

COMMON UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY IN BULGARIA

Diana ANTONOVA¹

ABSTRACT

The article presents the genesis of social responsibility as well as the role and place of ethics in business through the CSR system. The main directions of the integration of CSR in the theory and practice of strategic management are analyzed. The tools for regulating CSR (international organizations, standards, ratings) and the role of the state in maintaining CSR in the EU and Bulgaria are presented. Prospects for the development of CSR in the EU Member States and the world have been commented on.

KEYWORDS: CSR drivers, conceptual foundations of CSR, models of CSR

JEL: M14, M38

1. INTRODUCTION

The sustainable business development is inextricably linked to the social stability and the welfare of the society. Today, the public attention and interest are not only focused on the final business results, but on how the activities themselves are being carried out: how natural and human resources are spent; how business influences the development of the region, etc. Considering the fundamental importance of the entrepreneurship for the public well-being, there are growing demands for activity in an economically acceptable way.

Corporate Social Responsibility (CSR) is a concept according to which companies take into account the public interest, ensuring commitment to the impact of their activities on consumers, suppliers, distributors, staff, shareholders, local communities and other stakeholders. Such commitments imply that the organizations take voluntary additional measures to improve the quality of life of their employees and their families, as well as for local communities and the public as a whole.

The purpose of this article is to present a discussion on CSR issues aimed mainly at discussing the very levels of authority, both in Europe and worldwide. There are four levels of discussion, according to the views of business representatives, state institutions, non-governmental organizations and the academic community. In the context of fluctuations (instability) of world economic development, the interest in this topic will steadily increase even more, as many issues related to the links between CSR, innovation and modernization are of fundamental importance.

2. KEY FINDINGS IN SOCIAL RESPONSIBILITY IN DOING BUSINESSES

As a result of a long and continuous process of development in the Western European countries, a balanced system has been established which regulates the

¹Professor, PhD - University of Ruse, Faculty Business and Management, Bulgaria

interrelations between entrepreneurs, public authorities and communities in the field of the socio-economic development of the countries and separate regions. Today, the business involvement of different countries in solving social problems is regulated within existing civil, tax, labor and environmental legislation or it is self-managed under the specially regulated incentives and privileges. In Bulgaria, this process is still in the initial phase of its development, and it takes place in the conditions of the dominant positions of the state, the weakly developed institutions of civil society and the oligarchic building of business relations. The rules of cooperation between the institutions, the role of the individual countries and the scale of their participation in social development are in the process of being established.

CSR is defined as a philosophy of behavior and concept for the formation of business structures, individual corporations and enterprises in the following directions:

- 1) producing quality products and services for end users;
- 2) creating attractive jobs, providing a legal salary, investing in the development of human potential;
- 3) compliance with the requirements of the legislation: tax, environmental, labor, etc .;
- 4) taking account of public expectations and generally accepted ethical standards and working practices;
- 5) the role and establishment of civil society through partnership programs and local community development projects.

The main reasons why companies pay particular attention to the social responsibility issues are:

- the globalization and the associated with it severe competition;
- the expansion of companies by size and influence;
- strengthening the mechanisms of state regulation;
- "brain wars" - competition between companies for highly qualified specialists;
- increasing civic activity;
- improving the role of intangible fixed assets (corporate image and branding).

There are many definitions of CSR, but especially since 2010 the International Standard ISO 26 000 "Guidance on Social Responsibility" has been introduced, there is a consensus in the experts' opinion that the definition that this standard currently stands for is the most complete and accurate: „*CSR definition by ISO 26000 – the responsibility of an organization for the impacts of its decision and activities on society and the environment, through transparency and ethical behavior that:*

- contribute to sustainable development, including health and welfare of society;
- takes into account the expectation of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior;
- is integrated throughout the organization and practices in its relationship (ISO 26000 and OECD Guidelines (2011)).

There are other definitions of CSR:

- 1) encouraging responsible business practices that bring benefits to themselves and to society and promote social, economic and environmental sustainability by maximizing the positive impact of business on society and minimizing the negative environmental impact (Carroll (1979));

2) the commitment of business to contribute to the sustainable economic development, labor relations with human resources, their families, local communities, and society as a whole in order to improve the quality of life (Carroll (1991));

3) achieving a commercial success following a path based on common ethical norms and respect for individuals, communities and the environment (Dunfee and Donaldson (1995));

4) CSR is a commitment to improve the social well-being through voluntary business practices and the use of corporate resources (Schwartz and Carroll (2003));

5) the commitment of business to contribute to a sustainable economic development by working with its employees, their families, the local community and society as a whole in order to improve the quality of their lives (ed. James K. Galbraith (2010));

6) managing business in a way that meets or exceeds the ethical, regulatory, commercial, and public expectations that society has towards it (Jordan (2017)).

