

# ICSB Gazette

The Global Leader Supporting Micro-, Small and Medium Enterprises

Monday, June 1, 2020. Issue 70

## Family Business as A Model for Humane Entrepreneurship

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***Family firms tend to present a deep sense of responsibility for their communities.***

Following the full day at the first Virtual Family Business Research and Practice Conference this past week, I have reflected much as to how many family businesses model the key principles found in Humane Entrepreneurship. Borne out of passion and motivated by togetherness, family businesses present quite correctly the ideal of beginning a business in 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.” Humane entrepreneurship centers around the people of business and expects profitability through those people.

The critical elements of investing in the enterprise’s human capital include “participation and empowerment, employee ownership, training and skills development, cross-utilization and cross-training, employment security, selective recruiting, high wages, and information sharing.” Family firms’ ability to invest primarily in their employees has led to short and long-term recovery after moments of crisis. For example, during the 2008 economic crisis, family-run enterprises survived “by sacrificing profitability to preserve employment.” This perfectly imagines our ideal that in valuing both social and financial capital, businesses are given a more significant opportunity to succeed than for those that focus solely on financial capital.

Change is always a risk to the type determined business structure. Therefore families must use multiple strategies to realign themselves in a potential “new normal.” It is sure that in this moment of hyper-chaos, many enterprises will fail. However, it is more common to see the way that the entrepreneurial spirit continues in some form or another, potentially in the creation of a new family business. Each family’s legacy will continue to help them see who they are and what defines them as a cohesive collective. This nature of “togetherness” ties family businesses easily with Humane Entrepreneurship, meaning that other non-family firms can look to the guidance of family businesses’ human-centered approach as a model with which to align themselves.

Women-owned family businesses are seen to, generally, do better than family businesses directed by men. There is a direct correlation between promoting the visibility of women (i.e., equitable work — a foundation of HumEnt) and supporting family businesses. On the other hand, one way that family firms vary from the principles of HumEnt is in their decisions to rarely seek external advice and their high propensity towards nepotism. A family business can improve by possibly extending communications with outside-of-the-family actors.

Yet still, family firms tend to present a deep sense of responsibility for their communities. They typically focus on cash preservation, employee safety, and community health, thus exemplifying their combination of human and financial capital as a solution for enterprises worldwide. In a time of crisis such as that of the COVID-19 pandemic, we might expect to see most family businesses fail; however, we are surprised to see the opposite trends. This crisis is demonstrating the power of internal strength and optimism in uncertain times like these. The particular elements of a family firm’s success also align clearly with the rational principles of Humane Entrepreneurship. It is time for these successful principles to move beyond family businesses, as these principles might be your enterprise’s saving grace during these unparalleled times. healthy and humanely oriented will become very strong, and their HumEnt will excel. However, those that are already containing fusions will separate further.



## About the Author



Dr. Ayman El Tarabishy is the deputy chair and teaching professor of the Department of Management at the George Washington University School of Business. He is also the Executive Director of the International Council of Small Business.

Recognized by the United Nations and the Permanent Mission of Argentina to the United Nations, Dr. El Tarabishy worked to create a United Nations International Name Day to be dedicated to Micro-, Small and Medium-sized Enterprises (MSMEs).

These Name Days are designated on specific dates, to mark particular events or topics, in order to consciously and actively promote the objectives of the organization. With his novel idea, Dr. El Tarabishy managed to work closely with the Permanent Mission of Argentina to propose a resolution to dedicate a United Nations International Name Day to MSMEs. Approved by the United Nations General Assembly, the proposal was presented by the Permanent Mission of Argentina and 54 countries; thus, 5.5 billion people acted as co-signers of this resolution.



## About the International Council for Small Business (ICSB)

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### **Skye Blanks**

Editor, ICSB Gazette

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