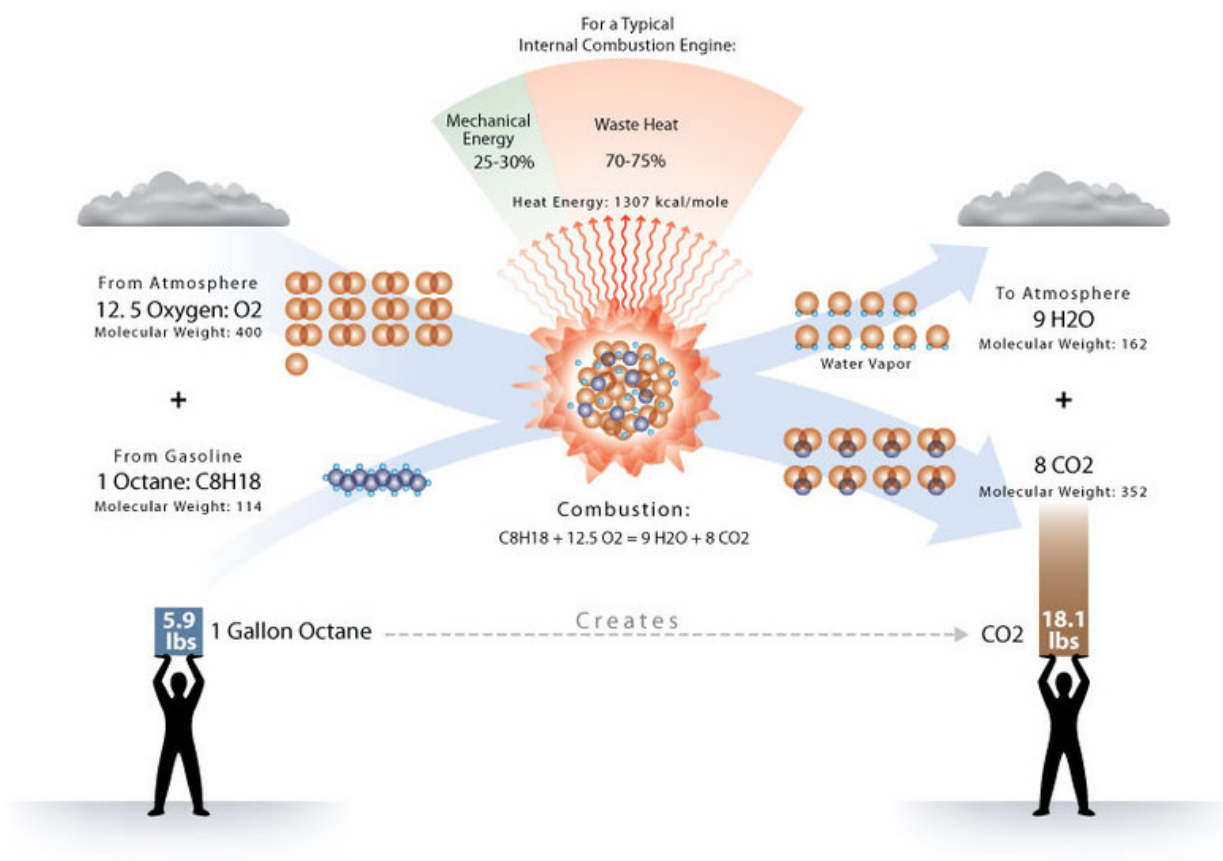


MODELS FOR SOCIAL RESPONSIBILITY.

Dr John Troughton

Social Responsibility in the Small and Medium Sized Enterprise Sector: Challenges and Prospects.

*“Toward a model of social responsibility and their antecedents in the SME
Sector”*



Sub title: Human Actions and their Intended and Unintended Consequences
Humans are Responsible for their Behaviour

Introduction

Society is increasingly insistent that business becomes socially responsible; that is it “does the right thing, right, for the right reason”. This can only occur if it is built on social science research that qualitatively and quantitatively describes and understands the aspects of human behaviour relevant to the behaviour society expects or requires of business. Only then can it be measured and managed. It is suggested that for SME’s to “satisfy customers” is not enough: the SME has to “satisfy the wellbeing” of the customer, staff, the community, investors, management, in fact all the constituents of the biosphere.

The commitment to social sustainability by SME’s and commerce will be aided by the synthesis of social science research into models that can be used in systems to embed the principles of social responsibility into business. Once embedded, the behaviour requires regulation and measurement of the performance from both inside and outside the business, learning from the impact and enhancing the system accordingly.

This paper will synthesize information from diverse fields to illustrate some optional models and discuss how they could be implemented, including how the performance of the actions in the models could be regulated by society. The evolution of social responsibility models (for business) and the co-evolution of technologies to deliver these models to individuals, business and society will be described, including social networking. Behavioural responses to both internal and external senses are primarily evolutionary derived and genetically determined, with some capacity for behavioural modification, especially through regulations.

Historical Human Behaviour: Humans have demonstrated by their actions, that they have the capability to imaginatively exploit the planet competitively to selectively enhance the wellbeing of individuals, companies and countries often at the expense of the biosphere, including other humans. Humans believe they know enough about humans and their behaviour to manage their behaviour successfully.

Future Human Behaviour: Humans collectively have to demonstrate socially responsible actions, using all their capabilities to co-operatively, sustainably and globally enhance the wellbeing of all individuals, institutions, and countries, and the wellbeing of the biosphere. It is to create a more equitable, just and sustainable society with a fair distribution of social goods and resources.

Strategy: It is proposed that a primary strategy “**To practice social responsibility**” be adopted by all individuals, companies, institutions and communities. Strategy is a plan of action and as Aristotle said: “The end is not knowing, but the action”. Social responsibility is an **obligation** for organizational management and individuals to do “The Right Action, Right, for the Right Reason” for human society and the biosphere to enhance and ensure the sustainability of their wellbeing. This is a self evident truth. But what are the right actions? Social responsibility is also an **opportunity** for business. Also, the 50 year old challenge of Simon (2) remains; “Broadly speaking the task is to replace the global rationality of the economic man with a kind of behaviour that is compatible with the access to information and the computational capacities that are actually possessed by organisms, including man, in the kinds of environments that such organisms exist”.

Key Factors: 5 key factors impacting wellbeing are:

- Individual humans: Centred individuals/agents (genetic determined with behaviour modification),
- Relationship between humans: Consensual connectivity (human relationships and technology)
- Actions: Common-sense actions. A balance of self interest and common interest.
- Resource use: time, finance, materials and labour, used sustainably and with no pollution
- Institutions to ensure co-operation and dispense justice and law

Key Strategic Actions: The key strategic actions (“Right Actions”) are to:

- Develop people both intellectually and biologically
- Manage relationships between people, both voluntarily and legally.
- Partner with the biosphere to ensure its diversity, sustainability, and to prevent pollution.
- Value all resources as finite and manage them to ensure their fair access and sustainability.
- Develop economic resilience with sustainable products and services, fully costed.

Impacts: The impacts (benefits) when “The Right Actions” are executed “Right” are:

- Sustainability of human life and the biosphere
- An equitable and just society
- Fair distribution of goods and resources

Social Responsibility, Human Responsibility, Human Responsibilities and Human Behaviour:

Social Responsibility is also Human Responsibility and human responsibility is measured/judged through the outcomes; human behaviours. The basic observable unit of human behaviour is the action. Human actions are the consequence of conscious and unconscious, rational and irrational reasoning and all actions “are motivated by the invisible hand of cognitive biases” to differing degrees. Wise decisions involve integrating rational and irrational behaviour to enhance the wellbeing of the biosphere and its inhabitants.

Six Layers of Human Behaviour:

- Brain (and genome):
- Individual:
- Conectiveness among humans: both human relationships and technology
- Institutions: Public, private; Local, global;
- Communities:
- Biosphere:

Three Questions to be asked of All Actions by All Humans in the Community:

- Are all actions responsible, judged by the social, legal, environmental and economic consequences?
- What other actions are required to meet social responsibility requirements, including sustainability?
- What additional actions could be undertaken to enhance the wellbeing of the community?

Generic key actions to meet social/human responsibilities could be to:

- **Develop people**
 - Grow intellectual capability
 - Ensure physical and biological capability (health)
 - Increase relationship assets
 - Improve material assets
 - Increase financial wellbeing
- **Manage relationships between people**
 - Develop freedom of action with responsibility
 - Respect all rights of all peoples including to life, privacy and freedom
 - Maintain institutions to ensure security, law and order
 - Engage in community and society development, commercially and voluntarily
 - Provide technical aids to enhance global human connectivity
- **Partner with the environment and biosphere**
 - Manage land resources
 - Manage atmospheric resources
 - Prevent build up of unwanted materials and waste
 - Prevent degradation of the biosphere
 - Protect biodiversity
- **Value and manage all resources as finite (sustainable)**
 - Manage time
 - Manage food resources in both quality and quantity
 - Manage water resources
 - Ensure sustainability of material resources without pollution
 - Manage the biota

- **Develop economic resilience**
 - Constantly create new opportunities
 - Produce sustainable fully costed products and services
 - Create employment
 - Enhance productivity
 - Create and equitably share wealth