In case we ignore certain differences in these definitions, there are several common positions that are present in each of them. This allows us to conclude that the goal of CSR is to achieve a sustainable development of the society, which means satisfying the needs of today's generation without creating threats to the needs of the future generations of the planet.

CSR should take into account the interests and help to improve the quality of life of key stakeholders and companies such as: shareholders, investors, government authorities, customers, business partners, professional communities and society as a whole. In doing so, companies need to develop a meaningful interaction with the stakeholders to take into account their views and expectations in the decision making and implementing process.

The principles of CSR must fit into the company activities on a systematic basis and to be integrated into all business processes. In decision making, organizations should take into account not only economic, but also social and environmental factors, which will allow them to manage the impact of their activities on the public and the environment and to comply with them. It is important for the companies to realize that CSR is a necessity to their core business and is not limited to a philanthropy.

As far as the number, composition and the circle of the stakeholder interests are constantly changing, there is a need for adequate changes to the model that interact/correspond with them. In this regard, several levels of CSR can be distinguished.

1. *Macro*: Responsibility to collaborators (staff), partners, shareholders and consumers. Thus, the social protection of the company's assistants provides programs and initiatives aimed at creating and maintaining a corporate culture, developing a sense of corporate belonging, team attachment to the values and the mission of the companies. There are social benefits programs that are provided on the basis of voluntary commitments by the company, which may include:

- medical services - presence of offices for the prevention and diagnosis of basic occupational diseases; voluntary medical insurance, prophylactic examinations, provision of holiday cards and sanitary treatment of the employees and their families;

- an annual bonus for paid leave, material assistance, granting of interest-free loans through mutual assistance funds included as a condition of the collective agreement;

- organization of staff catering, monetary compensation via food vouchers;
- rebate for employees when purchasing a company's products;
- organization of transport to the place of work;
- provision of funds for mobile communication;
- offsetting the cost of business trips during contract work in the region;
- renting for housing, childcare, etc.

1. *Meso-level* - responsibility towards local communities;

2. *Macro-level* - responsibility towards the state;

3. *Mega-level*: Responsibility to the World Community.

There are other approaches to the categorization of CSR levels:

1) *basic or mandatory* – a timely payment of the payroll, regular tax payment, a compliance with the environmental legislation, safety and health policy guaranteed for the workers and employees, an ethics conduct within the framework of the legislation and the code for a corporate behavior. A policy of compliance with the requirements for a certain CSR level helps the company to be perceived as correct player on the labor market;

2) *level of charity* (traditional address charity, strategic - ensuring the interests of the company through an aid and sponsorship programs);

3) *level of social responsibility of the company to its staff*. As a rule, this is an extended provision with a package of social services for the employees, creation of own (corporate) pension system, a realization of in-house programs for the medical service, a nutrition and a rest organization, a physical development and sport, provision of a training plan for a constant improvement of the qualification of human resources, the improvement of the organization and the culture production;

4) *level of social investment*. The social investment comes as an alternative to the traditional and strategic charity. This level of CSR implies a purposeful long-term socio-economic policy of the company for a territorial presence aimed at solving socially significant problems, reconciling with the representatives of local communities the use of resources that carry mutual benefits and benefits for all stakeholders involved;

5) *level of risky philanthropy* - a non-standard charity that comes as a result of the integration into the philanthropic activity of the principles and strategies of venture entrepreneurship. A fundamental value in venture philanthropy is the creative innovative approach to solving social problems based on a long-term funding and partnership.

3. CSR DRIVERS

External drivers of CSR - these are the forces that determine the responsible behavior of the entrepreneurs, who are called upon to implement in the public the unwritten contract that coordinates the behavior of the business with the goals and values of the whole society. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in a law and those embodied in an ethical custom.

Internal drivers of CSR - Responsibility based on the existing real power of managers and entrepreneurs. These are the diving forces that dictate to corporations and their managers the corresponding responsibilities for responsible behavior (Figure1).

