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FACULTY OF JOURNALISM AND MASS
COMMUNICATIONS**

**CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE
MISSION, VISION AND PRACTICES OF BUSINESS
ORGANISATIONS**

RESEARCH ABSTRACT

**of a dissertation paper for awarding a “Doctor of Philosophy (PhD)” degree in
professional field 3.5. Public Communications and Information Sciences (Media
and Communications – *Public Relations*)**

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This dissertation paper is composed of an introduction, an exposition (of three chapters), a conclusion and a list of references. The total volume of the research is 317 pages and 13 figures (tables). The references cited cover 270 sources, the author of which has been indicated, 58 of which were written in Cyrillic alphabet (in Bulgarian and Russian) and 212 of which were written in Latin alphabet (English). An additional number of 94 sources, the author of which was not expressly indicated, have also been cited. These are primarily institutional and/or regulatory documents, as well as corporate sources, 17 of which were written in Cyrillic alphabet (Bulgarian) and 77 of which were written in Latin alphabet (English).

4 publications and 1 participation in scientific round table have been made in relation to this dissertation.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION PAPER

OBJECTIVE AND SCOPE OF RESEARCH Modern society is the result of the establishment and rise of powerful business organisations which are capable of exchanging ideas, resources and efforts, based on which they can produce goods (products) and services with great economic efficiency. This is a tremendous achievement of humanity, because it is this efficiency that enables the implementation of the primary measures for preservation of human life, improvement of the living standards and overcoming thousands of years old risks to the survival of the human race. In practice, the industrial age and the period that followed, often referred to as the post-industrial period, predetermine the lifestyle of all individuals, people/ethnic groups, nations or other community group of people across the world. The modern world is *socially predestined*, i.e. the primary political, economic and social factors and challenges are decisive not only for people, but also for the prospects of preserving the physical space where human civilisation exists – the planet Earth.

The formation of certain values and the pursuit of their practical achievement and application in the evolution of human civilisation is not a straightforward issue. The continuous aspiration toward increasing the productivity, profit, consumption and demand for quality in our daily lives result in the creation of challenges, which often go beyond the positive effect (benefits) of the actions of business organisations. It has become increasingly common for the results from their activities and the individuals' activities (it should be noted here that based on the documented history of humankind, the planet Earth has never had such a great population number¹) to cause not just damage to the natural and social environment, but to pose threat to the very survival of life on the Earth.

From a social point of view, the issue about the responsibilities of the business has a strong *ethical aspect*. It can be argued that the ethical conduct in business has become *equivalent* to the extent to which a certain company is engaged with the social problems and practices and also to the method of communicating those commitments. Corporate ethical conduct has certain meaningful effects on the reputation of companies and other types of socially significant organisations.

Social and economic theory and practice has already introduced the *appropriate, universally recognised and already widely applied* instrument – *corporate*

¹ The Earth population as of 9 May 2019 amounts to 7.7 billion people – the data are taken from <https://www.worldometers.info/world-population/>, last accessed on 9 May 2019.

social responsibility (CSR). Companies constitute a real and socially significant force. They may be shaped by society, but companies themselves also have influence over society. The sociological approach toward the “company-society” interaction reveals that it is not just the company that benefits from society, but society also gains benefits from its activity. This is a process of mutual impact and interaction in the social space between the business and the social environment, which has been built on the basis of a complex system of social needs.

RELEVANCE OF THE TOPIC. The relevance of the topic about CSR as part of corporate philosophy and practice is predetermined by the intensive efforts of the institutions, the business and society (at a global scale and particularly at European Union level) to achieve a level of sustainable development that would generate smart and inclusive growth. At the same time, the joint efforts also focus on decreasing the environment-intensive nature of economics. The issues about business ethics and moral have always been part of the philosophical debate about “doing business”, they have always been raised as part of the discussion about the “possible interpretation” of the moral imperatives.

Furthermore, CSR has also been regarded as a proper instrument for improving the efficiency of companies themselves and as a mechanism for creating a better and more sustainable environment for employees, who should be actively involved in the fulfilment of corporate ambitions and objectives that focus on the improvement of the social environment. Finally, the global economy and communications have made the social environment particularly sensitive to emerging crises of any nature (social, ecological, etc.) and this has strong reflection on the companies’ reputation and the stability of the markets – CSR is a strategic instrument that helps minimise the effects of the critical situations.

According to the author’s understanding, every company should consider its effects on the society where it operates and, on the other hand, the social impact thereon. If there is good governance and guaranteed rule of law in society, the company benefits from this because of the certainty it has with respect to its capital, investment projects and plans for development. On the other hand, the strong social systems, such as education, healthcare, research and development, etc., lead to the creation of productive work force companies can rely on. By using these public “assets” in a rational way, the company can (in turn) provide jobs, well-being and innovations for society, thus improving the standard of living and the social environment. If this is not the case, a weak company would offer lower wages and jobs will be lost, which would have

negative impact on the community, it would disturb the social system, it would worsen the economic environment, etc.

Furthermore, CSR constitutes a dynamically developing theoretical and practical system, where processes undergo particularly intensive development and are subject to the rapidly rising public interest over the past decade (2009-2019) and this trend has been considered an additional argument for selection of this topic and for supporting its relevance. The author of the dissertation has a special relationship with this topic not only because of his purely scientific interest, but also because of the practical aspects related to his involvement in the ownership, management and development of Prista Oil Group, which is one of the largest Bulgarian industrial corporate structures and, at the same time, one of the first Bulgarian corporations in the latest history of Bulgaria to start foreign investment – in 2003.² It should be noted here that the study of the conceptual and strategic constructs, as well as of the practices, will be unbiased and objective as much as possible, but that nevertheless there is a certain risk of “distortion” of this evaluative information.

In Bulgaria, the topic about CSR gives rise to certain scientific and practical research interest, however, this interest is primarily focused on the *awareness and/or promotional studies* that are designed to educate the public on the CSR topic and the related phenomena, such as “corporate citizenship”, “ethical management”, etc. This is not meant to criticise the process, because the social and economic environment is still in the “growth” period, i.e. evidence is needed for the theoretical formulations through practical results. The study gives special attention to the history, development and trends in the Bulgarian legal framework and practices in the field of CSR.

From the perspective of the research on the development of the understanding about the principles and practices of CSR presented in the dissertation, this paper should be viewed as a logical sequence meant to upgrade and deepen the interest toward CSR as a founding and essential part of the mission, vision and practices of Bulgarian companies. Furthermore, the author strives to contribute to improving the positions of

² The production plant for motor and industrial oils of Prista Oil in Turkey is the first major Bulgarian investment outside the country after 1989. It is located in the region of Izmit, Kocaeli province, which is about 80 km from Istanbul. It was officially opened on 9th of October 2003 by the president of Republic of Bulgaria Georgi Parvanov. The investment in the production plant with capacity of 50 thousand tonnes per year amounts to USD 10 million. The commencement of operations opened 150 jobs for which Bulgarian emigrants were hired with priority.

In 2011 Prista Oil Holding purchased the majority interest in the Uzbek company Uz-Texaco (which was property of the American energy company Texaco) and renamed it to Uz-Prista. The state-owned share in the company was 49.9%. About 70% of the production was designed for export to Central Asia, Kazakhstan and Eastern Europe.

Bulgarian business within the global economic system not only in terms of attracting investments in Bulgaria, but also in terms of successful Bulgarian investments abroad. Over the past few years Bulgarian companies have shown increased interest in entering the global markets, both in developed and developing economies. Therefore, the improvement of the theoretical and practical understanding of the CSR concept and enriching it with practical elements and examples of good practices should also be viewed as the **practical task of the dissertation paper**.