1. Definitions:

- 1.1. Sustainability: Is the capacity for human life to endure infinitely.
UN Definition: "improving the quality of human life while living within the carrying capacity of supporting eco-systems."
"Sustainability is fundamentally about adapting to a new ethic of living on the planet and creating a more equitable and just society through the fair distribution of social goods and resources."
- 1.2. Sustainable Development: "Those paths of social, economic and political progress that meet the needs of the present without compromising the ability of future generations to meet their own needs." (1987)
- 1.3. Social Responsibility: How individuals, communities and societies live with each other and set out to achieve the objectives of development models, which they have chosen for themselves taking also into account the physical boundaries of their places and planet earth as a whole. (Oxford Brookes University)
- 1.4. Social Responsibility: is an obligation for organizational management and individuals to do "The Right Action, Right" for the biosphere including human society. This means making make wise decisions followed by executing common-sense responsible actions properly, to enhance and assure the wellbeing of individuals, institutions and the biosphere, co-operatively, globally and sustainably. Social responsibility is critical to society, organization and human sustainability (the capacity of human life to endure indefinitely).
- 1.5. Wellbeing: a state characterized by health, happiness, and prosperity
- 1.6. Biosphere: the global ecological system integrating all living beings and their relationships with the elements of the lithosphere, hydrosphere and atmosphere.
- 1.7. Biodiversity: "is the variety of life: the different plants, animals and micro-organisms, their genes and the ecosystems of which they are a part"
- 1.8. Strategy: "A strategy is a plan of action designed to achieve a particular goal." "A detailed plan for achieving success". A strategy must specify what action will happen in each contingent state of the game.
- 1.9. Consequence: an often bad or inconvenient result of a particular action or situation
- 1.10. Antecedent: Formal someone or something existing or happening before, especially as the cause or origin of something existing or happening later.
- 1.11. SME Business Purpose/ Community **Purpose**: To sustainably use global resources to enhance global human and biosphere wellbeing.
 - 1.11.1. "The final end of our economic systems, and of the institutions in these systems, is, at a minimum, to convert our limited resources into the goods and services that facilitate the development of the human person". Dr Thomas Bausch
 - 1.11.2. Human communities and systems, including economic ones, should, in the end, use common and limited resources to facilitate development of the human person
 - 1.11.3. OECD: "Human Wellbeing is the key domain and its dimensions represent Alkires "reasons for action": therefore, in our framework it comprises the core human ends that societies pursue. An increase in human wellbeing is the final goal of progress.
- 1.12. Supply Demand Curves: the demand curve can be is the relationship between the price of a certain commodity, and the amount of it that consumers are willing and able to purchase at that given price.

2. Discussion

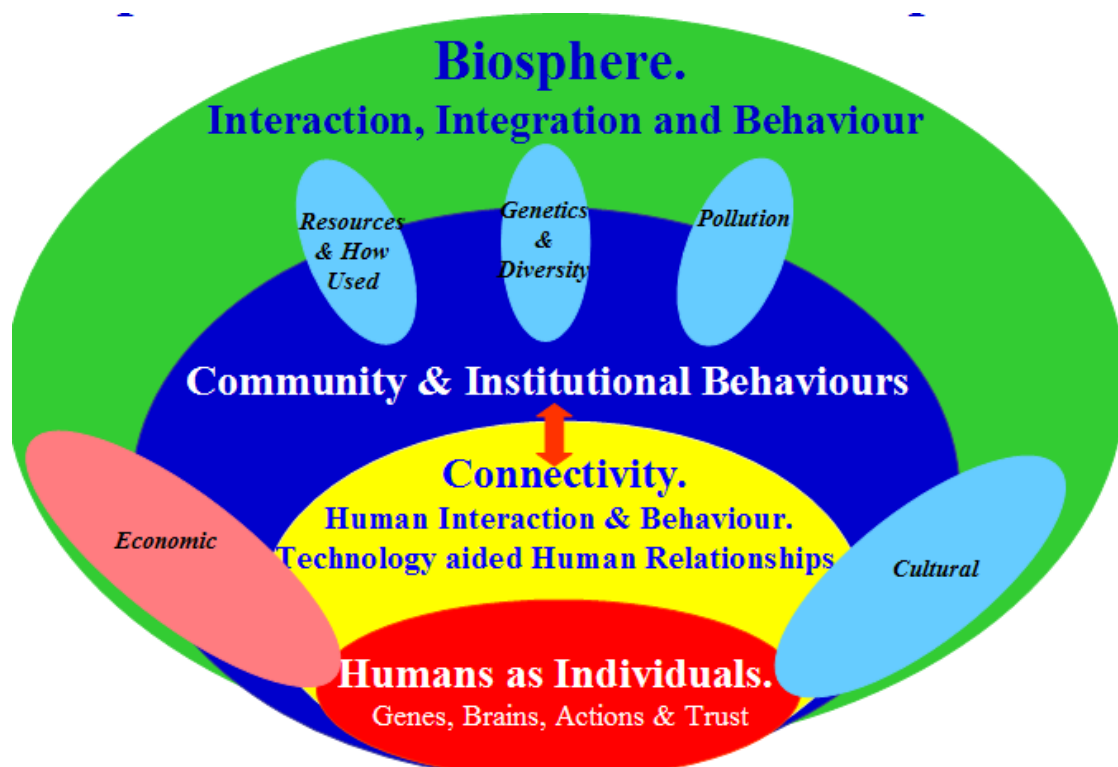
2.1. Introduction; Social Responsibility

Definition: *how individuals, communities and societies live with each other and set out to achieve the objectives of development models, which they have chosen for themselves taking also into account the physical boundaries of their places and planet earth as a whole...Oxford Brookes University*

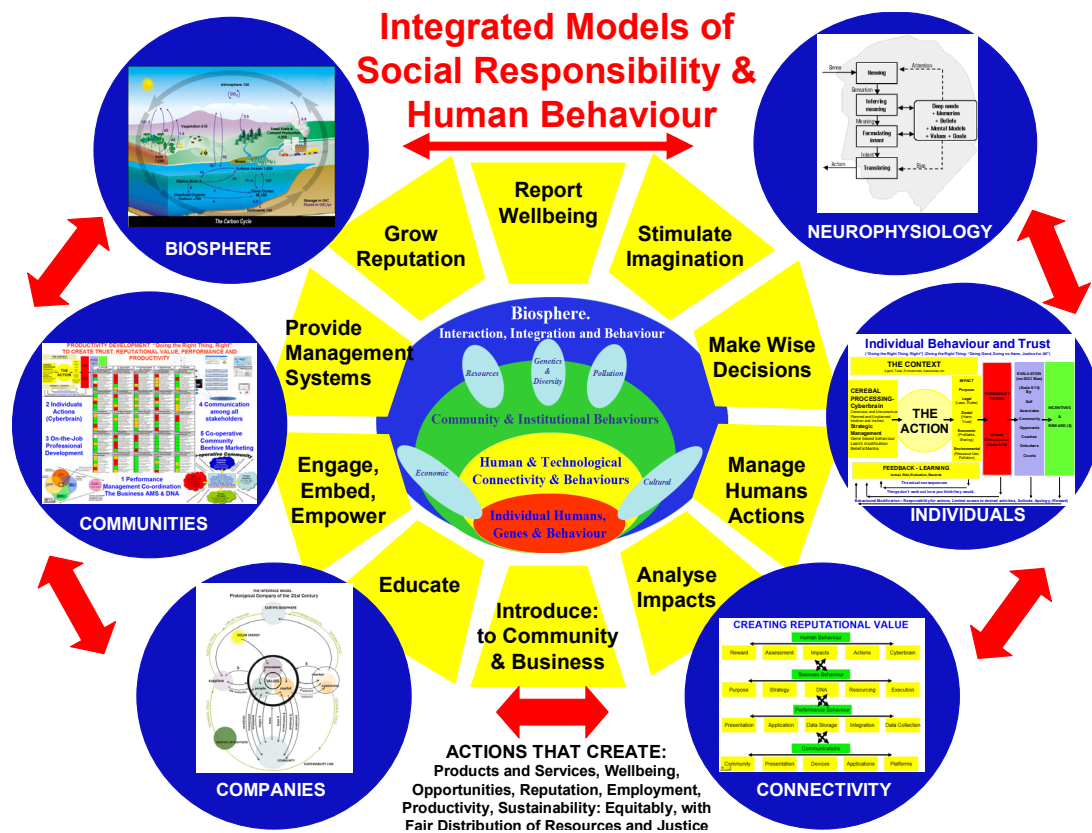
2.2. Social Models

Maslow. If the only social model available was that of Maslow then it alone could be used to enhance the productivity of SME's immediately. It was used by the Australian Labour Party in 2007 to develop policies before the election and was used in preparing its election platform. If the models can connect social science to public issues then the models would have even greater significance. One current public issue is sustainability and there is a model for sustainability that highlights Environment, Social and Economic aspects (Triple Bottom Line). Again if this was the only model that was available it could be used to drive sustainability in SME's. From a social science perspective the view of the sustainability model is different from that of economists and environmentalists but special note is made of the distinction between the individual and groups and their behaviour as noted in economics lectures by Steve Keen (1). Further Herbert Simon (2), 50 years ago questioned if the individual human was capable of performing the actions in the way described by economic models. Most recently the role of trust at the individual level has been described and its variability among individuals noted and able to be compared with data obtained at the macro level (9, 10, and 11). An understanding of trust is essential to any model of social responsibility.

2.2.1. A Social Responsibility model. This gives recognition to the individual, their connectivity and their formal associations. The formal human associations interact with the environment through biological diversity, pollution and resource use. The model is modified by economic and cultural factors. Beneath this are the genetic, neural and chemical factors influencing the behaviour of individuals and their interaction with other humans both formally and informally.



2.2.2. Below this top level model there are six key sub-models: the brain (and genome), the individual, social connectivity, business, and the community and biosphere models. Each of these will be discussed briefly but the most time will be spent on the individual actions as this is most relevant to the SME's as these frequently consist of only a few people, a special case, and is often overlooked when compared with research on and management of large businesses.



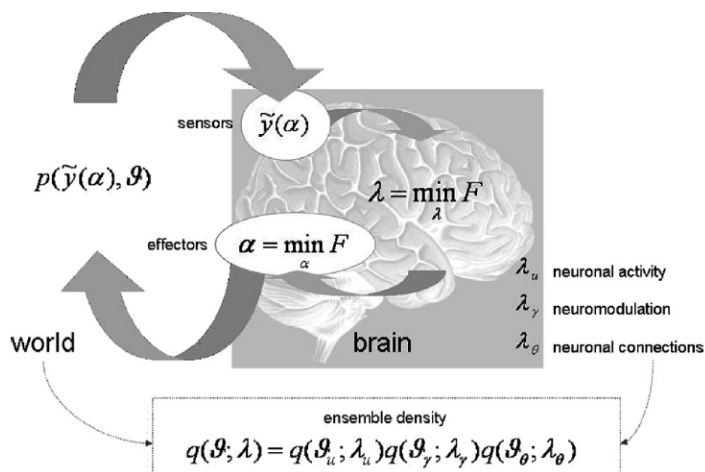
2.3. Brain.