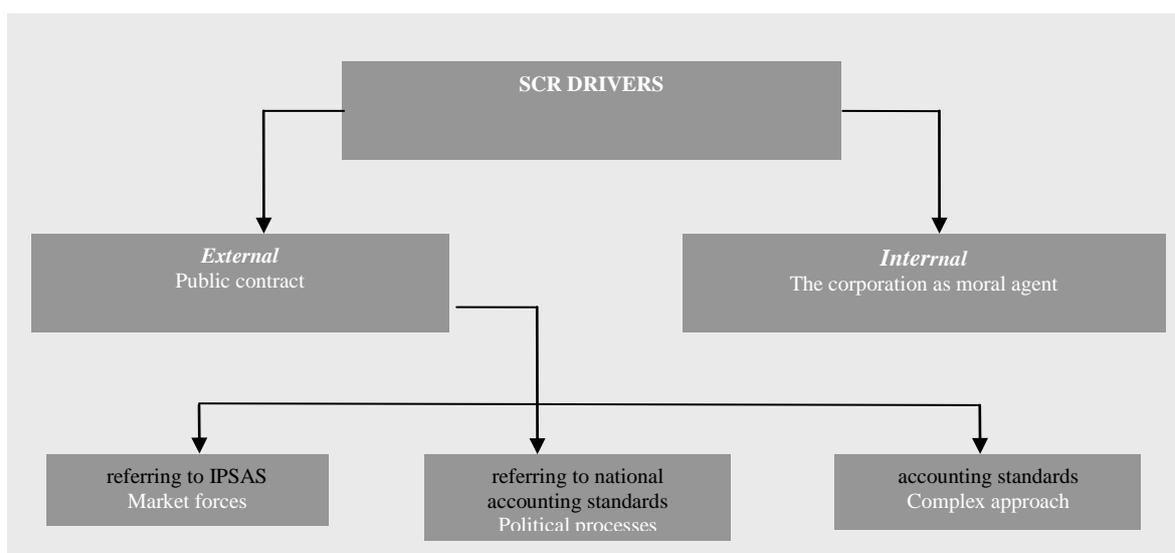


Figure no 1. CSR drivers

By developing the idea of the social responsibility of the business, the different economics schools are having different views for the driving forces of CSR that dictate (provide a variety of interpretations) the responsibility for a responsible behavior:

A) market forces;

B) political processes;

B) complex approach – external (defined by the institutional nature of the business) and internal (which are dictated by the real power of the business representatives) (Davis (2013)).

The first *understanding/* view (A) is given by the neoclassical economists Theodore Levitt (Harvard Business School) and Milton Friedman. Levitt writes that the primary responsibility of business is, on one hand, the pursuit of profit, on the other, the observance of the canons of everyday civilized communication, such as honesty, good faith, etc. In such a market-based approach, the business' attention is drawn to the construction of schools, hospitals, and the building of social services. T. Levitt criticizes the widespread application of the social concept, and considers that it leads to the destruction of market relations (Levitt (1983)). Nobel laureate economist M. Friedman has stated (Friedman (2002), that in the free society "*there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits as long as it stays within the rules of the game, which is to say, the company engages in an open and free competition without deception or fraud.*". The CSR definitions made by these authors do not consider a business responsibility as a synonym for an obligation (ed. James K. Galbraith (2010)).

The second understanding/view (B) for political processes as a source of CSR is given by institutional economists in the name of John Galbraith (Friedman (2002)). The public and the state are obliged to influence the corporation more closely with the instruments of state regulation, so that the interests of "anonymous techno structures" cannot dominate the interests of the community. He emphasized the need to create a rigorous framework to bring the corporation in line with the public goals. Galbraith does not define CSR, but indirectly links the corporate social responsibility with an obligation *in need of an external regulation.*

The third understanding/view (C) includes a complex approach to the analysis of CSR drivers. Its author is Kirsten K. Davis, a professor at the University of Arizona. She views CSR both at a system and at a company level in a management context. The specific management decisions are taken by the business representatives themselves, and the business organization itself is defined only as a "cultural framework, business direction and specific interests". Hence, "the first social responsibility of the business representative is the ability to search for solutions that regard the nature and content of his/her personal social responsibility" (Davis (2013)).

The culmination of the complex approach is the model of Archie B. Carroll that could be largely considered as a conclusion of the first understanding/ view presented in the CSR discussion, based on the recognition of the defining role of the public contract (Carroll (1979) PP. 39-48).

As early as the late 1970s, he proposed the treatment of social responsibility by business as "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of an organization at a given point in time". Accordingly, Carroll identifies four components of CSR - economic, legal, ethical and discretionary (philanthropic). The latter Carroll refers to the sphere in which the society has not formed any clear-cut message for business. It is left to the individual judgment and choice of the manager. Of particular importance is that these four components "do not appear to be mutually exclusive, they can simultaneously form a continuum with the economic interests of one pole of expectations, and with the social one of the other."

