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THE INVOLVEMENT OF THE PUBLIC SECTOR IN CORPORATE SOCIAL RESPONSIBILITY – THE CHANGING REALITY

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Abstract: Societies and businesses around the world have already accepted that the social benefits of corporate social responsibility are indisputable, but if they are not integrated into broad national strategies, these benefits remain limited. Such integration can only be achieved with the help of the public sector.

Over the past two decades, the growing role of the public sector as a driving force for the development of socially responsible practices has changed government capacity in addressing social and environmental issues, business relationships, and regulatory models. Therefore, the purpose of this paper is to contribute to understanding the changing role of the government in promoting corporate social responsibility.

The study focuses on several issues. What requires the focus of the public sector's attention on corporate social responsibility? Are the activities of CSR and the public sector opposing or compatible? What strategies can be undertaken by governments to encourage and stimulate businesses to adopt the values and strategies for CSR?

Keywords: corporate social responsibility, public sector, social welfare, welfare state

1. INTRODUCTION

Corporate Social Responsibility (CSR) is no longer a new phenomenon for today's society. In the past few decades, in has become increasingly a part of the business activity and management. The new socio-economic challenges in the globalized world at the end of the twentieth century and the welfare state crisis have spurred demand for innovative forms of social processes management and have given a new insight into how companies contribute to society. Ideas have begun to spread that businesses owe society more than just the pursuit of profit (Frederick, 2006). It has been argued that the social responsibilities of business are the duty of a businessman to follow such policies, to make such decisions, to follow such directions of action that are desired in terms of the goals and values of the whole society (Bowen, 1953, p. 6)[1].CSR has started to be regarded as a possibility to incorporate in business management practices social justice, ethical decisions and responsibility to society and the environment in which businesses function (Engwall, 2018).

Society and the business have already accepted that the social benefits of corporate social responsibility are indisputable, however, unless they are integrated into broad national strategies, these benefits remain limited. Such integration can only be achieved with the help of the public sector. In addition, modern public relations require the national legislator to take into account many processes that were not typical in previous historical times and which are conditioned by the creation of a single European market, including the labor market (Andreeva, Yolova and Rachev, 2017, p.16).

Therefore, the purpose of this paper is, through an analysis of the economic literature on the issue, to contribute to the understanding of the changing role of the public sector in supporting CSR.

The concept of CSR can be presented in different ways. Most often it is considered in three directions -

economic, environmental and social. All three have their significance, but in this paper the focus is mainly on the social aspect. Various large-scale public sector initiatives, including socially responsible investments and socially responsible government procurement, are known in the global practice. However, due to the limited volume of the article, they will be the subject of further research.

The paper focuses on several issues. What makes the focus of the public sector's attention on corporate social responsibility necessary? Are the activities of CSR and the public sector opposing or compatible? What strategies can be undertaken by governments to encourage and stimulate businesses to adopt the values and strategies of CSR?

The study focuses on the application of CSR practices within the European Union in general and in Bulgaria in particular. Bulgaria has been a member of the EU since 2007, and although the concept of CSR is widely known, business activities in this area are limited, while the public sector actions are scarce.

2. COMING BACK TO THE DEBATE ON CORPORATE SOCIAL RESPONSIBILITY

Academics have yet to reach a consensus on a firm definition of corporate social responsibility (CSR). Some authors (Visser, 2007) describe it as an "contested concept", while according to others (Idowu, 2012, p. 242), it is "so vague and ambiguous that it can be interpreted in almost any way to accomplish anything". The reason is not in the lack of ingenuity or capacity of the experts, but rather in the origin of the concept itself. In its formation, a variety of historical, cultural, regional and socio-economic factors, the political form of governance and the scale of the welfare state played and are still playing a decisive role.