The brain consists of trillions of synaptic connections, billions of neurons and millions of new neuronal connections are formed each minute. The anatomical and functional recipe for the brain is still evolving after 11 billion years and the modifications have been handed down through the DNA. The major recent advance has been in the neocortex which has increased the number of neurons (electrical generators) by 1000 times from mouse to man. Dense packing by folding has spatially concentrated the additional millions of neurons, each of which can have multiple branches that can selectively intersect to form synapses for enhanced chemical and electrical communications, under a set of “rules of engagement or communication”. The “fabric” of the brain is species specific but there is infinite diversity through variations in neurons and synapses; size, number, number of connections, spatial orientation, types of interconnections, learning recipes and physiology. A neocortical column of say 10m neurons could be a basic functional entity but for any human behaviour, virtually the whole brain may be involved. Does the brain “perceive” its unique view of the physical and social environment, which is does primarily from an internal sense (compared with just external senses) and by continually making innumerable decisions to confirm the view, which to an individual is unique reality? (Based on Blue Brain; Henry Markram 2009)

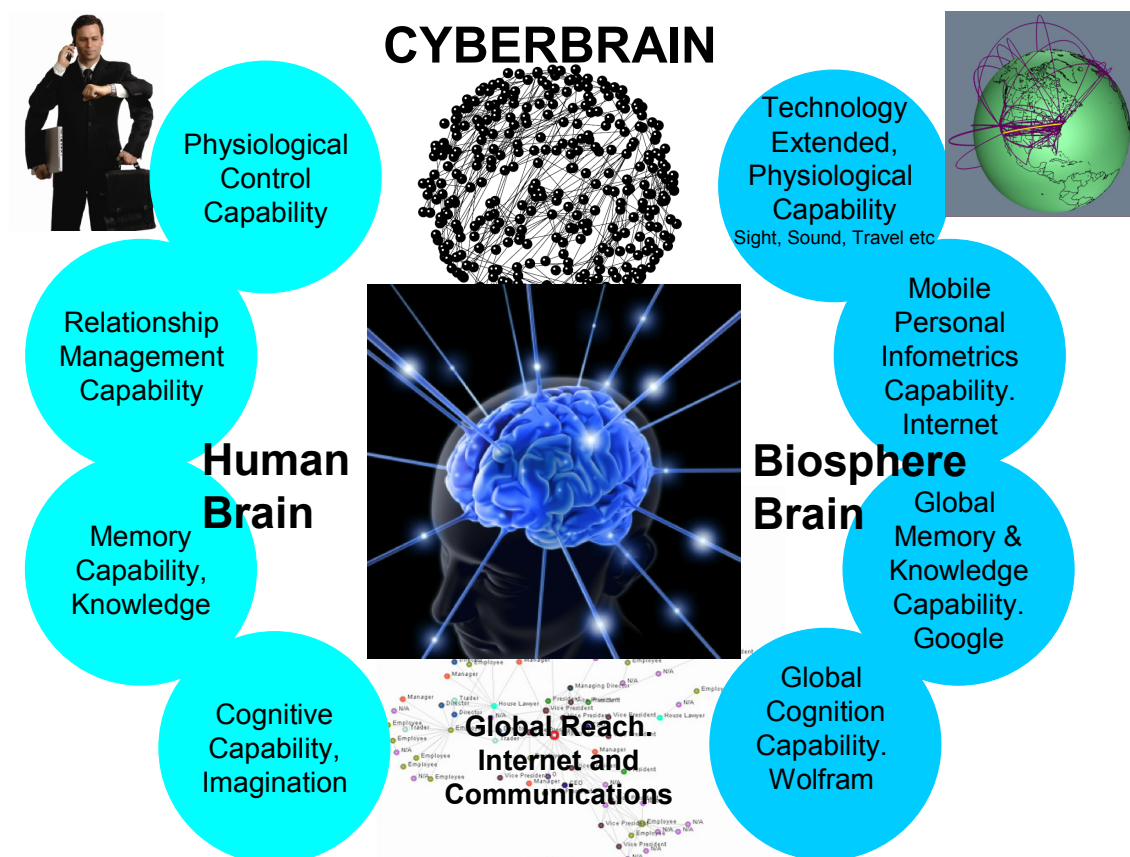
“K Friston (17) developed a free-energy principle to explain perception, but he now thinks it can be generalized to other kinds of brain processes as well. He claims that everything the brain does is designed to minimise free energy or prediction error “In short, everything that can change in the brain will change to suppress prediction errors, from the firing of neurons to the wiring between

them, and from the movements of our eyes to the choices we make in daily life,” he says. Take neural plasticity, the well-established idea that the brain alters its internal pathways and connections with experience. First proposed by Canadian psychologist Donald Hebb in the 1940s, it is thought to be the basic mechanism behind learning and memory. Friston’s principle accounts for the process by describing how individual neurons interact after encountering a novel stimulus. Neuron A “predicts” that neuron B will respond to the stimulus in a certain way. If the prediction is wrong, neuron A changes the strength of its connection to neuron B to decrease the prediction error. In this case the brain changes its internal predictions until it minimises its error, and learning or memory forming is the result.”

K. Friston et al. / Journal of Physiology - Paris 100 (2006) 70-87

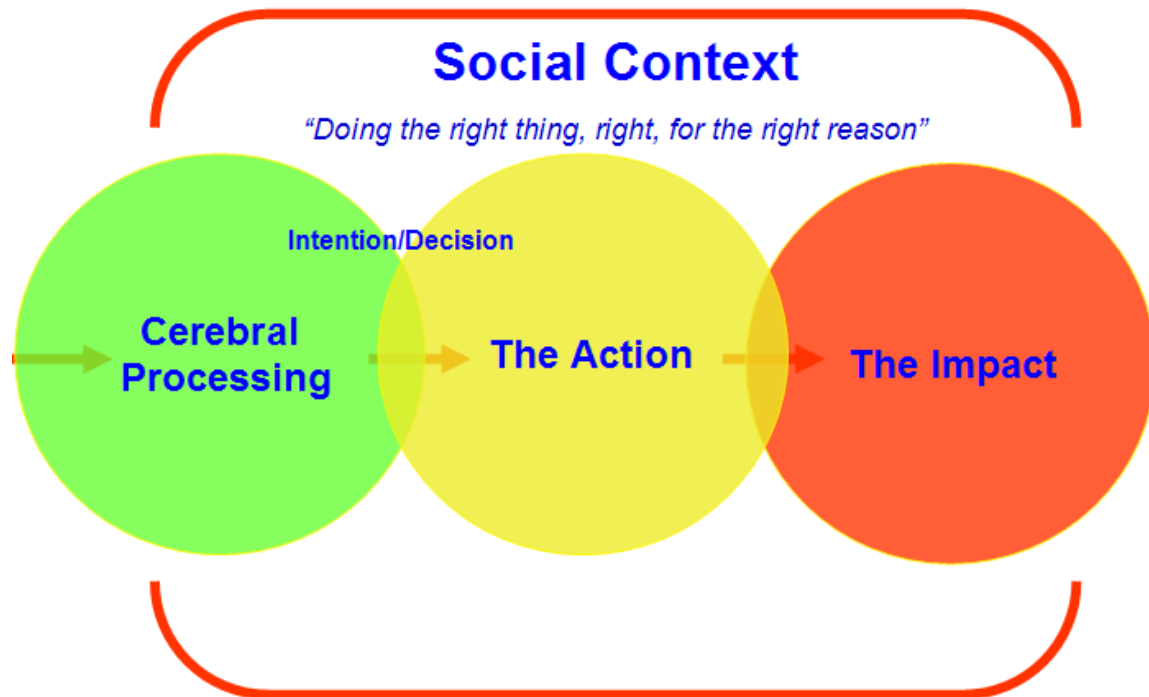


Today the brain must be viewed as a Cyberbrain, the combination of the remote sensors, the internet and the mobile phone that have fused the Biosphere Brain with the Human Brain. The benefits of this to SME's are yet to be fully explored or exploited although they are expected to be numerous. Also in 2009 “thoughts” have been transferred between brains over the internet.



2.4. The Individual.

This Social Responsibility Model includes three aspects; Cerebral Processing, the Action and the Impact. The action is the center of the model because all (most) actions are observable. Many aspects preceding or subsequent to the action are not observable and often unknown, especially the motive or the purpose. The brain plays out the options, decides on a course of action, which is observable when actioned, and there is an impact of the action that can be evaluated. The top loop is the processing (conscious and unconscious); “forecasting”, “planning”, “resolving outcome conflicts” etc, by the brain activity, and the bottom loop is the motivational, feedback, or learning aspects that can also be modeled, such as in the PLT mechanism approach.