CSR layers can be represented as a pyramid (Figure 2). The layers of the pyramid includes *the economic responsibility* immediately defined as the basic function of the market where the producer of goods and services seeks to meet consumer requirements and make profit. *Legal responsibility* demands from business an obedience by the law in the context of market economy conditions, its business activities must meet public expectations. *Ethical responsibility* requires from the business to synchronize public expectations that are not encompassed by legal norms with the rationale of existing moral ones.

Philanthropic responsibility leads the companies to actions aimed at maintaining and developing the welfare of society through voluntary participation in the realization of social programs. (Carroll (1979) PP. 39-48)



Figure no 2. Carroll's Corporate Global Social Responsibility Pyramid (Source: Carroll, 1991:39-48)

Thus, CSR is in fact an obligation for the business to make a voluntary contribution to the development of society by incorporating the social, economic and environmental spheres or the activities undertaken by the business beyond the requirements of the law and the economic situation. The model of Carroll's pyramid based on the underlying economic, legal, environmental, and philanthropic layer of social responsibility has recently been subjected to serious criticism and remodeling.

Later, the author (Carroll (1979) PP. 497-505) suggests the replacement of the pyramid with the Wen diagram, through which it is possible to represent logical relations between extreme sets to display similarities, differences and links between concepts, ideas, categories or groups. The similarities between the groups are represented in the intersecting parts of the circles, and the differences - in the non-intersecting ones. (Figure 3) In our opinion, the new interpretation more accurately describes the reality of business in which only a limited number of companies systematically implement all the domains of the responsibility described.

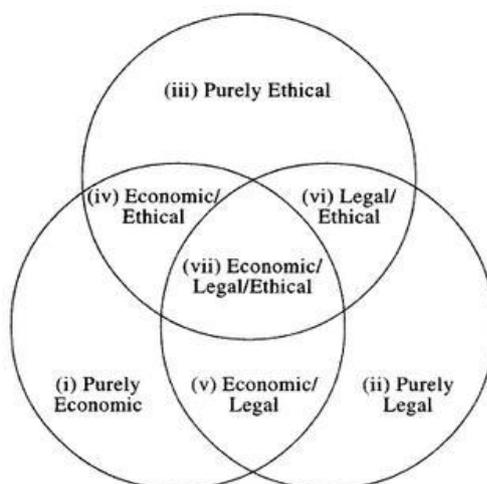


Figure no 3. Three-Domain Model of CSR
Domains of Responsibility Driving Managerial Decision-Making
(Source: ISO 26000 and OECD Guidelines: 503-550)

4. ON THE CONCEPT OF CSR

Social responsibility as a major social phenomenon begins to be spoken in the middle of the last century. The main reason for the rapid development of CSR views is the intensification of the movement of social groups criticizing the decision-making and the actions of the business, the refusal of consumers to buy goods and services of irresponsible companies, and the strengthening of the actions of trade union movements. At the same time, labor and environmental legislation is tightening in Western European countries and the United States, social community initiatives are emerging.

The following stages in the evolution of CSR can be separated: 1) creation of the concept (mid 1950s - mid 1990s); 2) development of the concept on its own basis (from the beginning of the 1990s to the present).

The main features of these evolutionary periods are based firstly on a number of relevant categories and thematic frameworks; and secondly, the philosophical essence

of the initial category of "responsibility," which requires researchers to take into account complex factors related to normative and positive science.

