

The Concept of Stakeholders in the Context of CSR (A Survey of Industrial Enterprises in Bulgaria)

Diana ANTONOVA

University of Ruse
dantonova@uni-ruse.bg

Bozhana STOYCHEVA

University of Ruse
bstoycheva@uni-ruse.bg

Svilen KUNEV

University of Ruse
snkunev@uni-ruse.bg

Irina KOSTADINOVA

University of Ruse
ikostadinova@uni-ruse.bg

Abstract

The Stakeholder concept is one of the most widely used scientific tools related to the corporate social responsibility (CSR) issues and a basis of the strategic management firm's Stakeholder Theory. Following the classifications of Friedman (1962, 2002) and Freeman (1984), as well as Philips (2011) and Jenkins et al. (2016), researches on the core objectives of the corporate social responsibility we can refer to them "... any group or individual who can affect or is affected by the achievement of the organization's objectives". Following the logic of CSR models, three important stakeholders' roles can be formulated according to whether they are: (1) a source of expectations that determine the desirable or unwanted actions of the company; (2) perceiving the results of the corporate behavior of the firm, i.e. addressees of corporate actions and their results; (3) assessing how well the company meets expectations and (or) how the corporate behavior influences groups and organizations in a given environment. The survey was conducted among owners, managers, employees and consumers of Bulgarian industrial enterprises. Three types of questionnaires, composed with the main involvement of a team of prof. Ivan Mihajlović from University of Belgrade - Technical Faculty in Bor, Serbia have been used. The aim is to establish the understanding of the CSR aspects of the industrial enterprises in Bulgaria and the roles of the stakeholders in this process. The data collected in these questionnaires have been processed via appropriate statistical methods by using software packages SPSS v.18. In the section Dimension of CSR are presented some of the results as expected by the stakeholders, stakeholders and stakekeepers. The received recommendations and opinions can be used to improve the strategic decisions of the top managers of industrial enterprises, concerning the understanding of CSR as well as for a comparative analysis of a parallel study (Stojanović et al.) committed in Serbia in 2016.

Keywords: Strategic management firm's stakeholder theory, Stakeholders, Stakekeepers, CSR.

JEL classification: M10, M14, Q01.

1. Introduction

The Stakeholder concept is one of the most widespread scientific and practical tools related to CSR issues. It forms the basis of the firm's Stakeholder Theory as an independent direction of a general and strategic management and is a conceptual basis for CSR. The beginning was put by R. Edward Freeman in the monograph "Strategic Management: A Stakeholder Approach - the locus classicus" (1984). In 1988 at the University of Toronto, Max Clarkson, a pioneer in business ethics and the Stakeholder theory, has founded the Clarkson Center for Business Ethics and Board Effectiveness (CCBE) with the belief that, since the business and societal ties

are sophisticated, the ethical issues have become critically important for consideration. During the 1980s and 1990s, CCBE was instrumental in the development of codes of ethics and codes of conduct for many of Canada's largest corporations (<http://www.rotman.utoronto.ca/>). According to the founders of the theory, the objects of socially responsible corporations are "... any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984). As previously stated in M. Friedman (1962, 2002), and then in Carroll (1991); Philips *Edd.* (2011) and Jenkins et al. (2016), key stakeholders and potential users of corporate benefits are: the owners of companies; consumers of their produce; resource providers; workers and employees; local communities; various broad social groups; the state and others.

Accordingly, the management of the company, which seeks to prove its social responsibility and to win (or consolidate) its legitimacy, must conduct its policies so that the interests of the stakeholders not only are not violated but also realized through the actions of the corporation. Freeman himself views his Concept not as a significant theory but as an important prerequisite for practical work, for a more efficient management of the organization.

2. Previous works

A particular importance the Stakeholder concept acquired in the early 21st century, following the publication of the Stakeholder Theory: The State of the Art (R. Edward Freeman et al., 2010), which demonstrates the need for a transition to a new management thinking based on the idea of the stakeholders, i.e. all interested groups.

Following the rational logic of shaping the corporation's priorities from the point of view of their importance, the stakeholders are divided into two groups.