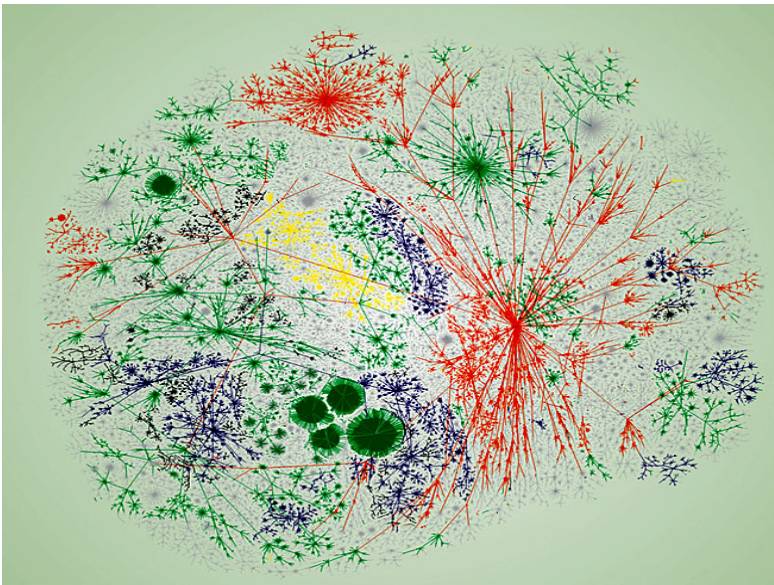


2.5. Connectivity.

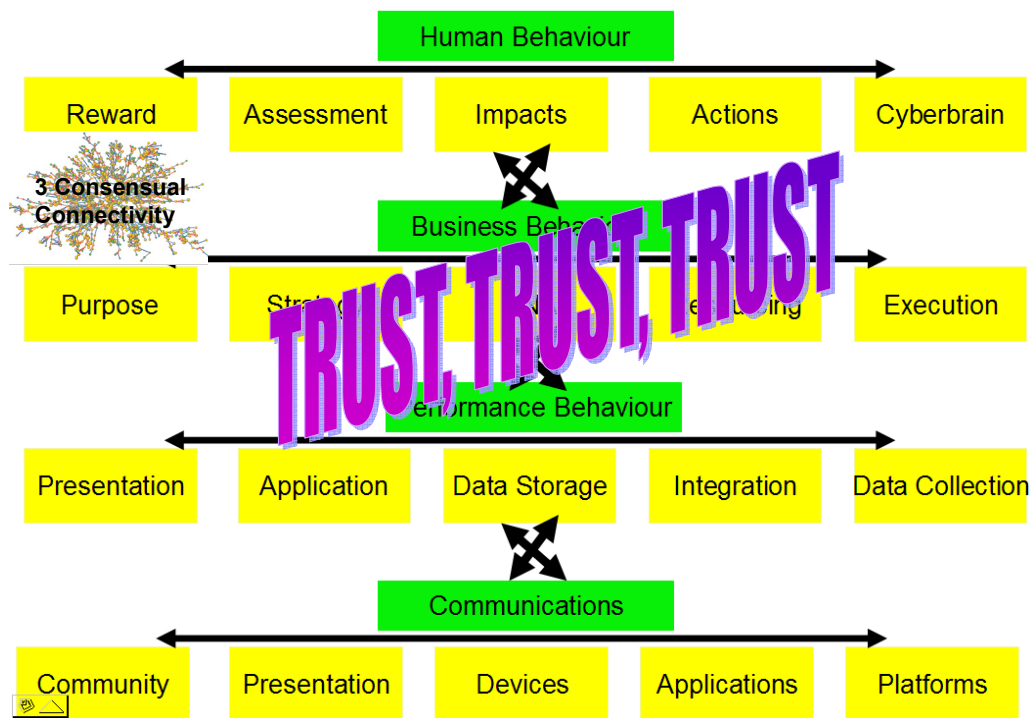
Connectivity is a special social attribute of humans. The “networks” individuals create can be described mathematically by a power law with some players having numerous connections and others few. Other networks, such as the internet, but also the connectivity in the cells in the body can fit a similar power law model which allows these complex entities to be modeled (22). Of greater significance is the “contagion” that occurs within the human network and it has been shown that individual influence is 3 degrees of separation i.e. one SME could influence 1000 people. This would be of great significance to a design of any business model for SME’s, at the same time recognising the significance of the internet in globalizing any idea or business, big or small. Networks (especially social) act as the vehicle for the transfer of information, materials, resources, emotion, health advice, availability, etc (23) with the effectiveness of the transfer being associated with trust which can be measured in natural and internet networks. Contagion has been shown for obesity, smoking, exam results, happiness, co-operation and other behavioural characteristics. This can be an evolutionary positive influence. It has also been shown in less rigorous marketing research studies focusing on behaviour of consumers in the action of “buying” products or services. Contagion has not been widely included in economic models.

The social responsibility connectivity model includes individuals’ behaviour, business behaviour, performance behaviour and communications. The glue that holds this together is trust. Recent detailed European studies have provided evidence of the interaction of trust at the individual level

in relation to income, age and education (11). This network diagram is of the Internet to illustrate connectivity and the subsequent diagram is a model to derive “reputational value”.



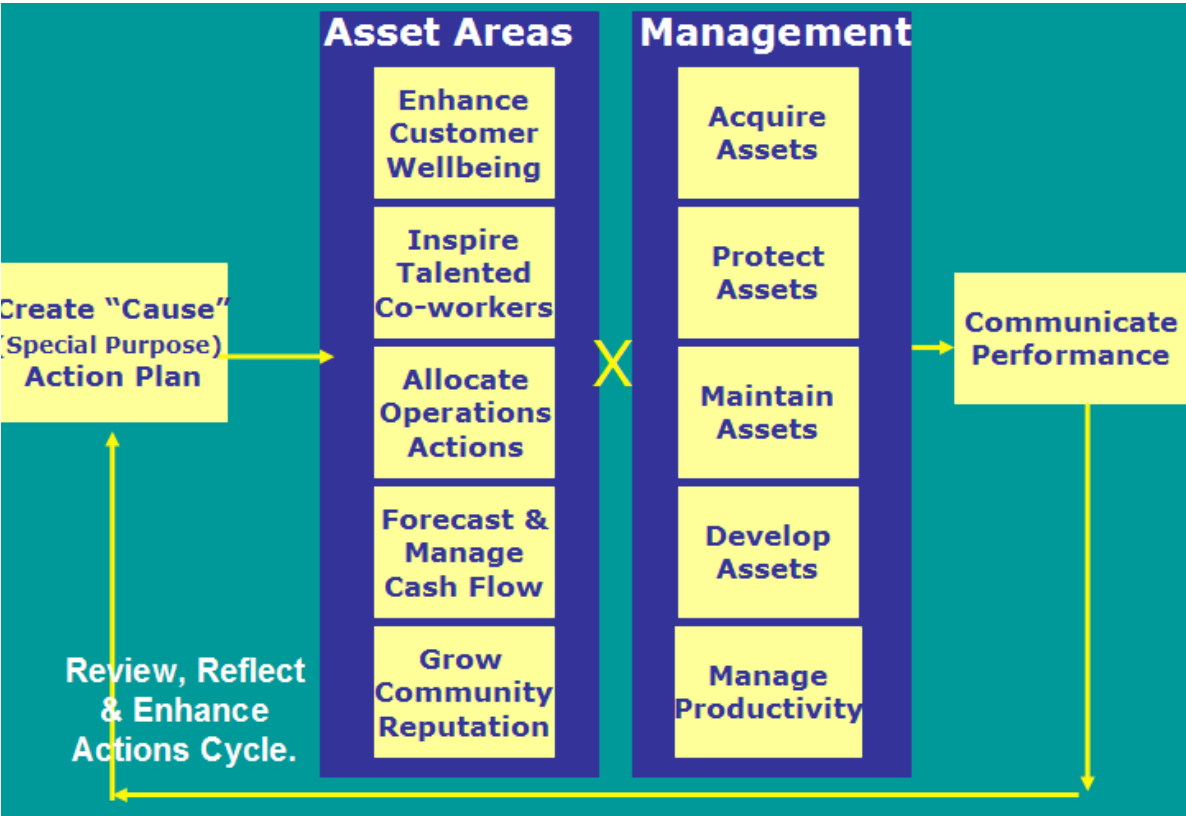
CREATING REPUTATIONAL VALUE









2.6. Business.

The appropriate model for a “business” is not clear cut and will have innumerable permutations in practice. However there are at least 4 key types, moral capitalism, natural capital, economic firm, and cause driven (job, purpose, social etc driven) or some combination of all four. For the SME it can be reduced to an entity that includes an interaction with nature, the client, the community and the constituents. This can then focus on 5 asset classes essential for success; customers, co-workers, operations, finance and community reputation. In turn, each of these has to be managed. A generic is; management practices associated with acquiring, protecting, maintaining, developing and the productivity each asset class. There will be actions for each of these (at least say 25 in all) and they can be subjected to a business audit, including social responsibility, which could be as simple as a query “is this action being done for self interest or common interest?” or a ratio of self

vs. common interest, but preferably a more complete audit of social, environmental and financial aspects. A Business Responsibility Contract may be needed. This approach also includes assisting the manager enhance their capability and grow toward a “master” manager category through actions that are a balance of appropriate management interaction between perspective (vision) and control (compared with managing through being a drama queen, risk taker or a control freak).



SME Engagement Tool to Manage Actions					
MANAGEMENT 4 Business ASSETS	Acquire Assets	Protect Assets	Maintain Assets	Develop Assets	Manage Productivity
Enhance Customer Wellbeing	Actions & Audit				Actions & Audit
Inspire Talented Co-workers					
Allocate Operations Actions (DNA)					
Forecast & Manage Cash Flow					
Grow Community Reputation	Actions & Audit				Actions & Audit

RISK MANAGEMENT & ORGANISATIONAL PLAN ON A PAGE

Social Responsibility - Wellbeing Audit

Score 0-10, ten fantastic

Purpose Achieved

Rules-Obeyed

- Laws
- Company Rules

Social

- No Harm to anyone
 - Inside business
 - Outside business
- No trust destroyed
 - Inclusiveness
 - Rights

Economic

- Profitable
- Fair sharing

Biosphere

- No Pollution
 - CO2-
 - Electricity
 - Waste (Inc Toxic)
- No Depletion
 - Water
 - Materials
 - Energy

Actions	Intended	Probability	Actual
Plan with actions, measures, accountabilities,			
Provide regulations relevant to business			
Establish, maintain and review code of practice			
Plan for and manage wellbeing of customers, staff, and community			
No practices that could cause harm. Meet OH&S guidelines			
Safe products, safe services,			
Ensure practices are inclusive to all (race, culture, religion etc)			
Maintain all UN rights			
Prepare budgets and manage cash flow to ensure profit			
Include all stakeholders in equitable sharing			
Measure and manage CO2 produced from business			
Measure and manage electricity use			
Plan for no waste			
Measure and manage water to ensure efficient use			
Design operations to manage recycling of all materials			
Plan for energy efficiency in operations, products and services			
Assist all staff manage their energy use.			

Advances in big business in aspects such as GRI and Global Footprint are impressive e.g. The GPT Group (25) but a “cost effective” “rule of thumb” initial approach has to be devised for SME’s.