TOPIC DEVELOPMENT. One of the first specialised and in-depth attempts to clarify this thematic field in Bulgaria was made in 2004 by Prof. Zdravko Raykov, PhD, with his book “Corporate Citizen”. His main argument is that corporate citizenship is the response of the business to the changing social environment, “...understanding and conduct, which is focused not only on satisfaction of the private corporate interests, but also on meeting certain social needs.”³

In her book “DNA of the Corporate Citizen” (2016), Vilyana-Maria Nikolova continues the line of deepening the interest toward the principles of corporate citizenship and CSR, which was started by Raykov. As a professional (in the field of communications and also as an internal CSR auditor), Nikolova makes essential contributions both to the theoretical and to the theory and practice field by examining case studies from the Bulgarian reality. The main systems and standards for CSR regulation and self-regulation have also been duly examined and analysed, which is an essential step in the clarification of this concept in Bulgaria and contributes to its promotion. Furthermore, her study also expands the analysis toward the political aspects of CSR, which is also one of the objectives of this dissertation paper. Nikolova argues that “...the issues related to the concepts of “citizenship”, “involvement” and “governance” have become key topics, especially in the context of the problem of the demographic deficit in modern societies. It is related to the different efforts for the sake of citizens’ involvement in the political and social debates for taking important decisions... The citizens’ involvement in such types of debates aims to include the individuals in the political system beyond the formal mechanisms of representative democracy to the benefit of the good governance.”⁴

Marina Stefanova complements the theoretical and practical studies on the topic by focusing directly on the CSR topic for her dissertation entitled: “Factors for

³ Райков, З. Корпоративен гражданин. София, Дармон, 2004, стр. хvi

⁴ Николова, В.М. ДНК на корпоративния гражданин. София, Болид-Инс, 2016, стр. 74-75

introducing corporate social responsibility in Bulgarian small and medium-sized enterprises” (2016). It should be noted that as a chair of the Bulgarian network of the UN Global Compact (2011-2016), she has significant practical experience and contribution to the development of the CSR topic in Bulgaria and has managed to involve a large part of the business community with the CSR concept as a strategic direction in the development of the Bulgarian business. The focus on small and medium-sized enterprises (SMEs) is justified by the argument that the predominant part of Bulgarian companies fall within that category and in order to promote CSR, they need to be aware and engaged in the development process.

OBJECTIVES AND TASKS OF THE RESEARCH. The **main objective** of this dissertation paper is **to study CSR in the context of the “doing business” philosophy**. Even if this is not expressly (officially) declared, each business organisation, irrespective of its scale, sector, ownership structure, etc., has a certain circle of ideas, principles of action, strategic and tactical approaches it applies in order to be efficient in perspective and in order to be in balance with society’s expectations. *The mission, the vision and the practice* of the business organisation are the three main dimensions of corporate philosophy that predetermine the results it has achieved, its current status and, most importantly – the future development perspectives. It is this “triad” that hides the founding principles of CSR at company level, since the information about the principles of doing business is “genetically coded” there.

The second objective, albeit not on the second place in terms of significance, is to make an **overview of the different types of institutional frameworks where CSR is defined and acts as a set of regulations and self-regulations**, where the concept has effect on *sectoral, local, national and international level*. It is the word “social” that encodes the meaning of CSR – it targets and pertains to society; to the social relationships and their reciprocity, which lay the foundations of the *achievable and achieved balance* between the individuals’, society’s and business organisations’ interests.

By combining the two objectives into a more specific one, the dissertation paper aims to prove that *the CSR concept offers possibilities to upgrade the corporation from an economically efficient and a publicly “bearable” organisation into a publicly “involved” organisation, i.e. an organisation that brings benefits to society and can feel on equal terms in the decision making process that concerns the entire society.*

In order to achieve this research objective, the dissertation paper will pursue the fulfilment of the following **tasks**:

1. To clarify the nature of CSR and its socio-economic functions;
2. To develop our own definition of the conceptual nature of CSR and our own informative and analytical model for drafting a CSR strategy;
3. To clarify the meaning and the legal framework of CSR in different aspects and development perspectives;
4. To analyse case studies related to the CSR strategies and practices in a specific socio-economic region (Africa);
5. To elaborate an action plan (CSR strategy) of a company for the specific socio-economic region (Africa);

SUBJECT AND SCOPE OF THE RESEARCH. The **subject of the dissertation paper** is a model for practical application of CSR as a business philosophy favouring the stakeholders. The **scope of the dissertation paper** covers the socio-economic and political factors related to the adoption of CSR in business organisations of any scale, with a special focus on the strategies and activities of those that pursue the development of international business. These factors cover the understanding about CSR, the norms, models and practices that predetermine the conditions for implementation of the activities, as well as the links to other phenomena and processes within society that have simultaneous impact.

RESEARCH METHODS. The analysis is based on the consideration of practical cases, the so-called “case studies”, i.e. analysing the principles and practices of CSR strategies and tactics of multinational companies of different scale. The advantage of this research approach is that it can use both sociological approaches and approaches from the arsenal of other social and economic sciences.

STRUCTURE OF THE DISSERTATION PAPER. The fulfilment of the intended objective and tasks is specified in the following dissertation structure: **Chapter One** attempts to cover the wide theoretical field where CSR has been developing. In addition to the overview of the definitions about CSR, which predetermine its place in the public, political and economic realities, the research also makes a flashback on the development of the concept from the perspective of the key processes and trends that precede the actual onset and application of CSR. This introductory part of the

dissertation paper also reviews the “neighbouring” theoretical models of society and the organisation of business – organisation culture, civic culture, social capital, circular economy, etc. Based on this analysis, the author has derived his own definition of the concept of “corporate social responsibility”, which is used in order to illustrate the role of CSR in corporate philosophy. The theoretical analysis has also put special emphasis on the topic of CSR as an instrument to fight corruption (both at institutional/administrative level and with respect to the so-called “private corruption”). This focus was considered necessary because of the great relevance of the topic about fighting corruption on a global scale.

Finally, but not least important, the concept of CSR has also been examined from a critical perspective, which is something new for the Bulgarian theory and practice, since the preliminary overview of publications on this topic shows that the prevailing views on this concept are largely positive, which distorts both the scientific and the practical vision with respect to CSR to a certain extent. Although the author of the dissertation paper examines CSR primarily as a positive strategical approach for cooperation between the business and society, the objective analysis shows that CSR often hides certain unethical business practices. Therefore, the issue about critical review is important.

Chapter Two analyses the main processes and trends that raise the importance of CSR from a business function bringing primarily internal benefits for the company to a factor for improving the socio-economic environment. Special attention has been given to one of the key topics of discussion – the one about the regulation and self-regulation of CSR, with comments and analyses on the primary perspectives and approaches to this matter. Since the focus of the dissertation paper is primarily on the philosophical values of doing business (mission, vision, values, good practices, etc.), this issue is important for the formulation of an individual model for development of a CSR strategy that balances the relatively “soft” regulatory framework with clear and rational principles in the strategic plans. Chapter Two also makes a thorough review of the legal frameworks and standards for CSR in Bulgaria, the EU and on a global scale. This review does not claim to be comprehensive, but rather based on the main objective of the dissertation paper. Chapter Two also presents an overview of the perspectives to the development of CSR as a major socio-economic activity in the future.

Chapter Three analyses the CSR actions in the vision, mission and practices of the companies from Prista Oil Group from a retroactive point of view. A strategic direction for implementing CSR has been formulated for a specific new market where the

company will enter – Republic of Liberia. Two case studies have been analysed in historical perspective and in the present context as comparative models of strategic concepts and practices, which the author considers relevant to the socio-economic context in Africa. The first one is related to the business of BMW in the South African Republic (SAR) and its long-term CSR strategy. The second case study concerns the evolution of the philosophy and business practices of the company Shell Petroleum Development Company (SPDC) – a Nigerian petroleum company, whose shareholder and main operator of the business is the company Royal Dutch Shell.

The **conclusion** summarises the work done. The level of fulfilment of the objectives and tasks is commented and conclusions based on the application of the author’s own empirical study are drawn. As a result of the author’s own research, 5 contributions of scientific nature have been derived on the topic related to the successful integration of CSR in the mission, vision and practices of business organisations.

For the purpose of the dissertation paper, a detailed overview of some classic and modern studies in *Bulgarian, Russian and English language* has been made. In general, the scope of research interest includes monographs, research articles, articles published by reputable specialised and periodical journals in the field of *social, economic and political sciences*. More specifically, the classic and modern studies on CSR, social capital, organisational culture, theory of business administration, sustainable development, circular economy, etc. have been of particular interest. Key strategic and legal documents relevant to the topic have also been used. Priority has been given to bibliographical references and, where these do not provide the necessary insight – internet sources have also been examined.

