



D. A. TSENOV ACADEMY OF ECONOMICS, SVISHTOV

Faculty of Industry and Commerce

Department of Industrial Business and Entrepreneurship

CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE BANKING SECTOR IN THE REPUBLIC OF SERBIA

ABSTRACT

of dissertation for acquiring educational and scientific degree

“Doctor” in

doctoral program

“Economics and Management (Industry)”

PhD student:

Filip Sladjanin Zdravkovic

Scientific Supervisor:

Prof. Dr. Lyubcho Varametzov

Svishtov

2025

The dissertation was discussed and proposed for defense, under the Law on the Development of Academic Staff in the Republic of Bulgaria, by the Department of Industrial Business and Entrepreneurship at the D. A. Tsenov Academy of Economics, Svishtov.

The author is a PhD student in a part-time mode of study at the Department of Industrial Business and Entrepreneurship at the D. A. Tsenov Academy of Economics, Svishtov.

The dissertation has a total volume of 204 standard pages and is structured in: introduction, main text of three chapters, conclusion and a list of references - a total of 92 sources, all in Latin. A declaration of originality and authenticity is provided. The information in the dissertation is visualized in 3 figures and 6 tables.

The defense of the dissertation will take place on 19.09.2025, at 15:00 p.m., in the “Rectorate” Meeting Hall at the Tsenov Academy of Economics, at a meeting of the scientific jury appointed by order of the Rector of D. A. Tsenov Academy of Economics, Svishtov, composed of:

Assoc. Prof. Dr. Iskra Panteleeva
Assoc. Prof. Dr. Emil Nikolov
Prof. DSc. Nikolay Shterev
Assoc. Prof. Dr. Dimitar Blagoev
Prof. Dr. Nikolay Karev

The defense materials are available to those interested in the Department of Doctoral Studies and Academic Advancement at the D. A. Tsenov Academy of Economics, Svishtov – <https://www.uni-svishtov.bg/bg>.

CONTENT OF THE ABSTRACT

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

II. STRUCTURE AND CONTENT OF THE DISSERTATION

III. SYNTHESIZED EXPRESSION OF THE DISSERTATION

IV. REFERENCE OF THE MAIN CONTRIBUTING POINTS IN THE DISSERTATION

V. LIST OF PUBLICATIONS ON THE TOPIC OF THE DISSERTATION

VI. REFERENCE FOR THE FULFILLMENT OF THE MINIMUM NATIONAL REQUIREMENTS IN CONNECTION WITH THE PROCEDURE FOR THE ACQUISITION OF THE DOCTOR

VII. LIST OF PARTICIPATIONS IN NATIONAL AND INTERNATIONAL SCIENTIFIC CONFERENCES AND FORUMS

VIII. DECLARATION OF ORIGINALITY AND AUTHENTICITY

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance and significance of the research

The concept of Corporate Social Responsibility (CSR) has evolved significantly over the past decades, transitioning from a purely philanthropic activity to a fundamental aspect of business strategy, particularly in the financial sector. In this evolving landscape, the banking sector plays a pivotal role due to its direct impact on economies and communities. This doctoral thesis explores the nuances of CSR reporting within the Serbian banking sector, providing a comprehensive analysis of its current practices, challenges, and impacts. The choice of Serbia as a focal point offers a distinctive perspective due to its transitional economic status and the dynamic nature of its banking sector, which is influenced by both local developments and global CSR trends.

The integration of CSR practices in banking is not just a trend but a necessity, driven by increasing stakeholder demands for transparency and ethical conduct. Banks are central to mobilizing resources and shaping the economic landscapes of the countries they operate in. As such, their commitment to CSR can lead to significant improvements in social, environmental, and economic standards. In Serbia, a country striving to enhance its economic stature and align with European Union standards, the examination of CSR practices within its banking sector becomes crucial. This study aims to fill the existing research gap by providing an in-depth analysis of how CSR is integrated into the Serbian banks' strategies and reporting processes.