2.7. Community.

The approach for the community is a science in its infancy. One approach in NZ links all sustainability actions to the three components of the Sustainability model, while others for example in Victoria have developed Community Indicators as a flow down from 5 main ones. A Canadian one has 8 key areas, another 25. Caerphilly in Wales has taken a better and more inclusive approach by basing it in their “ecological footprint”. As soon as the top 5 areas are decided and the flow down to, say, 25-125 elements, then this can become the focal management point for a community and the performance, the individuals (and SME’s), communication, education, and integration can be arranged around it. (An example of a “125” is in the attachment at the end of this paper). The GPT example could be used to assist Councils approach this problem especially in tackling the “Global Footprint Issue” for which the methodologies have been well worked out.

2.8. Biosphere.

The biosphere includes all living beings (including humans) and the lithosphere, hydrosphere and atmosphere. Humans owe their existence to the biosphere and should have freedom of action but be responsible to it. Models of the biosphere exist in the Millennium Assessment Analysis (21) and the IPCC Report (22) which acknowledge the human component there is no social model. There is a history of approaches to a “social responsibility model” but it has not yet been achieved, although Ostrom (3) and Colantonio (20) have recently put forward approaches to the issue.

The OECD has made a major step forward in recognising a modified “Sustainability Model” and especially noting “An increase in human wellbeing is the final goal of progress”. This is a good starting point. Their model can be compared with the Sustainability model (“Triple Bottom Line”).

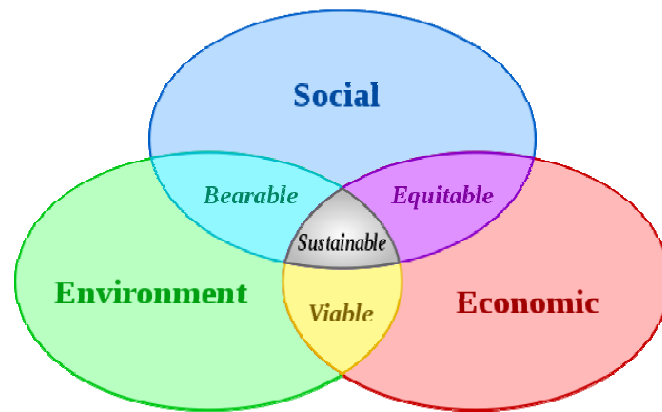
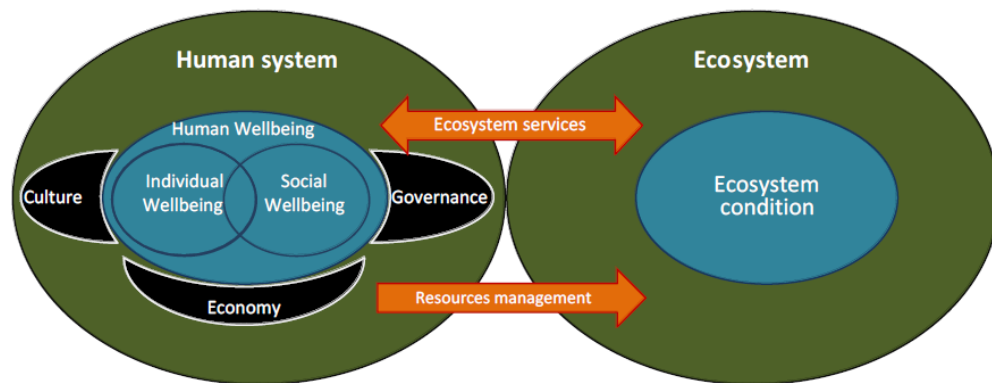


Fig. 1 – The framework of the progress of societies



29. Human wellbeing is the key domain and its dimensions represent Alkire's "reasons for action": therefore, in our framework it comprises the core human ends that societies pursue. An increase in human wellbeing is the final goal of progress.

2.9. Actions.

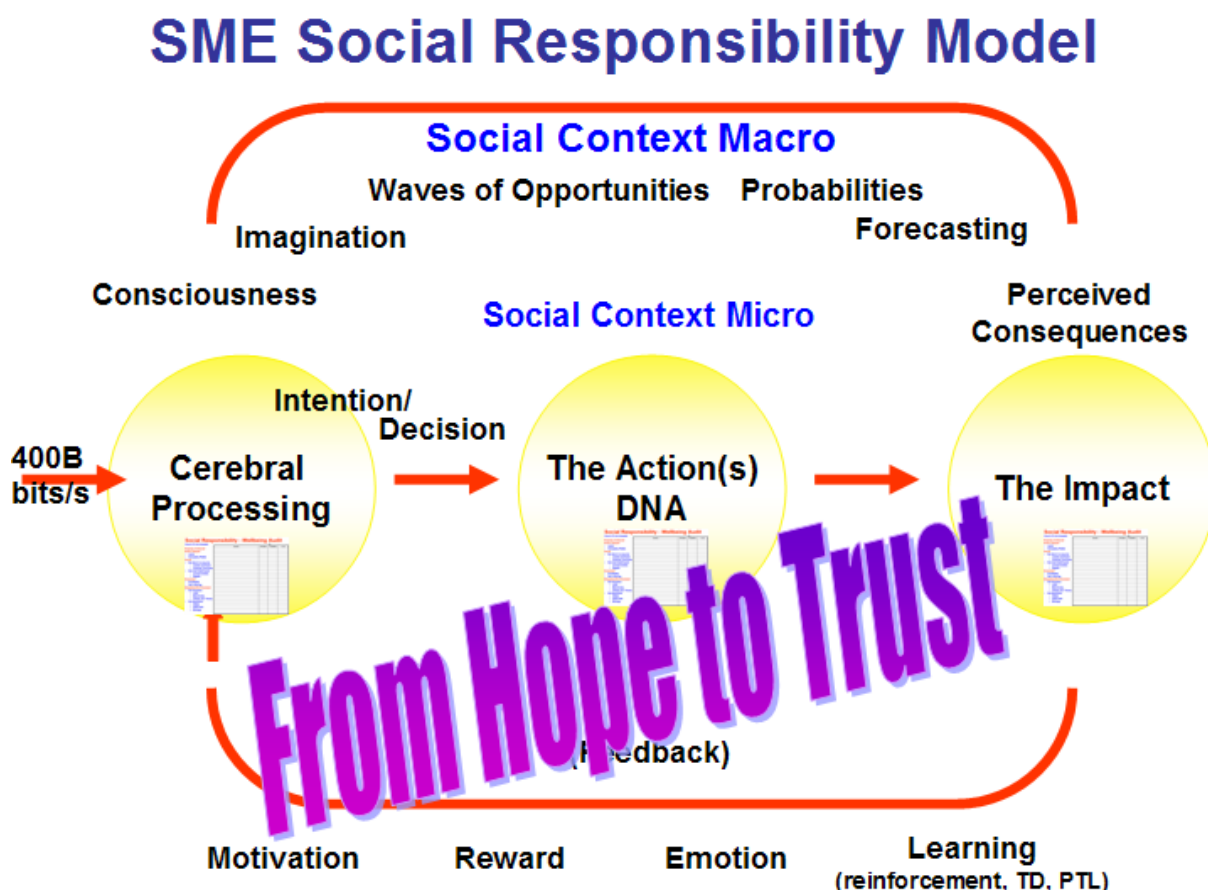
Human action has been widely explored (4, 6, 7, and 8). The action model is best described by an example. As you drive home and approach the white line at an intersection, the light changes to orange. Within 1 sec a decision is made to proceed across the intersection and 3 sec later the action "drive across the intersection" is complete. What went on in the brain defies description other than the senses maximized the inflow of information and its structuring, resulting in a decision, followed by an action, "drive across the intersection". "How did I get to the other side?" you may well ask.

The impact of the action on the purpose (to cross the intersection), the law, and the social, financial and environmental aspects can be audited and answered by the driver, within the limits of available knowledge (even in the absence of a camera). An external observer (or passenger) may answer differently, and in the manner of quantum mechanics (which may be involved anyway) the presence of an observer may change the behaviour (particles to waves) and the outcome!

Did your answer appreciate that you used: 1. a non-renewable resource; 2. at an efficiency of 25% (if it would have lasted 200 years it is now only 50 years) and 3. a pollutant CO₂ was produced? (See the frontispiece diagram). If you added up all the CO₂ involved in the transport equation it would come to a land use (ha) of 6.18e-1 per car. The bio-capacity of the globe (gha per person) has halved in the last 50 years and it will take 4 globes to provide equivalent resources for the world population in 20 years. Where will the extra earths come from? Your “ecological footprint” is critical. What is it? Did you use effectively the 400B bits per sec of information available to you?

Furthermore, did the decision to cross the intersection take into account the “uncertainty in the information”? Or the age effect on your cognitive performance or outcome “conflicts”? What about the uncertainty due to lack of knowledge about the impact of fuel use or the price of fuel? Was there compensation for the fact that the response time to mechanical images is half that of biological images (a genetic evolutionary effect) and both are half the rate again if there are distractions (that mobile!!). Then there is the wandering mind during this time, as it is known the mind might spend a third of the waking time wandering (which may have some benefits). Redo the audit and see how the score might change, and do it before the intersection is crossed (with a probability/risk of the outcome), the actual score and also an independent score from an observer. Would your decision to cross the intersection change?

This is classical business planning; gathering information, delegation, execution, performance review and modification of actions or processes or “PDCA” as Deming would say. Humans have done this process for 140,000 years so are naturally good at it but don’t like to write it down. They do it on the run like their ancestors. So how did you get to the other side? You “hoped”, but you also “trusted” your natural system. It will be important to design the same concepts into a management system for SME’s and their managers that they can pass on in their “genes”. Instead of “hoping” for an outcome they can “trust” the system to have the desired outcome. A “Rule of Thumb” approach for social responsibility that can be remembered and actioned in minutes, not days, universally by any SME is an immediate necessity. The SME Social Responsibility Model is:



2.10. Complexity.

But is it that simple. Yes, but! Given the complexity of all the human factors involved in “behaviour” it suggests it is not simple but the OECD have given a concise and considered view of what is required to complement their focus on the “end” being “wellbeing”. Their focus is on

- physical and mental health
- knowledge and understanding
- work
- material wellbeing
- interpersonal relationships

They also include “freedom and self determination” but these can be seen as overarching factors that are considered as having “freedom of action with responsibility for the actions”. These five aspects are summarised as Biological, Financial, Relationships, Physical and Intellectual. These can be further divided (into 5 each) to give 25 key elements of factors contributing to well being of the individual. But how can social responsibility be scaled up? 40,000 artificial generations of bacteria (humans have had <10,000) have been bred that have evolved desirable characteristics. But we can’t wait. Also humans, like bacteria, already have genes for both competition and co-operation, not as “homo economicus” likes to assume, so it is not all bad. Darwin recognised that evolution was not just competition and survival of the fittest; cooperation was essential.

