

ASPECTS OF THE ECONOMIC AND SOCIAL EFFICIENCY OF CORPORATE SOCIAL RESPONSIBILITY IN BULGARIA

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Abstract: *This article examines problems of an institutional nature related to corporate social responsibility and the socialisation of labour. At the beginning of the third decade of the XXI century, the role of business in the public life of Bulgaria is increasing. As a result, its influence on the economic and social spheres is becoming more and more noticeable. Therefore, it is essential to analyze the possibilities and methods for state regulation of social responsibility, primarily from the point of view of the design of institutions related to corporate social activity and social investments. On the other hand, the obligations companies voluntarily undertake to implement social policy in the interest of stakeholders along the five-level chain to produce sustainable strategic economic-social solutions are also tracked.*

Keywords: *corporate social responsibility, labour socialisation, efficiency*

INTRODUCTION

The issues related to the analysis and evaluation of corporate social responsibility (CSR) results are among the most convoluted in the whole complex of economic and social problems. This is related to the unique nature of the evaluation subject; the subjects (evaluators); those interested in the assessment; the possibility of formalising efficiency indicators; assessment methods [1]. The complexity also increases under the influence of the subjective factor, the diversity and incommensurability of the ethical and purely economic parameters, the degree of satisfaction of its beneficiaries - above all, the stakeholders.

The efficiency of CSR in general can be characterized as the degree of satisfaction of the company with the needs and expectations of the stakeholders in order to the moral and ethical philosophy, account for state and societal restrictions, industry specifics, the stage of the company's life cycle, size and other specific characteristics determining the maximum possible level of organisational activity in a given period [20]. To measure the social activity of a specific enterprise, it is necessary to examine the internal state of the organisation, i.e. to incur additional costs for reporting and monitoring, which makes it challenging to use such a methodology in a wide range of enterprises and organisations. The paper corresponds with previous investigations of the authors and their colleagues in the field explored [16, 18, 20]. This report aims to explore the aspects of the economic and social efficiency of CSR in Bulgaria by interpreting the main models for evaluating the performance of socioeconomic events and the social investments of a business and identifying the primary subject of the estimate and the appropriate benchmarks. Although the practices in Bulgaria are still insufficient in terms of volume and transparency, the research tries to analyse existing theories and practices on the studied topic thoroughly. The *Results* section provides an answer to the question of the CSR participants' goals, interests and activities. The *Discussion* analysis identifies the necessary conditions for the successful development of business activities in modern society and presents the discoveries and deductions. The main findings are set out in *Conclusions*.

EXPERIMENTAL

The aspects of CSR's economic and social effectiveness investigated in this report result from a qualitative analysis of existing theoretical knowledge and a review of practices among Bulgarian businesses. The report's purpose is not to pit the organisations or label them as "socially responsible" but to deduce the private from the generally known. This is why the practice is analyzed as a whole and not of a specific company. In implementing the study, the authors adopted the rule that the general approach to efficiency assessment must comply with the principles of scientificity, systematicity, objectivity, relevance, credibility, timeliness and verifiability [2].

The theoretical basis of the assessment of CSR efficiency is the classical and alternative concepts of social responsibility: analysis of corporate social receptivity, the results of corporate behaviour (activity), the stakeholder approach, etc. and on the other hand, the classical foundations of moral and ethical philosophy and the methodology for evaluating social investments, the implementation of international, national and local development programs. The empirical base should be formed by the complex of private and integral evaluation indicators, reflecting the content of *internal* and *external* social responsibility, the recommended international standards and the guidelines for preparing accounting reports, and especially - *what is essential for evaluators*. At the same time, the selected indicators must reflect the dynamics of social and labour relations, the financial and economic stability of the enterprise, be accessible through existing statistical and industry sources; to include results of sociological surveys, expert and rating assessments.

