

Corporate social responsibility and expected benefits in the financial sector: empirical evidence from Serbia

Корпоративна друштвена одговорност и очекиване користи у финансијском сектору: емпиријско истраживање у Србији

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Abstract: As one of the pillars of the economy, financial institutions play important role in implementation of the concept of corporate social responsibility (CSR). The paper is focused on CSR in the financial sector, i.e. the perception of employees in banks and insurance companies in Serbia on the level of development of CSR regarding its external dimensions, such as responsibility toward beneficiaries, community and environment. The aim is to identify the employees' perceptions of external aspects of CSR in the financial sector, as well as to determine the impact of selected external aspects on the expected CSR benefits. The results of the conducted empirical research demonstrate a positive attitude of employees in financial institutions in the Republic of Serbia towards external aspects of CSR, as well as statistically significant impact of CSR towards beneficiary and environment on the expected CSR benefits. Additionally, the results indicate that CSR towards the community does not affect the expected benefits. Accordingly, we identified some practical and theoretical implications that can serve as a basis for creating and implementing a strategic approach to CSR in financial institutions.

Keywords: corporate social responsibility (CSR), financial sector, banks and insurance companies, external aspects of CSR, expected benefits of CSR.

JEL classification: M14, G21, G22

Сажетак: Као један од стубова привреде, финансијске институције имају важну улогу у имплементацији концепта друштвено одговорног пословања. Предмет истраживања у раду је корпоративна друштвена одговорност у финансијском сектору, односно перцепције запослених у банкама и осигуравајућим друштвима у Србији о степену развоја корпоративне друштвене одговорности у погледу екстерних димензија, као што су одговорност према корисницима, заједници и животној средини. Циљ истраживања је да се идентификују перцепције запослених о екстерним димензијама корпоративне друштвене одговорности, као и да се испита њихов утицај на очекиване користи од примене друштвено одговорних

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активности. Резултати спроведеног емпиријског истраживања показују позитивне ставове запослених у финансијским институцијама у Републици Србији у погледу екстерних димензија корпоративне друштвене одговорности, као и статистички значајан утицај одговорности према корисницима и животној средини на очекиване користи од друштвено одговорног понашања. Поред тога, резултати показују да одговорност према заједници не утиче на очекиване користи од друштвено одговорног понашања. Сходно наведеном, у раду су дефинисане одговарајуће практичне и теоријске импликације које могу бити добра основа за креирање и имплементацију стратегијског приступа корпоративне друштвене одговорности у финансијским институцијама.

Кључне речи: корпоративна друштвена одговорност, финансијски сектор, банке и осигуравајућа друштва, екстерни аспекти корпоративне друштвене одговорности, очекиване користи од корпоративне друштвене одговорности

ЈЕП класификација: M14, G21, G22

Introduction

In modern business conditions, the application of the concept of corporate social responsibility (CSR) is the requirement for different types of organizations, as confirmed by the growing number of research on CSR in various sectors (e.g. Lee, Chang, & Lee, 2017; Matute-Vallejo, Bravo, & Pina, 2011; Ramasamy & Yeung, 2009). Also, CSR research in financial institutions became an indispensable topic after the global economic crisis in 2008, as the crisis arose due to the irresponsible behavior of financial organizations. After this period, banks and other financial organizations strive to improve their image and reputation and regain the trust that some beneficiaries, employees and the community lost (Forcadell & Aracil, 2017). The development of CSR and the implementation of the concept of "responsible banking" is one of the ways in which banks can become responsible organizations that care about the needs of their stakeholders, which will contribute to corporate image and reputation improvement (Pérez & del Bosque, 2014; Forcadell & Aracil, 2017). Socially responsible financial institutions provide many benefits, not only in terms of financial performance, but also in terms of non-financial benefits that are the basis for long-term survival, competitiveness and market success, contributing to society as a whole and environmental quality (Birindelli, Ferretti, Intonti, & Iannuzzi, 2013).