The *primary stakeholder group* (stakeholders) refers to those without whose permanent involvement the corporation cannot exist. In a broad sense, they are shareholders and investors, employees, consumers, suppliers, and public interest groups - state institutions and local communities building the infrastructure and the market, creating laws and other normative acts. In the narrow sense, these are all individuals or organizations whose contribution (work, capital, resources, purchasing power, and dissemination of company information) is the basis for its success (Clarkson, 2000).

The *secondary stakeholders* are different "interested groups" not related to contractual relationships or other transactions with corporations that are not essential to the existence of these organizations.

There are other approaches to the classification of stakeholders, the basis of which is not the attention of the corporation to the stakeholders, but their own desire to influence its activities. Stakeholders can be seen as groups/individuals that can influence the company's achievements by fulfilling their private goals or by working for the organization as a whole (Dunfee & Donaldson, 1995).

In the model of Mendelow (1991), the stakeholders are grouped according to their interests and authority. In doing so: 1) the *power* of the stakeholder is determined by his ability to influence the organization; 2) the stakeholder's *interest* in his desire to influence the organization; 3) the *influence* of the stakeholder can be determined by the formula "power multiplied by interest". Newbould and Luffman (1988) have offered a mixed classification: 1) groups with an impact on the financing of the enterprise (including shareholders); 2) managers who manage them; 3) employees working in the enterprise; 4) economic partners.

Wood (1991), following the logic of the corporate business model, presents three important roles for the stakeholders: (1) a source of expectations that determine the desirable or unwanted actions of the company; (2) perceiving the results of the corporate behavior of the firm, i.e. addressees of corporate actions and their results; (3) assessing how well the company meets

expectations and (or) how the corporate behavior influences groups and organizations in a given environment.

Following the analysis of the classical stakeholders' concept, the authors (Stoycheva & Antonova, 2016; Antonova, 2017; Kostadinova & Antonova, 2018) offer a peculiar approach to grouping stakeholders: 1) *Real stakeholders* (really interested groups) with real positive and loyal interests in the company's activities - owners, workers, consumers and local communities. Their relationship with the firm is in terms of strength/influence and, in general, is equilibrium; 2) *Stakewatchers* - without private interests in the company's activities, acting as advocates of the actual stakeholders - such as trade unions, consumer organizations, environmental associations, etc. They have a certain impact on the company until it can influence them seriously; 3) *Stakekeepers*, who, as future independent regulators, do not have a self-interest in the company's business but are capable of seriously influencing it. These are the state, as "complex security guards", judicial authorities, certifying organizations and others. The balance of forces gravitates in their direction.

In our opinion, the corporation should only be socially responsible to the actual stakeholders. (Kunev et al., 2017) Thus, there is a certain narrowing of their circle without relieving the company's actions, as there are no commonly accepted criteria for priorities, both among the actual stakeholders and among the other groups. It is important to select the most effective forms of interaction between them, taking into account that the expectations, interests and influence of the participants in the different groups may be the opposite.

On the other hand, depending on their belonging, the stakeholders can be *internal* and *external* (McWilliams & Siegel, 2001; Pencheva, 2018). The owners, managers, staff and trade unions are among the *internal*. Their common characteristic is the sense of corporate affiliation, although this does not rule out a mismatch of interests. For example, the managers' desire for greater autonomy opposes the need of the shareholders to exercise greater control over managers' actions; staff wishes for higher wages contravene managers' plans to reduce actual HR support. Overcoming the contradictions can be at the expense of bringing together the interests of different groups by building a motivation system that focuses on the company's final results. Here is the art and professionalism of management.

The external stakeholders are the authorities of the state; local self-governments; potential investors and shareholders; customers and suppliers; product users; competitors; partners; associations, unions, self-regulatory organizations; research institutes, educational structures; local communities (including families of employees in companies), community organizations. Corporations generally use two methods to build their relationships with external stakeholders. The first is to establish a partnership relationship. The aim is to prove to the stakeholders that it is more profitable to act in favour of the company, thus reaching their own interests. In this case, the short-term interactions are important for the companies. The second method is an attempt to protect the organization from uncertainty by using stabilization and prognostic approaches. These can be: marketing research; creating special departments to control the areas of interest of the most important external stakeholders (compliance with legislation, environmental safety controls); efforts to ensure coordination procedures, advertising and PR. Carroll (1991) has offered a matrix to personalize the role of the stakeholders. It takes into account the type (level) of social responsibility and illustrates the multilevel CSR of each interested party, correlating its expectations to the rankings of the stakeholders' structure and the impact of the contradictions in their interests.