This research is significant as it provides a foundational analysis of CSR in a transitional economy, offering insights that can benefit policymakers, banking professionals, and academic researchers. The findings are expected to contribute to the global discourse on CSR in banking by highlighting the unique challenges and opportunities presented by the Serbian banking sector. Additionally, this thesis will provide recommendations that could guide future CSR initiatives and policy formulations in emerging markets.

2. Object and subject of the study

The **object** of the study is the corporate social responsibility reporting among Serbian banks.

The **subject** of the study is the impact of corporate social responsibility reporting on stakeholder relations and market performance of Serbian banks.

3. Aim and tasks of the study

The **primary aim** of this research is to assess the extent and effectiveness of CSR reporting among Serbian banks and to understand its impact on stakeholder relationships

and market performance. To achieve this aim, the following **research tasks** have been defined:

- To delineate the regulatory and institutional frameworks guiding CSR in Serbian banking.
- To evaluate the current CSR reporting practices and their transparency.
- To explore the relationship between CSR activities and bank performance, particularly in terms of stakeholder trust and investment.
- To identify the challenges and opportunities within CSR implementation and reporting in the Serbian context.

4. Research hypotheses

Aligned with these questions, the **main hypothesis** posited is:

"The implementation of CSR practices in Serbian banks leads to enhanced stakeholder trust and loyalty, which in turn positively influences the banks' market performance."

Supporting Hypotheses

1. **Hypothesis 1:** "Banks in Serbia that actively report on their CSR activities experience a higher level of customer satisfaction compared to those that do not."
2. **Hypothesis 2:** "CSR initiatives related to environmental sustainability are significantly correlated with an increase in investment from socially responsible investment funds in the Serbian banking sector."
3. **Hypothesis 3:** "The level of transparency in CSR reporting is positively associated with the effectiveness of stakeholder engagement practices in Serbian banks."
4. **Hypothesis 4:** "The existence of a dedicated CSR department within banks is directly related to the comprehensiveness and accuracy of CSR reporting."
5. **Hypothesis 5:** "Employee satisfaction and retention rates are higher in banks that integrate CSR practices into their core business strategies."

5. Research methodology

A **mixed-methods approach** was adopted, combining **quantitative** surveys with **qualitative** interviews to construct a robust and nuanced analysis. This integrative design enriches the data collected, ensuring both breadth and depth, while enhancing the reliability and validity of the research outcomes.

The quantitative part of the study uses structured questionnaires to collect data from a wide range of banking professionals in Serbia. These questionnaires are carefully designed to quantify the prevalence, types and perceived impact of CSR practices in banks.

Complementing the quantitative analysis, qualitative data were gathered through semi-structured interviews with key stakeholders in the banking sector, including senior management, CSR officers, and other employees involved in CSR practices. These interviews are intended to delve deeper into the subjective experiences, motivations, and attitudes towards CSR within the banks.

By integrating these two research methodologies, the study seeks to leverage the strengths of each. Quantitative data will provide the necessary breadth to understand the scope and basic patterns of CSR practices, while qualitative data will add depth, exploring complex interactions and the qualitative aspects of CSR implementation and its impacts.

6. Main Sources of Information

The **main sources of information** used in the dissertation work are: specialized scientific literature on the topic of the dissertation (textbooks, monographs, books, scientific studies and articles, proceedings of scientific forums, etc.); official information from banking institutions; information from observations and registration of statistical data; Internet sites, databases, etc., in the field of corporate social responsibility, etc. A questionnaire was developed to collect empirical data, which was sent to professionals within the Serbian banking sector, including CSR officers, bank managers, and other employees directly involved in or knowledgeable about CSR practices.

7. Research Limitations

There are potential limitations that may affect the findings and interpretations of the study on CSR reporting in the banking sector in Serbia:

Sample Size and Representation: While efforts are made to ensure a representative sample of bank managers and executives, the sample may not fully capture the diversity and complexity of the entire banking industry in Serbia. This limitation could affect the generalizability of the study's findings across different types and sizes of banks.

Response Bias: The reliance on self-reported data through questionnaires and interviews may introduce response biases. Respondents might provide socially desirable

answers rather than candid responses, particularly on sensitive topics like CSR practices, which could skew the results.

