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INFLUENCE OF CSR ACTIVITIES ON OPINIONS OF INSURANCE SERVICE USERS WHEN PURCHASING INSURANCE

REVIEW PAPER

Abstract

Corporate Social Responsibility implies a company's independent determination to direct its activities towards social welfare in the community in which it runs its business operations. Insurance companies, as institutional investors, contribute significantly to the development of the entire economy on one hand, while on the other, through socially responsible business, they support important projects for development of the entire community. In insurance sector, CSR (Corporate Social Responsibility) is deemed a long-term investment, because a company makes voluntary contributions to support the community, thereby directly strengthening its position on the market. The paper presented opinions of five categories of insurance service users on CSR of insurance companies. Focus was on the extent to which insurance service users believed that insurance companies helped development of a local and wider community, whether they perceived their insurance company as a socially

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responsible company and whether they considered its socially responsible behaviour before choosing it. Results showed the necessity of promoting socially responsible activities of insurance companies in order to make the target group more aware of what their chosen insurance company actively undertook in the relevant field.

Key words: *corporate social responsibility, insurance companies, performance of a company, creativity, company's reputation, sustainable development.*

I. Introduction

Global market offers indefinite space for enhancing and diversifying of insurance sector. Insurance companies' development is presented in new, modified insurance service packages, which follow increasing needs of a demanding market. Consistent with the aforementioned, greater competition in insurance market,⁵ development of financial institutions and adequate legal support made a clear path to increased productivity of insurance companies.⁶ Larger insurance systems are deemed far more efficient than smaller insurance companies.⁷

Even during the Covid-19 pandemics, whose consequences are still present in the whole world, the role of insurance companies, their offer and service packages, was under scrutiny like never before, but primarily due to proactive plans regarding sustainability. New circumstances in business operations caused fundamental transformations in order to protect a company's reputation, but also corporate social responsibility as a base for other commercial activities.⁸

The idea of corporate social responsibility gained momentum in the late 1950s and 1960s with the expansion of large corporations, and became a popular topic in the 1980s with Freeman's strategic management, the so-called stakeholder approach.⁹ In the light of the financial crisis of 2008-2010 and Covid-19, socially responsible business has again found itself in the focus of the evaluation of corporate behaviour. Bowen's Social Responsibilities of the Businessman was the first comprehensive discussion of

⁵ OECD, Global Insurance Market Trend 2017, 2017, Available online: <https://www.oecd.org/daf/fin/insurance/GlobalInsurance-Market-Trends-2017.pdf> (accessed on 15 February 2019).

⁶ Trinh, T.; Nguyen, X.; Sgro, P., Determinants of non-life insurance expenditure in developed and developing countries: An empirical investigation. *Appl. Econ.* 2016, 48, 5639–5653.

⁷ Terdpaopong, Kanitsorn, and Robert C. Rickards, 2021, "Thai Non-Life Insurance Companies' Resilience and the Historic 2011 Floods: Some Recommendations for Greater Sustainability" *Sustainability* 13, no. 16: 8890. <https://doi.org/10.3390/su13168890>.

⁸ Marsh, Building Resilience for Sustainable Growth: An Integrated Approach to Crisis Management. Available online: <https://www.marsh.com/ae/en/services/marsh-risk-consulting/building-resilience-for-sustainablegrowth.html> (accessed on 3 May 2020).

⁹ Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman Publishing.

business ethics and social responsibility.¹⁰ It created a base allowing business executives and academics to consider the subjects as part of strategic planning and managerial decision-making. Initially, some argued that the sole responsibility of a corporation was the pursuit of profits and the provision of maximum return to shareholders,¹¹ while others suggested that social responsibility applies to companies.¹²

Today, corporate social responsibility (CSR) is viewed as a fundamental operating principle of every organization. It implies ethical behaviour towards stakeholders and recognizes the spirit of legal and regulatory environment. Four main types of CSR include legal responsibility, ethical responsibility, philanthropic responsibility and economic responsibility.¹³ Legal and economic responsibility of a company is required, ethical responsibility is expected, and philanthropic responsibility is desirable (participation of companies in humanitarian activities, sponsorships, donations, corporate citizenship, corporate volunteering, etc.). In the broadest sense, corporate social responsibility refers to a company's influence on society and the role of the economy in sustainable development. The more connected a company is to its environment, the more legitimate is its practice. Organisations (and therefore corporations) as social entities are the product of common understanding and common interpretations of acceptable norms of collective activity – a social agreement. They are embedded in a social, economic and political environment where there are continuous interactions and where they are driven by structural preconditions. If they want to survive, develop and succeed in their social environment, organisations need more than just material resources and technical information – they need social acceptability and credibility.

