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CORPORATE SOCIAL RESPONSIBILITY AS AN ELEMENT OF STRATEGY OF INSURANCE COMPANIES

PROFESSIONAL PAPER

Abstract

This study aims to analyse the relationship between corporate social responsibility (CSR) of insurance companies and their market share. The main idea of the research is to indicate that activities aimed at implementing CSR should be considered as an investment, rather than a cost. Insurance is based on trust, and trust is built mostly by a socially responsible business. Effective implementation of the CSR is a crucial instrument for achieving a competitive advantage in the insurance industry, given that it allows the development of positive awareness in relation to a particular insurance company. The research is based on publicly available data on 16 insurance companies operating in the Serbian insurance market. Research results indicate that those insurance companies that have integrated CSR in their strategy, implementing a sustainable business principle, have been recognized as socially responsible by the actual and potential insured persons and other stakeholders, which results in an increase of their insurance premium and market share.

Key words: *insurance, company, social responsibility, strategy*

JEL Classification: *G22*

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I. Introduction

The main business goal of insurance companies and other economic entities has always been to maximize their profit. It is important to understand that insurance is not only a risk transfer mechanism for compensation of financial losses but also a risk management mechanism, because the insurers implement loss prevention and loss mitigation measures in the course of their core business. Since certain risks are too high to be borne by an individual insurer, such risks are allocated in a complex risk-sharing system that includes many players, with the underlying principle of 'one for all, all for one' that has supported social and economic development³. In contemporary business environment, the awareness of corporate social responsibility (CSR) is rising, owing to the high living standard, primarily in developed countries. A renowned management guru Peter Drucker (1995) emphasizes the necessity of an entity's responsibility for their social contribution and conduct⁴.

Recently, a lot of theoretical and empirical papers on CSR have been written, including those that dealt with this topic in Serbia⁵. However, by analysis of foreign and especially domestic literature, we found that the analysis of CSR's application at the strategic level in the business of insurance companies is insufficient.

During the conceptualization of research efforts, we started from the analysis of existing theoretical achievements to summarize the basic theoretical concepts of CSR and the general theoretical considerations in the subject area and the importance of setting socially responsible business at the strategic level. In this paper, we have applied the analysis of the practical implementation of corporate social responsibility in the strategic approach of insurance companies in Serbia.

An extensive literature review was carried out to understand various conceptions and trends of reporting on the CSR. The literature review was carried out through research papers published in various research journals, books, and online publications. Data were collected by analysing the financial and the non-financial

³ UNEP Finance Initiative. The global state of sustainable insurance, 2009, https://www.unepfi.org/fileadmin/documents/global-state-of-sustainable-insurance_01.pdf, accessed on: 9. 9. 2021.

⁴ Piter, F. Draker. *Postkapitalističko društvo*, Grmeč – Privredni pregled, Beograd, 1995, pp.110.

⁵ Bojana Radovanović, „Društvena odgovornost kao identitet kompanija“, *Sintezi*, 1(1), 2009, pp. 135–148; B. Milenković, M. Čosović, S. Stanković, „Društvena odgovornost preduzeća – imperativ savremenog menadžmenta“, The Management, International Scientific Conference, Kruševac, 17–18 March 2010; Ljiljana Kontić, Jovan Kontić, „Uključenje korporativne društvene odgovornosti u strategiju banke“, *Bankarstvo*, 3-4, 2010, pp. 52–71; Dobrinka Veljković, Daliborka Petrović, „Korporativna društvena odgovornost i značaj njene promocije“, *Marketing*, 41(1), 2010, pp. 29–42; Maja Đukić Ivanović, „Promovisanje društveno odgovornog poslovanja preduzeća u Srbiji“, *Sociologija*, 53(1), 2011, pp. 21–42; Dunja Tepavac, Milica Kostić Stanković, „Značaj korporativne društvene odgovornosti u kreiranju brenda“, *Marketing*, 45(1), 2014, pp. 29–40; Momčilo Milisavljević, „Društvena odgovornost i efikasnost tržišta kao elementi zaštite potrošača“, Naučni skup „Potrošači u marketing teoriji i praksi“, Faculty of Economics in Belgrade, 21 October 2016.

reports of the insurance companies transacting on Serbian insurance market, such as the annual reports, the sustainability reports, the vision, mission and value statements as well as other information disclosed on their websites.