TABLE OF CONTENTS:

INTRODUCTION

CHAPTER ONE – THEORETICAL DIMENSIONS, VISIONARY CONCEPTS AND PRINCIPLES OF CSR

1. Definition, scope and context of CSR
 - 1.1. Existing definitions of CSR
 - 1.2. Author’s definition of CSR
 - 1.3. Related concepts
 - 1.3.1. Socially responsible investment
 - 1.3.2. ESG
 - 1.4. History of CSR and factors preceding the onset of the CSR system

- 1.4.1. Onset and development of the concept of the social country
- 1.4.2. “The Protestant Ethic and the Spirit of Capitalism” (Max Weber) as a starting point for responsible capital
- 1.4.3. Development of corporate philanthropy during the 20th century in USA and Europe
- 1.5. Modern factors for the upward development of CSR
 - 1.5.1. Ethical aspects of CSR
 - 1.5.2. The concept of civic culture (Almond and Verba)
 - 1.5.3. The concept of interaction with the stakeholders
 - 1.5.4. Onset and development of the concept of social capital
 - 1.5.5. Social marketing and cause marketing
- 1.6. Socio-political and economic factors that influence the development of CSR
 - 1.6.1. Organisational culture – typology, specifics, influence on the concept of CSR
 - 1.6.2. Globalisation and CSR
 - 1.6.3. Corruption as a specific sphere of counteraction through CSR
- 1.7. Critical views on the CSR concept

CHAPTER TWO - DEVELOPMENT OF THE CSR CONCEPT

- 2. Upgrading CSR from a business strategy to a factor for improving the socio-political environment
 - 2.1. Overview of the regulations and self-regulations in the field of CSR
 - 2.1.1. The UN Global Compact
 - 2.1.2. Legal framework in the EU
 - 2.1.3. Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD)
 - 2.1.4. International standard for CSR – ISO 26000
 - 2.1.5. Strategy for development of CSR in Republic of Bulgaria
 - 2.2. Overview and specifics of the CSR models and CSR activities
 - 2.2.1. Analysis and discussion on the main theoretical and practical models
 - 2.2.2. Development of an individual model for application of the CSR principles in a business organisation acting on a global scale
 - 2.3. Perspectives to the development of CSR
 - 2.3.1. Corporate purpose as an evolutionary approach for the development of business organisations

- 2.3.2. CSR in the context of the socio-political and economic development of the world
- 2.3.3. CSR in the context of the socio-political and economic development of Europe and the EU
- 2.3.4. CSR in the context of the socio-political and economic development of Republic of Bulgaria

CHAPTER THREE – CSR IN THE VISION, MISSION AND PRACTICES OF MULTINATIONAL COMPANIES

- 3. CSR as an integrated element in the vision, mission and practice of multinational companies with focus on the business operations in Africa
 - 3.1. CSR strategy and practices of BMW South Africa
 - 3.2. CSR strategy and practices of Shell Nigeria and Shell Petroleum Development SPDC
 - 3.3. Establishment and historical development of Prista Oil Group
 - 3.4. CSR in the strategy for development of Prista Oil Group – highlights and results
 - 3.5. Current development of Prista Oil Group
 - 3.5.1. Changes in the CSR strategy
 - 3.6. Perspectives to the development of CSR in the strategy of Prista Oil Group for global expansion

CONCLUSION

II. SUMMARISED CONTENT OF THE DISSERTATION PAPER

CHAPTER ONE – THEORETICAL DIMENSIONS, VISIONARY CONCEPTS AND PRINCIPLES OF CSR

This introductory part of the exposition covers the main definitions of the term “corporate social responsibility” and the factors that predetermine the significance of CSR in the founding elements of corporate philosophy – the organisation’s mission and vision. On the other hand, the implementation of programmes in the field of CSR belongs to the business practice that serves as a “proof of belonging” to the moral and ethical principles of business in the social context.

In general, it should be accepted that CSR is a *complex concept about a balanced and sustainable development of the business organisations and society in the context of the public relations*. By adopting this concept, the organisations seek to take due account of the interests of society, by assuming responsibility about the impact of their actions on the stakeholders (customers, employees, shareholders, communities, etc.) and the environment *in all aspects of their operations*. This responsibility is discussed as one that exceeds the obligation to just comply with the legislation and envisages that companies should voluntarily put extra effort to improve the quality of life of their employees and their families and to bring benefits to the local communities and society as a whole. However, as Rasche, Morsing and Moon point out, “... it would be misleading to exclusively conceptualise CSR in this way. Social and environmental responsibility is a de facto requirement among larger firms in some industries and countries... In many business systems, companies observe “implicit” obligations to undertake certain responsibilities simply by virtue of being members of those societies.”⁵

The different views and perspectives on CSR have shaped this concept as a practice that may not be examined from a merely corporate perspective or as a homogeneous organisational activity. CSR affects both the internal structure of the organisation and the audience therein, and the organisation’s “socialisation” – from the relevant communities it interacts with, through competition, the sector or sectors where it operates, all the way to the global dynamics, where the main variables related to sustainable development are crucial – the environmental problems, climate change, the record increase of the planet population, the political and geopolitical instability, the migration flows, the threat on the well-being of the larger part of the population of Western societies, etc.

It can be argued that the debate about the commitments and responsibilities of corporations is similar to other socio-political debates. For example, there are significant similarities in the confrontations on the following topics:

- Who (the business or the state) is more capable of managing resources in the public interest?
- Does the business receive too many advantages at the expense of citizens from a legal and financial point of view?

⁵ Rasche, A., M. Morsing, J. Moon. Corporate Social Responsibility. Strategy, Communication, Governance. Cambridge University Press, Cambridge, 2017, p. 7

- Is there a corporate dictatorship in politics?

More particularly, CSR integrates the following main directions in the scope of organisational activities:

- Corporate governance and ethics;
- Health and safety;
- Environmental management;
- Human rights (including fundamental labour rights);
- Sustainable development;
- Work environment (including occupational health and safety, working hours, salaries, etc.);
- Relationships within the industry;
- Involvement in the life of the society, its development and investments in it;
- Inclusion of and respect to the diverse cultures and disadvantaged people;
- Corporate philanthropy and voluntary service of employees;
- Consumer satisfaction and compliance with the principles of fair competition;
- Measures against bribery and corruption;
- Accountability, transparency of results, and
- Relationships with the suppliers along the entire supply chain both on the internal and on the external markets.

Based on the overview of CSR definitions as a socially significant construct, the following conclusions can be drawn:

1. **CSR is a concept that has direct impact on the sustainable nature of the business operations.** The optimisation of the administrative, manufacturing and other processes in order to maximise their acceptance in society and to minimise their damage to the environment is the main approach in CSR. This helps the company develop its activity constructively and with added value, which far exceeds the positive accounting result. The economic benefits from investment in CSR have a clear synergy effect. First, companies can invest resources (financial resources, human capacity, organising volunteers, etc.) in the creation of more stable communities, which, together with the company, strive to improve the well-being and the other important living conditions. Second, in addition to supporting companies, the communities may also put focus with their ideas and resources on the fields that need support provided in the form of CSR. Third, the administration (local, regional or national) may also play a constructive role in these types of

interaction by stimulating and supporting the implementation of projects where public financing could be *fully replaced or efficiently complemented* by corporate (financial and non-financial) and public (non-financial) resources.