This results in prudent business, without causing harm to others. At the same time, a company is obliged to comply with applicable regulations and laws. It is believed that a corporate identity of an organisation, in addition to its image, also presents a way of observing ethical codes important for creating a trademark.¹⁴

Society as a whole has numerous benefits from socially responsible business of a company. Thus, social benefits would be reflected in higher quality and healthier products, better quality of life, satisfied citizens and a better foundation for future citizens. Environmental benefits would certainly be expressed through recycling of various materials, rational use of raw materials and protection of the ecosystem.¹⁵

¹⁰ Bowen, H.R. (2013), Social Responsibilities of the Businessman. In *Paper Knowledge – Toward a Media History of Documents (2nd ed.)*, University of Iowa Press.

¹¹ Friedman, M. (1970), The Social Responsibility of Business Is to Increase Its Profits. *The New York Times Magazine*, 13 September.

¹² Davis, K. (1960), Can Business Afford to Ignore its Social Responsibilities? *California Management Review*, 2(3), 70-76.

¹³ Carroll, A.B. (2016), Carroll's pyramid of CSR: taking another look, *International Journal of Corporate Social Responsibility*, 1(3), 1-8.

¹⁴ Milisavljević, M., (2012), Društvena odgovornost preduzeća, *Marketing*, Vol. 43, Br. 3, str. 173-180.

¹⁵ Vujić, V., Ivaniš, M., (2012), *The concept of corporate social responsibility*, Enterprise Odyssey, the 6th International Conference Proceedings, pp. 962-980.

It is interesting to note that organisations, although they achieve higher goals through corporate social responsibility, do not necessarily rely on a financial benefit. This leads to an idea that corporate social responsibility presents a visible competitive advantage for many organisations.¹⁶

The subject of the paper is to investigate of opinions of insurance service users regarding the influence of socially responsible operations of an insurance company on the decision to purchase an insurance service. Do people prefer to buy insurance from an insurance company that they perceive as socially responsible? Aim of the paper is to prove that insurance companies that are perceived as socially responsible have higher chances that a potential customer will choose their insurance service or insurance packages.

II. Overview of Literature

Different terminology is used for the concept of corporate social responsibility: ethical business, corporate sustainable development, corporate citizenship, managing stakeholder relations, even the concept of corporate social performance.¹⁷ The concept of corporate social responsibility overlaps with other concepts such as stakeholder relations, corporate citizenship, sustainable business, environmental responsibility, triple bottom line, social and environmental responsibility, business ethics and corporate responsibility.¹⁸ The phenomenon of responsibility in social practice today is associated with personal and institutional responsibility.¹⁹ Responsibility is not only about holding others accountable, but also about "taking one's own responsibility". As such, it is not only a reactive response to those supervising business, but also a proactive response associated with securing public confidence. Internal dimension of responsibility is motivated by a "sense of responsibility" expressed through individual action and the organization's mission. One World Trust defines accountability as "processes through which an organisation makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment."²⁰

¹⁶ Karnani, A., (2011), Doing Well by Doing Good, The Great Illusion, *California Management Review*, Vol. 53, No. 2, Winter 2011, pp. 69-71.

¹⁷ Vlastelica Bakić, T., (2012), *Upravljanje reputacijom primenom koncepta korporativne društvene odgovornosti u marketingu i odnosima s javnošću*, doktorska disertacija, Fakultet organizacionih nauka, Univerzitet u Beogradu, Beograd, str. 79.

¹⁸ Idowu, So.O., Capaldi, N., Zu, L., & Das Gupta, A. (Eds.). (2013), *Encyclopedia of Corporate Social Responsibility*, Springer-Verlag.

¹⁹ Ratković Njegovan, B., (2015), BOOK REVIEW, *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, 20(74), 77-79. Doi: 10.7595/management.fon.2015.0006.

²⁰ International Encyclopedia of Civil Society, (2010), In Anheier, H-K., Toepler, S., & List, R. (Eds.), *International Encyclopedia of Civil Society*, Springer.

An organisation is accountable for its impacts on society, the economy and the environment.²¹ Implementation of CSR in practice is all the more important in companies providing insurance services, which are called trust-based products.²² Corporate social responsibility is implemented for the prosperity of a society, which is a result of a proper social and economic management of a company and all its socially responsible activities.²³ Corporate social responsibility is deemed a voluntary commitment of a company to develop a better society through various activities, such as philanthropy, environmental and other humanitarian projects, improvement of social life and other forms of well-being, in addition to formal business processes.²⁴ Modern business management states that CSR can attract investors and bring additional investment to a company that promotes it.²⁵ Commission of the European Communities defined corporate social responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".²⁶ Awareness of the importance of socially responsible business led insurance companies to submit *non-financial reports* at the end of the year in which they present their activities.²⁷

Connection between an organization's social responsibility and its business results is reflected in the following:²⁸ 1) growth of a company's reputation, 2) employees' motivation, 3) cost reduction, 4) growth of company's profits and 5) minimising business risks. A company's main approaches to corporate social responsibility are²⁹ the limited concept of corporate sustainability and the concept of socially responsible business.