For the main goal of the paper, we set the analysis of the application of the CSR concept in the insurance industry, in particular the strategic commitment of a particular insurance company. The paper is structured as follows: we first analyze the theoretical framework of CSR in business in general, then socially responsible business as a strategic commitment in the insurance industry and CSR in the business practice of insurance companies in Serbia. We conclude the paper by pointing out the deviations between the theoretical and empirical application of CSR in the business practice of insurance companies. Research hypothesis: The application of corporate social responsibility as a strategic commitment of insurance companies indirectly contributes to improving their competitiveness, measured by market share and/or the level of insurance premiums.

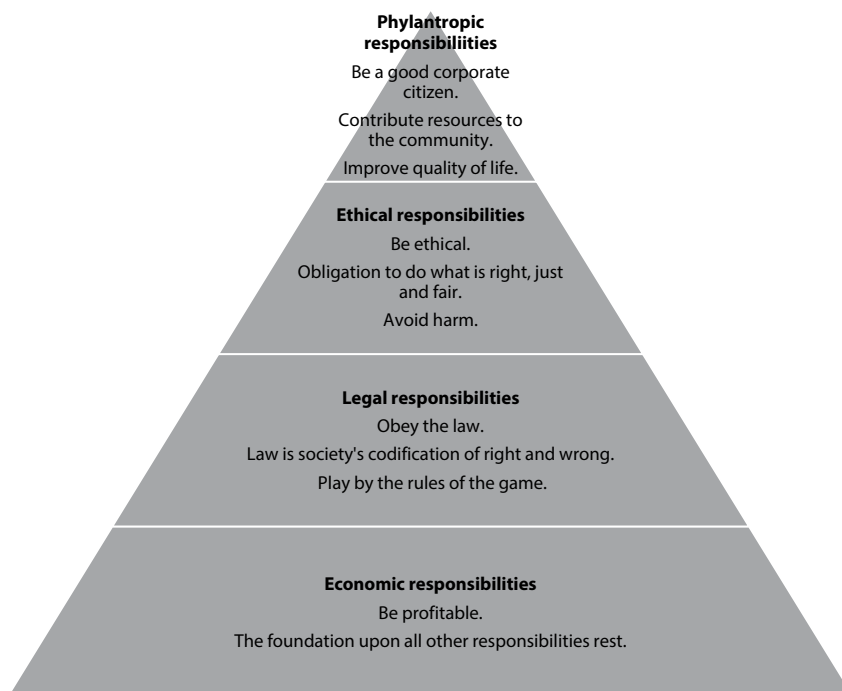
II. Theoretical Framework of Corporate Social Responsibility in Business in General

In his scientific research, Carroll (1979) contributed the most. He defined socially responsible behaviour via four groups of responsibilities, namely the economic, legal, ethical, and discretionary⁶. Carroll (1991) pointed out a pyramid model of CSR whereby companies should fulfil their responsibilities in the following order: 1) economic responsibilities (production and/or sale of goods and services to make a profit) 2) legal responsibilities (compliance of the business with legal norms) 3) ethical responsibilities (respecting the ethical norms or expectations that reflect the concern of a business of what different stakeholders consider fair) and 4) philanthropic responsibilities (corporate activities of participation and/or financing the activities that promote social well-being such as sponsorships in the fields of education, health, culture, arts and sports)⁷.

⁶ Archie B. Carroll, "A three-dimensional conceptual model of corporate performance", *Academy of Management Review*, 4(4), 1979, pp. 499.

⁷ Archie B. Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders", *Business Horizons*, 34(4), 1991, pp. 42.