2. **CSR as an activity may cover virtually any public sphere where there are deficits.** This provides it with an extremely wide scope and possibilities for fruitful cooperation in the public context. The understanding that companies may take the position of “corporate citizens” in modern societies empowers them with the rights and responsibilities to work toward achieving a sustainable and ethic social environment they can have direct economic benefit from – e.g. through the provision of the current and future human capital, the socio-political stability (linked to the company credit rating and, respectively, the credit rating of the country they operate in), the rational utilisation of natural resources, the attitude toward innovations and new forms of production, etc. Daniel Bell implicitly notes in his work “The Cultural Contradictions of Capitalism” (1976), which has already become a classic, that Adam Smith’s argumentation for limiting the role of the state in public affairs actually leaves room for covering the public deficit by the market subjects: “...the public household can be said to be committed to the following three tasks: protection of the society from violence and invasion by other societies; ensuring the internal security and administration of justice; and establishment and maintenance of certain public affairs and certain public institutions which otherwise could not be established and maintained in the name of the interest of the individual or a small number of individuals, because the benefit from them could never cover the costs that the individual or the small number of individuals would incur, but they often do a lot more than just covering the costs of the large society.”⁶
3. **CSR goes far beyond the relatively widespread understanding that it is “subjected” to the market policy and, respectively, to its communications.** The role of this strategic activity is *equivalent to or even superior to* the abovementioned fields. Kutevski notes that “The responsibility to society is a great and complex challenge, because the public needs are very diverse, and, let’s admit it, could hardly be satisfied simultaneously and in a mutually acceptable way without creating some sort of imbalance or a new need. Therefore, the choice of a cause or of specific measures to be supported is far more complex than the estimation of the expected “communication equivalent” that media coverage could bring. One of the

⁶Бел, Д., Културните противоречия на капитализма. София, Народна култура, 1994, стр. 353

serious mistakes many companies make is that they apply “marketing” selection criteria to CSR – what could most distinguish them from the activities of the competition, what could bring the greatest short-term image effect and eventually help them obtain some marginal award in a sectoral competition, etc.”⁷

4. **CSR is also a political factor related to the development of the public well-being and of society as a whole.** The traditional understanding that the “key” policies related to the protection of the environment, fighting poverty, respecting human rights, prevention of epidemics and other global problems should be within the decision-making competence of the state (a very collective and inaccurate formulation) has been proven wrong in practice increasingly often. Therefore, the review of the indirect political responsibilities of the business organisations and NGOs shall be raised as a dissertative issue in the topic of the role of CSR in the business strategy. “Those who assess firms on their social and environmental performance should add another critical dimension to their assessment of civic virtue and responsibility, namely, the extent to which firms support (or oppose) public policies that contribute to sustainability. To make this possible, firms must become as transparent about their political activity as many have become about their sustainability activity. Although this is clearly a nascent issue in corporate responsibility, there are signs that leading parts of civil society are already beginning to advocate for greater transparency around corporate political action. Managing this emerging set of stakeholder pressures will pose fascinating new challenges for corporate strategy beyond markets.”⁸
5. **CSR should be viewed as a strategic investment in the future, not just as a cost.** To invest in the improvement of the social environment actually makes strong economic sense, which is at least equivalent to the introduction of innovations in manufacturing and expansion of the market presence. The society’s sensitivity to the problems caused by corporate irresponsibility is growing. In fact, the global trend for universal recognition and application of the principles of CSR question the *very* possibility to do business without observing these principles. This trend is stable and companies that fail to follow it practically take the risk of not just being sanctioned, but of facing a legal and/or public hinder of doing business on large markets. Most socially responsible companies can already sense the positive effects

⁷Кутевски, Б. Пиарът обича добрите дела. Мениджър, ноември 2018, стр. 96

⁸Lyon, T. et al. CSR Needs CPR: Corporate Sustainability and Politics. California Management Review 1-20, University of California Berkeley, 2018, p. 2

of CSR on their operations, because they can rely on the loyalty of their consumers as members of the society. As the baseline study of the “UN Global Compact” initiative for Bulgaria illustrates, “Good business always has strong roots in the community where it operates and it is accountable to it. After companies outgrew the individual communities and states, this relationship was lost in the market race and in the pursuit of greater profits for the shareholders. Therefore, today's idea of corporate social responsibility is more like reinvention, rather than discovery. It makes companies evaluate their operations in a manner that is different from the one they are used to and it makes them realise that their business will become more valuable when their responsibilities go beyond the boundaries of the ordinary balance sheet.”⁹

In order to develop an individual (author's) definition of the concept of “corporate social responsibility”, it is essential to clarify its links to the wider field of *corporate philosophy*, as well as the narrower field of *corporate ethics*. These are key contextual areas where the formulation of a new definition should be sought, because the society views and “measures” the moral and ethical aspect of the companies' operations with priority. Furthermore, in global context an increasing number of social groups feel affected or act as stakeholders with respect to companies that have no direct territorial connection with the respective country. Such universalisation of the business processes and impacts *logically* predetermines the need to seek a more abstract and philosophical perspective for consideration of the “business-society” relationships.

Based on the overview and analysis of the definitions, scope and philosophical context of CSR, the author's own definition of CSR is as follows:

CSR is a model for strategic management of the moral and ethical commitment of corporations towards society – both by the individual company and also at the level of the national or global financial and industrial capital. CSR empowers companies and transforms them into an active participant in the social processes through their decision to voluntarily provide resources, contribute with ideas and effectively work for the social well-being.

CHAPTER TWO - DEVELOPMENT OF THE CSR CONCEPT

⁹Citation: Corporate social responsibility in the Bulgarian context. The understanding, attitudes, experience, gaps and challenges in the application of corporate social responsibility practices by the business in Bulgaria. Baseline study of the UN Global Compact initiative and Foundation “Bulgaria Charity Aid Foundation”, September-October 2006, http://forthenature.org/upload/documents/no-date/korporativna_otg.pdf, last access on 27 February 2019.

Based on the overview of the theoretical framework and the historical development of CSR, it became clear that its significance grows simultaneously within the system of the open society, the international politics and the high-level economic relationships. However, this is particularly true at the tangible level of the business strategy focusing on the complex improvement of the public attitude toward the business entities and the interaction with society. The evolutionary process in its theories and practices has expanded not only the scope of the vision, mission and practices of large corporations, but has also attracted an increasing number of small and medium-sized enterprises across the world to the CSR ecosystem (see the Strategy for Development 2030 of CSR Europe below). As a focal point of public and corporate interest, CSR serves as an *effective, pro-active and consensual platform* for identification of the problems and needs for which it is possible to single out some *influential, but at the same time achievable actions for improvement of the socio-economic environment*. Therefore, it can be argued that **CSR has evolved conceptually and from a mechanism for improving the business opportunities (strategy) it has transformed into a factor for improving the social environment (vision), which includes a wide circle of stakeholders.**

Integrating the CSR concept at the level of the vision and strategy in organisation significantly increases their potential to improve the social environment through partnership with the stakeholders. Furthermore, this makes companies more capable of successfully coping with the potential social conflicts that may arise as a result of their operations as economic entities. At this level, CSR falls within the scope of the senior management decision-making process, which increases the opportunities for undertaking larger-scale and more sustainable initiatives in the social sphere, where businesses can maintain positive relationships with all stakeholders by incorporating the external trends, perspectives and opinions in their strategies.

The actions of corporations have often gone beyond the boundaries of the respective economic sector and have often influenced the complex processes within society. The scale of operation also gives rise to major social impacts – both desirable (such as economic stability, income from taxes and fees, employment, investment in infrastructure, etc.) and undesirable (e.g. the ecological load on the environment, changing the traditional communities and social models, pressure on small and medium-sized manufacturers, etc.). Therefore, the issue about the balance between regulation and self-regulation in the field of CSR is essential.

According to the author's understanding, this issue should be considered from the perspective of the synthesis between the different types of regulatory and voluntary measures which focus on the development of a socio-economic environment where the business can largely determine the thematics and range of its social commitment, however, without using this as a method to circumvent the regulations or abuse its political influence in the re-formulation of regulations. The primary social dilemma in the case of CSR is as follows: if the business is "tightened" by stringent and overly intervening regulations, then the primary focus will be to observe them with minimum resistance and focus the efforts and resources (solely or primarily) on increasing the profit (including by exporting it abroad); and if, on the other hand, regulations are rather principle-based and leave a lot of room for action and self-initiative, then companies will seek ways to fill the environment with measures that would bring them not only a financial, but also a social and *universally desirable* result.