Moreover, when discussing CSR, some prefer the name "corporate" responsibility to avoid the assumption that it is limited to social relationships (strategic philanthropy and society relationships). Others use the term "social" responsibility to avoid the stigma that this topic when related to businesses, forces the latter to put profit above the social principle. Those who prefer only "social" without the "corporate" modifier recognize that non-governmental and governmental organizations should apply and maintain standards of responsibility (Robert and Ni, 2008). Ultimately, whatever name we use, one of the prerequisites for successful business is the consolidation of the expectations and actions of all stakeholders. One of the means of meeting the different interests (Serafimova, 2006) is the application of CSR practices and, accordingly, social responsibility as a way of declaring them.

What goals and values do you really need to define corporate behavior? This is a recurring issue that is still on the agenda. To a large extent, the conflict of interest between the views of the owners of a business (shareholders) and the stakeholders affected by it lies at its core.

The shareholders theory claims that companies are responsible for increasing shareholder value. On the other side of the "barricade" is the theory of the stakeholders' benefits. It regards companies as a means of increasing the mutual benefits of all stakeholders and therefore insists on such business management that balances all mutual interests. At first glance, the requirements appear to be diametrically opposed and therefore require a convincing argumentation with regard to the end result.

The point of departure for the shareholders' theory is that there are socially defined property rights on which the very company theory is based (Locke, 1988). In 1970 Milton Friedman defended the thesis that the sole purpose of business should be to maximize profits. He argues that business managers promote corporate social responsibility strategies motivated by personal interests (e.g. recognition from others) rather than by arguments based on efficiency or the preference of the business owners. According to him, public policies should be left to the representatives of public services, while businesspeople must do business (Friedman, 1970).

Although Freidman's ideas are more popular, Levit is actually the forerunner of this understanding. As early as 1958, he pointed out that companies should be engaged in improving production and increasing profits, acting honestly and in good faith, and that social issues should be an obligation and decision within the scope of the state (Levitt, 1958).

Levitt and Friedman's viewpoint can be traced back to Adam Smith, according to whom each person maximizes efficiency and value for society when acting rationally in his own interest (Smit, 1776). Friedman, in line with Adam Smith's invisible hand, associates maximizing benefits with effective resource allocation, and defends the thesis that shareholders and not managers need to decide how company profits can return to society. More recently, Alan Greenspan said, "By law, shareholders own corporations and, ideally, corporate managers have to work on behalf of shareholders to distribute business resources for their optimal use (Greenspan, 2003).

It is difficult to challenge the views of a Nobel prize winner for economics, since apart from economic efficiency, Freidman also defends small companies that do not have highly-paid employees. He also states that the shareholders themselves, if they wish, can invest their profits in charitable activities[2]. However, the proponents of the stakeholder theory argue that apart from shareholders, there are also other groups or individuals affected by a company (such as employees or the local community), and their interests also need to be taken into account when making management decisions, in the same way as the interests of the owners are accounted for (Freeman, 1984; Freeman et al., 2004). A wider interpretation of the "invisible hand" can also account for the ability and the propensity of people to think about others (Stovali et al., 2004).

Where does the source of this controversy come from? The main difference between the two theories lies in the question of the distinction or the unity between economic and ethical consequences and values. According to Porter and Kramer, Freidman's arguments have two hidden assumptions: that social and economic goals are separate and different, and that by achieving social goals, companies do not provide greater benefit than if that was done by individual donors (Porter and Kramer, 2011, p. 58). Actually, the opposition between the economic and social goals is unacceptable because companies do not function in isolation from the society they work in. Moreover, the unilateral focus on maximizing profits for owners neglects the in-depth identification of all people involved in forming values in the company: workers, suppliers, customers, government regulations and the environment. Disregarding this fact and non-compliance with the social status of the population may lead to distortions in consumption and on a subsequent stage – to pressure on the general economic development in the form of insufficient demand, which will also harm the owners themselves. Therefore, the use of company resources for socially responsible activities, and hence for the general social well-being, does not necessarily harm the benefit of shareholders.