A limited concept of corporate sustainability refers to an organization's philanthropic activities.

²¹ ISO. (2017), *ISO 26000 and OECD Guidelines: Practical overview of the linkages*. The International Organization for Standardization (ISO) and the Organisation for Economic Co-operation and Development (OECD).

²² Grofčíková, J., Izáková, K., Škvareninová, D., (2020), Impact of Corporate Governance on CSR in Slovak Insurance Companies. In: Tsounis, N., Vlachvei, A. (eds) *Advances in Cross-Section Data Methods in Applied Economic Research*. ICOAE 2019, Springer Proceedings in Business and Economics. Springer, Cham. https://doi.org/10.1007/978-3-030-38253-7_37.

²³ Ratković Njegovan, B., (2015), citiran rad.

²⁴ Gulzar, M.A.; Cherian, J.; Sial, M.S.; Badulescu, A.; Thu, P.A.; Badulescu, D.; Khuong, N.V. Does Corporate Social Responsibility Influence Corporate Tax Avoidance of Chinese Listed Companies? *Sustainability* 2018, 10, 4549.

²⁵ Vishwanathan, P.; van Oosterhout, H.J.; Heugens, P.P.; Duran, P.; van Essen, M., Strategic CSR: A concept building meta-Analysis. *J. Manage. Stud.* 2019, 1, 1–37.

²⁶ Commission of the European Communities. (2001), *Green Paper: Promoting a European framework for Corporate Social Responsibility*.

²⁷ Lament, M., & Bukowski, S. (2022), Non-financial reporting as a determinant of financial efficiency of insurance companies. *Wiadomości Statystyczne*. The Polish Statistician, 67(7), 1–19.

²⁸ Weber, M., (2008), The business case for corporate social responsibility: A company level measurement approach for CSR: *European Management Journal*, Vol. 26, No. 4, pp. 247–261.

²⁹ Matten, D.I., Crane, A., (2005), Corporate Citizenship: Towards an extended theoretical conceptualization, *Academy of Management Review*, Vol. 30, No. 1, pp. 166–179.

This type of corporate sustainability presents a company's "social investment" in order to improve business processes.³⁰ In the concept of corporate sustainability of a company, citizens are the subjects of administration, who at a certain moment even assume the obligations of some government bodies.

Aguilera and her colleagues conducted a research on launching socially responsible activities by companies and found that consumers/users of services are the main motive why companies engage in all of the aforementioned.³¹ Another related study pointed to the connection between socially responsible business and consumers' beliefs.³² According to results of the study, consumers believed that companies operate socially responsibly mainly for the sake of profit.

Vlastelica Bakić pointed out the benefits of socially responsible business,³³ both for work environment and business. As far as work environment is concerned, employees' motivation, greater commitment to work, reduced leave from work and injuries at work, greater efficiency are the most important. Socially responsible business activities contribute to better financial performance of a company, increasing the value of shares and attracting new investments. Due to the nature of their services (usually protection against risks threatening the individual and the entire society from extraordinary harmful effects or accidents), insurance companies are under the watchful eye of the public regarding the fulfilment of high social responsibility requirements.³⁴ Characteristic features of their package services are a classic example of the combination of their core business with broader interests of a society. Insurance companies that have integrated their socially responsible activities in the company strategy are recognized by potential insureds as pillars of sustainable business.³⁵

III. Connection between CSR and Insurance Sector in Serbia

Business operations of insurance companies are based on a continuous evaluation of their market performance and continuous adaptation to remain competitive and solvent. Insurance companies significantly support the entire economy not only as institutional investors, but also through direct support of a large number

³⁰ Matten, D., Crane, A., Chapple, W., (2003), Behind the Mask: Revealing the True Face of Corporate Citizenship, *Journal of Business Ethics*, Vol. 45, Issue 1-2, p. 116.

³¹ Aguilera, R.V., Rupp, D.E., Williams, C.A., Ganapathi, J., (2007), Putting the Company back in Corporate Social Responsibility: a Multilevel Theory of Social Change in Organizations, *Academy of Management Review*, Vol. 32, No. 3, pp. 836-863.