According to the above mentioned, the research of CSR in banks and insurance companies is a significant research area. Although there are numerous studies related to CSR in other sectors, in the financial one, they are rare and sporadic. Also, most of the research papers, observe CSR as a whole, without taking into account the examination of the significance of its various dimensions, and in particular the external dimension of the CSR is insufficiently researched. The paper is focused on social social responsibility of organizations in the financial sector in terms of the importance of its external dimension, such as responsibility to beneficiaries, community and the environment, as well as the expected benefits. The research aims to identify employees' perceptions of external aspects of CSR in the financial sector, as well as to determine the impact of selected external aspects on the expected benefits of socially responsible behavior.

1. Literature review

1.1. The main dimensions and benefits of CSR

Despite growing interest in researching CSR, one can say that it is still evolving, relatively undetermined and insufficiently understandable term without a generally accepted definition (Žarevac Bošković, Lakićević, & Pantović, 2021). According to Berber, Slavić & Aleksić (2021) the concept of CSR means “greater involvement of the corporate sector in social, environmental, institutional issues and conditions, which in turn affects the company’s profits, and it is related to the concepts of sustainable development, ethical behaviour of companies, corporate sustainability, corporate citizenship, and strategic philanthropy”. Actually, CSR concerns companies’ actions beyond their legal obligations towards society and environment (Zlatanović, 2015).

In general, two key dimensions of social responsibility can be distinguished – external and internal. The internal dimension of social responsibility includes care for the health of employees and safety at work, beyond the limits defined by law, respect for individual differences and problems faced by team members, mutual respect and understanding, promoting humanity and care for people, which is not limited only to working hours, but also include an attempt to achieve a balance between work, family and free time (Babić & Zlatanović, 2020; Štrukelj, Zlatanović, Nikolić, & Sternad-Zabukovšek, 2021). The external dimension of social responsibility refers to all external stakeholders, and it is reflected in the rational use of resources, reduction of emissions of harmful substances, recycling and similar. In relation to the local community, socially responsible behavior is indirectly related to creating and improving business and paying taxes, and directly to: participation in various humanitarian activities, sponsoring cultural and sports events, financing educational projects, environmental programs, donations to health and social institutions, scholarships for young talents and other forms of assistance to community members. Until the 1990s, organizations were turned to the external dimension, because it is more exposed to the public and makes a favorable impression of a marketing nature (Stojanović-Aleksić, Erić Nielsen, & Bošković, 2016).

Research and understanding of the dimensions of corporate social responsibility are related to the expected benefits of applying the mentioned concept. Berber, Slavić, & Aleksić (2019) point out that “CSR activities are based exclusively on cost-benefit analysis, that takes into account, on the one hand, invested capital (investments-disclaimer from current consumption for higher results in the future), while on the other hand, and especially the “invisible” and long-term benefits that an organization derives from the investment and implemented activities”. It is considered that the main benefits of adopting and applying CSR principles are: reputation improvement, costs and risks reduction, competitive advantage, learning and development, innovation and risk management, investment attraction. Improving CSR is quite connected to creation and nurture of the good reputation of the organization, which in this way builds loyalty among its

stakeholders, positions itself as a corporately responsible member of society and improves its image, attracts employees as well as beneficiaries and investors, having consequently numerous financial and non-financial benefits. Therefore, profitability should not be the primary or the only motive for socially responsible business (Žarevac Bošković et al., 2021).

1.2. The specifics of CSR in financial sector

The social responsibility of banks and other financial institutions is recognized as necessary, as they play a key role in engaging in the field of social responsibility. This is because their work is always public due to direct or indirect influence on a wide range of stakeholders, which leads to higher expectations, in terms of their transparency and visibility comparing to other organizations (Coelho, Filipe, & Ferreira, 2011; Scholtens, 2009). The financial sector, especially the banking one, is considered a high visibility sector with a very large stakeholder base (Menassa, 2010). It is for these reasons that financial institutions are among the first to get involved in CSR issues and began to apply this concept and to emphasize it publicly, either in the media or on their websites, that they are socially responsible. Accordingly, they started to submit reports to the public on CSR activities, stating that it is their duty.