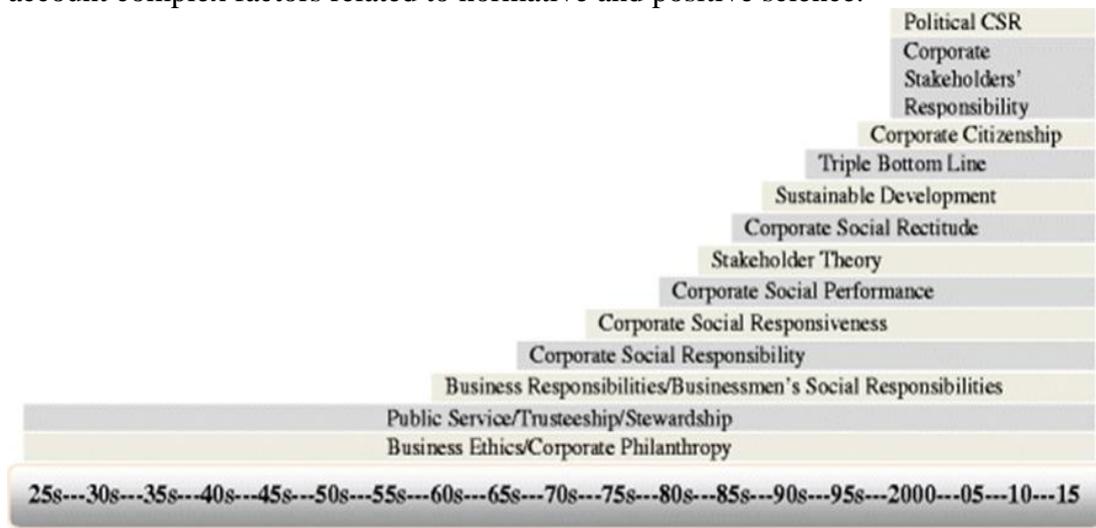


Figure no 4. The escalation of CSR concepts

(Source: Adapted from Mohan (2003: P.75) and Gond and Moon (2011: P.11)

The first stage (the mid-1950s-the late 1970s) of the Corporate Social Responsibility concept (*Corporate Social Responsiveness, CSR-1*) - Corporate Social Responsiveness defined the formation of a normative basis as a description of the moral principles of business, developed at the institutional, organizational and individual level. It is based on business ethics, corporate philanthropy, individual responsibility of managers and social responsibility of company owners. The regulatory concept is based on two main assumptions: recognition of the social contract and external natural drivers of CSR, as well as the Moral-agent position confirming the superiority of internal drivers of CSR.

The second stage (mid-1970s to the late 1980s) the normative concept was complemented by Corporate Social Receptivity (CSR-2). It is based on the company's ability to assess the public impact of its own management processes.

The third stage (late 1970s-mid 1990s) included Corporate Social Performance. This is the synthetic concept of corporate social performance (CSP-2), which unifies the principles of corporate social responsibility, the process of social receptivity, and encompasses of these processes (corporate social performance), and it is the basis for further research. It is this phase in the development of the theoretical foundations of CSR that allows the conduct of scientific research within the framework of "normal science" and to ensure the practical applicability of its results to the business. The above-mentioned concepts can be considered as second-order developmental stages, with subtitles. The synthetic concept of corporate social performance, incorporating normative and positive results, forms the basis of the process "principles-process-outcome" as a basis for further review of the theory.

Since the early 1990s, major alternative topics have become the theories for stakeholders, sustainable development, corporate citizenship and corporate sustainability. However, the emergence of new concepts does not mean discontinuing the use and development of the earlier ones, resulting in dual treatments of the term CSR. On one hand, CSR continues to be a stand-alone baseline concept describing the moral principles of firm's societal relationships (CSR-1) and, on the other hand, CSR is

increasingly understood as an “umbrella” concept covering all derivatives occurring in the course of the described evolution.

According to the opinion of Andrew Carnegie (1835-1919), founder of the conglomerate US Steel corporation, known for his generous investments in public projects, *the rich are obliged to take care of the poor through charity and to regard the role of business to multiply society's wealth by increasing its own through prudent investments of the resources under its stewardship* (Carnegie (2017)).

Historically, the idea of CSR originated in the nineteenth century on the basis of the trade union movement in Europe and the United States and became popular through charity. Benefits for employers are obvious: prevented strikes and property losses as a result of workers' excitement. In addition, there is also a political aspect: public recognition that allows a change of image and the ability of an owner not to be included in the category "illegally enriched". These two factors, which are still very active today, abruptly provide a basis for strengthening the concentration of capital. Towards the end of the 19th century, in many branches of the US economy, large capital and monopolies dictate the prices of almost all socially significant goods and services. The situation is changing because of antitrust laws, active business interference in politics, World War I and its accompanying global economic crisis. In the developed countries, government regulation of the economy was strengthened at that time. For the United States a turning point in the relationship is the Great Depression (1930s). In the administration of President Franklin Roosevelt, a special watchdog has been set up to prepare fair competition codes that implicate a state control over the protection of public interests and guarantee for the workers and employees' rights to set up their own organizations, in order to participate in collective bargaining as well. Since the Second World War, the problem of improving the quality of life of the black population has been added to the general labor standard in the United States, a decision that the officials of the state administration considerably transfer to employers. Similar actions to protect workers' rights on the eve and after the end of the war were also taken by the West European countries. Between 1950 and 1970, in the face of mass strikes, virtually everywhere a CSR policy has been introduced by corporations regarding their own human resources.

Workers have legal grounds and tools to defend their interests. What is the size of the concessions on the part of the employers and of the investments in social security remains a discussable issue between the companies and the trade unions. The influence of industry on the environment and the quality of life of the entire population began to be discussed in the 1970s, when the development of computing equipment allowed to simulate models of the world economy.