RESULTS

The efficacy of CSR is one of the forms of determining its efficiency and, more precisely, the efficiency of social investments, bringing benefits to both companies and stakeholders. Baestaens, Van Der Berk & Wood [3] in their studies show that *only the results of corporate behaviour represent the only "measurable" element of the CSR system*. Therefore, only the effects (results) of the moral-ethical *behaviour* (of the patron, of the stakeholder), socio-economic *activities and social investment* carried out within the framework of internal and external CSR and contributing a particular *benefit* can be subject to evaluation [4, 5, 6], including *economy* (social, ecological, economic, political) and not the search for guilt accompanied by a monetary or another material equivalent.

CSR's economic and social effects are manifested in different forms and levels. They can be structured by the subject of appropriation (beneficiaries): individuals, organisations, and society as a whole. The company, which carries out charity or another form of assistance, participates in various programs and projects, receiving additional profit and recognition for conducting a CSR policy [7]. This report analyzes forms and types of effects (results) obtained in the following relationships:

(1) *with trading partners* – it is recognition of the company's brand and growth of its image; increasing the goodwill of buyers; expanding the base with potential customers; developing new markets; additional competitive advantage, and expansion of the company's product marketing and services. An organisation that carries out charitable work appears more attractive in the eyes of the consumers. Research shows [3] that all other things being equal, cause marketing contributes to consumer choice.

(2) *with investors* – for the company's actual and potential shareholders, the organisation's positive prestige serves as an indicator of success and sustainability, causing peace of mind for the invested funds. This strengthens the stable course of movement of the company's shares on the stock market and increases its attractiveness to potential shareholders.

(3) *with local communities* – from contact audiences such as administration, control bodies and the public, the charity-making company obtains more tangible social and economic effects than with traditional methods. For example, reduce transaction costs due to the reduction of administrative and bureaucratic barriers (representational costs; losses related to obtaining various permits; conducting inspections, etc.); Additional competitive advantages appear in tenders and public procurements announced by state and public organisations; benefits from allocation of resources, such as land, licenses, permits, etc.

(4) *with the company's employees*, for whom its high public prestige is a tangible incentive to strengthen the corporate spirit and motivation. This leads to an increase in profit through economies of scale: *of recruiting costs* (reduces the turnover of human resources, eases the hiring procedure in a prestigious company, increases the number of highly qualified specialists willing to work) [8]; *of direct HR costs* (possibility of hiring employees who value prestige, even for lower pay; *of costs of training/retraining* of personnel and the corresponding increase in labour productivity (in this case hiring of young specialists prepared by the speciality from vocational schools and university programs that were already subject to funding under the charity); *of costs to appoint full-time employment lawyers*, psychologists, sociologists, coaching specialists, etc. due to a decrease in turnover, an increase in social agreement and limitation of labour disputes and conflicts) [2, 9, 10]. Last but not least, productivity increases due to increased motivation towards work and the social stability of the workforce.

At first glance, directing funds to charity and other social projects is a diversion of part of the investment resource intended for the development of basic activities and thus shortens the opportunities for the development of the business company [11]. The question arises: what goals can a commercial company pursue, consciously limiting capital investment in its production and channelling funds for social investment? Is it possible that by carrying out charity, the company acquires additional factors for economic growth? Real examples with companies such as Asarel Medet, Dundee Precious Metals, Nestlé Bulgaria, Sisecam Industrial Group, M+S Hydraulic Plc., MD Elektronik Ltd show that through their social investments, companies not only realize their social functions, and objectively activate additional factors for economic growth in their business (for example, by helping to strengthen the health of their employees and their families, by participating in educational programs, by increasing the quality of their production, etc.). Factors positively impacting economic indicators and contributing to the formation of added value should include the main

visible effect - an increase in the favourable attitude and strengthening of the company's relationship with its partners - stakeholders [12, 13].

Corporate activity, in general, and CSR, in particular, have a strong personal influence on the manager, whose competencies include the decisions to dispose of the funds of the joint-stock companies. In the modern Bulgarian reality, the contours of *the institution of personal social responsibility of the head of the corporation* are outlined, and this corporate donation hides the complete dual unity within itself of two diverse phenomena - personal and corporate philanthropy. On the one hand, CSR is perceived as a special form of manifestation of entrepreneurship; on the other - in the subjective perception of business leaders themselves and society as a whole, CSR is also accepted as an activity with a predominantly moral character.