An alternative tool for the stakeholder concept is the *supply and demand model of CSR* (McWilliams & Siegel, 2001), which is based on the treatment that social responsibility is an *investment form* with correspondingly *expected results*. According to the authors of the model, there are two main sources of CSR - the demands of the users of the company's production and

the interests of the other stakeholders (investors, workers, local communities). By acquiring certain benefits and satisfying their expectations of the proven high quality of the results of the socially responsible company (a producer of goods and services), the stakeholders motivate the CSR's inclusion of the corporation.

The stakeholder's natural desire to develop relationships with trusted legitimate companies has been the foundation for developing approaches that would allow to a certain extent the use of elements of unification of requirements when entering into voluntary partnership agreements. This range of issues can be addressed by developing some international and national standards governing the company's CSR. The development of the need and the appropriateness of using the standardization tools in the issues related to the identification of the company with the principles of CSR is presented in Table 1.

Table 1. Developing the Stakeholder Concept

Years	Source	Contribution to the development of terminology
1984	R. Edward Freeman	One of the first to define the concept of <i>stakeholder</i> .
1997	SA 8000	A standard, developed by the International Labour Organization, ILO. It serves as a basis for creating an adequate social policy, not only for employees in the organization, but also for customers, suppliers and society. It is applied as an auditing scheme from a second-party – client.
2002	ISO/IEC Guide 73:2002	The guidance aims to promote a coherent approach to the description of risk management activities and the use of risk management terminology and to contribute to a common understanding of risk management among CSR companies that apply risk management to the needs of stakeholders.
2003	AA1000 SES	Preliminary version of the AA1000 Assurance Standard for Non-Financial Audit, created by the Account Ability Institute, London, UK. Separating the term <i>stakeholder</i> from <i>taking part</i> , explained in the document's Guide.
2005	ISO 9000:2005	Official term <i>stakeholder</i> is introduced for: a) those concerned with a mutual understanding of the terminology used in quality management (e.g. suppliers, customers, regulators); b) those internal or external to the organization who assess the quality management system or audit it for conformity with the requirements of ISO 9001 (e.g. auditors, regulators, certification/registration bodies); c) developers of related standards.
2010	ISO 26000:2010 Guidance on social responsibility (reviewed and confirmed in 2014)	It is intended to provide organizations with guidance concerning social responsibility and can be used as part of public policy activities. <i>It is not intended</i> to be interpreted as an “ <i>international standard</i> ”, “ <i>guideline</i> ” or “ <i>recommendation</i> ”. It responds to a request from industry or other stakeholders such as consumer groups. ISO 26000 are developed through a multi-stakeholder process: experts from the relevant industry, consumer associations, academia, NGOs and government. It's based on a consensus .
2015	AA1000 Stakeholder Engagement Standard (SES) 2015	"Stakeholder Engagement Standard" establishes the benchmark for good-quality engagement. AA 1000 SES was developed using a broad-based, consultative multi-stakeholder process. The version of AA1000SES (2015) is a generally applicable framework for the assessment, design, implementation and communication of quality stakeholder engagement.

Years	Source	Contribution to the development of terminology
2017	IWA 26:2017	IWA 26:2017 provides guidance on using ISO 26000:2010 to organizations that have implemented one or more ISO management system standards (MSS). It also provides guidance on how to apply a management system approach when using ISO 26000. It can be used in full or in part by an organization that has implemented a management system and/or that is using ISO 26000.

Source: authors

3. Methodology

Based on the Freeman Stakeholder Concept and applying the Wood model (1991) to the importance of the three significant roles of the stakeholders to achieve competitive advantages and prosperity of the organizations through the development of CSR, a study was conducted in the Bulgarian industrial enterprises.