³² Ellen, P.S., Webb, D.J., Mohr, L.A., (2006), Building corporate associations: Consumer attributions for corporate socially responsible programs, *Academy of Marketing Science Journal*, Vol. 34, No. 2, pp. 147-157.

³³ Vlastelica Bakić, T., (2012), citiran rad, str. 120.

³⁴ Njegomir, V., & Petrović, Z. (2017), Preduzetništvo u osiguranju: značaj i pravni principi društveno odgovornog poslovanja osiguravača, *Strani pravni život*, 61(1), 114.

³⁵ Njegomir, V., & Demko Rihter, J. (2021), Društveno odgovorno poslovanje kao element strategije osiguravajućih društava, *Tokovi osiguranja*, 4/2021, 87-105.

of projects whose implementation contributes to development of both local and wider social community. Some insurance companies design special programmes and their CSR activities that may be of particular interest to certain target groups.³⁶

It is believed that the image of an insurance company did not solely depend on its liquidity and profitability, but also on the overall manner and style of business with which it present care for its social community.³⁷ Researchers dealt with those practical implications for insurers (insurance companies) in terms of directing certain investments in CSR activities that would significantly raise their rating.³⁸

The Government of the Republic of Serbia, as the national and the responsible body, adopted a national strategy for CSR activities. In addition, Council for CSR of the Chamber of Commerce and Industry of Serbia, among other activities, works to support and award the best responsible practices of Serbian companies, among which insurance companies are often awarded.³⁹ A company's social responsibility should be in line with its strategy. It is believed that a company's strategy is made stronger through pre-selected socially responsible activities that are beneficial to the community as well.⁴⁰ Only an insurance company that prioritizes the quality of its services can focus on the needs and satisfaction of its clients.⁴¹

In Serbia, there are socially responsible companies, but it seems that they inadequately communicate their activities to target groups. Consumers, i.e. buyers, are important and therefore it is necessary to design a programme that would convey the idea of a corporate social initiative to them as best as possible.⁴² There are several dimensions through which customers view the social responsibility of companies from which they obtain products and services, and these are environmental motives, openness and flexibility in business, circular business (economy) and timely communication.⁴³ Both external and internal communication of a company

³⁶ Popović Šević, N., Slijepčević, M., & Ilić, M. (2020), "The Effects of Company CSR on Generation Z – Example of an Insurance Company", *Sustainable Economic Development and Advancing Education Excellence in the era of Global Pandemic*, (36th IBIMA), Granada, Spain, pp. 10502-10514, ISBN: 978-0-9998551-5-7.

³⁷ Babalos V, Doumplos M, Philippas N, Zopounidis C., Towards a holistic approach for mutual fund performance appraisal. *Computational Economics*, 2015; 46:35-53.

³⁸ Kaoru Tone, Qian Long Kweh, Wen-Min Lu, Irene Wei Kiong Ting, Modeling Investments in the Dynamic Network Performance of Insurance Companies, *Omega* (2018), doi: <https://doi.org/10.1016/j.omega.2018.09.005>

³⁹ Stojanović, A.; Arsić, S.; Mihajlović, I. Perception of employees in Serbia about corporate social responsibility. In *Proceedings of the International May Conference on Strategic Management—IMKSM17, Bor, Serbia*, 19–21 May 2017.

⁴⁰ Porter, E. M., Kramer, M.R., (2006), *Strategy and Society*, *Harvard Business Review*, December, Vol. 84, No. 12, pp. 78-92.

⁴¹ Lazarević, A., & Protić, V. (2017), Zadovoljstvo korisnika kao cilj menadžmenta kvalitetom, *Tokovi osiguranja*, 4/2016, 83-93.

⁴² Đurović, I., Randić, D., (2011), *Značaj korporativne društvene odgovornosti za savremeno poslovanje*, 38. Nacionalna konferencija o kvalitetu, Beograd, str. 91-96.

⁴³ Rodrigues, P., & Borges, A.P. (2015), Corporate social responsibility and its impact in consumer decision-making, *Social Responsibility Journal*, Volume 11, Issue 4, pp. 690 – 701.

are directly related to the image of everything positive an organization wants to present to its target groups.⁴⁴

Until recently, accepting CSR activities in Serbia showed that business industries in our country still do not distinguish CSR from philanthropic and humanitarian activities. Recent studies have revealed a change in citizens' awareness when it comes to CSR, where the term is finally linked to a company's strategic orientation.⁴⁵ It is believed that numerous CSR achievements in Serbian companies were realised primarily due to the influence of international practices or a philanthropic attitude.⁴⁶ On the other hand, it is believed that Serbian managers do not have enough expertise regarding implementation of CSR activities because, sometimes, leading companies cannot make a clear distinction between a CSR strategy, a company mission, vision and corporate culture. Companies operating in the Western Balkans clearly recognize the strategic importance of CSR for the sustainability of their business.⁴⁷