In 1972 the fundamental book *The Limits to Growth*, written by a group of researchers from the Massachusetts Institute of Technology, came out (Kotler and Lee (2009) PP.201-202) The book is translated into 30 languages in a volume of 9 million copies. It was later supplemented with research by the Club of Rome.

The general public understands that industrial development, along with the growth of the world's population, inevitably leads to a deep crisis and shortage of resources. Years later, the Arab countries introduced an oil embargo that triggered an energy crisis. Only a year later, scientists recall the "ozone hole" (thinning the ozone layer) discovered in 1957 over Antarctica. According to the hypothesis of American scientists, this is due to the release of freons into the atmosphere. In 1985, a convention for the study of atmospheric processes was signed in Vienna, and in Montreal in 1987, a protocol declaring that humanity, more precisely the business, had to spend billions to

save Life on Earth. In 1995, the United Nations proclaimed the global warming as irrefutable. Only two years later, the Kyoto Protocol, Japan, was signed to reduce CO₂ emissions into the atmosphere. For the first time in 1987 at UN initiative, the issue of human impact on the environment was studied and the term sustainable development is used, which means the current use of resources, taking into account the obligation for their accessibility in the future. Very soon for corporations, this term begins to mean a requirement for a harmonious relationship between the company, shareholders, employees, nature and society.

The first serious discussion on CSR started after 1970, the famous American economist, Milton Friedman, published an article in which the responsibility of the corporation, which is unrelated to the overall payment of shareholders' income, is called a "fundamentally damaging doctrine." "Business is a business," says the Nobel laureate in 1976 (Friedman (1970, 2002) P.133). He is supported by T. Levitt, who states that different functional groups in society must solve their own issues. "Business - it is a war, and as with any war, here is the morality of others" (Levitt (1983) P.155). Friedman has a strong opposition to the Committee for Economic Development, which insists that corporations are required to contribute to improving the American lifestyle (**CED). There are even some intermediate concepts for this. The less radical economists who generally support Friedman are trying to find the place of CSR in his theories. Thus D. Uli affirms that Friedman's conception allows CSR, but "as a limited shareholder priority," for which the management of the corporation proposes to include in the shareholder agreement a special profit maximization clause. Supporters of neo-classical economic liberalism T. Donaldson and T. Dunfee (Dunfee and Donaldson (1995) PP.173-186) believe that corporations must be profitable and respect certain moral principles and respect human rights, that is, to follow a social agreement between business and society. As a result, in many Western European countries, the concept of a kind of rational egoism is prevalent, according to which spending money in social programs is considered one of the factors for ensuring business stability.

Kirsten K. Davis (2013) summarizes the main arguments for "for" and "against" CSR, which are presented in Table 1. In most cases, supporters on both of these adhere to diametrically opposed views. Both the "for" and "against" the social responsibility of business organizations are essential.

Table 1

Arguments "for" and "against" CSR business taking social responsibility

Arguments "for"	Arguments "against"
Long-term business concern for the prosperity of the society	Voluntary refusal of profit maximizations
Improving the image of a particular company	Dissolution of the primary business goals
Risk reduction for the shareholders in the diversification of the investment portfolio	Support of social activities that is directed against the prosperity of the business
Maintaining business viability as a system	Lack of skills to solve social problems by the staff
Weakening of the state regulation on the business	Weakening of the international balance of payments
Business compliance with the socio-cultural norms	Morality and ethics are part of business behavior management
New ways to solve social problems	Over-concentration of power in the hands of business
Existence of the necessary resources in the business for solving social problems	Existence of an weaken public control
Opportunity to turn social issues into a profitable business	Lack of broad public support

(Source: Kirsten Davis (2013))

The arguments "for" social responsibility are: **Organizations must strive to provide a long-term perspective.** Those who have accepted the need for a social activity are trying to secure long-term profit guarantees. This tendency becomes a legitimate reaction aimed at improving the attitude of society towards the social responsibility of the organization. **It is necessary to form a positive image of the organizations in the society.** Those who seek to promote a positive attitude towards them selves in society and thereby increase their sales have the opportunity to hire skilled workers, gain access to government procurement and other benefits. Companies that are socially responsible form a favorable public opinion for themselves. **Social responsibility satisfies the interests of shareholders.** Sooner or later, an organization's social responsibility contributes to an increase in its stock price on the stock exchange, so this socially responsible company will be considered a low-risk organization. **The availability of resources to help resolve social problems is an opportunity for business.** Business organizations have financial resources, expertise and management expertise sufficient to support public and charity projects that require an assistance. **The moral obligation of the organizations is to represent themselves as socially responsible.** An organization is a member of society, so moral norms should also be considered in managing its behavior.

