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BOOK REVIEW

**INSURANCE AND ENTREPRENEURSHIP:
A THEORETICAL AND EMPIRICAL ANALYSIS
OF INTERDEPENDENCE**

Author: Prof. Vladimir Njegomir, PhD

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The monograph titled *Insurance and Entrepreneurship: a Theoretical and Empirical Analysis of Interdependence* came out of as a result of many years of research conducted by its author, prof. Vladimir Njegomir, in the relevant field. The book relies upon the author's earlier research, projects, articles and book issues. Investing a huge endeavour, the author, in this monograph, managed to draw attention to the problem of interdependence of insurance and entrepreneurship and analysed the topic not only theoretically but empirically, as a pioneer in our region and among the global pioneers. The topic stems from the efforts to confirm the well-founded theoretical assumptions that insurance positively affects entrepreneurship; the analyses included the feedback impact of entrepreneurship on insurance as well as the common impact of both on the economic development.

The monograph received a positive assessment of three reviewers, doyens in the field of insurance: academician prof. Wolfgang Rohrbach, PhD, prof. emeritus Boris Marović, PhD, and prof. Zdravko Petrović, PhD. The reviewers pointed out that the monograph represented an original contribution of its author and that the topic of interdependence between the insurance and entrepreneurship is presented logically, in simple but professional words, in a systematic, clear and informative way. The theoretical basis and practical applicability of the presented issues, combined with many years of successful professional experience and academic and empirical research of the authors guarantee the theoretical and practical value of this monograph,

The author dealt with the subject-matter of the monograph using a vast opus of literature from over 396 sources, 30 graphic representations and 51 tabular representations. The book is harmoniously composed, with a structure, in addition

to prefaces, conclusions, literature and information about the author, consists of seven logically completed entities.

The author dedicates *the first chapter* to defining problems to be considered in a theoretical and empirical analysis. He first reviewed and analysed previous research in insurance and entrepreneurship. He also addressed the broader context of the need to analyze the interdependence of insurance and entrepreneurship.

In the *second chapter*, the author analyses the importance and limitations of insurance and the insurance market. The author analyses in detail the historical context and streamlining of insurance activity and the chapter begins with the history of insurance in order to explain modern functions and laws in the industry. Moreover, he considers the link between entrepreneurship, uncertainty and insurance. Determined are the mechanism of the insurance market and the participants in the global insurance market, identified and analysed global developments in the insurance market and explained in detail the characteristics of the insurance market in the region of the former Yugoslavia, bearing in mind that empirical research focused on the region, above all on Serbia.

In the *third chapter*, the author focuses on the phenomenological aspects of entrepreneurship, defines the concept of entrepreneurship and explains the phases and state of development and regulation of entrepreneurship in developed economies, emerging economies and Serbia in particular.

The *fourth chapter* is completely dedicated to the analysis of the interdependence of risk management, insurance and entrepreneurship. The author explains the connection between the risks and economic development in general and explains in detail the risk factors, the probability of occurrence of events and the intensity of adverse effects of those events. He also analyses the risk aversion and the need for risk management of individuals, entrepreneurs and society. The emphasis is on the burden of risk for entrepreneurs and the importance of risk management. Thereafter, the author explains the entrepreneur’s risk management procedure as well as the risk management methods used in the process, the entrepreneur’s risks and the need for private insurance.

The *fifth chapter* focuses on the interdependence of the second most important function of insurance and entrepreneurship - the potential interdependence of investments of insurance companies with the investments of entrepreneurial ventures. The author deals with the structure of financial system and the position of insurance companies, the regulation of insurance companies as financial intermediaries and the characteristics of investment portfolios of insurance companies. Life and non-life investment portfolio management is observed separately.

There are two empirical studies of the interdependence of insurance and entrepreneurship. The *sixth chapter* is dedicated to the first empirical research based on secondary data. The author examined the impact of several independent variables

on the development of entrepreneurship. The independent variables comprise the premium per entrepreneur, compensation per entrepreneur, technical reserves, gross domestic product, loans from domestic banks, human capital index and incorporation expenses. The results were obtained by applying regression analysis.

In the *seventh chapter*, the author of this book focuses on another, additional empirical study of the interdependence of insurance and entrepreneurship. That research is based on data obtained through questionnaires used in research on terrain. Data were collected as regards a representative sample of 460 entrepreneurs. The entrepreneurs answered 12 questions and their answers (inclusive of construing) were presented graphically and textually in this chapter. Furthermore, the data were applied the analysis of variance, Sperman’s test of rank correlation coefficient and the correlation and regression analysis.

With the scope and specific topic, this book is primarily intended for insurance professionals, entrepreneurs, managers of insurance companies (especially at the strategic level), as well as insurance intermediaries, agents and government representatives. It represents a useful reference literature for undergraduate and postgraduate students, as well as for anyone who wants to be informed of the presented issues of development and interdependence of insurance and entrepreneurship. Its author, Prof. Vladimir Njegomir, is one of the most prolific younger scientists in the field of insurance, risk management and reinsurance. Prof. Njegomir holds a dual PhD, in the structural finance in alternative insurance and reinsurance risk assignment and/or in the insurance-entrepreneurship interdependence analysis. He has published 14 authored and co-authored books and over 150 papers. In 2011, he won the award of the National Bank of Serbia for scientific research. He is employed as a full professor at the Faculty of Business Studies and Law, at the post of the Vice Dean for Scientific Research and the Vice Dean for Publishing. He is the editor-in-chief of the scientific journal *Civitas*, a member of the editorial board of *Svet osiguranja*, a member of the Serbian Association of Economists and the Balkan Scientific Association of Agrarian Economists.

*Translated from Serbian by: **Bojana Papović***