Promotion of Social Responsibility – Invention Aimed to Become Innovation by Systemic Behavior

Seul un comportement systémique, par la création et l'émergence de l'innovation, permettra, localement et globalement, d'accroître la responsabilité sociale des acteurs économiques et politiques et des citoyens

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Abstract
Social responsibility will be in this paper presented as an act of influencing the people in power to strive for honesty, justice and good of the whole society. To overcome the current crises the behavior of modern management and political practice needs to be changed after dominance of the neoliberal economic theory. Even in the democratic systems the influential people are often more concerned with what they should do to get adequate support from other political players and to stay in power. This is also one of the reasons why citizens are often concerned, whether the decisions made by the influential people were really the best ones for the society, nature. More attention should be given to the preparation of reliable data and the most important views or bases for decision-making and long term effects on society in their decision making processes.

Key words: social responsibility, invention, innovation management, Dialectical Systems Theory

Résumé
La responsabilité sociale est présentée comme l'action d'influencer les dirigeants, politiques et économiques, pour les pousser à lutter pour renforcer l'honnêteté, la justice et le bien-être de la société toute entière. La théorie économique néolibérale étant incapable de surmonter la crise systémique actuelle, les comportements obsolètes de sa gestion économique et de sa pratique politique doivent être abandonnés. Même dans les systèmes démocratiques, les décideurs sont habituellement concernés d'abord par ce qu'ils doivent faire pour obtenir le soutien efficace d'autres acteurs sociaux pour rester au pouvoir. Il faut que les citoyens soient impliqués davantage dans les processus de décision, il est de leur intérêt que les décisions prises soient les meilleures possibles pour la société et la nature. Il faut impérativement apporter plus d'attention à la collecte fiable et à la présentation lisible des données, - pour faire ressortir les points clés à la base de tout processus de décision, et, - pour mettre en évidence les effets sociétaux à long terme de toute prise de décisions.

Mots clés: responsabilité sociale, invention, innovation, gestion, Théorie des Système Dialectique.

Introduction
When social responsibility is based on (the dialectical) systems approach we can find real socially responsible behavior. We understand social responsibility as an invention that needs the innovation management to become an innovation. In this paper we will study why social responsibility is required and how it can become part of daily political, managerial, organizational and individual’s life. It can be successful only when it is adequately, i.e. requisitely, holistic.

In the first part we will present some views on current crises and social responsibility. We believe that such behavior requires changes in values systems and we understand this as a novelty in modern management and political practice after the period of dominance of the neoliberal economic theory. In the second part we will present our understanding of social responsibility. Some terms and processes will be presented. In the third part we will propose the use of the Dialectical Systems Theory as an underlying thinking process when applying socially responsible thinking, understanding, and acting. This should become the leading concept of socially responsible behavior of influential people in our society as well as all individuals. Otherwise decisions of influential people misusing the information system are disastrous for employees, companies, societies and natural environment.

Some viewpoints of the Current Crisis
Economic development led humankind to the society of affluence in past few decades. Less that 15% of people were living in the innovative societies where democracy and well developed social system made high quality life achievable for the educated and employed citizens. The 85% majority of humankind had to manage to survive on less than 6 USD per day (Nixon, 2004 in Crowther and Caliyut eds. 2004). Even at this rate of distribution of wealth among humankind we can no longer support such “economic success”. We can no longer afford to emit every hour four million tons of CO₂ in our air by burning fossil fuels, cut 1.500 hectares of wood, and add 1.7 million tons of nitrogen by mineral dunging in our soil, like humankind is doing today (Kajfez-Bogataj, 2009). She adds well: History is full of belated responses to early warnings.

The most influential ones want to keep their short-term benefits disregarding the long-term troubles (Kajfez-Bogataj, 2010). One-sided measurement of economic success belongs to their bases/excuses. The information on which the economic success is measured does not say anything about the degradation of natural environment, also irreversible! Contributions by Gerzema (2010), Hustic (2009), Hustic and Mulej (2010), Sarotar-Zizek et al. (2010), authors in proceedings about the issues discussed here (Mulej et al. eds. 2009), and in IRDO’s proceedings about social responsibility (Hrast et al. eds. 2006 and later) and other references show: the answer about the direction where to go, depends essentially on tools of measurement of what is going on. Drastic changes in our natural and economic environment require socially responsible behavior (Mulej and Hrast eds. 2010; ISO 2010). This requires basically the change in perception of the objective reality.