IV. Opinions of Insurance Service Users

Independence of management of insurance companies has a positive correlation with CSR activities within the business process itself and beyond. This leads to the conclusion that independent (non-party and non-partner) directors are important for preserving the organizational legitimacy of a company, but also because of their undisguised influence on enhancing CSR activities.⁴⁸ In addition, previous research studies confirmed the importance of presence of female directors in insurance companies' management, when it comes to their CSR activities. Namely, the results show that proportionally higher participation of women in the board of directors of insurance companies positively corresponded with CSR activities.⁴⁹

The following research hypotheses were set:

H1: Perception of insurance service users is that local and wider communities are the focus of an insurance company's corporate social responsibility.

⁴⁴ Smiljković Stojanović, J. (2015), Uloga interne komunikacije u kompaniji, *Tokovi osiguranja*, 2/2015, 84-92.

⁴⁵ Forum za odgovorno poslovanje [Forum for Responsible Business], Smart kolektiv & Institute for Sustainable Communities. (2014), CSR u Srbiji – analiza stanja i primeri dobre prakse [CSR in Serbia, Analysis and Examples of Good Practice]. Retrieved from <http://odgovornoposlovanje.rs/wp-content/uploads/2015/03/CSR-u-Srbiji-165x237mm-WEB.pdf>

⁴⁶ Krstić, N., Trbović, A., & Drašković, B. (2018), Evaluating the strategic approach to CSR in Serbia, *TEME*, g. XLII, br. 2, str. 503-

⁴⁷ Melović, B., Milović, N., Backović-Vulić, T., Dudić, B., Bajžik, P. (2019), Attitudes and Perceptions of Employees toward Corporate Social Responsibility in Western Balkan Countries: Importance and Relevance for Sustainable Development, *Sustainability* 2019, 11, 6763; doi:10.3390/su11236763 www.mdpi.com/journal/sustainability.

⁴⁸ Ullah, M.S., Muttakin, M.B., & Khan, A. (2019), Corporate governance and social corporate responsibility in insurance companies, *International Journal of Accounting & Information Management* Vol. 27 No. 2, 2019 pp. 284-300 © Emerald Publishing Limited 1834-7649 DOI 10.1108/IJAIM-10-2017-0120.

⁴⁹ Post, C., Rahman, N. and Rubow, E. (2011), "Green governance: boards of directors' composition and environmental corporate social responsibility", *Business and Society*, Vol. 50 No. 1, pp. 189-223.

Corporate social responsibility has an exceptional impact on efficiency of business processes, even in insurance companies.⁵⁰ Insurance companies with a good business policy attract attention and cooperation of shareholders and certain target groups – their service users. Support of the local and wider community is extremely important. Many insurance companies are involved in environmental protection through partnerships with local communities. They sponsor local sports and cultural clubs, donate and sponsor the most valuable in their fields. Involvement in the community through charity mainly includes various donations in health sector, science and education, humanitarian donations and through organization of humanitarian programs.

H2: Insurance service users perceive insurance companies as organizations engaging in socially responsible activities.

It is very important that every company, including insurance companies, has a plan and a strategic approach to socially responsible business operations. This explicitly means that companies have already developed plans, budgets and goals that are part of the overall plan for business.⁵¹ The Insured perceive insurance companies as socially responsible if there is an evident ethical code of conduct, users' personal data protection and an anti-corruption programme, which also automatically protects users.

H3: When choosing an insurance company, it is important for future insurance service users that these companies carry out socially responsible activities.

Building potential insureds' trust is a long-term process requiring multiple involvement of an insurance company. In addition to time, an insurance company should adequately inform its clients in order for them to make rational decisions regarding purchase of various insurance packages, but also to ensure a client's satisfaction.⁵² Possible negative comments of the Insured can have a much greater impact on the reputation of an insurance company than what can be achieved by a marketing campaign in terms of promoting a range of insurance services.⁵³ One of the studies showed a direct connection between CSR activities of an insurance company and the trust of the Insured with customer-company identification. In this way, an insurance company creates a positive and friendly perception with the Insured, which additionally attracts new clients.⁵⁴ For this reason, many insurance companies

⁵⁰ Khan, A., Muttakin, M.B. & Siddiqui, J. (2013), Corporate governance and corporate social responsibility disclosures: evidence from an emerging economy, *Journal of Business Ethics*, 114(2), 207-223.