Figure 1: Carroll's Pyramid Model of CSR



Source: Carroll (1991)

CSR is about integrating social, environmental and economic issues into decision-making structures and business processes. It is essential to identify the reasons that encourage companies to invest their resources in socially responsible activities. These reasons mostly reflect in improved financial results, increased loyalty, motivation and commitment of employees, improving the company's reputation and brand, which enables consumers to perceive the company as more responsible and sustainable than its competitors. There is growing evidence (through indicators such as the Dow Jones Group Sustainability Index - DJGSI) that companies that implement CSR generally outperform others that do not.⁸

CSR is a part of business culture and ethical principles expressed by mission, vision, and values, which present critical elements for shaping organizational behaviour. The CSR was first applied in the business practice of multinational corpo-

⁸ Euclid Network, Uvod u društveno odgovorno poslovanje i korporativnu filantropiju, 2009, http://www.oda.rs/wp-content/uploads/Brifing-003_serb_web.pdf, accessed on: 5. 9. 2021.

rations, facing public disapproval for environmental pollution and poor treatment of employees. Faced with limited resources and a negative public attitude towards such irresponsibility, corporations seek to change the public and other stakeholders' negative attitude through the CSR practice and improve their reputation and recognition in the market.⁹

The EU Commission defines CSR as 'actions by companies over and above their legal obligations towards society and the environment'.¹⁰ Hopkins defines CSR as a process that deals with the treatment of the company's stakeholders ethically or responsibly and following international norms.¹¹ Through the cooperation between companies as well as institutions with society, CSR contributes to sustainable social development. Hopkins also points to the concept of social and corporate. In the context of CSR, "corporate" means any private firm, company, public enterprise or non-governmental organization, while "social" responsibility means creating higher standards of sustainable living and ensuring the profitability and integrity of corporations in the broadest sense.

Dahlsrud (2006) defines CSR through five dimensions:¹²

- Environmental: Companies should strive to develop their business in an environmentally sustainable way;
- Social: It concerns the relationship between a company and a society. Businesses need to contribute to a better society by taking social issues into account in their day-to-day operations and be aware of how their business effects the community.
- Economic dimension: It concerns CSR as activities that should improve the profitability of companies, obeying the principle that states that the companies should contribute to social and economic development.
- Stakeholder Dimension: The corporation should enhance its interaction with all stakeholders, especially with employees, suppliers, customers, and the communities.
- Voluntary dimension: CSR activities are based on ethical values and are voluntary.

⁹ Lacković Vinček, Zrinka, Dvorski, Stjepan, Novak, Ema, „Usporedba društveno odgovornog poslovanja u proizvodnim i uslužnim poduzećima Republike Hrvatske“, *Ekonomski pregled*, 68(3), 2017, pp. 268.

¹⁰ European commission. A renewed EU strategy 2011-14 for corporate social responsibility, Communication from the commission to the European Parliament, the council, the European economic and social committee and the committee of the regions. Brussels, October 25, 2011. <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>, accessed on: 9. 9. 2021.

¹¹ Michael Hopkins, (ed), *SR and Sustainability: From the Margins to the Mainstream: A Textbook*, Routledge, London, 2016, pp. 6.

¹² Alexander Dahlsrud, "How corporate social responsibility is defined: an analysis of 37 definitions", *Corporate Social Responsibility and Environmental Management*, 15, published online 9 November 2006 in Wiley InterScience, pp. 4.

Based on stakeholder theory, Gangone & Ganescu (2014) believe that CSR is either financial or non-financial, direct or indirect degree of empathy shown by an organization in relation to stakeholders during the organisation's activity.¹³ Identifying stakeholders and their commitment to CSR are fundamental.¹⁴

III. Socially Responsible Business as Strategic Commitment in Insurance Industry

As a term, strategic management can refer to a group of people in a company, the management process and a scientific discipline (Buble et al., 2005). As regards its scope, strategic management refers to a group of people, the managers who are responsible for the strategic management within the Company. Strategic management is usually defined as the process of researching the current and future environment, formulating goals, implementing and monitoring the implementation of decisions related to the achievement of long-term goals of the organization and the execution of an action plan.¹⁵ According to Kreitner (2012), strategic management as a process implies a continuous, iterative process aimed at creating companies' ability to adapt to a changing environment by applying strategic planning, implementation of plans and strategic control.¹⁶