Cross-sectional Design: The study's cross-sectional nature limits its ability to capture the longitudinal impacts of CSR initiatives. Long-term effects and changes in stakeholder perceptions might not be fully observable through a one-time data collection approach.

Subjectivity in Qualitative Data: While qualitative data from interviews provide depth and context, they are inherently subjective. Different interviewers might interpret responses in varied ways, and the analysis could be influenced by the researcher's perspectives and biases.

External Validity: The specific focus on the Serbian banking sector may limit the applicability of findings to other regions or industries. Factors unique to Serbia's economic, regulatory, and cultural contexts could influence the extent to which results can be generalized internationally.

Changes in Regulatory and Market Conditions: As CSR and banking regulations continue to evolve, the findings may not remain relevant over time. Changes in policies or market conditions after the study's conclusion could alter the relevance and applicability of the results.

Data Availability and Accuracy: The accuracy of findings is contingent on the availability and reliability of data. Inaccuracies in financial and CSR reporting by banks, or incomplete data collection, could impact the validity of the research outcomes.

To mitigate these limitations, the study will:

- Employ rigorous sampling techniques to enhance representativeness.
- Incorporate measures to reduce response bias, such as ensuring anonymity and emphasizing the importance of honest feedback.
- Use triangulation in data analysis, combining multiple data sources and analytical methods to bolster the credibility and validity of the conclusions.
- Clearly state the scope and context of the study to clarify its applicability and potential transferability to other settings.

By acknowledging and addressing these limitations, the research aims to provide robust insights while remaining transparent about the constraints that affect its conclusions.

II. STRUCTURE AND CONTENT OF THE DISSERTATION

INTRODUCTION

CHAPTER I. THE SIGNIFICANCE OF SOCIALLY RESPONSIBLE BUSINESS: A COMPREHENSIVE REVIEW OF LITERATURE, THEORY, AND REGULATIONS

1. Embracing Social Responsibility: Fulfilling the Ethical Imperative in Business
2. Evolving the Concept of Socially Responsible Business: Development and Key Characteristics
 - 2.1. The Emergence of Socially Responsible Business: Bridging Theory and Practice
 - 2.2. Evolution of Socially Responsible Business: Tracing the Development Across History
 - 2.2.1. Enhancing Corporate Social Responsibility: Understanding the "Shareholder" Theory
 - 2.2.2. Expanding Responsibilities: The Evolution of the Stakeholder Theory in Corporate Social Responsibility
 - 2.2.3. The Social Dimension of Corporate Social Responsibility
 - 2.2.4. The Environmental Dimension of Corporate Social Responsibility
3. Understanding the Concept of Social Responsibility: Key Definitions and Interpretations
 - 3.1. CSR: Exploring Different Levels of Engagement
 - 3.1.1. Economic and Legal Responsibilities of Companies: Balancing Profitability and Compliance
 - 3.1.2. Ethical and Philanthropic Corporate Responsibility: A Commitment to Positive Impact
 - 3.2. Exploring the Dimensions of Corporate Social Responsibility: A Holistic Approach
 - 3.2.1. The Internal Dimension of Corporate Social Responsibility
 - 3.2.2. The External Dimension of Socially Responsible Business
4. The Role of the State in Shaping Corporate Social Responsibility: Significance and Implications
5. Standards and Guidelines for Corporate Social Responsibility: Driving Responsible Business Practices

- 5.1. OECD Guidelines for Responsible Conduct of Multinational Enterprises: Promoting Ethical Global Business Practices
- 5.2. ISO Standards for Social Responsibility: Enhancing Business Practice
 - 5.2.1. ISO 9000 - Quality Management
 - 5.2.2. ISO 14000 - Environmental Management (Environmental Management)
 - 5.2.3. ISO 22 000 - Food Safety Management
 - 5.2.4. ISO 2 6000 - Guidance on Social Responsibility
- 5.3. CERES Principles: Guiding Sustainability in Business
- 5.4. United Nations Global Compact: Fostering Sustainable Business Practices
- 5.5. Occupational Health and Safety Management System (OHSMS): Prioritizing Workplace Safety
- 6. The Significance and Business Justification of Corporate Social Responsibility: Exploring the Impact and Rationale
- 7. Toward a New Paradigm: Integrating CSR into Business Strategy and Regulatory Frameworks