⁵¹ Matešić, M., Pavlović, D., Bartoluci, D. (2015), Društveno odgovorno poslovanje, VPŠ, Libertas, Zagreb, 41.

⁵² Njegomir, V., & Čirić, J. (2012), Zaštita korisnika finansijskih usluga: Slučaj osiguravajućih društava i investicionih fondova, *Marketing*, 43(4), 288-299.

⁵³ Bowler, J. (2017), Keeping Insurance Customers Satisfied After a Natural Catastrophe, preuzeto 12.11.2021. sa <https://www.marketstrategies.com/blog/2017/08/keeping-insurance-customers-satisfied-during-catastrophe-response/>

⁵⁴ Hong, S.R., Bae, J.H., & Park, H.S. (2020), The Effect of CSR Activity on Customer's Behavioral Intention in Insurance Industry, *Journal of Service Research and Studies*, 3, 33-53, <http://dx.doi.org/10.18807/jsrs.2020.10.1.033>

try to establish a continuous interaction with their service users, even when it comes to numerous free applications directly related to their business activity and insurance offer.

V. Methodology of Research and Results

Goal of the research was to examine opinions and experiences of the Insured of an insurance company in Serbia, which will be in the following text referred to as Company X, with a special focus on its socially responsible business. They used the method of data collection – PAPI, a quantitative research in the form of personal interviewing where the interviewer had a printed questionnaire from which he read the questions to the respondent and wrote down the answers. WARP IT software, a professional licensed market research programme with a wide range of options when setting up the project was used for data entry, while data analysis software was SPSS 26.0. The sample included 1003 respondents from the territory of the Republic of Serbia, excluding Kosovo and Metohija. Research control was also carried out – with a repeated interview with 20% of the respondents, where the credibility of answers was checked. Data collection period was from 12th November 2021 to 24th November 2021. Table 1 listed the sociodemographic characteristics of the respondents.

Table 1 Sociodemographic characteristics of respondents

		%
Gender	Male	48.1
	Female	51.9
Age	18–29	18.3
	30–44	24.7
	45–59	27.0
	60+	30.0
Education**	No school, uncompleted primary school,	39.7
	4-year secondary school, gymnasium and specialisation	34.7
	School of higher education, university +	25.6
Settlement type	City	60.0
	Out of city	40.0
Region	Vojvodina	26.8
	Beograd	23.2
	Western Serbia and Šumadija	28.1
	Eastern and Southern Serbia	21.8

Employed in:	Public sector	15.7
	Private sector	38.9
	Self-employed*	4.8
	Unemployed	18.4
	Retired	22.1
TOTAL		100.0

For the purposes of this paper, the focus was on five sub-samples that made up different target groups of users of Company X's services, holders of policies of the following insurance types – motor vehicle insurance, property insurance, voluntary health insurance, life insurance and agricultural insurance. Within the stated insurance packages, clients had to answer questions that support the abovementioned hypotheses:

1. Does Company X help the development of the local and wider social community?
2. Do you perceive Company X as socially responsible?
3. When choosing an insurance company, do you consider whether it takes care about the local and wider social community?

Results by indicated categories of insurance service users are shown below.

Table 2 Opinions of respondents – holders of motor vehicle insurance policies of Company X

Subsample of respondents holding a motor vehicle policy n=280

	Insurance Company X helps development of the local and wider social community	I perceive Insurance Company X as a socially responsible company	When choosing an insurance company, I consider whether it takes care about the local and wider social community
Yes, but I do not know a specific project	33,6	28,3	21,7
Yes	3,5	2,3	1,4
No	28,2	26,3	33,4
I do not know	34,6	43,1	43,5

Respondents with a motor vehicle insurance – about one third (33.6%) stated that they knew that a Company X helped development of the local and wider social community, but they could not list specific projects; the other third (34.6%) did not know; and 28.2% of them believed that a Company X did not help development of the community. In terms of social responsibility of a Company X, the majority of respondents (43.1%) did not know, 28.3% knew that a Company X had CSR activities,

but could not specify them, while 26.3% did not believe a Company X was socially responsible. When choosing an insurance company, one third of respondents (33.4%) did not consider whether a company took care about the community, while 43.5% of them could not answer this question.

Conclusion: Respondents of a Company X with a motor vehicle insurance in 77.7% of cases (sum of percentages "development of wider community" and "social responsibility") did not know about CSR activities of that company. When choosing an insurance company, 23.1% of respondents considered whether that company took care of the local and wider social community.