The most important element of **Chapter Two** is the development of an *individual model for formulation of CSR policies and strategy*. The first module of the model for development of a CSR strategy includes an integrated analysis of the factors that predetermine the deficits and the possibilities for their limitation or overall elimination from the social context with strategic and tactical instruments of CSR. It is based on the classical technique of the PESTLE analysis which helps identify and evaluate the external factors classified into six key categories:

- P (Political)
 - They define the general framework of the respective political governance (both at systematic and at current level) which influences the socio-economic system. This may include governance policy, political stability/instability, foreign policy, international trade policy, taxation policy, labour law, environmental law, commercial restrictions, etc.
- E (Economical)
 - These factors have significant impact on the way of doing business and on the generation of profit (based on which the resources for CSR are determined). The main distinction is between the macroeconomic and the microeconomic factors. It includes elements like economic growth, interest policy, currency exchange rates, inflation, disposable income, share of poor/homeless/malnourished people, structure of final consumption, etc.
- S (Social)

- These include the topics and fields where a certain population has shared beliefs, attitudes and values. The main variables are population growth (positive/negative), age distribution, health status, etc., which are of crucial importance for the identification of the main deficits/opportunities that need to be addressed by the CSR programme.
- T (Technological)
 - These include an overview of the main technological achievements that can be used to improve the lifestyle/well-being of the relevant population. Some of the most essential technological factors for CSR are the infrastructure technologies, the construction technologies, the technologies used in healthcare and education, the innovations in the production of food products, apparel, etc.
- L (Legal)
 - These factors cover the wide range of legal documents that define the regulation of business, the specific regulations for certain sectors, the trends in the national and, more particularly, the EU legislation, as well as the international legal framework.
- E (Environmental)
 - The inclusion of environmental factors as a separate category in the universal PESTLE analysis is relatively new; however, in terms of CSR, these factors are particularly important, since ecology practically turns out to be in deficit in almost all of the cases. The main components that are subject to study and analysis are the methods for rational utilisation of scarce resources, the pollution reduction targets, the government measures to decrease greenhouse gases, the approaches to doing business as an ethical and sustainable company and others.

The main purpose of the analytical model is to identify the extent to which the factors can be influenced/controlled by the management of the respective organisation or during the implementation of a certain organisational activity. For the purpose of creating a strategic CSR model, the classical model of the PESTLE analysis has been modified and complemented with two additional factors, which the author considers crucial for the formulation of the strategic CSR programme, namely:

- **Cultural factors** – these are primarily related to the wider understanding of society with respect to the values, norms and restrictions within the social environment.

There are often discrepancies between the cultural and the social factors, which could prove to be critical for the implementation of the CSR programme.

- **Innovation factors** – a set of the understanding about the combination between the economic, social and technological factors which form the conditions and willpower for significant changes within the society and/or the community.

The need to add the two additional factors, which are yet to be studied and analysed and which are taken into account in the development of the strategy, is the result of their significant impact on the willingness of the respective community to cooperate and recognise CSR as something that is of mutual benefit. The impact of culture is essential, because it is closely related to the management models and the employees' motivation. According to a global study of the trends in human capital development of the consultancy company Deloitte, which covered 7000 business and HR leaders from 130 companies across the world, 82% of the respondents believe that culture constitutes a potential competitive advantage. The research team (Caplan et al.) states that "Few factors contribute more to business success than culture – the system of values, beliefs, and behaviors that shape how real work gets done within an organization. Its close connection to performance is not lost on HR and business executives: Nearly nine in ten (87 percent) of our survey respondents say that culture is important, and 54 percent rate it as very important, nine percentage points more than last year [2015]."¹⁰

Innovations, as a set of social, economic and technological prerequisites, also influence the manner in which the business organisation shapes its CSR policy and strategy. Shen, Tang and Zhang, after studying the practices of 3315 public companies in the USA during the period 2001-2011, have proven that companies with higher innovation capacity and implemented innovations show higher levels of CSR. The researchers have concluded that "potential stakeholders' concern over transaction-specific investments in innovative firms will motivate firms to engage more in CSR. CSR can reduce information asymmetry between the firm and its stakeholders by serving as a credible signal of firm sustainability *ex ante* contracting... Our results are robust to controlling for the potential endogeneity issue and to alternative measures of innovation and CSR. We also find that the relationship becomes stronger when the internal or external environment causes information asymmetry to worsen, such as when the firm's risk level is higher or when the firm is operating in a less munificent

¹⁰ Caplan, M. et al. Shape culture. Drive strategy. Global Human Capital Trends 2016. The new organisation: Different by design, Deloitte University Press, 2016 p. 37

market. We further show that CSR brings more financial benefits to firms exhibiting greater innovation.”¹¹

Each of the eight crucial factors should be considered in three basic dimensions:

1. Regional dimension. This is particularly important because of the global trend for dissemination of the effects of all these socio-economic and political actions not just within the boundaries of the national states, but also to the neighbouring states. Furthermore, the social and cultural characteristics are often far more distinguishable when put in a wider context. Finally, but not least important, the trend for establishment of different types of consortia for regional cooperation offers wider opportunities to expand the scope of actions and the synergy effects on the population in a given region.
2. National dimension. It is quite logical to review the factors in this dimension, since the main indicators of the 8 factors are usually formed at national level, especially the political and legal context, which are decisive for the admissibility of the proposed measures. Despite some divergent modern trends toward globalisation of the socio-economic norms and processes on the one hand and toward enhancing the role of the local administrations and social authorities on the other, the national states remain the key actor in the process of taking decisions that have impact on the operations of business organisations.
3. Local dimension. This level of analysis is of crucial importance, since the business operations have certain physical dimensions and the “closest circle” of stakeholders is usually physically related/influenced by them. Furthermore, this is how certain potential tensions could be identified during the comparison with the local scale, e.g. when working on territories that are more advanced or more backward as compared to the “average national statistics”.

The findings from studying these factors are plotted on the following table:

Factor group	Regional dimension	National dimension	Local dimension
Political context			
Legal context			
Economic deficits/opportunities			
Social deficits/opportunities			

¹¹ Shen, R., Y. Tang, Y. Zhang. Does Firm Innovation Affect Corporate Social Responsibility?. Harvard Business School, Working Paper 16-096, 2016, p. 4-5

Technological deficits/opportunities			
Environmental deficits/opportunities			
Ethnic and cultural deficits/opportunities			
Innovation deficits/opportunities			

Fig. 10: Model for development of a CSR strategy (Stage 1)

The second module/stage involves evaluation of the most important factors that should be addressed through CSR measures. The selection and ranking could be determined based on *three main methods*:

1. **Based on subjective (expert) conclusions.** In this case, the decision taken usually involves the classical risk of personal bias, which is also the main disadvantage. The advantage of this method is that this type of decision-making could be flexible and the strategic directions and objectives and the tactical problems that need to be solved could be identified through discussion techniques. The main disadvantage of this method is that the decision remains *unsupported* by empirical evidence.
2. **Based on the classical factor analysis.** When applying factor analysis, the “weight” of the identified topics and problems is determined by using a statistical technique. It allows the set of correlating data to transform into a new set of non-correlating artificial variables (“factors”), which illustrate as much of the total variation of the source data as possible. This technique is used for decreasing the number of the initial variables by grouping those of them that are interrelated. The advantage of this technique is that it involves *empirical (statistically significant) evidence* for the importance of the relevant factors. Its disadvantage is that addressing the *factor-based* tasks (in their pure form) could hardly be subject to an open and wider discussion for the purpose of “shifting” the priority areas of CSR – at management and at stakeholder level.
3. **Based on a combination (synthesis) of the two techniques described above.** Conducting discussion panels based on empirical data should be considered the *optimal option* for identification of the strategic and tactical objectives of CSR.

Key factors	Conclusions	Recommendations (CSR measures)	Horizon	Resources
1. ...				
2. ...				

Fig. 11: Model for development of a CSR strategy (Stage 2)

An important element of the overview of CSR evolution is its level of development in Bulgaria. According to the author's understanding, the perspectives for development of CSR in Bulgaria are promising in the near future. The stabilisation of the economic environment and the sustainable development of the industrial sectors means that companies would be motivated to pursue adequate strategic and tactical measures for improvement of the social environment and for achieving stabilisation in the public relations. The balance between the social and the business environment is an *irrevocable prerequisite for achieving sustainable development*. However, certain key problems of the environment in Bulgaria should be noted, which should be resolved and with respect to which CSR may turn out to be a *strategic and effective approach that could be applied in the long run*.