Arguments "against" are: **Voluntary violation of the principle of profit maximization.** Redirecting part of the organization's resources for social needs requires joint commitment of state organizations and services, charitable and educational institutions. **Dissolution of goals.** The pursuit of social outcomes removes the primary goal of the organization from achieving high economic performance. If the economic as well as the social goals are not achieved, society itself can suffer. **Costs.** The funds that are directed for social needs are from the cost of a business organization. Ultimately, these costs are passed on to consumers through price increases. **Insufficient skills for solving solve social problems.** The staff of each organization is primarily prepared for economic, market and technical activities. It lacks the experience that makes it possible to make a significant contribution to resolving problems of a social nature. Specialists working in the relevant state institutions and charities should cooperate to improve social relations. **Lack of support from the public.** Society does not have yet a unified view of the social responsibility of business.

The arguments for "for" and "against" social responsibility are equally serious. Entrepreneurs who take on additional social obligations are obliged to remember and understand that the essence of business is not charity, such as philanthropy and altruism, but rational construction and optimization of the conditions for the business itself through social investment and social partnership. The comparative analysis of the two categories is presented in Table 2.

Table 2
Main differences between charity and social investment

Charity as Philanthropy	Social Investments (Corporate Citizenship)
Emotional	Rational
Not related to business interests	Working for business purposes
Can be anonymous	Transparent to society
Not subject to additional terms	Part of the business
Decisions are made on the basis of personal sympathy	The choices are determined by business interests

The interests of the team, customers, shareholders, users and local communities are poorly reported	The interests of all stakeholders (Stakeholders) are considered
It is directed to a visible effect rather than to long-term goals	Focused on a long-term effect on problem solving
The field of charity is limited	All social problems are considered in a complex way
The amount of financial or material donations is limited	The whole range of forms of socially related activities, the resources of all institutions

Social investments themselves, unlike charity, are a type of business activity that brings tangible benefits to the market, namely:

- obtaining additional opportunities for distribution of goods, advertising and public relations;
- an increase in the value of the brand and the intangible assets;
- obtaining a competitive advantage;
- validation and expansion of marketing niches;
- development of partnership relations;
- complementing and expanding the opportunities for an influence on local communities;
- improving relations with local authorities, opportunities for equal dialogue with them;
- developing new skills in the staff;
- increasing the number of loyal members of the team;
- image enhancement;
- increases resilience to crises;
- reduces business risks;
- improves financial performance, capitalization and profit.

5. MODELS OF CSR

Let's take a look at the different models that have been spread worldwide. *In the US model of CSR*, the nature of American entrepreneurship is based on the *subject maximum freedom*. Many areas of public relations remain self-regulating to date. This also applies to the employment, employer-employee relations (bilateral contracts), voluntary medical insurance. At the same time, many mechanisms for business participation in the social support of society have been developed in America through corporate funds designed to address various social problems at the expense of business (sponsoring vocational education and training, staff retirement and insurance support). The responsible social behavior and charity of the corporation are encouraged by appropriate tax cuts and credits regulated at the legislative level.

In continental Europe, the corporate activity, as a rule, is codified in the norms, standards and legal frameworks in the respective countries. The European business regards the state as an institute that enforces the accepted rules of conduct, and in the US such state interference is considered to be a violation of business freedom.

Many European countries are legally bound by mandatory medical insurance, pension regulation, environmental protection of the enterprise.

If the US model views profitability and accountability as a CSR goal, then the EU treats CSR additional issues of voluntary commitments to employees and the local community. Charity in Europe is not as popular as in the United States, which is explained by the higher taxes paid on amounts intended for philanthropy.

CHARACTERISTICS OF CSR IN BULGARIA

What is the specificity of CSR in Bulgaria? Its development began in the last decade of the 20th century. Since then, the number of Bulgarian companies, which have started implementing in their work the principles of social responsibility, is constantly growing. This can be explained by the active opening of organizations to external markets, as well as their desire to improve their image in the face of stakeholders, to reduce the level of non-financial risks.

Today the representatives of the Bulgarian business realize their social responsibility, take concrete steps on its practical realization. Creating public committees on corporate social responsibility, developing different models of social partnership between state, commercial and public structures. Large corporate executives say that assuming social responsibilities from business communities and individual companies *is not altruism or a buyback of a "social license" for a commercial activity*. The social responsibility of business, in their opinion, may and is bound to be useful for the long-term success of the company itself to the extent that it would also be useful for the society as a whole. The public discussion of CSR has become a leading topic in recent years in Bulgaria. As a rule, it only concerns issues with the business functioning. For its part, the state with its institutions does not always fulfill in full its commitments and the scale of Bulgarian business is not yet of such magnitude that allows to accumulate particularly high profitability. The transition from a paternalistic model of a social policy characterized for the socialist type economy to corporate responsibility is based on the method of sampling and error, with different speed of implementation for social policy outcomes.