Table 3 Opinions of respondents – holders of property insurance policy of Company X

Subsample of respondents holding a property insurance policy n=147

	Insurance Company X helps development of the local and wider social community	I perceive Insurance Company X as a socially responsible company	When choosing an insurance company, I consider whether it takes care about the local and wider social community
Yes, but I do not know a specific project	42,0	38,7	33,2
Yes	5,8	5,8	4,0
No	25,5	22,3	28,6
I do not know	26,7	33,2	34,2

Regarding opinions of respondents on development of the local and wider social community, about half of them (49.6%) knew about activities of a Company X, but could not specify them; 23% of them believed that the company did not have CSR activities. In addition, 41.1% of respondents perceived a Company X as socially responsible and knew that it carried out CSR activities, but they could not specify them; slightly less than one third (30.1%) did not know anything about it. When it comes to the local and wider social community and choosing an insurance company according to this criterion, the opinions of respondents varied. One third of respondents (33.8%) believed that a Company X cared about the local and wider social community, but could not specify projects; 33.2% of respondents could not answer this question; while 26.9% of them did not find this criterion important for selection.

Conclusion: Respondents holders of property insurance policy of a Company X in most cases knew about CSR activities, but they could not specify them, while the choice of an insurance company is not influenced by CSR activities.

Table 4 Opinions of respondents holding a health insurance policy of Company X's

Subsample of respondents holding a health insurance policy n=145

	Insurance Company X helps development of the local and wider social community	I perceive Insurance Company X as a socially responsible company	When choosing an insurance company, I consider whether it takes care about the local and wider social community
Yes, but I do not know a specific project	42,4	38,7	31,7
Yes	6,0	3,6	3,0
No	32,4	27,3	33,0
I do not know	19,2	30,5	32,4

Respondents holding a health insurance from Company X (42.4%) believed that the company helped the development of the local and wider social community, but they could not specify projects; while 32.4% of them did not think that Company X took care of that issue. In addition, 38.7% of them perceived a Company X as socially responsible, while 30.5% had no opinion; 27.3% believed that a Company X was not socially responsible. One third of respondents (33%) did not consider the criterion of care for the social community when choosing an insurance company, while 32.4% did not have an opinion.

Conclusion: Regarding the CSR activities of a Company X, most respondents knew about them, but could not specify projects. In addition, when choosing an insurance company, most respondents were not guided by CSR activities of that company.

Table 5 Respondents holding life insurance policy of Company X

Subsample of respondents holding a life insurance policy n=119

	Insurance Company X helps development of the local and wider social community	I perceive Insurance Company X as a socially responsible company	When choosing an insurance company, I consider whether it takes care about the local and wider social community
Yes, but I do not know a specific project	49,6	41,1	33,8
Yes	6,4	8,1	6,1
No	23,0	20,7	26,9
I do not know	21,0	30,1	33,2

Regarding respondents with a life insurance policy of a Company X, 49.6% of them believed that the company helped development of the local and wider social

community, but they could not specify projects; 23.0% of them did not believe that Company X helped development. In addition, 41.1% of respondents perceived a Company X as socially responsible, but they could not specify activities, while 30.1% of respondents could not give an answer. When choosing an insurance company, 33.8% of them considered whether the company took care of the local and wider social community and could not specify activities, while 26.9% of them did not consider this criterion.

Conclusion: Regarding respondents with a life insurance of a Company X, in terms of CSR activities, most respondents knew about them, but they could not specify projects. When choosing an insurance company, a higher percentage stated that it was important whether the company carried out CSR activities or not.

Table 6 Respondents with agricultural insurance policy of Company X
Subsample of respondents with an agricultural insurance policy n=39

	Insurance Company X helps development of the local and wider social community	I perceive Insurance Company X as a socially responsible company	When choosing an insurance company, I consider whether it takes care about the local and wider social community
Yes, but I do not know a specific project	49,5	46,3	37,7
No	29,9	30,7	28,6
I do not know	20,5	23,0	33,7

Regarding respondents holding agricultural insurance of a Company X, about half of them (49.5%) knew that this company supported development of the local and wider social community, but they could not specify projects; 29.9% did not think that a Company X helped community development and 20.5% of them could not give answer. In addition, 46.3% of them believed that a Company X was socially responsible, while 30.7% of them did not believe so, and 23.0% could not answer this question. Slightly more than a third of respondents when choosing an insurance company considered whether the Company cared for social community, but could not specify projects; 33.7% of respondents could not answer this question, and 28.6% of them did not consider whether a company took care about the local and wider social community when choosing an insurance company.

Conclusion: Respondents holding an agricultural insurance of a Company X knew about its CSR activities, but could not specify them. A slightly higher percentage of the insured considered whether the Company was socially responsible when choosing an insurance company.