First, the larger part of the Bulgarian economy is resource-intensive and with a relatively low level of application of cutting-edge technologies and innovations. The application of the principles of the circular economy is a potential suitable perspective for development, which would lead to reduction of the costs associated with the traditional (“linear”) economic cycles and could thus free significant financial resources that could be invested in CSR. According to data from the Ministry of Economy from 2018, “Investments in the circular economy in Bulgaria are estimated at EUR 81 million, which is 0.18% of the gross domestic product and is higher than the average level of 0.12% within the European Union. These investments create jobs for 59 thousand people and the added value created by them amounts to EUR 521 billion, with expectations that the effect from them will grow.”¹²

Secondly, companies are extremely focused on production efficiency and on cutting operational costs, which often creates significant problems for the strategic planning of costs associated with the improvement of certain key components of the sustainable development, such as working environment and adequate remuneration, qualification of employees, investments in innovations and social activities. In general, a new approach is needed, where companies can evaluate/estimate the effects of their social commitment (both the positive and the negative ones). The effects “on the surface” are primarily related to reputation, i.e. they are linked to the respect/intolerance that people

¹²Citation based on: Investments in the circular economy in our country are higher than the average for Europe. Mediapool (online), 2 October 2018, <https://www.mediapool.bg/investitsiite-v-kragova-ikonomika-u-nas-sa-nad-srednoto-v-evropa-news284546.html>, last accessed on 27 August 2019.

and communities demonstrate toward the company. In fact, the benefits/drawbacks from the company operations have key influence on the socio-cultural environment and the public well-being. As a whole, the presence of employment and economically adequate remuneration creates the main “pillar” of public perception regarding the economic and social stability and reduces the fears of negative economic phenomena, such as inflation, difficulty in the repayment of ongoing loans and other obligations, work force migration and emigration, etc. Commitment to the development of the social environment is an *investment*, not a *cost*. The secure environment within the company and in society creates the necessary prerequisites for the development of the business in many dimensions – from the availability of human resources and capital based on knowledge and improvement, through the support from stakeholders and all the way to the stimulation of consumption among the company’s staff and the communities.

Third, it would be useful for Bulgarian companies to seek causes and projects that are *beyond* the “reputation” element of the marketing and communication campaigns and that have impact for an actual social change when planning and introducing CSR. The establishment of a Bulgarian ecosystem of socially responsible business largely depends on the scale of the initiatives and on the “synaptic” links between them. One of the possible ways to achieve such positive change is the adoption and development of corporate purpose as a focus area in business. This evolutionary transformation will contribute significantly to the accumulation of a greater critical mass of companies that manage their operations to the public benefit purposefully and strategically.

CHAPTER THREE – CSR IN THE VISION, MISSION AND PRACTICES OF MULTINATIONAL COMPANIES

Undoubtedly, Africa is currently an economic space that reveals a very serious growth potential over the next few decades. The reason for this is not just the nominally low level of development of most countries, which are rich in resources, but also the continued growth of the global “hunger” for resources. The main factor for this high potential is in the political willpower of a large part of the governments of African countries, who understand and realise their potential and the potential of the entire continent to become an essential part of the new socio-economic world order. This part of the dissertation paper makes a detailed review of the trends and perspectives in the development of Africa and the role of CSR in them. This is necessary for the in-depth

analysis of the plans of Prista Oil Group for socially responsible expansion of the business to Africa (Republic of Liberia).

The African countries are a typical example of developing countries that seek *political and strategic unions with multinational companies in order to acquire legitimacy and stability in their economic plans*. Bremmer notes that “CEOs of multinationals must understand the ways in which governments in developing countries are redefining their interests and drawing up new policies to further them. At one extreme, sticking close to home may ensure lower political risk, but it could also mean ceding market share to global competitors. At the other extreme, pursuing a strategy without considering geopolitical dynamics could boost growth in the short term but heighten the risk that politics could fatally undermine business operations in the future.”¹³

Ghemawat, on the other hand, argues that logistics and its related infrastructure is one of the most significant challenges to the development of African economies and gives an example with African exports to the USA, which “... illustrate the interregional problems: these exports experience transport costs three times as high as those from developed countries. Some of that higher cost reflects the incidence of landlocked countries, but much also seems related to ports that are among the slowest and costliest in the world – about which something could presumably be done. Africa’s interregional trade is also low and reveals even more clearly the influence of very bad infrastructure. By one estimate, if all the interstate roads in West Africa were paved, that might as much as triple trade within the (sub)region.”¹⁴

A serious challenge before Africa’s development is also the country’s lagging behind in the field of environmental protection, which seriously threatens the life and health of large groups of people and the biodiversity on the continent. The continental abundance of natural resources, comprising of fertile arable land, water, petroleum, natural gas, minerals, forests and wildlife faces serious risks because of the careless exploitation of the local population, particularly by unscrupulous companies, which prefer to seek ways to reach an “agreement” with the local governments and other institutions, thus generating excess profits from their operations in Africa. According

¹³ Bremmer, I. The New Rules of Globalization. Harvard Business Review, January-February 2014, p. 105

¹⁴Cit.: Ghemawat, P. World 3.0. Global Prosperity and How to Achieve It. Boston, Harvard Business Review Press, Boston, 2011, p. 67

to data from the UN Environmental Programme¹⁵, Africa holds 30% of the world's mineral reserves, 8% of the world's natural gas, 12% of the world's oil reserves, 40% of the world's gold and about 90% of the world chromium and platinum reserves. The largest reserves of cobalt, diamonds, platinum and uranium in the world are in Africa. The continent holds 65% of the world's arable land and 10% of internal renewable fresh water sources. In most African countries, natural capital accounts for between 30% and 50% of total wealth. Over 70 per cent of people living in sub-Saharan Africa depend on forests and woodlands for their livelihoods. Land is an economic development asset as well as a socio-cultural resource. A significant share of these resources is, however, used in an extremely unsustainable manner and, in many cases, illegally, in breach of the international regulations. For instance, Africa loses an estimated \$195 billion annually of its natural capital through illicit financial flows, illegal mining, illegal logging, illegal trade in wildlife, unregulated fishing, environmental degradation, etc. Collectively, the continent has a lot to gain in pulling together and harnessing its vast natural resources to finance the development agenda towards greater prosperity; and it must also ensure that future growth and exploitation of natural resources is results-oriented, climate resilient, and sustainable.¹⁶

Chapter Three examines the main priorities of the strategy of Prista Oil Group for expansion of sustainable business at a national and global scale. The main priority in the current operations of Prista Oil Group is the expansion of the international markets through production in key geographic areas, which would save transportation costs for the finished products while allowing significant regional expansion at the same time. The main focus are the developing markets in Asia (with a focus on the Middle East), Africa and South America. These plans are realistic and have been developed based on the solid manufacturing and market presence of the major companies in the group – Prista Oil Group has its own manufacturing and corporate offices in 18 countries on three continents. Prista Oil exports its products to 54 countries on four continents, whereas Monbat does so to 70 countries on five continents. The synergy effect of the two business areas has significant impact on the success of the economic group.

In order to achieve these important market goals, the company is already working on the development of a new important project related to the practical market application of two innovative technologies – recycling of used engine oils for the

¹⁵Cit.: Our Work in Africa. United Nations Environmental Programme (online), <https://www.unenvironment.org/regions/africa/our-work-africa>, last accessed on 21 August 2019.

¹⁶ Ibidem.

purpose of obtaining base oil by applying the *catalytic hydrogenation*¹⁷ technology and cold cavitation blending of lubricants/CCBL). These projects will improve the economic efficiency by ensuring access to cheap and high-quality primary raw material for the manufacturing process, while at the same time having major environmental and social dimension, because at present, a large part of the used engine oils remain uncollected for recycling purposes and are (primarily) burnt in heating systems that are not fit for this purpose. This unfair practice creates significant risks for the population because it causes pollution of the air with hazardous oil components. For the purpose of this dissertation paper, the case with the application of this technology will be discussed in more detail, because it is of direct and key importance for Prista Oil's CSR strategy.

First, it has to be noted that there is a significant volume of waste oils on a global scale and they create major risks to the natural resources and human health if they are not properly stored or recovered (see below). Their recycling through the catalytic hydrogenation technology, on the other hand, generates base oils of higher quality than the ones made of raw petroleum. Used engine oils are a valuable industrial resource. For a long time, their main application was to use their *high energy value* obtained after burning at an extremely high temperature (see below). The development of the technological processes, however, has shifted this focus to the recovery of their preserved *lubricating properties*. Although engine oils are heavily contaminated during the operation process, there are already technological processes in place that are applicable into practice and that could thoroughly purify them, with significant positive economic and environmental effects.