Another biological example of scaling up that could be mimicked is cell division (with some aberrant cells, say 25% that have to be specially managed; law and order). Scaling laws apply frequently in all parts of biology and general life including the growth of cities. The 4/5 scale factor relating size (kg) with power (watts) over 29 orders of magnitude shows that for a 10,000 increase in size there is a 1000 increase in energy requirements. (19) (One human needs 100W if at rest, but a westerner consumes 11,000 watts.) Complexity of biological systems includes the physics of the components as materials but “neuron communication for co-ordination” is required to assure that multiple tasks are coordinated to achieve a “purpose”, a strange parameter in physics.

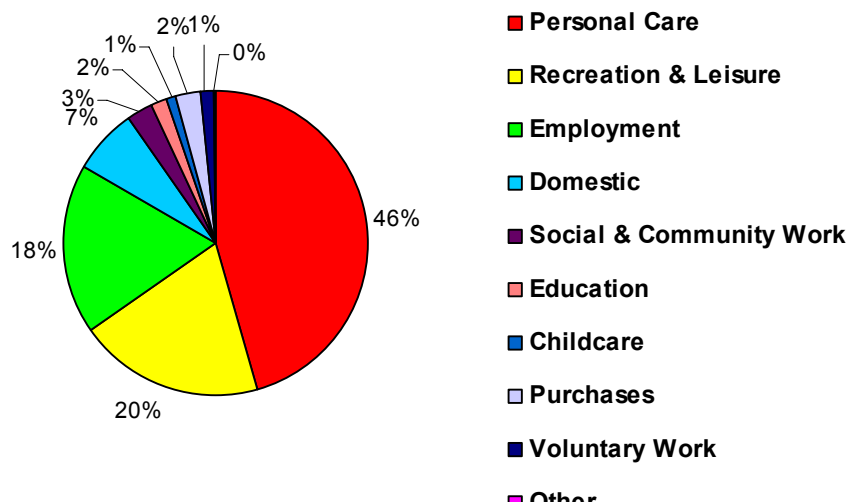
The applications of “fractals” to the modeling of these apparently complex entities are a major advance which will also have big implications for economics. Simple fractal equations with only 4 variables can “model a 2 dimensional fern” or with 29 factors, 3 dimensions. The methods are applicable to all sorts of applications, including the growth of cities. Is the brain the 5th dimension?

2.11. Time. The Primary Constraint to SME Performance

The performance of an SME (even with 50 staff) is somewhat uniquely constrained by time. Managers of SME’s are time poor and this can have profound impacts on the business.. Knowledge about how the brain manages time is scarce (14, 15, and 16). Professor Ann Graybiel found groups of neurons in the primate brain that code time with extreme precision. "All you do is time stamp everything, and then recalling events are easy: you go back and look through your time stamps until you see which ones are correlated with the event," “Soon enough we realized we had cells keeping time” says Graybiel, The neurons are located in the prefrontal cortex and the striatum, both of which play important roles in learning, movement and thought control. “Time is intangible. Time is ubiquitous in our experiential world and yet nowhere to be found in the physical one. Secondly, there exists no sense organ for time perception and, as such, all sensory modalities are possible entries at the interface of physical time with perceptual time. Third, perceptual time is not ‘isomorphic’ to physical time and many factors including attention, memory; arousal and emotional states are all potential modulators of time perception”. (14).

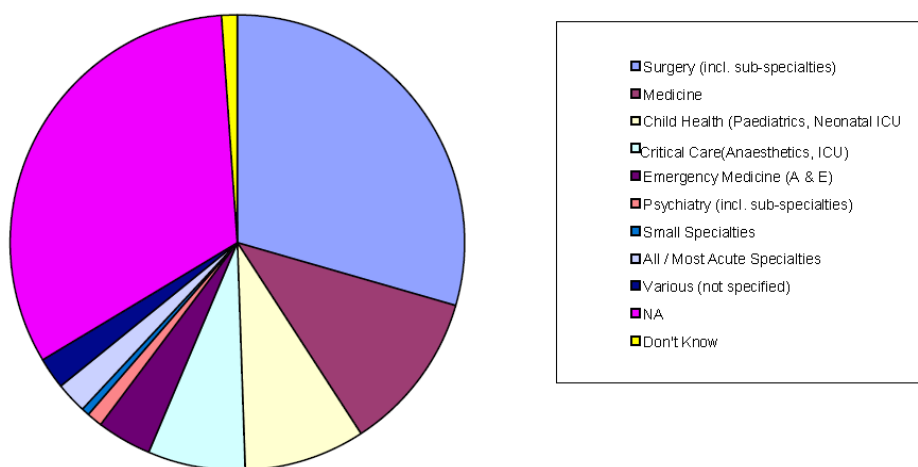
Nor is there much information about the overall time spent on various activities in a business and less on how the action/time distribution profile may affect business performance. One complication

in an SME is that there is often a close relationship between “home” and work so that the time/finance/actions matrix between work and home is not well differentiated. Further, staff in a small business is often treated as “family” so that the wellbeing of the manager, the business, his family and that of the staff are inextricably intertwined. The management must further differentiate the wellbeing of the customer. An example of a time chart for a family is:



Alternatively, if time constrains a series of actions (an activity) then the performance of the action (s) is put at risk (the probability of success is diminished), as is evident, for example, by the impact if a 48 hour working week was put on hospital staff, creating risks especially on surgery, medicine, child care, critical care and emergency. This is illustrated in the diagram.

Qu. 19 Please state any specialties where safe patient care cannot be delivered in 48h week.
Medical Directors (n=115)



The significance of time in social behaviour and performance is not only evident and critical at the individual firm level but also at the national level. Kreuger and Kahneman et al (12) have proposed National Time Accounting to analytically account for time that will be important for national decisions claiming to promote social development and human well being. This is essential for any serious social science. This also involves describing the correlation of time spent with the “flow of emotional experience”. It becomes evident that individuals spend much time on the least liked actions such as working, medical care, housework and looking after the elderly. Furthermore the fact that so much of an individuals time does not enter the official National Accounts, especially the measures used to allocate national resources, the GDP, creates concern that perhaps it is the not the best measure of wellbeing of the population.

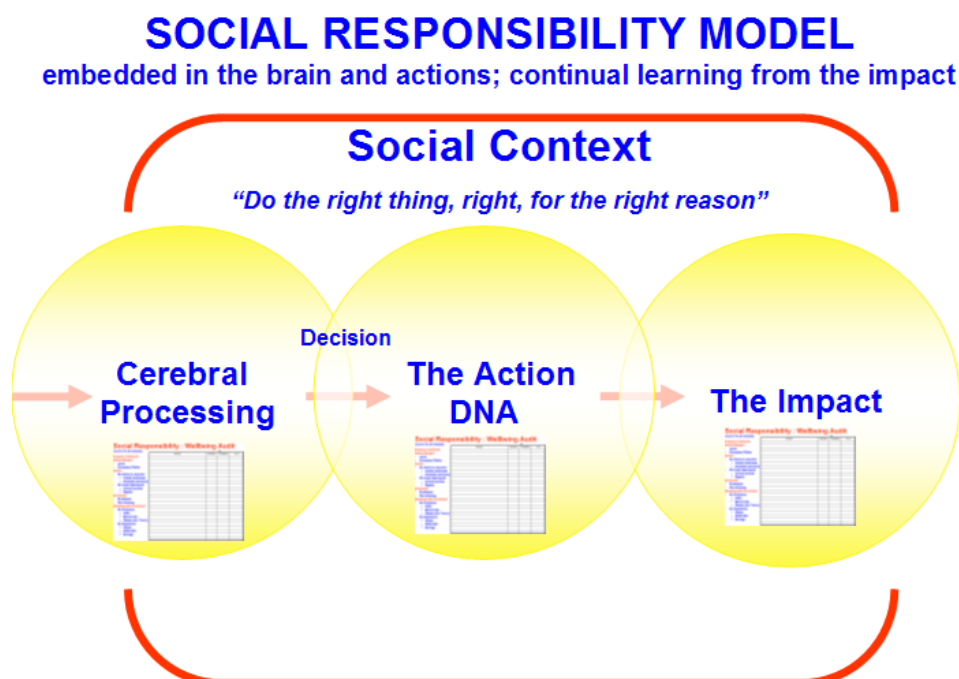
Other aspects of human activity (e.g. costs of security and environmental degradation) are also inappropriately accounted for. Numerous people and organisations have voiced their concern and

alternatives such as the GPI (General Progress Index) per capita are claimed to be better (for example the Pardee Papers, 14). Many alternative systems have been proposed, e.g. as per this list:

NO.	SUBJECT	FILE	DATE	HIT
8	Beyond GDP: Building a QOL Index for Mexico		2009-03-19	309
7	National Accounts of Well-Being (UK)		2009-03-19	217
6	Measuring Gross National Happiness (GNH) in Bhutan		2009-03-19	269
5	Global Project Work		2009-03-19	236
4	A Naturalistic Approach to the Narrative of Progress		2009-03-19	226
3	What makes a successful set of progress indicators?		2009-03-19	238
2	Canadian Index of Wellbeing		2009-03-19	229
1	Can we measure poverty? - Oxford Poverty Human & Development.		2009-03-18	234

The OECD is addressing this also and changes may be made, if over a long time frame.