Five key characteristics of strategic management, arising out of various definitions, comprise the following:¹⁷

1. strategic management is a continuous, never-ending process,
2. the engagement of managers in the process of strategic management manifests in a few phases starting from the environmental analysis and continuing through defining the organizational direction, formulation and implementation of the strategy as well as control and evaluation of the existing strategy,
3. in the process of strategic management, managers make a series of decisions and take actions aimed at achieving the goals of the company formulated through key performance indicators,
4. strategic management must ensure that the company is organized so that it can adequately respond to the requirements of a changing environment,

¹³ Andreea-Daniela, Gangone, Mariana-Cristina, Gănescu, "Corporate social responsibility in emerging and developing economies in Central and Eastern Europe – a measurement model from the stakeholder theory perspective", *Economic Research-Ekonomska Istraživanja*, 27(1), 2014, pp. 555.

¹⁴ Responsible Business Forum, *CSR in Serbia – Situation analysis and examples of good practice*, Beograd, 2014, pp. 67.

¹⁵ Dušan Bobera, *Preduzetništvo*, The Faculty of Economics in Subotica, 2010, pp. 184.

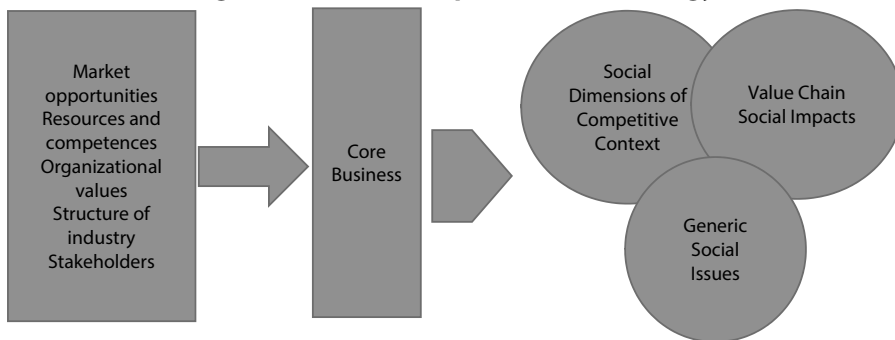
¹⁶ Robert Kreitner, Charlene, Cassidy, *Management*, Cengage Learning, Mason (OH), 2012, pp. 186.

¹⁷ Marli G. Božanac, Marin Buble, Marijan Cingula, Marčelo Dujanić, Želimir Dulčić, Lovorka Galetić, Franjo Ljubić, Sanja Pfeifer, Darko Tipurić, *Strateški menadžment*, Sinergija, Zagreb, 2005, pp. 37.

5. the process of strategic management is iterative, i.e. consists of phases that are continuously repeated.

Souse et al. set the model for corporate social strategy, where strategy is the result of organizational values, understanding of the importance of stakeholders, analysis of resources, internal competencies, opportunities in the external environment and industrial structure.¹⁸

Figure 2: Model of Corporate Social Strategy



Source: Sousa, J. M. et al., (2010)

Strategic management is crucial in the modern business environment characterized by high turbulence, uncertainty, limited resources, economic crises and intense competition. Flexibility and dynamism must be critical characteristics of a complex process of strategic management that has to ensure the success of a company through anticipation, but also responding to changes in the environment. In addition to achieving targeted market share and profit, in the strategy of insurance, companies must integrate corporate social responsibility.

Because of their business's specifics, the insurance companies are immanently directed to maintaining high standards regarding corporate social responsibility, protection against risks that endanger people, the economy and society, against the natural catastrophes and disasters provoked by men.¹⁹ Providing the insurance coverage against old-age and accident and/or development of micro-insurance are typical examples of connecting the business and interests of insurance companies with the community interests, i.e., with the care of people and the community (Njegomir, 2011).