However, the outbreak of the financial crisis in 2008 marked a series of confidence crisis that occurred in the financial industry, after which they tried to regain their damaged reputation and image, applying socially responsible principles and thus incorporating the concept of socially responsible business into their strategies (Lee et al., 2017; Paulik, Kombo, & Ključnikov, 2015). For this reason, it is not surprising that financial institutions have become the largest investors in CSR and that they have fostered the trend of togetherness, philanthropy and environmental commitment among beneficiaries, by adopting the concept of CSR into their new strategy (Jamaliah, Hasman, Norzidah, & Nor Akila, 2015), which is very important because financial institutions can stimulate economic growth and create employment, improve living standards, participate in environmental protection, so they can make a great contribution to sustainable development if they act properly and efficiently. Socially responsible banks are "banks with conscience", which strive to invest funds exclusively in those ventures that create welfare for the wider community, and at the same time bring good for the reputation and image of the bank itself (Ivanišević Hernaus, 2016). The struggle for beneficiaries among banks is getting fiercer and therefore creation of a positive image in the eyes of the community is an important aspect of achieving corporate performance. Accordingly, financial institutions are beginning to develop socially responsible business strategies in order to demonstrate commitment to community needs, from their business, due to the expected impact on their corporate performance.

The usage of CSR concepts improves society's perception of the financial industry as a whole and can therefore reinforce and strengthen the level of confidence necessary for banks and other financial institutions. The banking sector requires constant innovation in CSR activities in order to be attractive to beneficiaries and to establish a stable market (Akpan, 2016). For the financial sector, where beneficiary involvement in the service is

high, CSR has a positive effect on bank perceptions as well as on service assessments, and banks' participation in CSR creates affection for the bank and thus has a positive impact on its reputation (Marin & Ruiz, 2007; Matute-Vallejo et al., 2011).

It can be said that CSR in financial institutions, especially in banks, has been deeply and thoroughly studied, considering the fact that this sector is one of the crucial ones when it comes to the application of CSR principles. This is not a surprise taking into account that engagement in corporate social responsibility helps banks generate strategic benefits that enable them to improve their service offer and reduce operating costs due to a better reputation in the community that perceives them as socially responsible (Herzig & Moon, 2012).

2. Research model and hypotheses development

Beneficiaries' protection, as well as a fair attitude towards them is one of the pillars of building CSR activities and a basic condition for a good image and reputation of the organization. CSR implies not only beneficiaries' protection in terms of their economic interests, but building a special relationship between the company and beneficiaries based on which beneficiaries will create a positive impression of the organization, i.e. socially responsible behavior affects greater beneficiary satisfaction and a better reputation of the company (Babić & Zlatanović, 2020). In fact, the real effects of social responsibility are indirect and can be seen only in a long time interval, where the connection between social responsibility and financial results is very difficult to measure. In addition to financial benefits, non-financial benefits of socially responsible behavior are mainly observed in the context of employees, beneficiary satisfaction and company reputation. That is why it is important for organizations to understand on time that beneficiaries view them through the prism of socially responsible business, as well as that irresponsible behavior can cause losses that are difficult to compensate (Stojanovic-Aleksić et al., 2016).

Starting from the position that beneficiaries are key stakeholders for a financial institution, because they are directly connected with building the reputation and image of the organization, due to which they are most often associated with expected benefits, the following hypothesis has been developed:

H1: CSR towards beneficiaries has a statistically significant impact on the expected benefits from CSR.

In addition to the above, the connection between the local community and the CSR is diverse, significant and two-way. Namely, organizations contribute to their communities by providing jobs, salaries and benefits and tax revenues, while on the other hand, organizations depend on the health, stability and prosperity of society and the communities in which they operate (Commission of the European Communities, 2001). Also, organizations are involved in the "life" of the community through donations, sponsorships of sports clubs and individuals, investment in education and culture, scholarships, humanitarian actions, animals protection and similar (Stojanovic-Aleksić et al., 2016). Also, the organization does not have to be a direct donor of these actions, but it can have

indirect influence on the dissemination of information, organization of various events, promotions, advertising materials on company websites and similar. Consequently, organizations gain certain benefits from socially responsible activities towards the local community in terms of achieving business success. In fact, an organization that is an active member of the community through the CSR, achieves positive results in terms of strengthening its reputation and image, and thus competitiveness (Štrukelj, 2021; Zlatanović, 2015).