VI. Conclusion

Existing, as well as potential insurance policyholders generally prefer insurance companies that will provide them with a most personalized service. Through corporate social responsibility, the quality of services is additionally maximized and positive recommendations are spread about an insurance company, which thereby only gains in value. Socially responsible activities focusing on a consumer, and not only business activities of an insurance company, gain a competitive advantage in the long term. Focus on satisfaction, building of trust and good relations are the key to cooperation with clients who purchase insurance services.

An exceptionally large number of insurance companies make efforts to retain existing users through the management of relations with the insured, with parallel marketing efforts to acquire new users of their services. Insurance companies are increasingly moving from the so-called offensive marketing towards relational marketing, which assumes nurturing of relationships and retention of the insured through increased value of services, but also development of trust and continuous satisfaction.⁵⁵ Therefore, it is important that insurance companies build their image through institutional marketing and establish a relationship with clients based on mutual trust.

A condition for quality strategic growth of an insurance company is a strong brand, which is achieved by improving relations with the insured. It is deemed that the key factors of a good cooperation with clients are trust and established relationships. Services of insurance companies are specific and their placement does not depend so much on the structure of the offer as it does on the perception of trust by the insured, that is crucial.

Today, insurance companies face numerous challenges, starting with ever-increasing competition, globalization and deregulation, and have to apply innovative approaches to their clients in order to ensure long-term positive relationships. In this context, marketing through corporate social activities plays an extremely important role as it contributes to attracting new clients and maximizing value for customers of insurance services.

In the insurance sector, trust between a provider and an insurance service user is a priority for business. This study showed that to a certain extent there is a relationship between CSR activities of a Company X, trust of insurance service users and potential purchase of five different categories of insurance packages. Any recommendation and recognition due to increased CSR activities by an insurance company can lead to a potential and fast purchase of an insurance package.

⁵⁵ Njegomir, V., & Rihter Demko, J. (2018). Uloga marketinga u unapređenju zadovoljstva osiguranika, *Marketing*, 49(1), 30-44.

This paper discussed opinions of insurance service users on CSR. Through CSR activities, an insurance company can build a solid competitive advantage in the market of similar or identical offers. Consequently, it becomes important for building the brand and the image of an insurance company itself, which is actively engaged in CSR. Sometimes in business, CSR activities can be used as a perfect tool for creating a more positive image and changing the perception of insurance service users.

In relation to H1 and perception of insurance service users that the local and wider communities are the focus of an insurance company's corporate social responsibility, unfortunately there are no justified confirmations in this research. Namely, it was concluded that insureds with property insurance (39.9%) and insureds with life insurance (39.9%) had positive information and opinion about the above-mentioned issue, unlike insureds with agricultural insurance (37.7%), insureds with health insurance (34.7%), and insureds with motor vehicle insurance – only 23%.

Testing of H2 recorded relatively more optimistic opinions of respondents. Users of five different packages of insurance companies mainly perceived insurance companies as organizations that engaged in socially responsible activities. In this regard, insureds with property insurance and insureds with life insurance expressed the most positive opinion (56% each), then 49.5% of insureds with agricultural insurance, 48.4% of insureds with health insurance and only 37% of insureds with motor vehicle insurance.

Relative importance was also shown by testing of H3, which showed that it was important for future insurance service users that insurance companies carried out socially responsible activities. In this sense, the most positive opinions were given by insureds with property insurance and life insurance (49.2% each), followed by insureds with agricultural insurance (46.3%), insureds with health insurance (42.3%), and finally insureds with motor vehicle insurance (37%).

It is certain that the insureds with property and life insurance policies are aware of the need and importance of corporate social responsibility of insurance companies, unlike the insureds with the remaining three insurance packages. Property and life insurance are a type of investment, while motor vehicle insurance is compulsory. It would be interesting to find detailed answers in some of future researches, both in the demographic, psychographic and behavioural maps of the users, on the said two types of insurance services.

Research showed that insureds did not have sufficient information about CSR specific projects, and many did not understand it. This is a strong signal to insurance companies to make an extra effort in terms of educating their insureds on one hand, and on the other to dedicate attention and resources in their marketing activities to present and promote specific CSR activities in the local and wider social community.

Results of this study may be of interest to regulators of insurance company business policies in order to encourage CSR activities. Through independent work of senior management and a more adequate distribution of the gender structure among directors of insurance companies, more room is obtained for internal activities, creation of services and more active commitment to CSR activities. Influence and attraction for shareholders will certainly be greater if an insurance company is committed to implementing CSR activities. In the case an insurance company will be recognized as socially responsible and as such will be accepted by the local and social community as a whole, which will lead to a positive effect on the core business.

Translated by: **Jelena Rajković**

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