The dual nature of CSR complicates the analysis of its economic motivation from the position of conditional separation of personal and corporate economic interests [14, 15]. Nevertheless, such an approach makes it possible to logically explain that in the guise of CSR in our country, both the donors and their analysts define altruism and compassion as dominant motives, i.e., categories outside of business that are purely rational in nature.

An important problem in assessing CSR efficiency is related to *identifying the subjects interested in the assessment*. Here the answer is suggested by Gordon K. Davidson [6], who presents the classification of interested parties, as well as the division of CSR and the stakeholders themselves into *internal* and *external*. Thus, all interested parties expect high efficiency of CSR, although not all accept active participation in the evaluation of the social activity. This is due to many reasons, such as vague criteria and poor methodological assessment of this work.

The primary evaluators of CSR efficiency are: human resources departments; development and implementation activities; regional and local authorities; trade unions and branch organisations; expert and consulting communities. Among the listed entities, the companies themselves pay the greatest attention to analysis and evaluation when preparing non-financial statements, referring to international standards for social reporting and CSR (Global Reporting Initiative - GRI-3, Account Ability - 1000, UN Global Compact) [14] and the Accounting Act in Bulgaria. Mandatory tools used comprehensively during the evaluation are: *the stakeholder map; the stakeholder interest table; and the "Support x Power of Influence" matrix*.

Own analysis [16] shows that the index methods for assessing the efficiency of CSR, based on determining the weighting coefficients of the indicators (their significance) using heuristic, sociological and other techniques, are becoming widely distributed. At the same time, the weighting of the coefficients in the value of the indicators is carried out through expert assessments. The subsequent factor analysis of the CSR results, based on the reading of the indices, considers the significance of one or another indicator in the integral CSR index, which should determine the direction of the company's management in the development of the strategy for future social responsibility.

Evaluating CSR performance should occur in close dialogue and interaction between the company and the stakeholders. This will allow the organisation: (1) to show and specify the influence of each stakeholder on the company's activity and the main subject of interest; (2) to analyze the nature of the mutual influence of the company and stakeholders on various aspects of social policy and to develop practical interaction mechanisms; (3) to reach an understanding of the needs and aspirations of the various countries, including expanding the opportunities for stakeholders to participate in the company's professional activities (monitoring of the degree of satisfaction with work, assessment of the achievement of goals, analysis of possible forms of cooperation). In Table 1. the main content of the summarized ongoing work of stakeholders in the CSR model is presented.

Table 1: Goals, interests and results of the activities of the participants in the CSR model

Employees	Business	Authorities	Society as a whole
Main objectives			
Striving for a dignified life	Creating comfortable conditions	Consolidation of power	Sustainable Development
Main interests			
Improving working conditions; Decent pay; Protection of life, health and property; Social package (medical and pension insurance, kindergartens and nurseries, rest homes); Improvement of the psychological climate in the team; Respect for human rights; Education support; Stimulation of creative performances;	Improving the image of the company; Increasing demand for products; Gain access to international markets; Increasing the attractiveness of the labor market; Improvement of the working conditions and hence the interest of the employees; Management of risks arising in the social sphere; Obtaining a "public license" to operate in the industry; Establishing good relations with the authorities; Acquisition of Unfriendly Takeover Remedies; Increasing investment	Obtaining funds to control the social situation in the region; Facilitate the verification of compliance by employers in the region with the requirements of labor legislation; Stimulating the solving of social problems by employers; Increasing the attractiveness of the region on the labor market; ensuring the able-bodied population in the region; Promotion of the activity of the administration by the higher management bodies; Obtaining a positive assessment of the administration's activities	Organisation of new jobs; Creation of social facilities (nurseries, schools, hospitals, sports facilities); Support for education; Maintaining and conducting cultural and sports events; Reduction of social tension; Landscaping of the settlements; Reduction of harmful effects on

	attractiveness	from the electorate;	the environment; Economic consumption of non-renewable sources; Creation of economic and social infrastructure;
Expected results			
Job satisfaction, confidence in tomorrow	Stable profit, capitalisation growth	Stability of activity, increase in recognition	Well-being