¹⁸ José Filho, Lilian Wanderley, Carla Gómez, Francisca Farache, "Strategic Corporate Social Responsibility Management for Competitive Advantage", *BAR – Brazilian Administration Review*, 7(3), 2010, pp. 306.

¹⁹ Vladimir Njegomir, Zdravko Petrović, „Preduzetništvo u osiguranju: značaj i pravni principi društveno odgovornog poslovanja osiguravača“, *Strani pravni život*, 61(1), 2017, pp. 114.

Sustainability, by its definition, deals with future and focuses on creating and preserving values. The insurance business aims at preserving value, primarily financial value, thus creating safety through generations. The major challenge for insurance companies is to find a balance between insurance protection, financial stability and sustainability. It also has to be noticed that insurance companies are one of the key investors on the global financial market and important providers of capital for national economies, which also contributes to society's development (Vienna Insurance Group, 2019).

There are currently three agreements relating to insurance companies, one of them being explicitly linked to insurance companies. The first international agreement is The United Nations Global Compact, which contains ten universal sustainability principles. The Global Compact is the largest voluntary association of representatives of companies, academic institutions, civil society, cities and unions dedicated to harmonizing their business activities with ten universal sustainability principles in the field of human rights, employment rights, environmental protection and fight against corruption. The second agreement refers to the principles of responsible investment. The third refers to the principles of sustainable insurance. These principles have created a global framework for managing social and environmental risks and opportunities and/or the corporate governance related to the insurance, reinsurance, and investments of insurers and reinsurers.²⁰

CSR must be integrated into the strategic commitments of insurance companies. This implies not only carrying out the activities that promote CSR, but doing business with a respect for social responsibility. CSR is the contribution of business to sustainable economic development and society's interests, taking into account the direct or indirect impact of companies' activities on various stakeholders, including consumers, suppliers, employees, shareholders, the community and the natural environment.

The conventional approach to CSR means that a socially responsible company incurs additional expenses to reduce pollution and for employee benefits packages, donations and sponsorships to the community etc., which reflects negatively on profitability.²¹ On the other side, such approach emphasizes each stakeholder group's satisfaction as a prerequisite for the indirect improvement of corporate financial performances (CFP). Satisfied employees will be more motivated to perform effectively; satisfied customers will be more willing to repeat purchases, be loyal and recommend the products to others, satisfied suppliers will provide discounts etc.

CSR is essential for all companies that cherish trust as one of the key success factors. Most companies select business partners who are responsible to

²⁰ V. Njegomir, Z. Petrović, pp. 118.

²¹ Adriana Galant, Simon Cadez, "Corporate social responsibility and financial performance relationship: a review of measurement approaches", *Economic Research-Ekonomska Istraživanja*, 30(1), 2017, pp. 678.

the community, to the environment and to employees as a basic pillar of socially responsible business.²²

The managers of insurance companies must assume responsibility and undertake activities to contribute to the welfare of society, but also of the insurance company and/or its shareholders. The company's management has responsibility and task to achieve not only the economic, but broader social goals as well.²³ This is especially emphasized in Serbia, given that a relatively small number of companies apply CSR.²⁴ Although insurance companies are leaders in terms of CSR, improvement is possible in integrating CSR into their strategy.