CHAPTER II. CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE BANKING SECTOR – CASE OF SERBIA

- 1. Basics of Corporate Social Responding Reporting in Banking Sector
- 2. Corporate Social Responsibility in Financial and non-financial Sector
- 3. Business benefits of Corporate Social Responsibility and reporting on it in Banking Sector
- 4. Corporate Social Responsibility Practice in Serbia
- 5. Corporate Social Responsibility Reporting in Serbian Banking Sector

CHAPTER III. RESEARCH METHODOLOGY, RESULTS AND DISCUSSION

- 1. Research Design and Methodology Overview Effects of implementing the entrepreneurial learning model
- 2. Research Objectives and Hypotheses
- 3. Instruments of Data Collection
- 4. Methodology of Data Analysis
- 5. Presentation and Interpretation of Findings
 - 5.1. Results of the Questionnaire on Corporate Social Responsibility in the Serbian Banking Sector
 - 5.2. Deeper Analysis of Corporate Social Responsibility in Serbian Banking Sector Using SPSS
 - 5.3. Interviews Results and Analysis
 - 5.4. Deeper Analysis of Interview Responses on CSR in the Serbian Banking Sector

CONCLUSION

REFERENCES

III. SYNTHESIZED EXPRESSION OF THE DISSERTATION

Introduction

In the introductory part of the dissertation, the actuality and practical significance of the research is substantiated, the object, the subject, the aim, the tasks and the research hypotheses are defined. The methodology, the sources of information provision, and the research limitations are presented.

CHAPTER I. THE SIGNIFICANCE OF SOCIALLY RESPONSIBLE BUSINESS: A COMPREHENSIVE REVIEW OF LITERATURE, THEORY, AND REGULATIONS

The first paragraph describes the reasons why companies should incorporate the concept of socially responsible business into their practice, which will contribute to their further development and increase profits. Six main reasons are outlined (Epstein-Reeves, 2012):

1. Increases in innovation – In the context of corporate social responsibility, innovation can be a huge benefit to a business but also society.
2. Cost reductions - Accepting the concept of socially responsible business can have a significant impact on cost reduction.
3. Brand differentiation opportunities - CSR can also contribute to the brand differentiation process.
4. Improvements in the company's long-term development strategy - By applying the principles of socially responsible business, companies contribute to ensuring their long-term development, ensuring the sustainability of the business itself in the future and not just now.
5. Involvement of customers in the business process - In this way, using socially responsible business, the company can win over consumers, sending them the message that by buying their products, they contribute to environmental protection.
6. Involvement of all employees in certain processes related to socially responsible business - In a similar way as with customers, if employees are not up to date and do not know what is happening in the company where they work, the opportunity to use all the advantages of the concept of social responsibility is missed. All employees must be involved in the process of socially responsible business and, in this way, be at the service of the company's priorities regarding such a way of doing business.

Some additional key reasons why companies should be socially responsible can be highlighted:

1. Enhancing corporate reputation: Engaging in socially responsible practices can enhance a company's reputation among its stakeholders, including customers, employees, investors, and the general public.
2. Attracting and retaining talent: Embracing CSR initiatives can be appealing to prospective employees, particularly among the younger generation, who often seek meaningful work and want to be associated with companies that align with their values.
3. Risk management and avoiding controversies: By being socially responsible, companies can mitigate various risks associated with negative social and environmental impacts.
4. Accessing new markets and consumers: Adopting socially responsible practices can provide companies with opportunities to enter new markets or reach new consumer segments.
5. Long-term sustainability and resilience: Companies that integrate CSR into their core business strategies are more likely to be resilient in the face of evolving societal and environmental challenges.

The second paragraph traces the development of the concept of socially responsible business and its key characteristics. Despite the fact that the very concept of socially responsible business is relatively new, the ideas on which it is based have a long history. Thus, it is possible to trace evidence of the business community's concern for society and the environment going back centuries. However, when we talk about written traces concerning social responsibility and socially responsible business, they appeared only in the 20th century, and especially in the second half of the 20th century (Carroll, 1999). The development of socially responsible business, according to Carroll (1999), can be divided into two periods: The period of the modern era of corporate social responsibility that began in the 1950s and The period before the modern era.