In 2008 crises erupted first in financial and real-estate sector. Now in 2011 the crises became more serious and spread to other sectors and many countries. Governmental decision of USA to increase the indebtedness rate led to grey Monday of August 8th 2011 on world stock markets. In EU: Ireland, Greece, Portugal, Italy, and Spain have serious financial and economic difficulties. So do Slovenia and Croatia (Masanovic, 2011; Kosec, 2011). So does USA (Kopušar, 2011). Even China might soon face troubles (Barboza, 2011). Not only is Slovenia among EU states that are heavily hindered by the crises, at the same time she is equally or more unprepared for a new economic crises. Companies are heavily indebted, lowly efficient, not competitive on the global market and mostly not innovative. At the same time Slovenia has one of the world highest tax rates. With high unemployment, decades in growing affluence (compared to ambitions), and population’s aging the rate the purchasing power is decreasing. While the amount of collected taxes reflects the declined economic activity, insolvency of many companies, and lower employment rate, the government
cannot sufficiently adapt the budget spending. It rather decides to increase the budget deficits, no different from most others.

This crisis erupted first in the most innovative parts of the world. We believe that their invention-innovation-diffusion processes yielded fictitious rather than real innovation: their care for innovation was predominantly limited to technology. The innovations in financial sector destroyed many brokerage firms and left many investors empty-handed. Similarly the bankers were approving loans for projects with no real expectations to be completed and sold – e.g. the real-estate projects in Slovenia, Spain, or USA. Bank managers personally were approving loans to political persons for already heavily burdened properties. These properties, projects or companies are now in bankruptcy and new state funds are being purred into the most important Slovene banks.

Despite the fact, that Slovenes have been facing the economic crisis for three years already, most Slovenian managers and politicians neither know how nor want to change. The economic analyst David Owen (Kenda, 2011) predicts, that the crisis in European banking sector is so severe, that it might take five to seven years or more to recover. Owen is critical about the governmental decisions regarding the interest rates in EU. In such conditions the banking manager of one Slovenian bank earned in year 2010 467,000 EUR or in just two days the average Slovenian monthly salary (Gole, 2011, 11th Aug.)! This Gorenjska banka is not a major bank in Slovenia. Delo published a list of income received in 2010 for 26 managers of 20 larger banks operating in Slovenia. Another manager of NLB - a major Slovenian bank, received in only one month 190,114 EUR! In a similar table of income Slovene companies managers the leader is the head of Krka (generic drugs pharmaceuticals) with 646,000EUR in 2010 (Gole, 2011, 10th Aug.); this company, at least, pays all quite well and earns profit. Comparison of other managers’ income in Slovene companies with their financial results is even worse. Companies have serous losses, yet the managers have increased their income! Among the 45 managers of insurance companies the best paid was in Adriatic Slovenia and received in 2010 201,108 EUR (Ugovsek, 2011). At the same time a person changed a gold wedding ring in a pond shop in a smaller city in Dolenjska region for 10EUR to buy food! Legally these managers are entitled to such enormous compensations and many other financial and social benefits! But at least morally they are also responsible for this crisis. Banks were approving credits for real estate and other projects on the already overheated market. These investments are today still unsold and banks do not want to lower the prices since they do not have enough capital to bear such write-offs. Managers lead their companies to bankruptcy, but kept their enormous personal wealth. Politicians allow such activities by tolerating the inefficiency of criminal police, courts and internal revenue services. According to our understanding of social responsibility in this time of crises and this situation in economy and the lowering purchasing power or deteriorating quality of life of Slovene citizens such socially irresponsible acting needs to be changed!

Neo liberal capitalistic economy cannot bring us out of this crisis.

Socially responsible behavior requires many activities on world-wide, national (governmental), company, and individual levels. In some social systems, like the Japanese, the value system includes the responsibility for actions with regard to employee, customer, society and environment (Zenko 1999, p. 209). Values as emotional perceptions of the objective needs are influenced by the culture with moral rules. They are based on ethics defined as a feeling in our left brain rationality. It simply enables us to distinguish right from wrong. Ethics is also a synergy of behavior in certain social group (Mulej and Zenko 2002, pp. 8-12) see Figure 1.
<table>
<thead>
<tr>
<th>Individual values (interdependent with knowledge)</th>
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<th>Culture = values shared by many, habits making them a rounded-off social group</th>
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<td>Norms = prescribed values on right and wrong in a social group</td>
<td>←</td>
<td>Ethics = prevailing values about right and wrong in a social group</td>
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Figure 1: Interdependence of values, culture, ethics, and norms (Mulej and Zenko 2004)

### Some concepts of social responsibility

Corporate socially responsible behavior is required to improve the employees’ satisfaction and the influence of the corporation on community and on global environment. Based on analysis of the current economic and environmental climate a crucially innovated acting on corporate level is needed (Esposito 2009). It must reach far beyond technology.