CSR reporting is essential not only for the good reputation of the company but also for the quality of the delivered products or services, obtaining confidence of stakeholders and increasing profitability (Dumitrascu & Feleaga, 2019).²⁵ Need to ensure social development, economic growth and a healthy environment on the one hand and ensure efficient survival of the business on the other hand has led to the need of non-financial reporting.²⁶ According to the latest Law on Accounting, the obligatory non-financial reporting has been introduced (for reports related to the period after January the 1st, 2021), which is in line with the Sustainable Development Goals and EU directives. The European Commission (2011) supported the introduction of obligatory non-financial reporting for large public companies, which, on average, have more than 500 employees as at the balance sheet date.²⁷ In Europe and the rest of the world, this type of report is usually known as the Sustainability Report or Corporate Social Responsibility Report. It must be disclosed which national, European, or international frameworks or standards are used in preparing the report to improve the quality of non-financial reporting. Most companies accept the internationally recognized GRI (Global Reporting Initiative) due to its practicality and comprehensiveness in determining material issues. In the context of increasing transparency requirements, reporting on sustainability and CSR has become a necessary practice and one of the most effective ways to respond to stakeholder expectations. In the last 15 years, the number of companies that publish the CSR reports or sustainability reports following the Global Reporting Initiative (GRI) methodology has grown, which leads to integrated reporting. Almasan et al. (2019) found that the adoption

²² Uglješa Atanacković, „Društveno odgovorno poslovanja kao savremeni koncept „biznisa“, School of business, 1, 2011, pp. 146.

²³ B. Milenković, M. Čosović, S. Stanković, „Društvena odgovornost preduzeća – imperativ savremenog menadžmenta“, *Međunarodna naučna konferencija Management*, Kruševac, 17-18, March 2010.

²⁴ M. Đukić-Ivanović, (2011), pp. 39.

²⁵ Mihaela Dumitrașcu, Liliana Feleagă, „Mission, Vision, and Values of Organizations, the Catalysts of Corporate Social Responsibility“, *Audit Financiar*, 17(1), 2019, pp. 143.

²⁶ Aaishwarya R. Kulkarni, „A Review of Concept and Reporting of Non-Financial Initiatives of Business Organisations“, *Procedia Economics and Finance*, 11, 2014, pp. 39.

²⁷ European commission. A renewed EU strategy 2011-14 for corporate social responsibility, pp. 11-12.

of integrated reporting generated an increase in the number of presented key performance indicators (KPIs) for the majority of companies in the observed sample. This indicates that companies assimilated new practices, either in terms of reporting or management, or both.

IV. Corporate Social Reporting in Practice of Insurance Companies in Serbia

CSR is often a synonym for various forms of one-time financial assistance (sponsorship of cultural, sports and other non-profit events and donations of funds or equipment to hospitals or humanitarian organizations that help vulnerable groups, etc.).

The mission, vision and values of organizations contributing to the sustainable business should be defined within the strategy. The mission represents the statement regarding the core purpose and must be written in the present tense. The vision represents the statement about where the organization wants to arrive at and is better written in the future tense. Values can be inspired by mission and vision and represent the way in which our employees behave or interact.²⁸ Having in mind that this paper explores CSR as an element of the strategic commitment of insurance companies operating in Serbia, transparency in the presentation of mission, vision and values as strategic determinants of insurers in the Serbian market will be examined.

²⁸ M. Dumitraşcu, L. Feleagă, pp. 145.

Table 1. Review of Insurance Companies in Serbian Market as per Level of Insurance Premiums (in RSD) and CSR Activities

Insurer	2019 total insurance premium (in 000 rsd)	Mission	Vision	Values	Activities related to Corporate Social Responsibility	Availability of annual report on Insurer's web site	CSR activities on social networks
1. DUNAV	28.411.415	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Donations to the Health Care System of Serbia; New Year's packages for children; Support for safe house for women; Support for artists and music festivals, sports competitions; Financial support to children's sports clubs; NURDOR house; Online health festival	For 2018	yes
2.GENERALI	23.098.320	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Diversity and inclusion initiatives within the Generali Group; Innovation Marathon; Support for employees with disabilities; Human Safety Net with the Novak Đoković Foundation - support to children	For 2019	yes
3. DDOR Novi Sad	12.650.968	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Traffic safety and the NAVAK Academy of the; Humanitarian golf tournament; Belgrade Dance Festival; Official insurance of the Olympic Team and the Olympic Committee of Serbia	For 2014	yes
4.WIENER STAEDTISCHE	12.588.744	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Wiener volunteer day; Sports Hour – Straighten Up! Wiener with Serbia 100 trees in 10 years Wiener Stadtische collection of contemporary art Children Fair	For 2016	yes