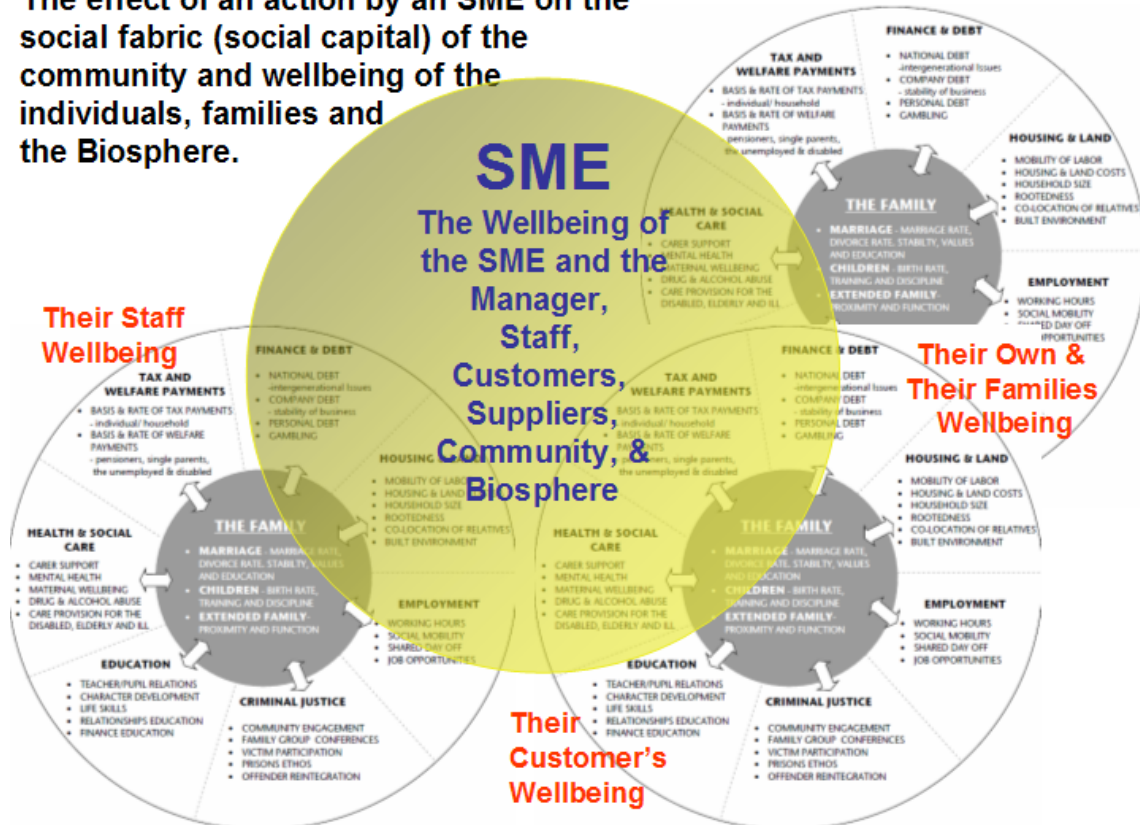
3. Conclusions.



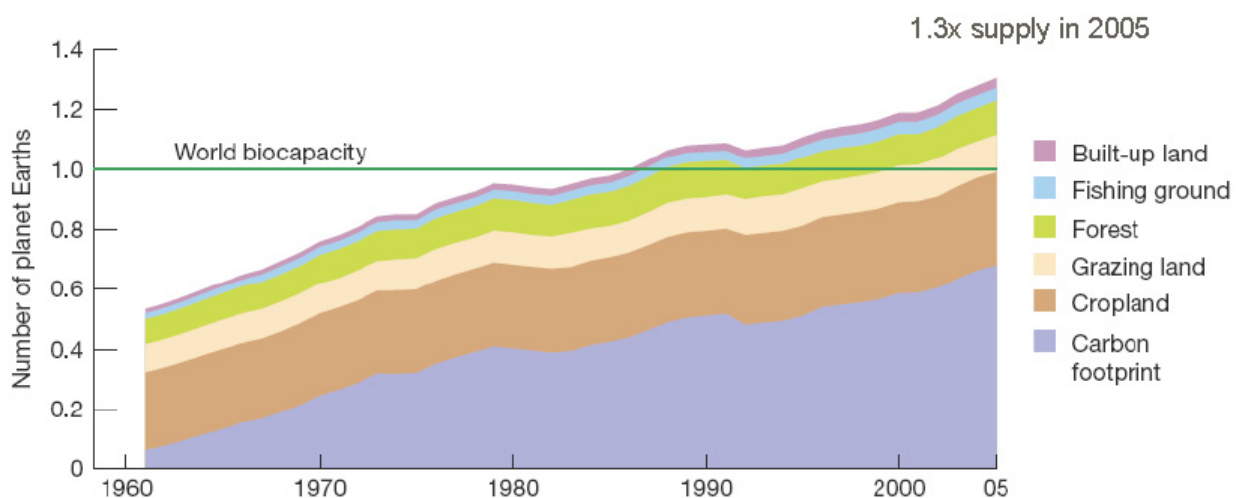
The proposed Social Responsibility Model focuses on “actions” as a descriptor for human behaviour with the added advantage that it can be used by managers for both the perspective and control aspects of management in SME’s. Additionally, with human wellbeing as the focus for outcomes, the approach will generate the means for managers of SME’s to grow systems they “trust” to deliver on

their hopes (visions). It also provides the mechanism to scale up the approach as the business grows and for an integrated approach to developing community sustainability. The methodology fits well with the need to develop “Reputational Capital” or “Social Capital” as a means for describing community and business activity from a social point of view.

The effect of an action by an SME on the social fabric (social capital) of the community and wellbeing of the individuals, families and the Biosphere.



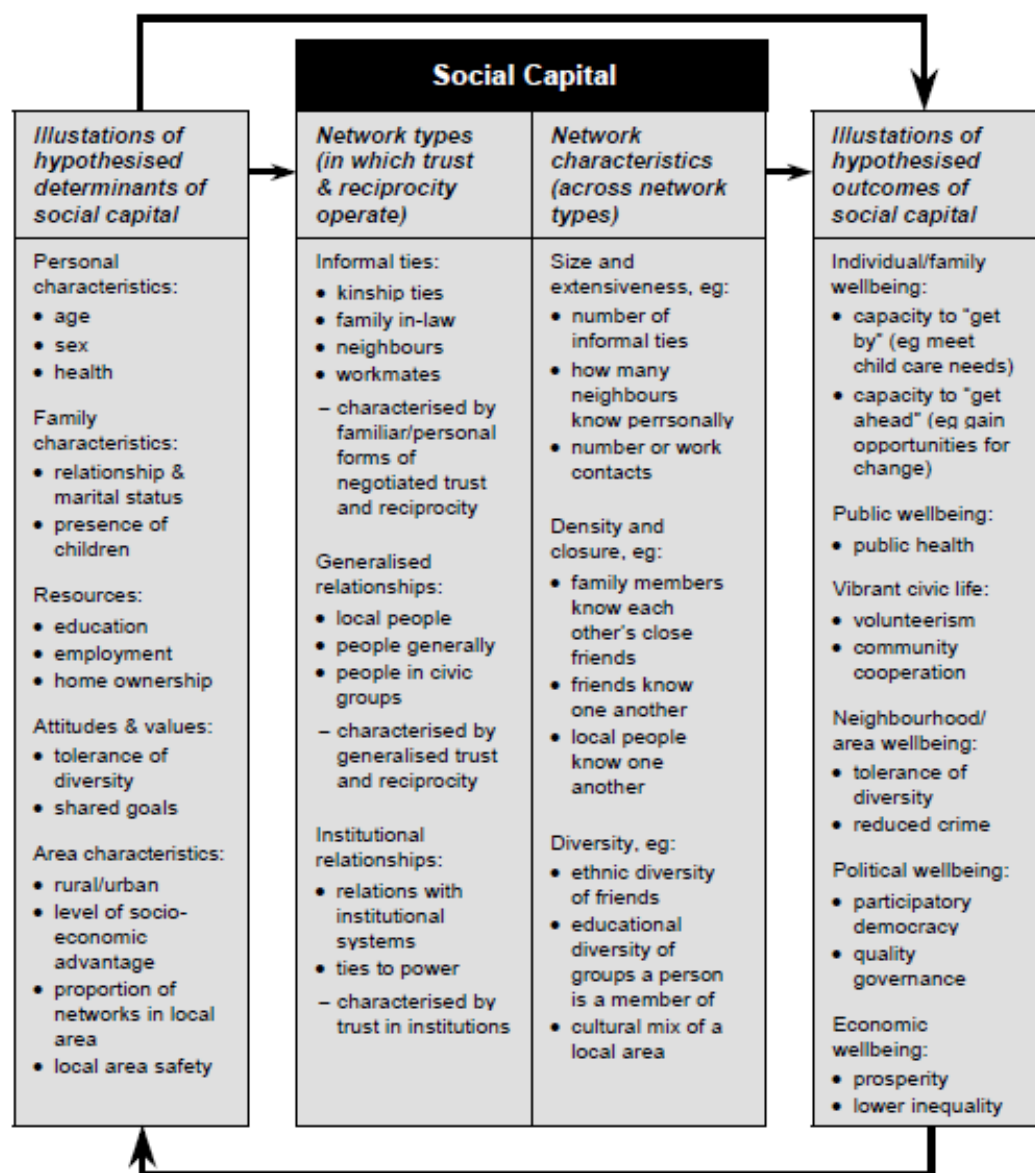
Given that the world is out stripping its supply of natural resources (see diagram, and not including its degradation) ten the issue of the “commons” is already upon us and consideration has to be given in social responsibility to the actions necessary to readjust the management of the natural capital to ensure sustainability. As with many business specific issues, these must be addressed collectively e.g. at the community, national and international level but there will also have to be specific actions at the individual SME level depending on circumstances. Thus the “Rule of Thumb” generic still holds but will be expanded at a lower level to meet specific cases, especially as the business grows.



The information generated will also be in a form that could be used at the national level to influence social policy that would impact the wellbeing of the individual, the SME, the community and the Biosphere (with or without it contributing data to National Time Accounts or GPI).

