

Corporate Social Responsibility in Bulgaria: Advantages and challenges

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Abstract: Corporate Social Responsibility (CSR) is a part of business contribution to sustainable development. The corporate social responsibility is a new socio-economic phenomenon and its manifestation in Bulgarian companies business is current and little researched topic. There are various definitions for CSR, but the common issue is the responsible obligation of business to make contribution to sustainable economic development, to working labour relations, their families, local communities and society, improving the quality of living. CSR is considered as form of corporative management, regulating relationships between companies and the surrounding world. The paper outlines the genesis of CSR conception, turning into a successful business strategy for sustainable development and its manifestations, concrete practices of responsible social behaviour. The article reveals important aspects of the implementation of the corporate social responsibility in Bulgaria. Some specific characteristics of CSR are observed, related to public and social activities, environmental protection, human capital, labour conditions, etc. There are presented the author's views on them and the results of their empirical studying.

Key words: corporate social responsibility, CSR, enterprise strategies

1. Introduction

In the last years in Bulgaria, the interest for corporate social responsibility has considerably increased. As a part of the so called New Europe, the state and Bulgarian business in particular start to pay more attention to the ecological and social aspects in the company management. Gradually, the Bulgarian business starts to realize the increasing importance of applying corporate social responsibility's principles and policies, which affects directly over the company's competitiveness, harmonization process, as well as the presence of bigger trust and transparency in the relationships between interested sides: employees, providers, state institutions, non-government organizations and the whole society.

According to the authors of the book *Man, teams, leaders* (Asenov, Khadjiev and Kamenov, 2000, p. 100), every company or organization, except effective use of its resources, has

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social responsibility, which emanates from the statement that without public environment the company activity could be meaningless.

The Bulgarian companies start to realize the necessity of applying corporate social responsibility policy, pursuant with the internal business or ethical codex.

2. Conception for corporate social responsibility

The essence of business conception for social responsibility acquired popularity, as corporate social responsibility (CSR) is an object for many disputes in the scientific community in the recent decades. The bold slogan in *The New York Times Magazine* of the Nobel Prize winner Milton Friedman, that ‘the social responsibility of the business is to increase its profits’ (1970), meets resistance in the face of *Harvard Business Review* articles, as ‘The Society of Organizations’ (Drucker, 1992) and ‘Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility’ (Porter and Kramer, 2006), in *Strategic management: A stakeholder approach* (Freeman, 1984), in *Business Horizons* magazine article ‘The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders’ (Carroll, 1991) and many others, as well as the business reality itself. In the current format, the main principles of socially responsible business behaviour are systematized in 1999 during the UN World economic forum.

The position of the European commission concerning the importance and the nature of CSR is declared in 2001 in the so called Green Paper *Promoting a European Framework for Corporate Social Responsibility*, defining CSR as ‘conception, according to which voluntary companies show concern for the community and engagement for environmental protection at its business operations and at relationships with its partners’ (EC, 2001). The importance of CSR is displayed on new level by the International Standardization Organization, with the introducing of ISO 26000—Social responsibility in 2010. It defines CSR as ‘responsibility of the organization for influence on its decisions and actions over the society and the environment, by means of transparent and ethical behaviour, which contributes for: stable development including health and wellbeing of the society; compliance with the interested people expectations; keeping up the laws and international standards of behaviour’ (ISO 26000—Social responsibility, 2010).

The business success is reality, because of not only the good management practices, but also their integration on voluntary basis with public responsibility and social commitment. Corporate social responsibility reflects the commitment of the business in accordance with the society’s expectations. Individual social responsibility includes the commitment of every single human to the society he lives in, which may be expressed as a show of interest to what happens in the society, as well as active participation in resolving some of the local problems. Corporate social responsibility is part of the business and management conception of each organization.

There is a practice some organizations conduct individual social checks. They are formal and detailed analysis for effectiveness of the organization’s social activity and normally it is conducted by its high directors. The social checks require clearly defined organization’s social targets to determine how much those targets have been accomplished and to make recommendations for which sphere needs additional attention. Such checks are made by small number of organizations, due to scarcity of funds and time for their execution. In the

future it is possible for more organizations to make efforts for evaluating results of the social responsibility, which they take.