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Insurer	2019 total insurance premium (in 000 rsd)	Mission	Vision	Values	Activities related to Corporate Social Responsibility	Availability of annual report on Insurer's web site	CSR activities on social networks
5. TRIGLAV	6.845.047	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	For 2019	no
6. UNIQA Non-Life	4.371.110	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	For cultural Serbia; For the youth of Serbia; For children of Serbia; For economy of Serbia; For sports spirit of Serbia; When it is the most difficult; Shakespeare Theatre Festival; Scholarship for ballet talents	Not available	yes
7. GRAWE Insurance	4.034.874	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Support for children and youth, arts, sports, healthy living, environmental protection; Support for Serbian health institutions through providing medical equipment during COVID-19, as well as assistance to vulnerable persons	For 2019	yes
8. AMS Insurance	3.934.768	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Increasing the company's reput. and customers loyalty; Develop. of employees; sustainability of high quality products and services; Educ. of school-age children about traffic risks through "What do you know about traffic" campaign; Raising general awareness of the traffic participation through the "Helmet protects the head" campaign; Contrib. to the devel. of sports through various donations.	For 2018	yes

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Insurer	2019 total insurance premium (in 000 rsd)	Mission	Vision	Values	Activities related to Corporate Social Responsibility	Availability of annual report on Insurer's web site	CSR activities on social networks
9. MILENIJUM Insur.	3.575.630	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not available	no
10. SAVA Non-Life Insurance	2.650.826	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Donation to the humanitarian organization: "Children's heart"; Donations to sports clubs; Science donat.; Cultural sponsorship; Official insurer of the Athletic Assoc. of Serbia; Social Resp. Manag. Certificate SR10	Not available	yes
11. UNIQA Life Insur.	1.898.073	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	For cultural Serbia; For the youth of Serbia; For children of Serbia; For economy of Serbia; For sports spirit of Serbia; When it is the most difficult.	Not available	yes
12. SOGAZ	1.336.482	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not available	yes
13. MERKUR Insurance	769.787	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed within the Annual Business Report	Not disclosed on Insurer's official web site	For 2019	yes

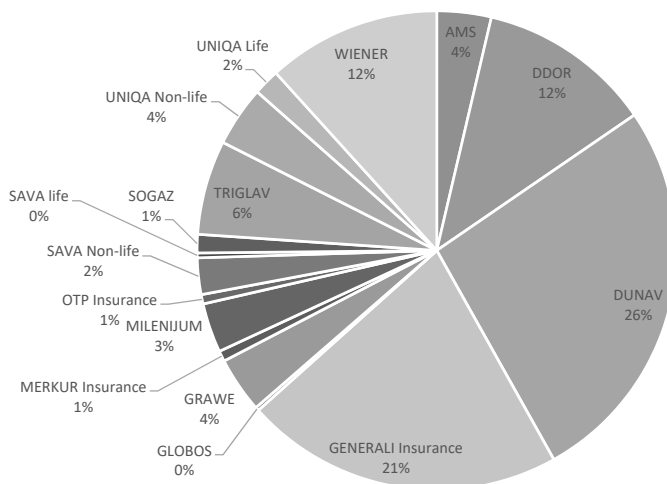
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Insurer	2019 total insurance premium (in 000 rsd)	Mission	Vision	Values	Activities related to Corporate Social Responsibility	Availability of annual report on Insurer's web site	CSR activities on social networks
14. OTP Insurance	677.903	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not available	no
15. SAVA Life Insur.	345.711	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	Not available	no
16. GLOBOS Insurance	260.214	Disclosed on Insurer's official web site within the Quality Assurance Policy	Disclosed on Insurer's official web site within the Quality Assurance Policy	Not disclosed on Insurer's official web site	Not disclosed on Insurer's official web site	For 2019	no
TOTAL	107.449.872						