Social responsibility became increasingly important in recent years, especially after the economic growth cycle has ended with the 2008 crises. During our research on social responsibility (SR) in 2009 we found on e–browser Google 25 million hits (Mulej et al. 2009). On May 7th 2010 we found 116 million hits (Sarotar et al. 2010), and on June 27th 2011 already 137 million hits. The authors that write about social responsibility from the viewpoint considered in this paper include in Slovenia: Mulej, and Knez-Riedl 2011; Zenko 2011; Mulej and Zenko 2010; Zenko, Mulej, and Bozicnik 2010; Hrast, and Mulej eds. 2010; Hrast, and Mulej 2010; Sarotar et al. 2010; Esposito 2009; Hrast, and Mulej eds. 2009; Zenko et al. 2008; Bozicnik et al. 2008; Prosenak, and Mulej 2008; Hrast, Mulej, and Knez-Riedl, eds. 2006; Knez-Riedl, Mulej, and Dyck 2006.

Contributions on SR are too many to read. Our selection shows the following situation:
- The simplest (and oldest) version of SR is charity, but it might only be a mask for real one-sidedness rather than requisitely holistic behavior of influential persons and their organizations.
- European Union (EU 2001) mentions officially four contents of SR (of enterprises): the point is in a free-will-based acceptance of the end of abuse of employees, other business partners, broader society, and natural preconditions of humankind’s survival, beyond law.
- In literature on business excellence one requires more – upgrading of its measures with SR (For overview see: Gorenak and Mulej 2010). A bridge is also offered, identifying SR as the values/culture/ethics/norms of human behavior, and business excellence as a method leading to it in practice.
- In further literature one sees connection between systemic thinking and SR (Cordoba and Campbell 2008), but it differs from the one under discussion here.
- A fourth group of references links SR with world peace (Crowther and Caliyurt 2004).
- ISO 26000 (ISO 2010) requires a holistic approach (based on interdependence) and includes seven content areas. The definition in ISO 26000 was not passed by theorists and politicians, but by the International Standards Organization with 159 member countries and backing from businesses. Therefore, we prefer to build on it, when the topic tackles education, innovation and entrepreneurship. But SR is in the wording of ISO 26000 quite limited to organizations, but much less so in the spirit behind the words, as we see it.

Social responsibility could be observed from two major views: shareholders and stakeholders. Prosenak and Mulej (2008) defined social responsibility as a concept in which care for social and environmental problems should become part of every activity. According to them social responsibility has three dimensions: 1. social, 2. environmental, and 3. economic. Stoka Debevec (2008) observes the corporate social responsibility for four groups of stakeholders: 1. employees, 2.
suppliers, 3. nature, and 4. society. Different groups have different interests from which they derive their decisions. Social responsibility should be defined as a concept in which care for social and environmental problems should be included in activities to achieve human goals (Prosenak and Mulej 2008).

Social responsibility in ISO 26000 standard
International Organization for Standardization (ISO) is the world’s largest developer of international standards; it has 159 member countries. ISO coordinates its work from Geneva, Switzerland. Its main activities include development and publishing of standards, consultancy, training, and conformity assessment. ISO prepared more than 18,500 international standards and they publish around 1.100 new standards each year (International Standards Organisation, 2010).

Due to great pressure from governments, associations and public at large ISO prepared recommendations for socially responsible (SR) behavior. The need to work on social responsibility standard was first identified in 2001, after documents had been passed by UNO and EU (EU, 2001). In 2004 ISO prepared an international conference on SR. In 2010 the ISO published ISO 26000 - Social responsibility. ISO 26000 is not aimed at certification, but its guidance should be used to make products or services to fulfill consumers’ needs without endangering the environment and future generations with operating in socially responsible manner. Guidelines are applicable in all types of small, medium and large business organizations, public administrations, governmental and social organizations. They are written clearly and understandably, although the topic of SR is huge and there are already many documents in this area. Credible business practice should replace fraudulent accounting (Lutar 2008), labor exploitation, short-term and narrow-minded irresponsible practices. The ISO 26000 SR guidance includes (International Standards Organization, 2010):

- Concepts, terms and definitions of SR;
- Background, trends and characteristics of SR;
- Principles and practices relating to SR;
- Integrating, implementing and promoting socially responsible behavior;
- Best practice in implementing SR.

We found in another recent research (Zenko and Mulej 2011) that ISO 26000 is built around the seven core subjects (ISO 2010): Organizational governance; Human rights; Labor practices; The environment; Fair operating practices; Consumer issues; and Community involvement and development. We see this as a good step toward the requisite holism. The more crucial step is provided by the two concepts from systems theory linking all seven core subjects:

1. Interdependence;
2. Holistic approach.

The practical application of SR as a human and therefore organizational, and humankind’s, attribute can be well supported by guidelines of business excellence as defined by the European Foundation for Quality Management (EFQM). Their Excellence model is in this globally changing word reviewed every 3 years. The models includes 9 criteria: 1. leadership, 2 strategy, 3. people, 4. partnerships & resources, 5. processes, products and services, 6. customer results, 7. people results, 8. society results, and 9. key results. The dynamic nature of the model is represented with arrows. With learning, creativity and innovation the “enablers” lead the model to improved results (EFQM 2010).