Table 1.

Historical development of different concepts of socially responsible business

Period of time	The name of the concept	Description	Literature
1950s	Social responsibility of businessmen	The obligation of businessmen to lead politics, make decisions and act in the direction of achieving goals that will contribute to society.	<i>Bowen (1953)</i>
		Certain practices of socially responsible business, in the long term, contribute to the increase of the company's profit.	<i>Davis (1960)</i>
		Individual contribution to broader social goals and the awareness that individual actions can contribute to the achievement of those goals.	<i>Frederick (1960)</i>
1960-1970	Stakeholder approach	Instead of caring only for shareholders, a responsible company must also take into account the interests of employees, suppliers, the local community, society as a whole, and other stakeholders.	<i>Johnson (1971)</i>
	Three-dimensional model	The concept consists of corporate responsibility (economic, legal, ethical and philanthropic), social issues (human rights, employee standards, environmental protection and corruption) and corporate action (that action can be: reactive, proactive, defensive, accommodative).	<i>Carroll (1970)</i>
1980-1990	A three-dimensional model of principles, policies and processes	Integrating the principles of corporate responsibility, social problem management policy and action policy into one evolving system.	<i>Wartick & Cochran (1985)</i>
	Institutional framework and extended corporate action	The four types of Corporate Responsibility : economic, legal, ethical and philanthropic are related to three institutional levels: legal, organizational and individual level, while corporate activities are extended to stakeholder management and implementation of necessary activities.	<i>Wood (1991)</i>
2000s	A three-dimensional approach	Three dimensions of corporate responsibility: economic, legal and ethical.	<i>Schwartz & Carroll (2003)</i>
	A new concept	A process that strives to integrate social, ethical, human rights and consumer issues into the business process and strategy, all in close cooperation with stakeholders.	European Commission (2011)

Source : UNESCAP (2013). From Corporate Social Responsibility to Corporate Sustainability: Moving the Agenda Forward in Asia and the Pacific, p. 13-14. available at: http://www.unescap.org/sites/default/files/0%20-%20Full%20Report_3.pdf; date access: 15.12.2022.

The turning point in the development of socially responsible business was the industrial revolution at the end of the 18th and the beginning of the 19th century, as well as, in general, industrialization itself in the 19th and 20th centuries. At that time, which is characteristic of the appearance of large corporations, the impact of the operations of these corporations on society and the environment was more and more noticeable. For this reason, debates about the operations of large corporations, their working conditions and their impact on the environment (social and natural) were initiated and became more and more frequent.

The period of the second half of the 20th century is considered the modern era of the development of the concept of corporate social responsibility. That period is characterized by the existence of numerous concepts, which can be seen in Table 1, where an overview of certain concepts, the periods in which they were current, their description and the authors who promoted them is given.

In the professional literature, two prominent theories, namely the "Shareholder" and "Stakeholder" theories, have played a significant role in shaping the development of the concept of corporate social responsibility. These theories outline different perspectives on the obligations and priorities of businesses towards their stakeholders.

The classic theory of corporate social responsibility, known as the "Shareholder" theory, asserts that companies are solely responsible to their shareholders, who provide the capital. According to this theory, the primary obligation of a company is to achieve and maximize profit. This perspective gained traction through the ideas of Milton Friedman, who in the 1970s initiated an academic debate on social responsibility, arguing that only individuals, and not companies or businesses, should bear responsibility. Friedman strongly criticized the concept of corporate social responsibility, considering it detrimental and unnatural.

However, opponents of this theory highlight its major shortcoming: the neglect of the interests of other stakeholders. They argue that companies cannot solely focus on profit and disregard the potential negative consequences for other stakeholders, including employees, customers, suppliers, and the environment. While the "Shareholder" theory played a significant role in shaping the historical context of corporate social responsibility, it is increasingly complemented by the recognition of stakeholder interests and the need for businesses to adopt socially responsible behaviors to thrive in a changing world.