Bulgaria is dominated by an oligarchic model of CSR, according to which the business independently determines the extent of its responsibility for the social development of society. The analysis of the latest tendencies for the participation of Bulgarian business demonstrates a transition from a traditional chaotic model of charity to social investment. According to a representative survey of the Association of Industrial Capital, social business investments are mainly focused on in-house programs: personnel development - 52% of the volume for social investment; for resource saving - 17%, for healthcare - 12% and only 10% for the development of local communities (Study on the assessment (2017)).

6. CONCLUSIONS

While it is desired that leaders who determine to engage in some meaningful expression of social business do so with a 'selfless' (i.e. transcending leadership) motivation, we agree with the authors Jordan & Pallatto-Fontaine (Jordan and Pallatto-Fontaine (2016)) to recognize that various permutations among the three forms of business responsibility discussed in this part (i.e. Corporate Social Responsibility, Shared Value and Social business) and the three forms of leadership motivation styles (i.e. transactional – transformational or transcending leaderships) are possible.

	Transactional Leadership/ Self-interested	Transformational Leadership/ Mutuality of Interest	Transcending Leadership/ Other Interested (Selfless)
Social Business	Social Business with "Self Interest" Motivation	Social Business with "Mutual Interest" Motivation	Social Business with "Other Interest/Selfless" Motivation
Shared Value	Shared Value with "Self Interest" Motivation	Shared Value with "Mutual Interest" Motivation	Shared Value with "Other Interest/Selfless" Motivation
Corporate Social Responsibility (CSR)	CSR with "Self Interest" Motivation	CSR with "Mutual Interest" Motivation	CSR with "Other Interest/Selfless" Motivation

Jordan & Pallatto-Fontaine, 2016

Figure 5. Permutations of business responsibility and leadership motivations
(Source: By Prof. Dr. David A. Jordan, Aligning Leadership Theory with Social Business: A Triarchic Model Framework Director, Yunus Social Business Centre at Becker College and Prof. Dr. Debra Pallatto-Fontaine, Executive Director for Global Initiatives, Becker College (2017:11))

Summarizing Scharmer and Kaufer (Scharmer and Kaufer (2013)), we can outline three major pathologies that inhibit a selfless oriented leadership approach in the relationship between business and society:

- *The Ecological Divide*: a disconnect between self and nature. We are depleting and degrading our natural resources on a massive scale, using up more nonrenewable precious resources every year. Although we have only one planet earth, we leave an ecological footprint of 1.5 planets; that is, we are currently using 50% more resources than our planet can regenerate to meet our current consumption needs.

- *The Social Divide*: a disconnect between self and other. Two and a half billion people on our planet subsist on less than \$2 per day; this number has not changed much over the past several decades. Additionally, there is an increasing polarization in society in which the top one percent has a greater collective worth than the entire bottom ninety percent.

- *The Spiritual-Cultural Divide*: a disconnect between self and Self. This concept represents a disconnect between one's current "Self" and the emerging future "Self" that represents an individual's greatest potential. This divide is manifest in rapidly growing figures on burnout and depression, which represent the growing gap between our actions and who we really are.

One of the most essential practices in advancing our thought and action processes in the journey from “me” to “we” is that of intentionally aligning one’s value and purpose in life and work. The more one can clarify the commitment to serve for the greater good, the better we can act as instruments for bringing that emerging future into being. Thus, the major divides in our society are weakened.

And as a final, let us present for future reflection the differences between the concept of CSR and that of shared value (Antonova *et al.*, 2017):

CSR	CSV
<ul style="list-style-type: none"> • Citizenship, philanthropy, sustainable development 	<ul style="list-style-type: none"> • Creating shared corporate and public value
<ul style="list-style-type: none"> • Through its own initiative or as a result of external pressure 	<ul style="list-style-type: none"> • Strongly related to competitiveness
<ul style="list-style-type: none"> • It is not about profit maximization 	<ul style="list-style-type: none"> • Directly related to profit maximization
<ul style="list-style-type: none"> • The objectives of the program are determined by the personal preferences of the managers and by the public response sought 	<ul style="list-style-type: none"> • The goals of the program are set internally to the interests of the company
<ul style="list-style-type: none"> • The effect is limited by the environmental footprint and the CSR budget 	<ul style="list-style-type: none"> • It restructures the entire budget of the company

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