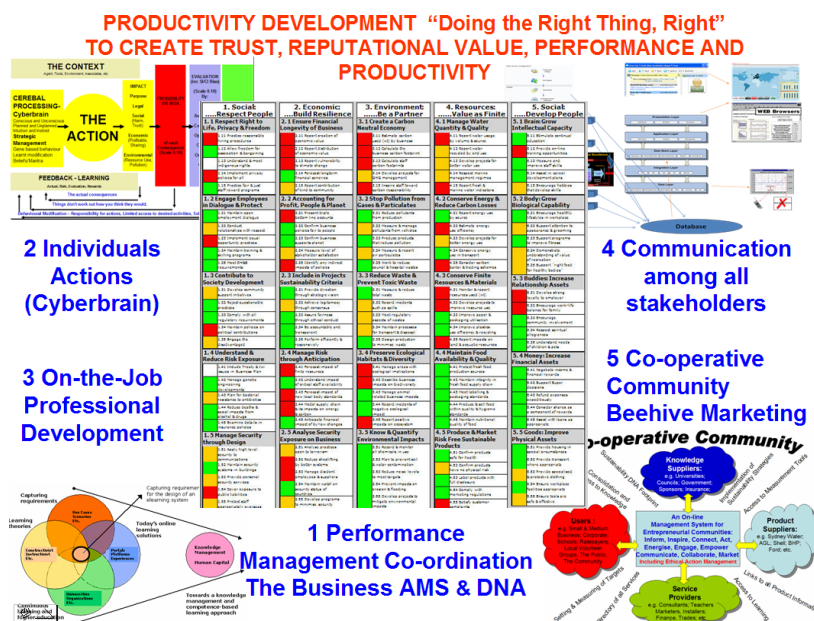
Implications for inclusion of social behaviour in national policy is widespread, e.g. “Policies and explicit incentives designed for self-regarding individuals sometimes are less effective or even counterproductive when they diminish altruism, ethical norms and other social preferences. Evidence from 51 experimental studies indicates that this crowding out effect is pervasive, and that crowding in also occurs. A model in which self-regarding and social preferences may be either substitutes or complements is developed and evidence for the mechanisms underlying this non-additively feature of preferences is provided. The result is a preference-based analogue to the Lucas Critique restricting feasible implementation to allocations that are supportable given the effect of incentives on preferences”. (13)

By focusing on the actions critical to the wellbeing of individuals and organisations and measuring the impacts (outcomes) of the actions it will be possible to “derive” the determinants of Social Capital and to work through networks to generate the trust necessary for sustainable communities and countries. The outcomes would not be hypothesized; they would be known and predicted.



Source: Stone and Hughes (2002).

From this analysis it is then possible to connect it with the Social Responsibility model for the Community and add the components such as Performance, SME actions, On-the-Job professional development, communication systems among stakeholders, and organisation among organisations.



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COMMUNITY SUSTAINABILITY

STRATEGIES, ACCOUNTABILITY AND TRACKING PERFORMANCE WITH ACTION MANAGEMENT

<i>SOCIAL</i>Respect People	<i>ECONOMIC</i>Build Resilience	<i>ENVIRONMENT</i>Be a Partner	<i>RESOURCES</i>Value as Finite	<i>SOCIAL</i>Develop People
<p>1.1 Respect Right to Life, Privacy & Freedom</p> <p>Practice responsible hiring practices for all people. Allow freedom of association & bargaining by people. Investigate, understand & resolve indigenous rights. Implement privacy policies for customers & other stakeholders. Practice fair & just reward programs for all stakeholders.</p> <p>1.2 Engage Employees In Dialogue & Protect</p> <p>Maintain open dialogue on employment & performance. Conduct all relationships with consideration & respect. Implement equal opportunity practices for stakeholders. Maintain training & skilling program opportunities. Exceed minimum OH&S regulatory requirements.</p> <p>1.3 Contribute to Society Development.</p> <p>Develop programs to support local & global communities. Reject questionable practices immediately. Comply with all national, local & regional regulations. Maintain policies on contributions (incl. financial) to political entities. Engage the financial, mental & physical disadvantaged.</p> <p>1.4 Understand & Reduce Risk Exposure</p> <p>Incorporate Aboriginal issues in business plans. Manage genetic engineering developments. Plan to reduce bacterial/gene resistance to antibiotics. Reduce deaths & other social impacts from alcohol & drugs. Examine and clarify details in insurance policies.</p> <p>1.5 Manage Security Through Design</p> <p>Apply high level security to all communications. Maintain security systems in facilities for physical safety. Provide personal security systems as required. Cover exposure of staff & customers to public liabilities. Protect staff appropriately when overseas.</p>	<p>2.1 Ensure Financial Longevity of Operations</p> <p>Report creation of economic value annually. Report distribution of economic value to stakeholders annually. Report economic vulnerability to current climate change concepts. Forecast long term financial opportunities by scenarios. Report contribution in kind, e.g. time & goods, to the community.</p> <p>2.2 Account for Profit, People & the Planet</p> <p>Present Triple Bottom Line Accounts & reports. Confirm that business policies are fair to "people". Confirm business policies support the "planet". Measure & report level of stakeholder satisfaction. Identify indirect impacts on "people" or the "planet".</p> <p>2.3 Include in Projects Sustainability Criteria</p> <p>Provide strategic vision on sustainability for business. Achieve legitimacy through consensus & transparency. Assure fairness through ethical conduct in the business. Make projects traceable, accountable and transparent. Perform projects efficiently & responsively.</p> <p>2.4 Manage Risk Through Anticipation</p> <p>Forecast impact of specific finite resources on business. Understand implications of critical staff availability. Anticipate changes to local or regional body standards. Model supply chain impacts of energy & carbon production. Anticipate financial impacts of changes in laws & by-laws.</p> <p>2.5 Analyse Security Exposure on Business</p> <p>Analyse practices & processes exposed to terrorism Reduce shoplifting/thieving losses by better systems. Prevent issues from dissident employees & suppliers. Maintain watch on security status of other countries. Develop programs to reduce security impacts on business.</p>	<p>3.1 Create a Carbon Neutral Economy</p> <p>Measure carbon used (wt) by the business & report annually. Calculate the business carbon footprint. Incl. supply chain. Calculate and report staff carbon footprint annually. Develop & track projects to achieve carbon neutrality. Consider carbon barter & trading schemes to achieve neutrality.</p> <p>3.2 Stop Pollution from Gases & Particulates</p> <p>Reduce gaseous pollutants from production (incl. biological) Measure & manage pollutants from transport vehicles. Produce products that minimise pollution, directly & indirectly. Measure & report air particulates with health impacts. Co-operate to reduce council & hospital wastes.</p> <p>3.3 Reduce Waste & Prevent Toxic Waste</p> <p>Measure waste & reduce total wastes. Record & report incidents involving waste e.g. spills. Meet all regulatory aspects involving wastes. Maintain processes to safely transport & dispose wastes. Design production systems to minimise wastes.</p> <p>3.4 Preserve Ecological Habitats & Diversity</p> <p>Manage land areas with ecological implications. Describe business impacts on biodiversity. Manage animals in use by commerce sensitively. Record & report incidents of negative ecological impacts. Report positive impacts of business on ecosystem.</p> <p>3.5 Know & Quantify Environment Impacts</p> <p>Record & monitor all chemicals in use & assure their safety. Provide plan to prevent soil & water contamination. Reduce noise levels to meet & exceed regulations. Plan to prevent impacts of erosion & flooding. Develop projects to mitigate environmental impacts.</p>	<p>4.1 Manage Water Quality & Quantity</p> <p>Report water usage by volume, source & end use. Report water recycled by volume, source & end use. Develop projects for better water sharing & use. Respect & comply with marine management regimes. Report changes in marine & fresh water bodies, by volume & quality</p> <p>4.2 Conserve Energy & Reduce Carbon Losses</p> <p>Report energy use by type & source regularly. Estimate energy use efficiency of all types & audit as required. Develop projects for improved energy use efficiency. Conserve energy, with carbon impacts, used for transport Inspire staff to exercise energy & carbon accountability.</p> <p>4.3 Conserve Finite Resources & Materials</p> <p>Monitor & report resources used by wt & or volume. Develop projects to increase resource use efficiency. Improve paper & packaging utilisation & recycling. Improve plastics use efficiency & recycling. Report impacts on limited land & aquatic resources.</p> <p>4.4 Maintain Food Availability & Quality</p> <p>Protect fresh food production sources. Maintain integrity of the fresh food supply chain. Meet labelling & packaging standards. Produce & sell food within the quality & hygienic standards. Maintain nutritional quality of fresh & processed food.</p> <p>4.5 Produce & Market Risk Free Products</p> <p>Confirm products safe for human use or consumption. Confirm products have no physical risks for humans. Label products with full disclosure of contents. Comply with marketing regulations & be ethical. Resolve customer complaints satisfactorily to the customer.</p>	<p>5.1 Brain: Grow Intellectual Capacity</p> <p>Stimulate the desire for continual education & assist when possible. Provide multiple source training opportunities, on or off line. Measure, discuss & improve staff skills and capability. Assist in developing career plans for individuals. Encourage hobbies that develop skills & know how.</p> <p>5.2 Body: Grow Biological Capability</p> <p>Encourage healthy lifestyles at work at all times. Give attention to verbal dialogue, appearance & grooming. Support programs to improve fitness and health. Demonstrate understanding of value of recreation. Support 'Right food for Healthy Bodies'.</p> <p>5.3 Buddies: Increase Relationship Assets</p> <p>Develop strong loyalty to employer & other staff. Encourage work-life balance for staff & families. Encourage community involvement. Respect spiritual allegiances & behaviours. Understand & consider needs of children & pets.</p> <p>4.5 Money: Increase Financial Assets</p> <p>Negotiate income & financial rewards with stakeholders. Inform staff on Super & support their Super decisions. Refund staff contributions quickly & expenses expeditiously. Consider shares as a component of reward systems. Assist with financial loans or support as appropriate.</p> <p>5.5 Goods: Improve Physical Assets</p> <p>Provide housing in special circumstances. Provide transport support where appropriate for job. Provide specialised & protective clothing. Ensure workplace facilities appropriate, secure & safe. Supply tools & ensure tools are safe & effective.</p>

Dr John Troughton M.Ag.Sc Phd DSc