As noted several times in this paper, Prista Oil is one of the most dynamically developing Bulgarian companies and also one of the first companies to start investing abroad in the country's recent history. This leads to the creation of significant responsibilities, sympathy and commitment to the policies and activities related to CSR in all economic operations, which are valid for all companies within the group. The main principle in the strategic goal setting for introduction of CSR is that it is a *voluntary commitment for the company shareholders, managers and employees, which*

¹⁷ Catalytic hydrogenation – hydrogenation is a chemical reaction between the molecule of hydrogen (H₂) and another compound or an element, usually in the presence of a catalyst, such as nickel, palladium or platinum, which is widely used for obtaining organic substances both in laboratory conditions and on an industrial scale. Its main application in recycling waste oils is the generation of high-quality base oils with high content of saturated hydrocarbons and low sulphur content – *author's note*.

includes all actions in the course of operation of Prista Oil, where corporate success and public well-being are interdependent. The organisation's long-term interests are best protected by improving the economic, socio-cultural and environmental (including energy) practices. The philosophy employed by Prista Oil is that the business has the responsible and yet difficult and important task to “lead” and “guide” the society through the challenges of the future and of the development. A successfully developed business has sufficient capacity and financial resources to work towards a socially responsible growth, by fulfilling the major prerequisites needed for sustainability – profit and strict compliance with the legislation. According to the author's understanding, CSR is closely and directly related to the personal views of the company owners, shareholders and management. The corporation manifests its collective will, which is aimed at profitable and, at the same time responsible management (corporate citizenship), which strongly resembles the structure of today's states – the state in itself may exist insofar as it “combines” the expression of the will of its citizens and it applies it through the executive, the legislative and the judiciary authority. In this sense, the author considers the process where the “impulse” for CSR comes from the personal views of the company owners, shareholders and managers as normal. It should also be noted that this is a two-way process – CSR focuses on the needs of society and the stakeholders in need, however, their “feedback” continuously updates the adequate objectives and measures of CSR.

The main priority in the geographic expansion of the business of Prista Oil Group is the development and implementation of a modernisation project for the port complex in the city of Buchanan (Liberia) and development of its relevant special economic area. The company has already signed a concession agreement for the project implementation for a period of 25 years. At present, the port is a major export point for iron ore and timber. Currently, the port complex is experiencing unsustainable development and the major problem is the lack of power transmission grid (see below). Furthermore, the port infrastructure is obsolete, it does not correspond to the present scale and technologies for loading ships and is practically unusable during the rainy season (from May to October). The goal is to reach load capacity of 60 million tonnes per year by the end of the project period, as compared to slightly over 3.5 million tonnes per year at present (2017-2018). There are also plans for development of an energy source hub, which will serve the entire region of West Africa. Prista Oil intends to participate in this synergy system by building a production plant for blending of automotive oils and a hub for lubricating materials.

The plans are to make radical improvements in the infrastructure and superstructure of the city and the port on an area of 16 390 hectares within the 25-year period of the concession, so that it turns into an economically viable business region that is also attractive for residing. The projections are to increase the population of Buchanan from the current 60 thousand inhabitants to 500 thousand inhabitants after the full implementation of the project, who will enjoy an accessible living environment (designed, organised and developed based on the European model) and a lot of employment opportunities – direct employment in relation to the port development and within the special economic area or the accompanying businesses (see below). The total investment in the modernisation of the port complex is expected to reach USD 277 million, whereas investment in the special industrial zone is expected to exceed USD 500 million. About 5 thousand jobs are expected to be opened, the first 2 thousand of which will be opened from the very start of the project in order to meet the essential work force demand for preparation of the terrains for construction of the new infrastructure. A large part of these more than 2 thousand jobs will be for unskilled work force, however, the number of jobs and the level of skill required will increase with the project advancement. Some of the operations that could be largely performed by using mechanisation and automation will be purposefully performed by people from the local population because this will have a strong effect on building and strengthening the social capital within the society.

It is expected that the supporting businesses will generate additional employment. The experience with the implementation of similar large-scale projects shows that they generate additional jobs in a ratio of 4:1 to 10:1, i.e. for each direct job opened in the supply chain, *four to ten additional jobs* are generated, most of which are related to entrepreneurial businesses.

One of the major initiatives for the implementation of the project in Buchanan is the initiative for construction of a thermal power plant (TPP) with capacity of 60 megawatts. It will be fuelled by natural gas and will be designed to supply power to the port and the other economic activities and the adjoining residential areas. Power supply in Liberia is one of the major obstacles to economic development and improvement of the living conditions. The power supply network reaches only 25% of the country's territory, primarily in the region of the capital Monrovia and the adjacent Montserrado county. The price of the power supplied is very high and most companies and wealthier households are entirely dependent on electricity produced by diesel generators.

The construction of a TPP will be a highly efficient and at the same time socially responsible project, because it will provide electricity at a lower cost (as compared to the current high final costs) and will be capable of generating sufficient quantity of clean energy for the growing number of industrial consumers and households in the region. Further sustainability and price optimisation will be achieved with the development of a photovoltaic farm with total capacity of 100 megawatts within the special economic area (the studies show that there are favourable conditions for production of electricity from solar power plants on the entire territory of Liberia).

Industrial and household sewerage will also be constructed for the project purposes. Liberia is one of the few African countries with sufficient water resources which could be used for ensuring water supply for the population and for the agricultural sector. Despite this fact, water supply and sewerage constitute a major economic, social and health problem. For an entire decade (2005-2015) the country has been experiencing an Ebola epidemic, one of the causes for which are the low level of hygiene due to the lack of water supply and sewerage.

Nevertheless, the most important project related to the development of the initiative in Buchanan is in the field of education, which has been unambiguously identified as the *key factor for the socio-economic development of all African countries and which should be considered the overriding objective of each CSR strategy on the continent*. It should be noted that the citizens of Liberia enjoy preferences when applying for admission in American universities and many graduates from US universities come back and work in their native country after completing their studies. Combined with the high share of population under the age of 25, this creates a high potential for rapid and sustainable development of human capital.

However, the main shortage of personnel is in the field of base level and middle level technical occupations. One of the first investment and CSR tasks under the project will be the establishment of *two technical vocational schools* for educating middle level staff in the construction sector, port mechanisation and other spheres where there is urgent need of qualified personnel at this level. The main focus of the school curricula will be intensive learning of English language and application of a *dual model of learning* where students acquire the necessary knowledge and skills for their future occupation early in the educational process. Furthermore, there are long-term plans for the establishment and development of a *maritime college* for training qualified personnel for the maritime industry. This is driven mainly by the significant shortage of staff and by the strategic objective of Prista Oil Group to employ the capacity of

Liberia as a country, the priority of which is to develop the “Flag of Convenience” business.¹⁸

CONCLUSION

The main research question related to the conceptualisation of CSR as part of the modern business philosophy is how the business ownership and management models correspond to the concept of shared responsibility and synergy between the society, the institutions and the business. Based on the overview of the historical and evolutionary development of CSR, it became clear that this is a relatively new paradigm for business organisations. Their primary objective for continuously enhancing economic efficiency and for delivering the results from that to the will of the shareholders starts to contradict the public understanding of fair distribution of the benefits and responsibilities within the social system. From the current perspective, it is unthinkable to reach to the conclusion that the business should limit its responsibility only to the profits generated by complying with the law – there is hardly any theoretical economist or business manager who would adopt such a view. Only about 50 years ago, this view was leading and even coherent with the view of the Nobel prize winner in economic sciences (Milton Friedman). This illustrates the importance of the transformation of the views about the role of the business in the formation of the social environment.

Of course, profit remains the guiding principle in doing business. This is rational and justified by common sense. At the same time, profit may also be considered from a different perspective – as the primary means for achieving the common goals of the business and society. The minimum or no profit place businesses into a downward spiral of development, stagnation and, finally – destruction of the business, because it loses its economic purpose. This negative development, however, gives rise to problems not only for the shareholders, but also for the socio-political context – loss of jobs, liquidation of supporting businesses along the supply chains, decreased income from taxes for the respective region or state, public degradation of entire regions, environmental catastrophes because of abandoned production capacities, etc. The collapse of the socialist planned economies of USSR and Central and Eastern Europe

¹⁸A practice, whereby merchant ships are registered in a country with favourable (i.e. less restrictive) requirements for safety, registration fees, etc. – *author's note*.

at the late 80s and the early 90s is an illustration of the consequences from blurring the focus in profit and the realisation of targeted economic interest.

Conversely, the generation of profit in compliance with the law and a clear moral concept of the “business-society” relationships has effect on the development of clear boundaries of the admissible and on placing the right “stakes” – society holds the business accountable for the way in which it generates profit and there are a number of mechanisms through the state and the civil society to sanction the business in case of inconsistencies between its statements and actions.