The main activities of the social check are: monitoring, measuring and evaluating of all aspects from the organization's presentation regarding its social responsibility. The most often spheres for conduction are:

- **Industrial sphere.** Here is made an evaluation which shows whether organization executes activities, as making goods and services necessary for the people, opening new jobs, paying fair wages and providing safety at work.
- **Living quality.** At this sphere the check should seek to define whether organization increases or decreases the total living quality in the society. Making high quality goods, good relationships with the employees and customers and efforts for environment protection could be indicators that the organization keeps or makes better the total living quality.
- **Social investments.** This sphere shows how much organization invests materials, financial or human resources to solve public problems. Social responsibility organization can help public groups, which encourage education, art and culture, charity and others.
- **Solving problems.** The check in this sphere should be focused on how much the organization deals with social problems.

3. Corporate social responsibility applying directions

One possible look to integral approach for introducing CSR practices in all spheres of the business and public life, shown in the forum meeting 'CSR Europe Contribution to the European Multi Stakeholders—Making Europe a Pole of Excellence on CSR', on 10 February 2009 in Brussels could encompass directions, as follows (Figure 1):

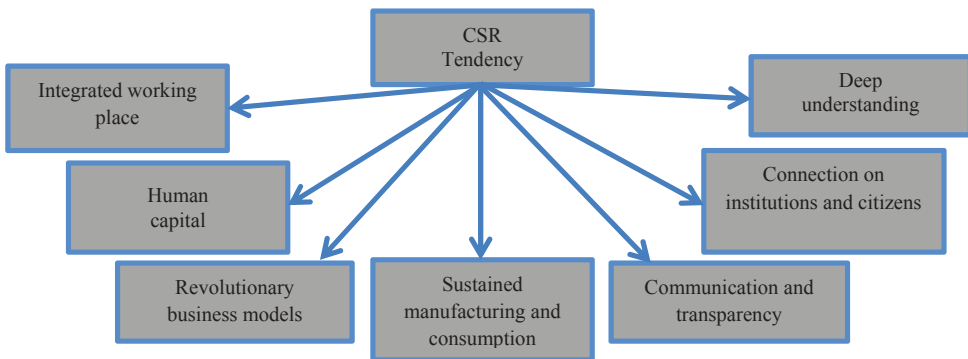


Figure 1. Directions for CSR

Source: Author's own elaboration.

- **Integrated working place**, where differences are respected and equality of genders is guaranteed, ethical attitude to personnel, including all groups of workers and integration of migrants and disadvantaged people, ensuring working place prosperity.
- **Human capital** with given opportunity for continuous improvement of the knowledge and skills, closely aligned with the needs of them, for career development, for vol-

untary inclusion of CSR initiatives, with cooperation and exchange of knowledge with scientific and academic spheres and partnership with social and organized public society structures. In this direction, key challenge is the stimulation of entrepreneurial spirit and encouragement of entrepreneurship education.

- **Revolutionary business models**, allowing sustained business development with partnership and respecting the society needs, outspreading CSR through the whole supply chain, overcoming the financial exclusion of the groups in disadvantaged situation, active engagement of the business for encouragement of regional cohesion and for development of local level employment. Producing, applying and outspreading of these models will be successful only, if it is supported by innovative nets, including SMEs and all interested sides, especially social partners and structures of organized civil society.
- **Sustained manufacturing and consumption**, based on ecological efficiency and stable marketing.
- **Communication and transparency**, by means of real market evaluation of the financial and non-financial company presentation, proactive behaviour from all interested sides and encouraged disclosing of information and voluntary reports for different aspects of CSR activities of companies, including increased policies of open doors.
- **Necessary condition**, for adequate answer of the upper challenges to come true, is satisfaction the continuous need of ‘connecting national (and also European) institutions and policies with citizens conducted by them, by offering centralized resource for researching support and outspreading the knowledge in the CSR sphere’, for encouraging their real application and increasing the quality.
- **Deep and wider understanding** for CSR will encourage better interaction between business and society, according to ‘Recommendations of the European Academy of Business’ (EABIS, 2012). Except everything else, it will help the developing of more successful approaches for use of limited resources for achievement of better social and ecological conditions in the EU, as stimulating strategic connections of the union with the rest of the world.