The European Commission initially defined CSR as "a concept whereby companies voluntarily integrate their environmental and social initiatives into their business strategies and interact with all stakeholders" (EC, 2001). However in 2011 the Commission reviewed the concept as follows: "companies' responsibility for their impact on society" (EC, 2011, p. 6). The main objectives of CSR are to maximize the creation of shared value and minimize adverse business influences. In particular: "Corporate social responsibility, including environmental responsibility, consists of corporate activities that reflect the social consequences of business activity and are addressed as social imperatives for business success" (Moon, 2007, p. 302). The World Business Council for Sustainable Development defines CSR as a "business engagement to contribute to sustainable economic development by working with employees, their families, the local community and society as a whole to improve the quality of their lives" (WBCSD, 1999, p. 3).

Some authors recommend that research programs surpass the benefits for business to achieve what they call "social returns" (McWilliams et al., 2006, p. 9). Some even consider the development of corporate social responsibility in the context of changes in the welfare state (Midtun, 2005), pointing out that an emerging model of CSR-oriented public governance can be analyzed as a distinctive feature of civil society, business and government relations. This new vision is also reflected in a number of European Corporate Social Responsibility Documents (EC, 2001; EC, 2002; EC, 2006) aimed at sustainable development and combating social exclusion. At the same time, the European Union has set among its leading objectives within its employment and social policy program the goal to modernize European legislation and to ensure the effective application of Community law and increase employment opportunities by developing an open labor market (Andreeva, 2015).

In this respect Carroll (1979) establishes four main components in the strcture of corporate social responsibility: economic responsibility to investors and consumers, legal responsibility to the government or the law, ethical responsibilities to society, and discretionary responsibility to the community. The definition of Meehan et al (2006) contains a stronger social aspect: a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's social relationships.

It is clear that a large number of authors view corporate social responsibility as adopting and implementing behaviors and actions beyond the initial pursuit of profit, which serve to improve social welfare. Moreover, the renewed European Commission CSR strategy states that, apart from human rights, employment practices, environmental care and the fight against corruption, the engagement and development of local communities, the integration of people with disabilities and the interests of consumers, including respect for privacy (EC, 2011, p. 9) should also be regarded as part of the CSR agenda. Therefore, considering the multifaceted aspects of CSR, we can generally define it as a continuing commitment to ethical business behavior coupled with responsibility for economic development and at the same time - improving the quality of life in society as a whole and of the workforce in particular.

CSR practices often take the form of company events that provide some form of welfare for their employees or other external stakeholders. In this way, CSR can be seen as the production of an additional form of welfare by non-state producers. This raises the question of whether there may be a substitution between CSR and state-provided wealth? Could corporate social responsibility be seen as a good prospect promising innovative approaches to tackling sustainable social problems (for example, social exclusion)?

2. FREE WILL OR STATUTORY REGULATIONS?

The roots of socially responsible business can be found in ancient China with the Confucian Traders - entrepreneurs who adopted the Confucian theory and applied it to their business. They pursued profits with integrity and commitment to community prosperity (Wang and Juslin, 2009). And despite the fact that it was not until the middle of the nineteenth century that social responsibility emerged as a concept, we can find a great part of the Confucian postulates in its foundation.

Nowadays, CSR is seen as an obligation of the company to foresee in the decision-making process the consequences of its decisions on the external social system in a way that together with the traditional economic benefits that the company seeks will also provide social benefits. This means that social responsibility begins where the law ends. A company is not socially responsible if it just meets the minimum requirements of the law, because that is what any good citizen would do (Davis, 1973, p. 313).