The studies that have been conducted in other developing countries (Serbia, Russia, Albania) have raised the interest of the researchers who, on the basis of the tools, used by the team from the University of Belgrade, Serbia (Stojanović et al., 2016), carried out a study that allowed an analysis of the status and trends in the formation and maintenance of sustainable competitive advantages of organizations that have been achieved through active interaction with multiple stakeholder groups. For the first time in the Bulgarian study, *Real stakeholders* have been included with real positive and loyal interests in the company's activities. The study was conducted for the period of April to October 2017 by a team of University of Ruse.

The **aim of the study** is to establish the understanding of the aspects of CSR in industrial enterprises in Bulgaria and the roles of stakeholders in this process. The data collected through the questionnaires was processed using appropriate statistical methods with the features of the SPSS v.18 software package. In Section (3) "Assessment of Impact of Stakeholders on CSR", some of the expected results from *real stakeholders* are presented.

The **tasks set out in the study** are related to tracking the dependency between stakeholders' influence and companies' actions in CSR, such as: (1) a source of expectations that determine the desired or unwanted actions of the company; (2) perceiving the results of the company's corporate behaviour, i.e. the addressees of corporate actions and their results; (3) assessing whether the company meets the expectations and (or) how the corporate behaviour of the industrial enterprise influences the other stakeholders.

Basic design of the survey

The **subject of the survey** of Bulgarian industrial enterprises is related to the analysis of: (1) The level of knowledge of the important aspects of CSR: ecological, social, economic, shareholder and volunteer dimensions; (2) Level of knowledge of CSR activities carried out by the industrial plant; (3) Assessment of stakeholders' impact on CSR (current situation in the industrial enterprise); (4) Barriers faced by the industrial plant to be even more socially responsible.

The **object of the survey** is medium and large enterprises (number of staff criterion), which according to the National Classification of Economic Activities (NACE.BG-2008) are registered as follows: 22.2% - infrastructure; 15.6% - IT/media; 15.6% - electronics; 22.2% - professional services and engineering; 8.9% - chemical industry; 8.9% - Retail and 6.7% Finance.

In selecting the sites to perform the analysis and the size of the organizations surveyed, a parallel is sought with studies conducted in Serbia, Russia, Albania to achieve compatibility and comparability of the results obtained.

The **general population** of enterprises consists of 695 organizations, information provided by the NSI (National Statistical Institute in Bulgaria). The survey was conducted among owners, managers, employees and consumers of Bulgarian industrial enterprises. To check the statistical significance, the Raosoft calculator (Sample size calculator) is used to calculate the sample size (n). The default statistic error is $p = 5\%$, with confidence probability $\gamma = 0.95$.

The respondents of the actual survey are 359 organizations with direct contact based on in-depth interviews. Representatives of *real stakeholders* were interviewed: 45 owners and managers; 114 employees and 214 consumers. The results can be considered statistically significant for the general population. The activity level outlined is 51%.

Three types of questionnaires were used, composed mainly by the team of Prof. Ivan Mihailovic from Belgrade University, Serbia (Arsić et al. 2016).

The expected results are: the recommendations and opinions received can be used to improve the strategic decisions of the top managers of the Bulgarian industrial enterprises on the understanding of CSR and the three important roles of the stakeholders in achieving competitive advantages and prosperity of the organizations by developing CSR.

4. Findings including key quantitative results

4.1. Level of knowledge of important aspects of CSR: ecological, social, economic

86.7% of the surveyed managers are of the opinion that CSR is necessary in order to realize the social market economy. For the remaining 13.3% of the respondents, we can conclude that their opinion is due to a misunderstanding of the nature of CSR. 96.5% of employees and 80.4% of consumers are of the opinion that CSR is an asset to organizations. Regarding the awareness of employees and consumers with the concept of CSR we can conclude that over 50% of both groups have not heard about CSR or do not know what it is about. Less than 5% of respondents are interested and actively involved in activities related to it. The data are presented in Table 2.

Table 2. Common level of knowledge of important aspects of CSR

Level of knowledge of the Concept	Employees		Consumers	
	Number	Percentage	Number	Percentage
I had never heard of CSR before the present study	31	24.7	50	23.4
I have heard about the concept of CSR, but I do not understand what it is about	30	26.5	86	40.2
I know what CSR is and I can explain its importance	47	41.6	75	35
I am interested in CSR and actively participate in activities related to it of the organization I work in	5	4.4	3	1.4
Total	113	100	214	100

Source: own survey results

Respondents are asked to assess the environmental, social, and economic aspects of CSR by using a 5-degree Likert scale reflecting the degree of agreement with the role of the research factor.