Taking into account the position that organizations and community are interconnected and conditioned, it is assumed that CSR activities towards the community contribute to a better image and reputation of the organization, based on which hypothesis H2 has been developed:

H2: CSR towards community has a statistically significant impact on the expected benefits from CSR.

As one of the most important element of external CSR is environmental protection, which includes activities related to: dedicated usage of energy and materials, reduction of environmental pollution, usage of safe technologies and biodegradable materials, development of recycling, reduction of energy costs, development of safe packaging (Stojanovic-Aleksić et al., 2016; Štrukelj et al., 2021). In fact, the environmental dimension of business is seen as one of the basic ones, and for decades, special attention has been put on environmental issues. Organizations are increasingly paying attention to environmental protection as they become more aware of the increased profitability that can result from environmental performance improvement and operating costs reduction (Commission of the European Communities, 2001).

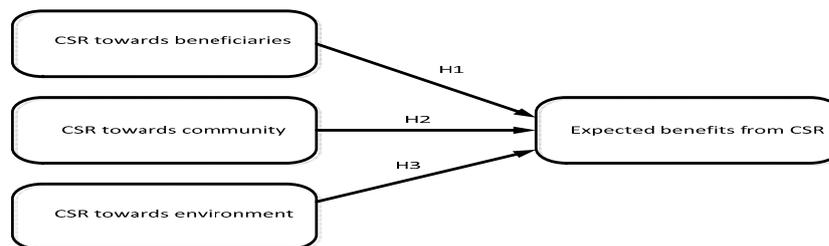
Aleksić et al. (2020) emphasize that environmental awareness and consumer sensitivity to environmental issues have been raised to a higher level with an increased Internet presence and media influence. Also, Ahmed & Streimikiene (2021) demonstrate that CSR to environment has a positive and significant association with organizational performance and competitiveness. Due to the media importance of activities for promotion of environmental protection as a global phenomenon, as well as benefits in terms of tax relief and cost reduction, CSR activities aimed to environmental protection are linked to the benefits, and based on that hypothesis H3 has been developed:

H3: CSR towards environment has a statistically significant impact on expected benefits from CSR.

Accordingly, it can be concluded that the most frequently expected benefits of corporate social responsibility in the literature are improvement of organization reputation, satisfaction and loyalty of beneficiaries, competitive advantage and lower costs. Based on theoretical knowledge, as well as a review of empirical research results, in order to clarify the relationship between external aspects of CSR and expected benefits from CSR, a research model presented in Figure 1 has been developed, which shows the relationship between independent variables and dependent variable. CSR towards beneficiaries, local community and environment as external dimensions of social responsibility are

independent variables, while the expected benefits from CSR measured on the basis of subjective perceptions of respondents in terms of non-financial benefits are considered a dependent variable. Taking the above into account, we developed the research model (Figure 1).

Figure 1: Research model



Source: the authors

3. Methodology and research results

3.1. Sample and measures

Starting from the literature review in the field of CSR, with special emphasis on the importance and specifics of CSR in the financial sector, an empirical study was conducted in order to determine the impact of the effects of CSR towards beneficiaries, environment and community on expected benefits from CSR. The research was conducted among employees in banks and insurance companies operating in the territory of the Republic of Serbia.

A customized questionnaire on social responsibility, as an instrument for data collection, was used, based on theoretical knowledge of the concept and dimensions of corporate social responsibility, and the questions were formulated on the model of research in similar fields (e.g. Babić & Zlatanović, 2020; Pelozo & Sang, 2011; Ramasamy & Yeung, 2009; Zlatanović, 2015). The questionnaire includes five segments. The first part of the questionnaire includes statements about the organization's responsibility towards beneficiaries. Examples of statements are: *Complete information about services are available to the beneficiaries* and *We are measuring regularly beneficiaries' satisfaction and taking measures for its improvement*. The second part includes statements regarding CSR towards community, such as, *Your organization has a good collaboration with local community* and *In the last year, your organization organized or participated in action aiming to contribute to the education*. Statements regarding environment are in the third part, like *Your organization uses recycled materials* and *Awareness of environment protection is at high level in your company*. The fourth part consists of statements about the expected benefits from the CSR. The questionnaire contains a total of 32 statements with

which the respondents expressed the level of agreement using the five-point Likert scale (1 - I do not agree at all, 5 - I completely agree). The fifth part is general data on respondents referring to the gender and age of respondents, level of education, years of work, position, activities of the organization in which the respondent is employed, as well as the size of the organization.