The business, on the other hand, benefits from the achievement and maintenance of sustainability in the social and environmental systems, because the main resources for “doing business” come from nature, whereas the markets of end consumers actually constitute the foundation of modern political systems.

The main objective of this dissertation paper was to prove that *with continuous coordination of the voluntary business efforts, the public trust and the flexible and stimulating institutional framework, CSR actually constitutes a route for improving the socio-economic and environmental conditions in democratic societies across the world.* Furthermore, based on the study and analysis of the norms for regulation and self-regulation of the good practices in the field of CSR, *it can be argued that the formation of CSR as an ecosystem is the optimal choice for achieving changes of the scales that are simultaneously built in the theoretical models and were demanded by the business and society as stakeholders.* The definition proposed by the author focuses on this major overarching objective of CSR by also pointing to the “reward” for socially responsible companies, particularly – their involvement in taking decisions related to the society from a full-fledged and empowered position. CSR constitutes the optimal blend between the major factors (economics-society-environment) of sustainable development. It has already turned into an element of competitive advantage in business and has its major role in the vision and mission of every business organisation. Its application is an indicator of the extent to which the organisation is prone to respond rationally and far-sightedly to the external challenges. The optimal condition for the successful functioning of CSR is when the *main business of the companies is organised in a way that generates social benefits.* This principle is most prominent in the concept of corporate purpose – an evolutionary step in CSR theory, which is discussed in detail for the first time in Bulgarian science in this dissertation work.

The critical perspectives on CSR should also be taken into consideration. A scientific research that claims to be comprehensive should pay significant attention to

these views. So far, they have been only vaguely touched in Bulgarian scientific literature. This dissertation paper has made an attempt for a more thorough overview and analysis of the main critical arguments. It should be summarised that the main arguments against CSR have a tangible political bias and condemn it as a targeted (or even maliciously targeted) attempt of the companies to manipulate society and to evade stricter (and, respectively - fairer for society, according to the opponents of CSR) regulations. The matter about the nature and weight further goes to the political sphere; it is fundamental for the opposition between the conservative and the liberal ideas. However, in the case of CSR, its political focus is shifted to the extent to which profit-oriented companies and their owners and managers possess the necessary moral and ethical values to determine *by themselves* what part of their profit should be “returned” for improving the well-being of society.

CSR is a systematic approach for regulating the actions of the business in favour of the society and as such, it should be implemented through a certain model that includes an instrument or a set of instruments for defining the main direction and the most appropriate or most urgent guidelines, where CSR should be used as a policy and as an approach for improving the social or environmental status. Chapter Two of the dissertation paper proposed an analytical model developed by the author, which identifies the *main context and priorities* of CSR at organisational level in two stages. During the first stage, a modification of the classical PESTLE analysis is applied, which identifies the political, economic, social, technological, environmental and legal factors that influence the activity of the organisation and CSR, with *two additional and more complex factors* added to the existing model – *innovation and cultural factors* – which predetermine the directions and the appropriate instruments for CSR. The factors are identified as pairs of “deficits and opportunities” in order to first address the elimination of deficits and then utilise the potential for improvement of the social conditions. The main factors for the formation of the CSR strategy can be determined in three ways – they can be subjectively identified (with consensus between the company owners and management), they can be identified through the application of classical factor analysis or through a synthesis of the two approaches, where decisions are taken by combining the two approaches. During the same stage of the model, the guidelines and specific actions *in terms of scale – regional, national or local* – are determined. This helps synchronise the CSR actions and prevents any overlapping and, respectively, the presence of “gaps” in the implementation of the strategy. During the second stage, the

most important (key) factors are identified and the specific *conclusions, measures, resources and horizon* of the CSR strategy are determined.

According to the author and based on the results from the practical application of the model, *innovation factors are paramount* for achieving optimal internal conditions and socio-economic prerequisites where CSR will be deployed most efficiently. The application of cutting-edge and fundamentally disruptive technologies, combined with an efficient business model and a strong social element in the company's operation has a crucial synergy effect on CSR. Conversely, the exclusion of any of the *innovation complex* components significantly diminishes the results. As illustrated by the analysis on the development of CSR activities in Prista Oil Group, the introduction of new managerial solutions affecting the company operations at managerial and technological level allows achievement of considerable progress with respect to the protection of the environment, the introduction of the circular economy principles, the optimisation of costs, etc. The combination of these factors increases the profitability of operations and generates funds for implementation of more and wider CSR actions.

Based on the case studies from the practice of multinational companies in African states it became clear that CSR has a rapidly growing significance as an element of the development of African societies and economies. The case studies that were discussed and analysed illustrate that there are several universal scopes of application of CSR in Africa that can be distinguished – these are the development of education and healthcare at local (community) and at national level. In addition to the direct effect on communities, CSR also has a wider effect on the integration in the still fragmented national societies (or the ones still undergoing formation).

The selection of case studies related to strategies implemented in the largest African national economies (BMW in South Africa and Shell in Nigeria) is not accidental. According to the author's understanding, the project of Prista Oil Group in Liberia has the potential to give rise to considerable economic progress and contribute significantly to the economic progress of the country in the medium term and in the long term and to help it join the group of the most rapidly developing African economies and thus providing perspectives for the society's well-being and development. The prerequisites for this are the progressive legislation, the political will for democratisation of the governance and public life, the country's participation as an active partner in regional political and economic unions, the abundance of natural resources, etc. Thus, the comparative study was an attempt to outline the universally

applicable good practices and the possible routes for adoption of CSR in a mutually beneficial manner. The main difference between the case studies of BMW in South Africa and Shell in Nigeria and the project of Prista Oil Group is that the latter will be developed in a different socio-economic moment for the African continent in general and in Liberia in particular, where the requirements for social responsibility towards investors are unquestionably higher.

Based on the analysis of the case study of Shell in Nigeria it also became clear that companies are no longer in the position to neglect the socio-political effect of their business operations and to forcefully impose harmful or socially unacceptable solutions and practices. Global public opinion is an insurmountable and, at the same time, a decisive factor, the influence of which creates considerable pressure on the cases of unethical corporate conduct.

According to the author's understanding, the following *contributions of the dissertation paper* need to be distinguished:

First, one of the greatest contributions of this dissertation paper is the detailed overview of a *future CSR strategy that has been studied and analysed by a subject involved in the implementation of the project (the author himself, in his capacity as co-owner and member of the management body of Prista Oil Group)*. Putting the CSR strategy into perspective is an appropriate approach, because it addresses the main conceptual and building elements of corporate philosophy – mission and vision – “in future tense”, i.e. in line with the overview of the development plans. The company practices also serve as a link to the current achievements and as a basis for future improvement and development.

Second, the examination of *corporate purpose as an evolutionary form of CSR* also needs to be noted, *which is being mentioned for the first time in Bulgarian scientific literature*.

Third, *the dissertation offers a wider and deeper review of the critical perspectives on the CSR concept in Bulgaria*. This is in contrast with the predominant CSR promoting reports that have been written so far.

Fourth, the *deepening of analysis of CSR policies and strategies from the perspective of business philosophy* also needs to be taken into account.

And finally, another contribution is the discussion of the *case studies from the practice of Prista Oil Group as a large Bulgarian company that implements global investments and uses complementing elements of both external and typically Bulgarian business practices*.

**Publications and participation in scientific conferences related to the
dissertation:**

1. “Cultural Heritage Preservation as Sustainable Element of the Corporate Social Responsibility” – scientific report at the Fifth International Round Table “Problems of Public Communication”, UNIBIT
2. “Public-private Partnerships in the Construction of Sport Infrastructure in the Context of Corporate Social Responsibility (CSR)” – Yearbook of FJMC, v. 26, 2019 (PhD students) – (in print)
3. “Cultural Heritage Preservation as Sustainable Element of the Corporate Social Responsibility” – Handbook from the Fifth International Round Table “Problems of Public Communication”, UNIBIT – (in print)
4. „Corporate Social Responsibility (CSR) as Functioning Ethical Mechanism for Reduction of the Corruption Practices – accepted by the editorial board of “Philosophical Alternatives” magazine – (in print)
5. „Organisational Culture – Typology, Features and Impact on the Concept of Corporate Social Responsibility (CSR)“ – accepted by the editorial board of “Philosophical Alternatives” magazine – (in print)