Ecological dimensions of CSR

The data obtained for consumers show that 61.7% of them consider the reduction of environmental impact to be extremely important through the use of environmentally friendly products. More than half of the consumer opinions believe it is extremely important to invest in energy-saving programs (54.2%) and advise companies to reduce the consumption of natural

resources (50.9%). Extremely important for the consumers are the reduction of air and water emissions (64%), the participation of companies in environmental protection and improvement activities (59.3%), the use of recyclable containers and packaging (55.6%), as well as the responsible management of the production waste from the raw material phase through its production, distribution and destruction (58.9%).

The opinions of employees in organizations have been distributed in a dual way that environmental aspects are extremely important for organizations ("agree": just over 50.3%). Nevertheless, the own staff of the Bulgarian industrial companies ignores the importance of this aspect: 27.5% of the organizations do not participate in activities related to preservation and improvement of the natural environment (see Table 3), with 53.1% not accepting the importance of investment planning in this area (Table 4). A little over half of the employees (54.9%) are of the opinion that their companies are positive about the use and purchase of environmentally friendly goods (Table 5), with half of respondents (49.5 %) confirming their businesses using recyclable containers and packaging (see Table 6).

Table 3. Employee involvement in environmental protection and improvement activities

Grading scale	Frequency of responses	Percentage
1 – completely agree	35	31.0
2 – rather agree	14	12.4
3 – neither agree nor disagree	33	29.2
4 – rather disagree	15	13.3
5 – completely disagree	16	14.2
Total	113	100.0

Source: own survey results

Table 4. Planning investments to reduce the environmental impact the company is causing

Grading scale	Frequency of responses	Percentage
1 – completely agree	26	23
2 – rather agree	27	23.9
3 – neither agree nor disagree	31	27.4
4 – rather disagree	18	15.9
5 – completely disagree	11	9.7
Total	113	100.0

Source: own survey results

Table 5. Use and purchase of ecological goods

Grading scale	Frequency of responses	Percentage
1 – completely agree	34	30.1
2 – rather agree	28	24.8
3 – neither agree nor disagree	19	16.8
4 – rather disagree	19	16.8
5 – completely disagree	13	11.5
Total	113	100.0

Source: authors

Table 6. Use of recyclable containers and packaging

Grading scale	Frequency of responses	Percentage
1 – completely agree	26	23
2 – rather agree	30	26.5
3 – neither agree nor disagree	25	22.1
4 – rather disagree	10	8.8
5 – completely disagree	22	19.5
Total	113	100.0

Source: own survey results

The resulting data for managers shows that: 40% of them do not believe that they could implement policies to minimize the impacts of their own companies on the environment by using environmentally clean products; 44.5% of owners and managers do not invest in energy saving programs; and 51.1% of them do not participate in programs targeting the use of renewable energy sources. Accordingly, 46.7% of the managers, share that their businesses are not involved in activities related to the conservation and improvement of the natural environment, with 42.2% of them not supporting the reduction of gas emissions, the production of waste materials and the recycling of materials. Only 20% of respondents-managers are positive about the use, purchase or production of environmentally friendly goods, and appreciate the use of recyclable containers and packaging. A small part (8.9%) of managers appreciate the importance of an investment policy to reduce the impact of their companies on the environment; with only 24.4% of them defining ecological dimensions as being of utmost importance for their organization.

The results for CSR's environmental dimensions show that this aspect is extremely important for consumers and employees. This is not the assessment of the factor on the part of the managers. The managers of the industrial companies should be aware of the importance of the dimension in order to better satisfy the real stakeholders.