The questionnaire was distributed to managers and administrative staff in banks and insurance companies in Serbia. Respondents' response was satisfying, especially the response of the top management. SPSS (Statistical Package for the Social Sciences) was used for data processing. Regarding the size and ownership structure of the sampled banks and insurance companies, financial institutions with over 100 employees (74.3%) are dominant, 70.8% of which are foreign-owned. First, a reliability analysis was conducted and all the obtained values of the Cronbach's alpha coefficient are more than 0.7, which indicates good internal consistency of the applied statements – CSR towards beneficiaries (0.911), CSR towards community (0.928), CSR towards environment (0.945) and Expected benefits from CSR (0.960).

Table 1 shows the structure of the sample.

Table 1. Sample's characteristics

Variable	Frequency	% of total
<i>Gender</i>		
Male	49	43.4
Female	64	56.6
<i>Age</i>		
	Frequency	Percentage
18-25	5	4.4
26-35	20	17.7
36-45	51	45.1
46-55	25	22.1
More than 55	12	10.6
<i>Education level</i>		
	Frequency	Percentage
Faculty	80	70.8
Higher school	18	15.9
High school	15	13.3
Elementary school	0	0
<i>Years of working experience</i>		
	Frequency	Percentage
1-5	16	14.2
6-10	10	8.8
11-15	35	31

More than 15	52	46
<i>Position</i>	Frequency	Percentage
Top management	7	6.2
Middle management	27	23.9
Clerk	79	69.9
<i>Activity</i>	Frequency	Percentage
Bank	67	59.3
Insurance company	46	40.7
<i>Organization size</i>	Frequency	Percentage
Less than 50 employees	14	12.4
51-100 employees	15	13.3
Over 100 employees	84	74.3

Source: the authors' calculation

3.2. Research results and discussion

In order to test the level of employees' perception on the development and implementation of corporate social responsibility in the sample, Table 3 shows the results of descriptive statistical and correlation analysis for all four variables of the research model, namely: CST towards beneficiaries, CSR towards community, CSR towards environment and Expected benefits from CSR. The variable with the highest arithmetic mean, i.e. the most favorable attitude of employees, is on *Expected benefits from the CSR* ($M = 4.25$), and the most unfavorable is on *Responsibility towards community* ($M = 3.57$).

Table 2: Means, standard deviations, and correlations

Variable	Mean	SD	1	2	3	4
Responsibility towards beneficiaries	4.22	.725	-	.467**	.574**	.666**
Responsibility towards environment	3.60	1.196	.467**	-	.739**	.471**
Responsibility towards community	3.57	.982	.574**	.739**	-	.624**
Expected benefits from CSR	4.25	.743	.666**	.471**	.624**	-

Note: $p < 0.005^{**}$

Source: the authors' calculation

The results of the presented descriptive statistics indicate that the perceptions of employees in financial institutions in Serbia are favorable for items regarding the benefits of CSR and that employees perceive that CSR improves the organization's reputation in line with the position that one of the benefits the organization can have from CSR is positive impact on image and reputation (Weber, 2008). It is very important for banks, because reputation is a decisive factor in retaining old clients and attracting new ones, which ultimately leads to strengthening of financial status (Tran, 2014). This is particularly

significant as the strategic approach to the concept of CSR is important for achieving the competitiveness of companies, and contributes to creation of benefits in risk management, cost savings, capital provision, customer relationship management, human resource management and innovation (Commission of the European Communities, 2001). Also, the perception about CSR towards beneficiaries is at a high level, which is particularly important due to the basis for gaining a competitive advantage is beneficiaries needs and requirements identification (Marylyn, 1993). In the banking sector corporate image is crucial and knowledge of beneficiaries' expectations regarding CSR activities is essential (Perez & del Bosque, 2014).