Due to the existence of several types of stakeholders, the idea of profit maximization, as the exclusive goal of the company, over time came into conflict with the strategy of a modern company and business conditions. On the theoretical level, a polemic soon began about the necessity of a new approach in understanding the company and its activities. This resulted in the emergence of a new - "multi-interest" oriented model based on the idea of equal opportunities for all, and its main goal is to achieve social and economic unity at the end of the last century. Actually, it is about the theory of interest groups - "Stakeholder" theory. Its advocates argue that the company has a responsibility towards all stakeholders who bear a certain risk of its business.

In theory, there are different classifications of stakeholders. They differ among themselves according to the way and motives of influence, but also the type of connection with the company, which results in their greater or lesser importance for the company. "Stakeholder" theory in relation to "Shareholder" theory, from the point of view of legal science, has obvious advantages. Statistical data indicate that, over the last 40 years, businesses with stakeholder-focused businesses (that is, they take into account the interests and expectations of all risk-bearers affected by the business) have achieved much better results than shareholder-oriented businesses, which, on the other hand, are solely focused on profit maximization and shareholder wealth.

The concept of corporate social responsibility was significantly improved theoretically by the economist Carroll. He divides the social responsibility of the company into four layers: economic, legal, ethical and a layer of philanthropic responsibility. This is due to the fact that in

the history of business development, economic and legal aspects were first taken care of, and later, ethical and philanthropic aspects became the subject of interest and concern.

The third paragraph examines key definitions and interpretations of the concept of social responsibility and its key characteristics.

The concept of social responsibility has evolved over time and has different meanings and interpretations depending on various contexts and perspectives. In essence, social responsibility refers to the ethical obligation and accountability of individuals, organizations, and societies to act in ways that promote the well-being of society as a whole.

Social responsibility encompasses various dimensions, including economic, social, and environmental aspects. Economically, it involves fair business practices, transparent governance, and economic development that benefits society at large. Socially, it entails respecting human rights, promoting diversity and inclusion, and investing in education, healthcare, and social welfare. Environmentally, it involves minimizing ecological footprint, conserving natural resources, and mitigating the negative impact of human activities on the environment.

It is important to note that the understanding and application of social responsibility may vary across cultures, industries, and individual beliefs. Different stakeholders may have differing expectations and priorities when it comes to social responsibility. However, the underlying principle remains consistent – the recognition of our responsibility to contribute positively to society and the collective well-being.

In the literature, definitions of the concept of corporate social responsibility are most often classified based on the context in which they were created, that is, depending on the dimension for which the definition is used (Table 2). As can be seen from the table, definitions of the concept of corporate social responsibility can be classified based on five dimensions: environmental, social, economic, stakeholder dimension and "voluntariness" dimension, and within each dimension there are several aspects from which it is possible to define the concept itself.

Table 2.

Five dimensions on the basis of which it is possible to classify definitions of the concept of corporate social responsibility

Dimension	The definition refers to:	Example
Ecological dimension	Natural environment	"cleaner environment" "natural resource management" "environmental problems related to the company's operations"
Social dimension	The link between business operations and society	"contribution to a better society" "to deal with social problems" "to consider the impact of the company's operations on the social community"
Economic dimension	Socio-economic or financial aspect	"contribute to economic development" "preserving profitability in business"
Stakeholder dimension	Individual stakeholders or groups of stakeholders	"interaction with stakeholders" "the company's relationship with employees, suppliers, customers, the community" "the company's attitude towards stakeholders"
"Voluntariness" Dimension	Procedures that are not prescribed by law.	"based on ethical values" "beyond legal obligations" "voluntariness"

Source: Dahlsrud, A. (2008). How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions, Corporate Social Responsibility and Environmental Management, 15,(1), p. 4.

According to Dashlurd, the most cited definition of corporate social responsibility is the definition of the European Commission from 2001, which includes all five dimensions from Table 2, according to which (Dashlurd, 2008):

"Corporate social responsibility is a concept according to which companies voluntarily take social and environmental problems into account in their operations and relations with stakeholders."