4. Good practices in the Bulgarian companies

As response of different social, ecological and economic challenges, increasing number of Bulgarian companies start to support strategies connected with corporate social responsibility. Their purpose is to send a signal to all interested sides which interact with employees, shareholders, investors, clients, public institutions and non-government organizations. Doing this, the companies invest in the future, believing the voluntary engagement they take will succeed to ensure bigger return and benefits.

The company ‘MONBAT’ JSC officially joins the Bulgarian net of the global UN agreement about respecting and keeping the corporate social responsibility principles. The organization shares and decides to keep the global agreement principles, as applying in its activity social responsible practices in the following directions:

- respect and support for keeping the human rights;
- guarantee for untying with actions, violating human rights;

- accepting the freedom of association and effective recognition of the right for collective negotiation;
- removal all forms of violent and forced labour;
- effective removal of child labour;
- extermination of discrimination regarding right for labour and profession;
- support for preventive approaches for preserving the environment;
- taking initiatives, stimulating bigger responsibility for the environment;
- encouragement of the development and dissemination of technologies, preserving the environment;
- support for anticorruption initiatives and transparent policy.

Good practice made by ‘MONBAT’ JSC about revelation of non-financial information of investors is being reflected favourably over the company’s whole vision and presentation. There is enough evidence in global scale, the companies joined with the corporate social responsibility principles are among the most succeeded, because the social responsibility is a big advantage in the process of globalization of company activity.

Corporate social responsibility of ‘Mini Maritsa Iztok’ Ltd is connected with values for stable development. The company accepts engagement, striving to improve the work standards, for social development, preserving the environment, its personnel and society standard of living. The company treats responsibly the society and institutions not only on the territory where it is located—The East-Maritsa trove, but all national and noble cause. Priority in the programme for corporate social responsibility of ‘Mini Maritsa Iztok’ Ltd is supporting young people. These initiatives increase their chances for success and realization and give them possibility for more successful future.

It can be assumed that social responsible activities of the companies will increase, as initially they will be oriented towards personnel cares, following one paternalistic model of validation the private authority including compensation of social favours (children in institutions, the sick, old people, etc.).

5. Advantages and challenges of CSR in Bulgaria

The main advantages related with application of corporate social responsibility in Bulgaria come true in the taken from the government activities for creation of needful law frame. It is shown in the developed and accepted ‘Strategy for corporate social responsibility’ (CSR), which is political engagement of the government for creation of favourable place for realizing social responsible practices in Bulgaria.

This strategy is based on key documents on international and national level and approved initiatives in the CSR. As key normative documents in this sphere can be pointed International tools of the UN, relating to human rights protection, the ones Bulgaria has accepted. Our country has ratified fundamental conventions ILO (29, 87, 98, 100, 105, 111, 138 and 182), as well as three of the four prioritized conventions on the organization (81, 122, 144); Convention no. 29 about forced or mandatory labour; Convention no. 122 about employment policy, 1966; Convention no. 138 about minimum age for labour, 1973; Development of ISO 26000—‘Directions for social responsibility’.

The activity of making needful conditions for CSR application is related and with taking of various initiatives such as: Global agreement—the biggest platform for dissemination and share of CSR practices; standardization of companies on ISO 14001—their number these days is approximately 400; many companies applied ISO 26000; in October 2007 National codex for corporate management, accepted by 58 Bulgarian public companies, was developed; besides Bulgaria has accredited a handbook of good practices on corporate social responsibility, which is applied today in the activity of 130 Bulgarian companies; Bulgarian forum of business leaders created ethical codex and constituted annual awards for social responsible business.

Social responsibility brings many advantages for the organizations using it. They are shown in:

- respecting the interests of interested people;
- counting business influence over economy, society, environment;
- lowering of state regulation;
- increasing reputation of the business organization;
- contributing for economic stability in the region, where organization operates in;
- accent over stable use of natural resources;
- adhesion to the highest standards of business ethic.