At the middle level of development are responsibility towards environment and responsibility towards community, which indicates that these responsibilities are present, but still there are many opportunities for improvement. Employees' perception is that the participation of financial institutions is at the middle level, and since CSR is related to the integration of the organization into the local community and that they can have a mutual impact reflected on performance, it is needed the activation in this direction, which will as well contribute to the satisfaction of employees and beneficiaries (Commission of the European Communities, 2001). Also, it is necessary to increase participation in actions related to environmental protection, because when we talk about this responsibility, it is not local ones, but global, and therefore international cooperation is necessary in order to enhance the contribution of organizations to the global environmental protection (Commission of the European Communities, 2001). In addition to the mentioned, it is very important to develop awareness among employees that CSR has an impact on reducing costs and that this is one of the benefits that an organization can achieve by participating in CSR activities but also show them concrete examples in order to understand that the application of CSR gives to the organizations this type of benefit, as well. In addition, correlation analysis demonstrates that there is a strong, positive connection between variables taking into account the values of the Pearson's coefficient of correlation (r) and statistical significance (p).

For the purpose of hypotheses H1, H2 and H3 testing, in order to draw more detailed conclusions, multiple linear regression analysis was used, so as to determine the impact of independent variables on the expected benefits of implementing Corporate Social Responsibility. The model includes three independent variables that represent the external dimension of CSR and these are CSR towards beneficiaries, CSR towards community, CSR towards environment, and one dependent Expected benefits from CSR. Also, in order to determine if there is multicollinearity between the variables, the calculation of the variance increase factor (VIF) was done.

The results of multiple regression analysis showed that the determination coefficient in the model is 0.530, which means that 53% of the variability of expected benefits from CSR is explained by this regression model, i.e. through the external dimensions of CSR, CSR towards beneficiaries, community and environment. The data are suitable for conducting multiple regression analysis, because the value of the VIF coefficient is less than 5 and ranges from 1,500 to 2,586, based on what, it can be concluded that there is no multicollinearity. According to the results in Table 3, the variables CSR towards

beneficiaries and CSR towards environment have a statistically significant impact on the dependent variable, i.e. on the expected benefits from CSR (Sig. value $<.01$) and the risk of error is 1%, while the variable CSR towards community has no statistically significant impact on the expected benefits from CSR because the Sig value is greater than $.01$. The highest value of the standardized regression coefficient is for the variable CSR towards beneficiaries ($\beta = .460$), which shows that it has the biggest impact on the perception of the expected benefits of CSR.

Table 3. Results of Multiple Regression Analysis

Variables	β	Sig.	VIF
Responsibility towards beneficiaries	.460	.000	1.500
Responsibility towards community	-.020	.840	2.216
Responsibility towards environment	.374	.001	2.586

Source: the authors' calculation (Note: $R = .728$; $R^2 = .530$; $F = 41.027$; $p < 0,01$)

Based on the above results, it can be concluded that the variables CSR towards beneficiaries and CSR towards environment have a statistically significant impact on the expected benefits of CSR, thus confirming hypotheses H1 and H3. However, the variable CSR towards community does not have a statistically significant impact on the expected benefits of CSR, so hypothesis H2 has not been confirmed.

The results about determination of the impact of CSR towards beneficiaries on benefits are expected, especially taking into account that the main benefits are reputation, image and competitiveness that are directly affected by the attitude of beneficiaries. This result confirms the market orientation of employees and a high level of awareness of the importance of beneficiaries' satisfaction. Gained outcome is in accordance with other similar research showing that if beneficiaries are satisfied, they would like to repeat the service or purchase and thus become loyal, as well as that there is a positive impact of CSR on beneficiaries loyalty (Martinez & Bosque, 2013; Matute-Vallejo et al., 2011). In fact, loyalty has an impact on the organization image and reputation building, by which an organization is positioned in the market as competitive.