Yet two important issues arise, which are defined as "the two sides of the same coin" (Brejning, 2012, p. 3). These are, first and foremost: to what extent can the historical and institutional context of the welfare state be expected to influence the ways in which social responsibility of corporations and their relation to social exclusion are interpreted? And, secondly: to what extent do CSR ideas and practices influence the institutional structures of welfare states? In particular, whether the application of corporate social responsibility to overcome social exclusion directs decisions back to the state, or CSR itself represents a deployment of a new type of solution to sustainable social problems? In answering these questions, the central issue is how people working on CSR perceive and understand the degree of influence of the historical and institutional context of the welfare states themselves. The ways in which CSR is interpreted and applied in terms of social exclusion also exert influence[3]. These views themselves are part of the relationship between socially responsible business and its social environment.

One of the most frequently mentioned features of corporate social responsibility is that it is voluntary. While initially many companies reported CSR as a passive response to social pressure on the environment, they are now in a position to respond positively to these requirements, not only in the management but also in the product processes of their businesses. Moreover, the power of choice by consumers, investors and numerous institutions in the public sector puts pressure on companies and assesses their behavior leading to positive or negative sanctions. In this situation, the question arises of whether the state required to introduce binding regulations to businesses to ensure better CSR events?

Thee practice presents many examples of how voluntary implementation of social responsibility can contribute to achieving social welfare without the need for regulation. For example, one of the ways to establish co-operation with employees and increase productivity in the company are improved working conditions (higher pay, additional training opportunities, good healthcare conditions, etc.). Thus, at the company's good will, the conflict of interest can be reduced on the internal level and can lead to mutual benefit in the long run without government regulations being imposed (Lyon and Maxwell, 2007). A worker who feels they are getting better working conditions than they could get in another company in the sector has an incentive for loyalty and cooperation to maintain a long-term relationship with the employer[4].

The company's decision to provide socially responsible goods can also come in response to demand from activist users accounting in their purchasing decisions also for the consequences of corporate behavior. A global consumer survey shows that 86% of respondents believe that companies should pay equal attention to their public and business interests. 67% of respondents say they prefer to shop from companies that share their values. 76% of consumers believe that the most successful and profitable businesses will be those which embark on sustainable and responsible practices (Cherkezova, 2014). But even if consumers are willing to pay a higher price for socially responsible production, they will do so only to the extent that they have information about the public benefit. Companies will not incur additional costs for developing socially responsible strategies if they fail to change consumers' willingness to pay.

For its part, the government can introduce rigid regulations (eg technological standards, taxation or statutory punishment). This would force companies to increase their costs to meet the new requirements and the end result would be positive. For example, Pigou taxes can stimulate companies to use more expensive and non-polluting technologies. Certain social standards will force employers to pay higher salaries, provide a more attractive work environment, and so on. In this case it can be said that regulations and CSR are interchangeable. But although they are interchangeable, they can also work together. Going beyond regulation, companies that can afford it will gain a competitive advantage. And those for which regulations and standards are costly to implement may even disappear from the market.

However, we have to take into account that regulations also have their negative aspects. They can be expensive not only for companies but also for the public sector itself. Regardless of whether a tax is introduced or a standard is required, it will be necessary to develop a system and provide a public administration to control the operation of the imposed mechanism. To implement an effective solution, regulators need to have access to a significant amount of information about the company's costs and external influences. The effectiveness of socially responsible activity also depends on factors that are often beyond the control of the administration, such as the composition of demand, which is why it is not always an effective tool. A binding regulation can increase private costs on the final product and make it more expensive. There is no guarantee that all users will be willing to pay a higher price for this product, even if it is produced in a socially responsible manner. Activists are usually a small part of the total number of users. Ultimately, there may also be a change in market equilibrium or an attempt to carry out "shadowy" activities.