Social Dimensions of CSR

The received data for consumers shows that: 79.5% consider it important to support the employment of disadvantaged people and people at risk of social exclusion. 85.1% believe that education and professional development of employees is extremely important. For 59.3%, it is extremely important to comply with standards related to occupational risks, health and safety at work. The commitment to job creations has been highly important for 77.1% of respondents as well as, the commitment to improving the quality of life of employees (78.5%), the preparation of employee retirement plans (71.5%) and participation in social projects of the community (sponsorship, charity, etc.) (64%). The opinion of 76.1% of the respondents is that the organizations should offer wages above average for the industry, while for 78.5% of the respondents the equal treatment of workers is extremely important. Respondents believe that industrial companies should not operate in countries or cooperate with companies that violate human rights (81.8%), and it is extremely important not to work with organizations suspected of using child labor (84.3%).

The employee responses are more moderate: 43.4% of them consider the support for the employment of disadvantaged people and people at risk of social exclusion as important. 53.1% believe that the training and professional development of employees is extremely important. For 46.9% of employees it is extremely important to comply with the standards related to occupational risks, health and safety at work. 44.1% of them estimate human resource management policy as an important factor in facilitating the reconciliation of the professional and private life of the employed. For 40.7% of respondents, it is important to employees to be included in managerial decisions and to be able to suggest initiatives. For 43.4% of respondents,

commitment to improving the quality of life of staff, lifestyle of employees (39.8%), and employee pension plans (38.9%) is extremely important. 39% of employees' views are that organizations should pay wages above the industry average, while for 48.7% the importance of extra pay related to skills and performance is also high. 41.6% of respondents define the social dimensions of CSR as important.

Managers' opinions are the most polarized: for 35.6% of them, it is less important to support the employment of disadvantaged and those at risk of social exclusion, and more than half - even do not have an opinion on the issue (51.1%). Counterbalanced are the opinions (51.1%) that do not encourage the training and professional development of the employees; and who do not consider it important to comply with standards relating to occupational risks, health and safety at work. 41.3% of respondents are of the opinion that they should not have a commitment to job creation. 55.5% of managers disagree that they should be committed to improving the quality of life of employees, as well as being concerned about them. For 46.7% of managers, employee pension plans are not relevant. The participation in social projects for society (sponsorship, charity, etc.) is not important for 46.7% of the respondents.

46.6% of the managers do not consider the availability and implementation of human resources management policy as an important factor in facilitating the reconciliation of the professional and private life of employees. For 53.4% of the respondents, decision making is not influenced by employee initiatives, with 42.2% of managers not even considering having in mind such facts. 53.3% of respondents do not agree that opportunities for all employees should be equal, with 42.2% of managers not considering having the feedback of their employees. Only 17.8% of managers are of the opinion that the wages they form should be above average for the industry. Only 21% of executives bind employees' additional rewards with their skills and achievements. Contrary to initial expectations, 55.6% of the surveyed managers do not determine the social dimensions of CSR as important.

The results show a significant discrepancy between the views of the managers and those of the consumers and employees about the social aspects of CSR. In this respect, in order to increase the level of satisfaction and employee engagement, managers should pay attention to and focus their efforts on delegating rights to their subordinates and measuring their performance according to their achievements and initiative.

Economic dimensions of CSR

The consumers' results show that: for 78.1% of them, organizations must offer consistently high quality products/services at reasonable prices. For 79.9% of the respondents, it is important products and/or services to meet national and international quality standards (ISO, GRI Initiative, Eco-Management Audit Scheme (EMAS), and Corporate Financial Performance (CFP). The organizations must offer a higher than average market guarantee for products and/or services, according to 75.2% of respondents. For 82.7% of respondents, it is critical for companies to provide their customers with accurate and complete information about their products and / or services, and 85% of respondents consider product labeling to include warranty obligations. Especially important for 87.8% of respondents is the respect for all consumer rights, with 85% of them holding effective procedures for dealing with customer complaints. The facts show that the economic dimensions of CSR are a very high priority for consumers.

The employee engagement is quite low: Only for 48.1% of them it is important the guarantee of the products and/or services offered by the organization to be longer than the average for the market. For 54.9% of the respondents, it is important for the organization to provide customers with an accurate and complete information about their products and / or services, but only 28.3% of them believe that social responsibility programs increase the cost of the organization.

The general opinion of 38.1% of the employees is that the economic dimension is important to the organization and it should improve or increase its actions and efforts in that direction.