Dialectical Systems thinking supports Social responsibility
Social responsibility was easier applied in the past, in the more stable environments, when local families, religions, companies or countries were influential. Social responsibility was strongly attacked by the neoliberal economic theory and practice (Mulej and Knez-Riedl 2011): ‘Business of business is business only’. This perception reduces SR to charity. European Union and United Nations published a much broader definition of SR (EU 2001, 2004; Hrast et al. eds. since 2006;
Mulej and Ženko 2010). We find the most direct connection between Dialectical Systems thinking and SR in the recent ISO 26000 (ISO 2010). This document also implies that international community is actively searching for the possible new way out of this crisis. Motivation is strong, since the horrible consequences have accumulated over the decades or the deceived period of fast economic growth. And we can still remember that one-sidedness can cause such terrible results as great economic crises and two World Wars! The impact of humankind’s one-sided economic activities already caused humans’ natural environment, i.e. precondition of survival, many irreversible consequences. Without systemic requisite holistic socially responsible behavior our civilization hardly has a chance to survive. The socio-economic system of so far badly needs innovation.

**Innovation management**

Innovation management guides us from idea creation through IIDP toward benefits for users. Only one of 3,000 ideas succeeds, one out of 100 patented ideas, and only four out of 100 corporate official innovation projects are found commercially successful (for details see Mulej 2011). Diffusion of novelities as presented by Rogers (2003) helps us understand and manage the process of spreading the novelty, accepting its use and observing the change in society.

Ideas are creations of individuals in human brains. Creativity is at least a result of natural preconditions and environment. Environment in intermediate family in early formative stages is of crucial importance. This applies to organizations, too. Creativity produces new ideas; the invention-innovation-diffusion processes create from them a new reality with new benefit.

Rogers studied how the novelities are accepted and used in agriculture and he developed a theory on diffusion of innovations. His diffusion model includes four elements: innovation, communication channels, time, and social system.

Innovation was defined by Rogers, and by international law, as a novelty that its adopters found beneficial in their practice. Most of the innovations he studied were technological and connected to information and uncertainty. Some innovations are easier and fast accepted than others.

Communication channels are used to transfer messages about invention between persons.

Time matters from three aspects: 1. time from the first information about innovation to the adoption or rejection of innovation. It includes the decision making process. 2. Relative earliness or lateness of an individual compared with other members of society. 3. The rate of adoption of innovation in society. Usually it is measured by the number of users or market share. Adopters make different groups with distinct characteristics. Knowing the characteristics we can manage the adoption rate.

Social system for diffusion of innovation means the human group addressed. Rogers defined it (2003) by boundaries, norms/values/culture/ethics, common goal, territory, and hierarchy. It constitutes a formal and informal social structure.

Innovations need a long process to become used by customers. The complexity of innovative processes has been widely studied, yet the success rate is still low. Innovation management consists of five main phases: it starts with generating ideas; some of them become inventions, some of the later on suggestions, some of them potential innovations, some of them innovations, and some innovations are diffused to many users. All five phases make the invention-innovation-diffusion process (IIDP), then users and authors/owners of the innovation can benefit fully. The earlier phases receive more attention in literature and practice than a requisite holistic approach to diffusion. We will hence suggest here a more/requisite holistic model of the diffusion phase of IIDP; the use of ISO 26000 Standard on social responsibility can support it.
Concluding remarks
After decades of neo-liberally justified and tolerated one-sided thinking and behaving of influential individuals in government and companies a great (r)-evolutional step is demanded for humankind to survive: a new understanding and use of SR as an informal way of the requisitely holistic behavior that is based on human interdependence and resulting ethics of interdependence: ‘I am honest to you and you are honest to me, because we need each other to benefit from our mutual differences. Hence, we are less selfish for selfish reasons, less narrow and short-term oriented in our behavior.’ This requires an innovative change in human mentality, understanding, reasoning, and decision making. SR should be empowered to promote values, norms, culture and ethics to support the development of individual being as educated, responsible, creative active member of society. In such societies all stakeholders are trying to achieve common benefit based on requisite holism beyond the legal regulations and governmental obligations.

To become innovative society, the humans need the invention-innovation-diffusion processes (IIDP) including SR. SR should develop into culture of innovativeness without one-sidedness and short-term criteria of success. ISO 26000 standards can be used as s powerful tool to help organizations and individuals to prepare and carry out good practice.

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