Regulation can be imposed irrespective of the market structure and composition of demand, but it will always have its limitations. For example, if the company's activity extends to the territory of two or more countries that may have different legislation - what is regulated in one country by law, is a matter of corporate choice in another (Fox et al., 2002). Finally, the adoption of a voluntary approach by governments stems from the understanding that companies should have the freedom to develop new practices before regulation is introduced. CSR is not a substitute, but an addition to state legislation. Therefore, it should not be treated as a task for public authorities to establish mandatory rules at national and / or international level, but rather as compliance with certain minimum and social standards (Bertelsmann Stiftung, 2007). It is a voluntary action and as such does not require additional public spending. Therefore, in many respects, the need for and the cost of statutory regulation is not appropriate. In some cases, situations may arise where regulation appears to be a suffocating innovation (Albareda *et al.,* 2008).

Therefore, in 2003, the term soft policy was introduced as an approach to understanding public policies with respect to CSR (Joseph, 2003). The role of the state is seen as cooperating with and facilitating the private sector, with public policies having to use soft forms of government intervention to shape and preserve voluntary corporate behavior (EC, 2002; Fox *et al.*, 2002; Zappalà, 2003; Albareda *et al.,* 2007; Lepoutre *et al.,* 2004; Bell, 2002).

Within these "soft" regulations, a variety of options can be applied. Corporate decisions can be stimulated by certain financial incentives: subsidies, awards, Pigou taxes or tax reliefs, research and development programs, creating new technologies, and so on. Since public attitudes are an important factor, awareness campaigns can be used, creating trustworthiness through the provision of eco-labels and publicity. Public procurement or public-private partnerships may also be significant incentives.

The goods produced and offered by the socially responsible businesses can also be regarded as 'trusted' goods (Ganuza, 2012, p. 13) - their quality is measured not upon consumption but by the conditions under which they were produced or in connection to the healthcare provided and the well-being of the workers in the production process. Intuition is simple - the better the signal, the greater the incentive for consumers to pay for the more useful commodity. However, the final positive result may be incomplete and often distorted, since some of those persons may have an interest in providing biased information. Companies that have not embarked on additional socially responsible efforts and costs have an interest in hiding information or "making noise" in the available information. Therefore, the quality of information is an endogenous factor depending on the actions of the individual participants. On the other hand, (Calveras and Ganuza 2014), the ability of companies to manipulate information has a negative effect on public welfare. Therefore, a serious problem in the economy is the likelihood of an unfavorable choice, which is common in markets where there is asymmetry of information.

The public sector can be a guarantor that users have access to reliable information about company behavior. For example, it may be appropriate to regulate the provision of information to the participating countries by defining rules on the transparency of corporate behavior and developing mechanisms for verifying information. This "transparency" is crucial both for demand (in response to company behavior) and for companies themselves to have the incentive to adopt socially responsible practices.

Businesses nowadays evolve in a dynamic environment, and are already beginning to understand the need for public sector support. Although CSR is commonly perceived as a set of voluntary activities, the general economic and social well-being of society will not be beneficial if these activities evolve in an accidental fashion and separate from one another. This will break the overall link with the sustainable development of the economy, the business and the social sphere. The result is a social dilemma: the individual rationality is in contradiction with the collective rationality. The way to overcome this dilemma is to set some common rules.

For this purpose it is useful to generate or select a limited number of indicators based on certain reliable standards. Through them the enterprises and organizations can confirm their social commitments in their business and the fulfillment of the requirements of the national and other labor regulations with regard to stakeholders (Castka *et al.,* 2004). Standards have been developed on the basis of 12 ILO Conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child (Petrova *et al.,* 2013, p. 44). Their introduction requires the creation of an adequate social policy, linked to the financial and ethical standards of the company. Although being a challenge, they are a desirable business tool since they set criteria not only for environmental and social outcomes but also for the financial performance of the company itself.

3. THE ROAD AHEAD: A PARTNERSHIP BETWEEN THE BUSINESS AND THE PUBLIC SECTOR

Although the concept of CSR occurs around the middle of the 20th century in the US, studies show that it has been predominantly adopted by European companies. According to such studies, the key prerequisite for this situation is the positive cooperation between the business and the public sector (Aaronson and Reeves, 2002).