Sources: official web sites of 16 insurance companies operating in the Serbian market National Bank of Serbia <https://www.nbs.rs>

It can be seen that all insurance companies operating in Serbia have an **economic responsibility**, i.e., they provide insurance services in order to earn profit. Since all insurance companies have to operate in compliance with the Insurance Law and that the National Bank of Serbia exercises supervision over the activities of the insurance companies so as to ensure and improve the financial stability of the insurance market, the **legal responsibility** also attaches. Most insurance companies implement elements of **ethical responsibility** in their business, by obeying the ethical rights of all stakeholders, i.e. the standards, norms or expectations that reflect companies' concern about what consumers, employees, shareholders, and the community consider fair, which can be seen at their official sites and social networks. It is noticeable that those insurance companies which perform a number of activities in the field of **philanthropic responsibility**, as the highest level in Caroll's pyramid of CSR, transparently disclose their mission, vision, and values as elements of the company's strategy. Five leading insurance companies in Serbia (ranked according to the insurance premium) transparently disclose the mission, vision, activities carried out within CSR on their official websites, and most of them disclose their annual reports. Five leading insurance companies (as per 2019 insurance premium level) are Dunav, Generali Serbia, DDOR, Wiener Stadtische, and Triglav. The 2014 annual report is available for the DDOR insurance company, 2016 annual report for Wiener, while Triglav Insurance does not publish CSR activities on their website.

Figure 3: Market share (%) of Serbian insurance market according to the insurance premium (2019)



Sources: authors' calculations

Insurance companies that endeavour to operate responsibly and/or implement principles of sustainable business stand out in the market, since the effects of CSR are observed as much wider in scope than the pure insurance sector, bearing in mind the insurance coverage provided. CSR is particularly important in the insurance industry because insurance is essentially a promise of future payment that will only be realized in case of an occurrence of a loss under the insurance coverage. Thus, insurance is based on trust and trust is built mostly by a socially responsible business. Effective implementation of CSR is a crucial instrument for achieving a competitive advantage in the insurance industry, given that it allows the development of positive awareness towards a particular insurance company, which reflects indirectly through the higher total insurance premium. Current and potential insured recognize insurers that disclose their mission, vision and values as elements of the strategy and that financially support children, youth, education, health, culture, arts and sports, as socially responsible companies. Based on our research of the Serbian insurance market, it can be observed that such insurers stand out as the leaders in terms of earned insurance premium, i.e., market share, which indicates that the research hypothesis is confirmed. Among 16 analysed insurers that operate in the Serbian market, three companies do not have active Facebook pages, while the other 13 are active on social networks, more in terms of presenting the insurance proposal than in the area of CSR activities. Several of the analysed insurers are present on the social networks, but have not highlighted their CSR activities. Most insurance companies have recognized and utilized the potential of social networks as an essential channel and tool of Customer Relationship Management (CRM) in relation to the actual and potential insured, especially when it comes to the generations such as “millennials.” The result reflects in more informed insured, who recognize particular insurance company as socially responsible, opt for them as the provider of insurance coverage and finally contribute to an increase of insurance premium and market share of that particular insurer.

VI. Conclusion

CSR is based on integrating the economic, social, and environmental dimensions into business activities, thus contributing to the company's socio-economic progress and growth. CSR should be considered as an element of a strategic approach to business through the prism of key stakeholders' interests, which should be involved in the strategic decision-making process. Insurers also need to integrate the CSR approach in their strategic orientation.

Activities aimed at implementing CSR should be considered as an investment that contributes to improving corporate performances and generates added value by increasing satisfaction and loyalty of shareholders and innovation and competitive advantage.

The research results are essential for wider community and part of the scientific public in the strategic management, especially in managing insurance and reinsurance companies. The obtained results might be particularly relevant for the insurance companies that strive to improve their competitive position, the loyalty of insured, market share, and financial performances.

Further research should be directed towards the long-term monitoring and comparison of the impact of CSR on the market share of insurance companies in Serbia and the former Yugoslav countries and beyond to determine country specifics.

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