From the managers' responses it becomes clear that: only 22.3% of them have evidence that their customers feel confident that the company is particularly concerned with offering high quality products and/or services. 17.8% of the respondents say that their products and / or services meet national and international quality standards. Only 15.5% of them believe they offer the best value for money to their customers. Only 17.8% of the respondents have evidence that the warranty of their products and/or services is longer than the average for the market, with only 20% of the respondents providing their customers with accurate and complete information about the products they offer and/or services, and in particular information about their warranty obligations. Surprisingly, with only 17.7% of the respondents, a respect for consumer rights is a priority in managing their organization, with only 17.8% promoting business relationships with suppliers in their region. Contrary to initial expectations, only 20% of respondents apply an effective client complaint handling procedure by applying a documented set of interaction and dialogue with customers, suppliers and other stakeholders of the industrial enterprise. On the other hand, only 17.8% of surveyed managers believe that CSR programs increase the cost of the organization.

In our opinion, the reasons for the weak application of the analyzed economic aspects are not financial. The underlying reason is the poor knowledge of the concept of CSR, existing barriers on the part of the state and insufficient pressure from employees and clients. The overall assessment is for a limited implementation of the economic dimensions of CSR in organizations. At the same time, users and employees are particularly sensitive to the indicators surveyed. In order to better meet the expectations of the stakeholders, managers should take action in this direction even more so that they themselves do not take financial barriers to their implementation.

4.2. Assessment of the impact of stakeholders on CSR (current situation in the industrial enterprise)

According to the data from consumers' responses: 70.5% of them believe that organizations should develop and implement ethical advertising programs. 56.1% of the respondents say they know employees who, when they are outside their workplace, speak of the organizations where they work with pleasure and pride. The consumers are of the opinion (78.3%) that industrial enterprises need to develop skills and processes for managing their brands. Contrary to initial expectations, almost half of the respondents (48.2%) believe that CSR makes it more difficult for organizations to serve their clients better, and 32.2% do not address this issue. Less than half of respondents (46.7%) are familiar with companies involved in social public projects.

The employees show less interest from consumers: Only 30.9% of them are of the opinion that their business should develop and run advertising programs. Less than half (47.8%) of them speak of the organization they are employed with pleasure and pride outside their workplace. Only 25.7% of the respondents believe that CSR makes it harder for the company to serve its clients better, with 43.4% saying that their companies are involved in social projects in society. Overall, the result, representing employee opinions, that the influence of stakeholders is important for the organization, is quite low (34.6%).

The resulting data for managers is as follows: only 20% of them believe that their organization has strong links with distributors and adds value to their business, with only 17.8% claiming that their company attracts and retains the best distributors and provides high levels of service support. Only 22.3% of respondents say their organization is developing and running advertising programs. The smallest is the share of owners and managers (17.7%), who can boast that their employees talk about the organization with pleasure and pride outside their

workplace. Only 15.6% of industrial enterprises are implementing image management programs for their brands. Analogous in weight (15.6%) is the answer that CSR does not make it difficult for the organization to serve its clients better. 22.2% of the respondents are seeking to understand the needs of stakeholders, with 24.5% using stakeholder feedback information and 20% of respondents looking at requirements and providing special stakeholder service. There is a discrepancy with the views of employees, with only 17.7% of managers claiming to be involved in social projects of society.

The stakeholder assessment as an influential factor shows their importance to consumers and employees and proves their extremely limited application by owners and managers. The organizational leaders need to strengthen the use of this tool.

4.3. Barriers faced by the industrial enterprise to be even more socially responsible

This section assesses the impact of voluntary activities on CSR.

According to consumers' data: 59.9% of respondents believe that industrial companies should help resolve problems in society, while for 65.4% of people the organizations should encourage their employees to participate in voluntary activities or to cooperate with NGOs as well as devoting some of their resources for charity activities (65.9%).

It is important for consumers (66.4%) that companies have a role in society that goes beyond simply gaining profit, and it is extremely important for 83.2% of the respondents, organizations to implement all laws and regulations.