The results regarding CSR towards environment are encouraging, because culture and awareness of this global problem are still not at a high level in Serbia. Certainly, the outcome in terms of the impact of CSR towards community on benefits is not expected. CSR activities focused on local community are among the most common, but employees do not consider these activities as very much related to benefits.

According to Pomeroy and Dolnicar (2009), beneficiaries accept more CSR activities oriented towards them than community-oriented ones, which may link the test results of the first and second hypotheses (as cited in McDonald & Rundle-Thiele, 2008; McDonald & Lai, 2011). Also, it is confirmed that CSR activities such as humanitarian actions, cultural events and environmental protection are not highly valued by beneficiaries and are not enough to mark an organization as socially responsible, and that CSR activities

oriented towards beneficiaries have more impact than philanthropic or activities intended to protect the environment (McDonald & Lai, 2011).

When focus of research is on community, another aspect should be considered. CSR depends and differs in specific, national contexts and it is implicit in Europe, which means that it accepts the values, norms and rules of local culture (Matten & Moon, 2008). In Serbia, it is a tradition to help, organize humanitarian actions, give donations and sponsorships, etc., which could explain the perception of employees that responsibility towards community does not contribute to the benefits of CSR, because it is understood as a need, and thus it is not perceived as benefit since it is voluntary and has no other purpose than to help and support.

Conclusion

The concept of CSR has been recognized by financial institutions as a key strategic element of business, having as result improvement of the organization reputation, its better image and beneficiaries loyalty. By accepting socially responsible business and informing the community about it, through various forms of promotion, the company begins to differ from competitors, which can enable: better market positioning, greater loyalty of customers (clients or beneficiaries) due to their positive image of the company as well as higher sale or usage of its products or services.

Research on the perception of the application of CSR concepts in financial institutions in the Republic of Serbia, led to the conclusion that employees in banks and insurance companies recognize the importance of beneficiaries for their business, as well as identify the impact of CSR towards beneficiaries on benefits from socially responsible activities, which confirms employees' market orientation. The obtained result is a significant indicator for financial institutions to be customer-oriented and to build and develop their reputation and image, through strengthening beneficiaries' satisfaction and loyalty. Also, the research determines the impact of CSR towards environment on benefits, which can be related to the fact that environmental responsibility activities represent initiatives not having only a local goal, but also a global one, preserving the planet Earth. These initiatives are often associated with tax breaks or similar, which leads to savings. However, the perception of employees is that the impact of CSR towards community on benefits does not exist, and this is a field that needs to be understood and explored in more detailed way. It can be related to culture and philanthropic approach and the attitude that humanitarian actions and volunteerism should not bring any benefit. Certainly, it is necessary to create awareness and better knowledge of the impact of CSR on organizational performance and benefits (Commission of the European Communities, 2001).

This research indicates the perceptions of employees and enables insights into state of the art of CSR in financial sector in Republic of Serbia, and consequently enables definition of opportunities for improvement and guidelines. Of relevant importance is that the results confirmed significant impact of CSR towards beneficiaries on the expected benefits from CSR, i.e. confirmed that employees perceive the benefits of this dimension because in daily contact with the beneficiaries they have a direct influence on organization

image creation, and therefore it is relevant to apply an approach to beneficiaries in which they are the center of attention. In addition to employees, as the most important internal stakeholders, beneficiaries are the most important external stakeholders in banks, so the goal is to achieve a high level of satisfaction of both, which in turn is reflected positively in the financial aspect (Paulik et al., 2015).

The limitation of the conducted research is reflected in the structure of the sample as they are employees, and it would be useful to include other stakeholders in the research in order to get a broader picture and perspective. Also, the paper focuses on the external dimensions of CSR and their impact on performance, i.e. benefits, without considering the impact on financial performance, and therefore guidelines for further research should be related to the relationship and impact of CSR on financial performance in the Republic of Serbia, in order to confirm that the results of participation in social activities are measurable. Besides, a further guideline for research can be a comparative analysis with countries in the region, especially taking into account the fact that most banks and insurance companies in Serbia are international ones, or an analysis related to the type of ownership in order to determine whether this concept is more applied in financial institutions that have mostly foreign or domestic ownership.

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