In the last two decades, the public sector has become more and more involved in the group of stakeholders. Governments adopt a new type of relationship with the business and other civil society stakeholders to promote responsible and sustainable business practices (Aaronson and Reeves, 2002; Albareda *et al.,* 2006; Moon, 2004). Government initiatives come alongside the actions of various international organizations, such as the UN Global Compact and the European Commission, which simultaneously proclaim the promotion and support of CSR. The European Union, in the framework of its Employment and Social Policy Agenda, has set itself as one of its leading objectives, the updating of the European legislation and ensuring the effective application of Community law and increasing employment opportunities by developing an open labor market (Andreeva, 2015). The key role of public administration and public order initiatives to promote the expansion of CSR is thus strengthened (EC, 2004)[5].

There is an increasing number of authors who emphasize the important role of the government in shaping the way in which private CSR programs and initiatives (Knudsen and Moon, 2017) are being developed. Zadek (2001) is a pioneer among the authors who identify the role of the state. He describes the involvement of governments in CSR as a new stage in its development and defines this new stage as the third generation of CSR, where the new hero is the government whose role in promoting CSR is a core theme.

Understanding business logic for corporate social responsibility allows for identifying incentives for socially responsible actions. The next step is to study how public policies promoting CSR can be designed so that businesses and society as a whole, can increase their well-being and the specific roles governments can take to promote CSR.

The voluntary approach to corporate social responsibility imposes specific roles on governments. Public intervention is primarily associated with the promotion of socially responsible practices by providing a favorable environment (Fox *et al.,* 2002): mandatory (legislative); facilitating (providing content guidelines); partnership (engagement with multi-stakeholder processes) and approving (publicity). Among the strategic governance roles (Lepoutre *et al.,* 2004) are the management of institutional uncertainty (activation, organization, adaptation) and the common tools for public action governing strategic uncertainty (public information campaigns, organizational reporting, contracts, agreements and incentives). One of the new approaches to promoting CSR is the public-private partnership (Gribben *et al.,* 2001; Nelson and Zadek, 2000), which can solve different social problems and promote coordination among companies, public organizations and local authorities. It is obvious that the state is looking for a new role, with a new division of tasks and responsibilities between it and society, different from the traditional welfare state. The new implementation frameworks in which the public administration and the private sector are already in a position to form and manage complex interdepartmental networks in which each partner plays its role.

In the analysis of public policies, different classifications are formed, depending on the priorities that the authors perceive as a point of view (Aaronson and Reeves, 2002; Fox *et al.,* 2002; Zappalà, 2003; Lepoutre *et al.,* 2004; Nidasio 2004). One study (Zappalà, 2003) broadly grouped them into: policies to promote CSR activities; public policies to promote transparency and publicity policies, policies to promote control. In terms of the roles that can be adopted by the government, public CSR policies are classified as: (Fox *et al.,* 2002): validating (legislative), facilitating (guidelines for mechanisms content, creating framework conditions), partnering (engagement with a variety of stakeholders, stimulating dialogue) and approving (by providing evaluation and publicity tools).

In order to gain a broader view of the role of the public sector in corporate social responsibility, an approach is being adopted, exploring the government's interrelation with other stakeholders (Albareda *et al.,* 2007). This approach sets the relationship between the public and private spheres, between the state and society, and between the private sector and civil society at the level of joint responsibility. Joint responsibility will obviously include the existence of common objectives and the assumption of specific responsibilities by each of them.

Steurer, Martinuzzi and Margula (2012) studied over 200 political instruments in the area of public policies for the promotion and design of corporate social responsibility among the 27 EU Member States and established considerable variations between them. Using the basis of the three models of the welfare state of Esping-Anderson (1990), they group the European countries into the five models presented in table 1.