Source: author's design [20]

DISCUSSION

An essential condition for the successful development of business activity in our modern society is the establishment of constructive social interactions. Public recognition and respect are not only a result but also a condition for business. The company's social policy, sponsorship, patronage, charity, marketing with a cause, image management, PR, etc., are aimed at solving this task. A significant limitation of the research is that applying the described techniques often remains hidden from society, which sharply reduces the possibility of evaluating their efficiency.

Of particular interest is the possibility of comparing the efficiency of the social policy of different companies, insofar as in each sphere of activity, there are various specific results and own principles of organisation. Moreover, analogous comparisons are needed in the sectoral and regional aspects [17, 18, 19].

The task consists of creating a methodological tool that will consider the accumulated experience and the emerging opportunities for evaluation and self-evaluation using standard accounting and reporting data, which would allow the development of simplified forms of social reporting and social audit of enterprises from the Ministry of Social Policy, and also sectoral and regional methodologies for evaluating social investments and social partnership practices. In Bulgaria, the first attempts at such developments were made in the 90s of the XX century by the Ministry of Social Policy and the Bulgarian Forum of Business Leaders.

In some scientific studies dedicated to the social development of the persons employed in the enterprise, distinctions are made between the indicators characterizing the provision of social infrastructure objects and the production conditions are not included in the analysis. In creating this methodology, it is necessary to do for several reasons:

- (i) the question arises of comparability between indicators that characterize different processes;
- (ii) indicators of social infrastructure play a major role in the coordination of social development strategies of organisations and the formation of mechanisms for social partnership along the *employee-enterprise-territory-region-country chain*;
- (iii) the expenses for solving social issues in the section "Socialisation of labour" should be taken from the funds for accumulation and consumption, and those for "Social infrastructure" - from the infrastructure funds for the construction of social objects.

The content analysis shows that there is still no unified approach to evaluating the work of human resources. In practice, the motives for labour activity and the condition of workers in enterprises are rarely studied. The relevance of the research subject, the position of the employees in the enterprises, is determined by the existing problems in the labour stimulation systems and the demotivation of the personnel in the Bulgarian companies, which leads to a decrease in the economic results of the enterprises.

Subjective factors such as the level of qualification, psychological characteristics and empathy of the employee, the system of his work motives are a *white field* in the social economy. The employee's attitude to work, the awareness of his position in the enterprise, the set of internal incentives for labour activity determine the employee's perception of the labour process. The employee's emotional state and, ultimately, his tendency towards adaptive behaviour depends on how well the individual's expectations correspond to the realistic opportunities for realizing his work potential.

CONCLUSION

This report shows that the economic and social effects of CSR can, on the one hand, manifest themselves in different forms and at different levels and, on the other hand, can be structured according to their beneficiaries. At the same time, an essential problem in assessing CSR efficiency is identifying the entities interested in the assessment itself.

Directing funds to charity and various social projects is often perceived as a diversion of part of the investment resource intended to develop basic activities. Nevertheless, the experience from Bulgaria shows that through their social investments, companies not only realise their social functions but also objectively activate additional factors for economic growth in their business.

Corporate activity in general and CSR in particular experience the solid personal influence of the leader and demonstrate the unity of two diverse phenomena - personal and corporate philanthropy. The latter further complicates the analysis of the economic motivation of CSR.

Human resources departments, regional and local authorities, trade unions and branch organisations are among the primary evaluators of the efficiency of CSR. At the same time, the companies devote most of their attention to analysing, evaluating and preparing non-financial statements. Therefore, evaluating CSR performance should occur in close dialogue and interaction between the company and the stakeholders.

ACKNOWLEDGEMENTS

This research is supported by the Bulgarian Ministry of Education and Science under the National Program "Young scientists and Postdoctoral Students - 2".

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