. The creator needs them not only for their expertise, but also for their values, to form a core of people who will work towards a common goal. The leader's proximity to the team members makes a difference. Proximity is also achieved through direct contacts between the leader and other elements of the ecosystem, such as suppliers, customers, partner firms, community members, different stakeholders and philanthropists.

The soul of an MSME differs from an absolute religious culture in that enterprises with souls usually have relationship systems within which individuals enjoy a great deal of flexibility. The strong social cohesion often observed in these companies is more akin to the type of society that exists in semi-rural communities or towns with fewer than 100,000 inhabitants, or in specific sectors, such as the arts or technology. Communities and sectors such as these provide fertile ground for the sharing of values that form the basis of group life. They help solidify interpersonal relationships. People tend to be more tolerant of other members' behavioral deviations because a deep relationship based on shared values has been forged. The cohesion within these communities is strong and conducive to the development of a well-integrated "soul."

Soul and heart: Connected sides of the same process - Entrepreneurship research has focused mainly on economic rationality. An entrepreneur's success is seen as depending on the ability to create an innovative opportunity and a coherent vision through a process that combines analytical skill with imaginative intelligence. Both the opportunity and the vision guide the construction of a social system that will eventually become an enterprise.

However, if we look carefully at the dynamics of MSMEs, the level to which the people concerned have assimilated the values underpinning the enterprise's soul appears to provide the motivation they need to express those values. If people really believe in their values and are convinced that they are doing something to improve the human condition, their belief will generate the energy they need to move forward. This is what is meant by "heart": the commitment, courage, determination, and energy that people poured into defending the values that make up the enterprise's soul.

The example set by the entrepreneur, as well as his or her proximity and communication skills, are the aspects that best explain why some MSMEs have more vibrant souls than others. Working in these MSMEs is very different from working in a big organization where people are motivated primarily by money. People who share the soul of an MSME become something more than themselves. This generates synergies that do not exist in organizations without a soul. In these MSMEs, it is not only the mind and body that are put to work; the heart and soul are also involved. This leads to greater self-fulfillment.



### **About ICSB Gazette:**

The ICSB Gazette is a weekly edition of a key topic that ICSB will showcase. The content is varied from research, practice, policy, and education. The editor of the ICB Gazette is Ms. Jordyn Murphy, ICSB Operational Manager. She will be soliciting ideas and articles from ICSB members world-wide.

### **ICSB Executive Director Comment:**

When I asked Dr. Louis Jacques Filion, an Honorary Professor at HEC MONTREAL, the Montreal Business School, to contribute the inaugural ICSB Global MSMEs Report as a leading voice on entrepreneurship research, he asked me if he had clearance to push the envelope on a key topic that he said was missing in many research and educational settings. I, of-course, said, please share what you think is important to raise awareness. The article attached is the result of what is best of ICSB. We are the true voice for entrepreneurs, micro and small businesses.

Dr. Ayman El Tarabishy



### **Jordyn Murphy Editor, ICSB Gazette**

Jordyn is the Operations Manager at the International Council for Small Business in Washington, D.C and the Editor of the ICSB Gazette.

### **Contribute:**

Have a topic you would like to see or an article to share? Please submit for consideration to [jordyn@icsb.org](mailto:jordyn@icsb.org)

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**THE VOICE OF MICRO-SMALL AND MEDIUM ENTERPRISES**