Table 1
Overview of five socio economic models in Europe

Model	*EU Countries*	*Ideological tendency*	*Key welfare state features*
Scandinavian	Sweden, Finland, Denmark, (the Netherlands)	Social Democratic	• Aims to realize social rights for all its citizens • Promotes equality of high social standards • Social benefits are universal, i.e. independent of class and status
Continental	Germany, Austria, (France, Belgium, Luxembourg)	Conservative	• Strong support for working mothers • Granting social rights considers existing class and status differentials (with a focus on work related, insurance based benefits) • Redistributive effects are limited • Social policies aim to preserve traditional family structures (limiting the emancipation of women)
Anglo Saxon	UK, (Ireland)	Liberal	• Dominated by market logic, i.e. the state encourages the private provision of welfare • Social benefits are modest, often means testedand stigmatizing
Mediterranean	Spain, Portugal, Greece, (Italy)	Mixed	• Fragmented and 'clientelistic' support focusing on income maintenance (pensions) • Still under development, making older systems of social support (family, church) indispensable
Transitional	New EU members from CEE	Emerging	• New social policies are developing, but with considerable variations • Social expenditures below the EU-15 average • Increasing poverty rates

Source: Steurer, Martinuzzi and Margula (2012, p. 215)

The obvious conclusion to be drawn from the results shown in the table is that the basic parameters characterizing the status of a given type of welfare state also affect the public sector activities in terms of promoting corporate social responsibility. The Scandinavian countries are most active in this direction - with high social standards and wide protection of the social rights of all citizens of the country.

The reverse side of the welfare state is the liberal model of the Anglo-Saxon countries. Typical for them is the dominance of market mechanisms and this reflects their idea of CSR and the voluntary participation of businesses. Companies play a key role in the economic and social development of the community, as well as in the fight against poverty and social exclusion. Governments only engage in forms of soft intervention through incentives and various tax measures.

Continental countries are characterized by relatively stable welfare states and the role of corporations in CSR is very close to the social agenda.

In the new Member States, although operative examples exist, the CSR mechanisms are still under development. Governments use corporate social responsibility policies as a means of compensating for relatively weak sustainable development policies and weak CSR (Steurer, Martinuzzi and Margula, 2012, p. 215).

Bulgaria has been a member of the European Union since 2007 and, as a Member State, it applies all the documents of the European Commission. At the same time, it falls into the group of new member states in the table above and is characterized by the transition model with emerging ideological tendency. The model features significant poverty, insufficient social spending and the lowest average income within the EU. This highlights the significant importance of implementing CSR. At present, the socially responsible activities carried out by the Bulgarian businesses are fragmented, organized mainly by the largest companies and are mainly related to charities and individual environmental events. The public sector events that take place comprise tax relief granted for donation, organization of information campaigns, awarding prizes, etc. The Bulgarian legislation does not yet give special preferences to a socially responsible business, which is a problem for the adoption of CSR practices by small and medium-sized enterprises.

In Bulgaria there is an Advisory Council on CSR under the Minister of Labor and Social Policy and since July 20, 2016 the Strategic Planning and Demographic Policy Directorate with the Ministry of Labor and Social Policy has received a new functional characteristic related to the development and implementation of policies in the area of corporate social responsibility on a national level. The CSR Strategy for 2009-2013 entered into force in 2009 (MTSP, 2009). The focus of the Strategy is primarily on promoting and strengthening the concept of CSR. No new strategy has yet been developed.

Obviously, as a country still at an early stage of CSR development, Bulgaria and its government are facing many challenges and there is work to be done to promote socially responsible practices. On this basis, three major roles of the public sector can be proposed to support corporate social responsibility.

The first is encouraging. Through its institutional frameworks (political system, financial system, educational and employment system, cultural system, etc.), the public sector can create conditions for encouraging the expansion of CSR. This can be done by setting fiscal frameworks, awarding prizes to socially responsible companies, disseminating information and other activities to promote and facilitate voluntary CSR initiatives. Standardization (to make a competitive comparison), social labeling, etc. can also be applied.