The employee opinions are as follows: The percentage (31.8%) among those who believe that their company is helping them to solve social problems and that it is sensitive to CSR is low. According to 44.2% of them, the organization in which they work contributes to the local community, with almost half of the employees (48.7%) believing that their company allocates some of their resources to charity. 47.8% of the respondents believe that their organization has a public role rather than simply gaining profits from its functioning. 38.9% of them say, that in their enterprises the employees are encouraged to participate in volunteer activities and 37.2% of the respondents believe that cooperation with NGOs is encouraged. 38.9% of the interviewed have shared the opinion, that employee ethics training programs are being conducted in the enterprises they work for. Overall, 40.7% of the employees identify as important the impact of volunteering on the organization in which they are employed.

The data of managers and owners are again polarized on this dimension: only 15.5% of them claim that their enterprise helps solve social problems and almost as many (15.8%) are particularly sensitive to CSR. 17.7% of the organizations have contributed to the local community, and only 8.9% of them allocate part of their organization's resources to charity. 15.6% of the companies have a role in the society, not just gaining profits from their operations. 15.6% of the respondents encourage their employees to participate in volunteer activities, and 13.3% encourage them to cooperate with NGOs. Only 15.6% of surveyed managers say they are organizing training programs for their employees on an ethical behavior.

The results obtained by managers related to the volunteer aspects of CSR are again counter to the importance that consumers and employees define. The managers should take actions not only to seek profits from the functioning of their businesses but to be more publicly beneficial.

5. Discussion and Conclusions

- *Generally speaking.* As confirmed in the triple empirical survey, the Bulgarian industrial companies that carry out CSR activities can have significant benefits from this way of applying a business policy that directly affects the improvement of reputation, increased consumer satisfaction and competitive advantages and has an indirect impact on sales growth, profits and

other economic indicators. It is therefore important for the companies themselves and for the environment to assess the CSR activity as well as the impact the company has on it.

- *Environmental dimension.* The results confirm that the ability of the Bulgarian industrial companies to increase their competitive position through socially responsible activities in the field of environmental protection depends on the available resources, the management capacities, the industrial sector and the regulations. The strong reputation of the company in protecting the environment can reduce the social and political pressure on the company.

- *Social dimension.* Adding responsibility to society alongside existing financial responsibilities brings benefits to both Bulgarian industrial companies and communities. Targeting company resources to address social issues reduces tensions and conflicts between businesses and the environment. Firstly, by improving social well-being, the company provides support for its business and operations. Also, through the positive image of its responsible engagement and day-to-day operations, a competitive position oriented towards social achievement is built and provides better economic results and a valuable basis for a long-term business sustainability in Bulgaria.

- *The economic dimension.* Its implementation in the Bulgarian organizations is limited. At the same time, the consumers and employees are particularly sensitive to the indicators surveyed. The economic dimension provides return on investment for owners and shareholders, but also creates jobs and fair compensation for employees of the Bulgarian industrial companies that apply CSR. Within this dimension are the initiation of technological progress and innovation. The aim is to create a new value, while at the same time achieving economic unity of society. In order to better meet the requirements of users and employees, managers should take action in this direction even more, given the fact that the results obtained from the survey do not point to financial barriers to implement actions.

- *Stakeholder dimension.* The management of Bulgarian industrial companies based on the principles of the stakeholders' concept for implementing CSR implies a search for solutions that do not require a compromise between group interests but rather satisfaction for everyone and this is an opportunity for companies to develop sustainably. The success of this business concept requires communication and commitment to building positive relationships with all stakeholders and continually adapting to the changing environment. The Stakeholder Theory is still leading in academic and corporate circles, as the way companies conduct and monitor stakeholder management is beneficial to business and non-business sides.

- *Voluntariness.* The results obtained for managers related to the volunteer aspects of CSR are again diametrically opposed to those of consumers and employees. Bulgarian industrial companies operating today feel more pressure from stakeholders to include voluntarily additional activities in the business to operate in a socially, economically, environmentally and sustainably-based manner. While the prescribed rules and standards regulate only a part of the relevant activities related to the mentioned areas, a large part of the company's activities are carried out on its own initiative and without any regulation with rules. Therefore, the verification of CSR implementation results is still insufficiently clearly defined, performance indicators are diverse and the reliability of measuring voluntary engagement is very low.

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