The integration of corporate social responsibility, as a key tool in the strategies for company development, and the active dialog with all interested persons can cooperate for long-term stable progress and increasing the value of relevant companionship, and according to the book *Corporate social responsibility and its influence over the company's value* (Gogova, 2011) it can realize competitive advantages:

- improving producing effectiveness;
- realization of product decentralization and innovations;
- better satisfaction of the company client's needs;
- better management of the company risks;
- improving the personnel competence and increasing the value of intellectual capital by development of human resources;
- improving the trade reputation and company image;
- achievement of higher share price of the social responsible companies.

Independently of the taken actions and created preconditions, corporate social responsibility of the Bulgarian companies is accompanied with settling problems like:

- passive attitude of the organization's managers towards market's attitudes;
- lack of information for regulation of social responsibility, not knowing the procedures and values of the certification favours;
- lack of resources for execution of certain activities by the social policy;
- organizational problems of the business organizations, as not regulated property, draining of funds, etc.;
- problems with sharing information for social responsible activities of organization.

The main challenges at application of corporate social responsibility are connected with:

- lack of the so called 'administrative capacity';
- lack of leading state structure, which guides and coordinates actions of the single government institutions and collaborates with business, civil society, media, and academic community;

- economic crisis, industrial restructuring, climate changes, demographic crisis—in global aspect;
- in national aspect plus those in global scale, combined with specific for the country difficulties:
 - insufficient dissemination and not knowing the conception for corporate social responsibility;
 - distrust of the community, syndicates, users and others;
 - prejudices in business;
 - myths and realities for the benefits from social responsible practices;
 - pseudo-social responsible practices.

6. Conclusions

Systematized view of the main questions, which currently the EU and its members include under the name CSR, highlights the common, different and upcoming in the future development of the national public policies for encouraging responsible business behaviour in Bulgaria and gives us the reason to make the following common conclusions:

1. First, it's being formed a tendency to enlargement of the object and the themes, addressed in the initiatives of the public sector for popularization and encouraging of corporate social responsibility in Bulgaria.
2. Second, as in the other countries—members of the EU—in Bulgaria starts movement of informational and partnering tools to slim development of economic and financial government initiatives and enlarge the scope of law tools of public policies (application of 'mild regulation').

As it can be seen, the government policies in Bulgaria—as well as in the others countries, the EU members—do not just constitute a place where the companies choose whether to be responsible or not, but they introduce policies in explicit form directly pointed to encouraging the CSR.

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Оdpowiedzialność społeczna biznesu w Bułgarii. Korzyści i wyzwania

Abstrakt: Społeczna odpowiedzialność biznesu (CSR) jest częścią działań podmiotów gospodarczych, która przyczynia się do ich zrównoważonego rozwoju. Odpowiedzialność społeczna korporacji jest postrzegana jako nowe zjawisko społeczno-ekonomiczne, którego obecność w strukturach bułgarskich przedsiębiorstw nie jest dostatecznie często badanym procesem. Istnieją różne definicje CSR, jednakże wspólne pozostaje przejęcie odpowiedzialności oraz dopełnienie przez przedsiębiorstwo obowiązku przyczyniania się do zrównoważonego rozwoju gospodarczego, budowania właściwych relacji wśród pracowników i ich rodzin, społeczności lokalnych oraz poprawy jakości życia. CSR jest uważane za formę zarządzania korporacyjnego, której za-

daniem jest regulowanie stosunków pomiędzy firmami we współczesnym świecie. Artykuł przedstawia genezę koncepcji CSR jako udanej strategii biznesowej na rzecz zrównoważonego rozwoju oraz konkretnych praktyk odpowiedzialnego zachowania społecznego. Praca wskazuje na ważne aspekty wprowadzania społecznej odpowiedzialności przedsiębiorstw w Bułgarii. Niektóre specyficzne cechy CSR można zaobserwować w działaniach publicznych i społecznych oraz w działaniach na rzecz ochrony środowiska, kapitału ludzkiego, warunków pracy itp. Artykuł prezentuje poglądy autorki na wyżej wymienione działania oraz rezultaty ich analizy empirycznej.

Słowa kluczowe: społeczna odpowiedzialność biznesu, CSR, strategię rozwoju przedsiębiorstwa