The second role the public sector can perform is regulatory - by setting up a legal framework to control the implementation of corporate social responsibility. This will include "soft regulation". For example, when a public tender is announced, a socially responsible business can be included in the criteria as an advantage. It is also necessary to establish a legislative framework that will lay the foundations for future work in this area.

The third role is cooperation. The public sector can become a partner in terms of introducing and expanding CSR actions on the market. To this end, the business, government and social actors need to work together and according to defined degrees of shared responsibility, interdependence, capacity and free choice.

In order to achieve a better level of CSR development in Bulgaria, a wider study of the experience gained in other countries and the possibilities of adapting good practices to the Bulgarian reality is necessary.

4. CONCLUSION

Corporate Social Responsibility is entering increasingly confidently today's globalized world. Its expedience is accepted by both the business and all of its stakeholders. CSR is an important factor contributing to supporting the welfare state's actions and in many cases even replacing them. There are quite a few examples in which socially responsible businesses can achieve where the state fails. The benefits that it can contribute to society as a whole determine the growing attention of the public sector to it.

CSR is a voluntary initiative going beyond the legal framework. The imposition of strict regulations and obligations on the part of the public sector will disrupt this volunteerism and is likely to cause negative responses. That is why the opinion of implementing soft regulatory instruments: providing incentives, support and partnership, has been adopted.

The public sector can play an important role in promoting CSR by improving the information reaching consumers: by creating indexes, standards, or regulating the transparency and credibility of existing ones. In order to ensure feedback between business behavior and consumer activists, it is crucial that the latter have access to reliable corporate governance information. For this purpose, CSR standards can also help.

In recent years, there has been an increasing interest in corporate social responsibility among large and medium-sized companies in Bulgaria. CSR is defined as a value, and companies seek to gain the reputation of socially responsible businesses. However, there is still a great deal of understanding and effort to implement and assess socially responsible practices.

The need for public sector intervention to encourage, support and attract the business as a partner in tackling a number of social issues: social exclusion, poverty, social services shortage and poor quality of life in the country is undoubtedly a must. The government, taking into account the traditions and scope of their social programs, needs to consider what the most appropriate approach would be and build their partnership strategies with the business. By using the experience of other EU Member States, Bulgaria should set as soon as possible a regulation on the expansion of CSR in the country to overcome the gap in its economic and social development with other European countries.

NOTES

1. Bowen quotes a study by the Fortune magazine in 1946 г. (quote: Bowen, 1953, p. 44), expressing the opinion of the editors that CSR or the "public conscience" of managers means that managers are responsible for the consequences of their actions in an area that is a bit broader than that covered by their profit and loss statements. It is interesting to note that 93,5% of respondents agreed with that opinion (Carroll, 1999, p. 270).
2. This is the case, for example, of Microsoft, widely criticized by some consumers and competitors, and often accused of anti-competitive behavior. However, the Bill and Melinda Gates Foundation is investing a large portion of Microsoft's profits in society. In particular, this foundation itself donates more money for research on malaria vaccine than the European Union as a whole (Ganuza 2012).
3. In 2002, to tackle the crisis of the welfare state, the British government adopted the governance concept, applied directly on the public CSR policies: for addressing unemployment, poverty and social exclusion (Moon 2004).
4. An interesting example of a socially responsible business can be found already in the nineteenth century, with the chocolate producers the Cadbury family. To ensure a clean, green and healthy environment for business and for their workers in 1879, they bought land and moved to Birmingham and built the village of Burnville. (Harvey, 1906). Their loyal workers, apart from housing, were provided with relatively high pay and good working conditions. Cadbury are pioneers in providing pension schemes and full medical provision for staff. Even today, the company is one of the major employers in Burnville.
5. The European Commission communication is addressed to the European institutions, the Member States, the social partners, as well as business and consumer associations, individual businesses and other stakeholders, stating that the European strategy for promoting CSR can only be further developed and implemented through their joint efforts.

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