This definition refers to the following:

- Corporate social responsibility includes social and environmental problems, although the name itself emphasizes only responsibility towards society;
- Corporate social responsibility is not, or should not be, separated from business strategy and business itself: it strives to integrate social and environmental problems into business and business strategy;
- It is a voluntary concept;
- An important aspect is the company's interaction with internal and external stakeholders.

The second most cited, based on Dushlurd - this research, is the definition of the World Business Committee for Sustainable Development from 1999, which defines the concept of corporate social responsibility as:

"The obligation of companies to contribute to sustainable economic development, working with employees, their families, local communities and society as a whole to improve their quality of life" (Dashlurd, 2008, p.7).

The above definition includes the economic aspect, since we are talking about economic development that should be sustainable, but also the social aspect, because we are working on improving the quality of life and the aspect of stakeholders (employees with families, local community, society).

In addition to the previous two definitions, Dashlurd lists 35 other definitions that are most often cited based on his research.

It is also worth mentioning the definition given by Carroll, constructing the corporate social responsibility pyramid. According to Carroll, who is considered one of the greatest researchers of the concept of corporate social responsibility (Carroll, 1999, p. 270; Bowen, 1953):

"Corporate social responsibility includes economic, legal, ethical and philanthropic responsibility towards society and towards organizations, according to their expectations at a given time."

In the 60s of the 20th century, several authors gave significant definitions of the concept of socially responsible business. Keith Davis and Robert Blomstorm stand out among them, who are in a joint book from 1966 under the title "Business and its environment", defined social responsibility as follows (Carroll, 1999, p. 272; Davis & Blomstrom, 1966, p. 12):

"Social responsibility implies the obligation of an individual to consider the effects of his decisions and actions on society. Business people implement socially responsible business activities, taking into account the needs and interests of those who could be influenced by their business activities. In this way, they act outside the economic and technical interests of the company".

In 1975, Jules Backman, professor of economics at New York University, gave his definition of social responsibility (Carroll, 1999, p. 279; Backman, 1975, p. 2):

"Social responsibility usually refers to those goals and motives that should be over the regular goals of achieving economic performance".

Based on the above definitions, it can be noted that over time, they acquired all five dimensions shown in Table 2.

So that a single and comprehensive definition of corporate social responsibility can be derived, which would read: Corporate social responsibility implies such a way of doing business

in which business entities that apply it consciously and voluntarily go beyond their primary function of creating profit. achieving a positive impact on their work, social and natural environment. This definition contains almost all the elements that, over time, were mentioned by individual authors in their definitions, so it can be said that it is the most comprehensive.

This paragraph continues with the economic and legal responsibilities of companies. Profitable business, and fulfilling the economic responsibility of the company, leads to the creation of value not only for shareholders, but also for other stakeholders of the company, both internal and external. For example, managers, as internal stakeholders of the company, based on a positive result, have the opportunity to receive bonuses for successful management in addition to regular salaries. External stakeholders, such as suppliers, creditors, potential and current investors, also benefit if the company achieves long-term profit and strives to increase it. Therefore, it can be concluded that the economic dimension and the responsibility arising from it is the basic and initial station on which all other activities in the company are based, including those that go beyond business activities. The legal responsibility of the company is also a required responsibility for the reason that it implies that the company behaves in accordance with the regulations prescribed by the legislator and without which the company cannot function. Legal responsibility refers to a company's duty to operate within the boundaries of the law, including regulations, statutes, and industry-specific guidelines. This entails complying with labor laws, consumer protection regulations, environmental standards, intellectual property rights, and other legal frameworks relevant to their operations. Compliance with legal responsibilities ensures that companies conduct their business ethically, transparently, and in a manner that respects the rights and interests of various stakeholders. It helps maintain a level playing field, protect consumers, safeguard the environment, and maintain public trust in the business community. Failure to fulfill legal obligations can result in legal consequences, reputational damage, and loss of stakeholder confidence. The economic and legal responsibilities of companies are interconnected. While profitability is a core objective, it must be pursued within the boundaries of the law and ethical practices. Successful companies understand the importance of striking a balance between generating profits and complying with legal and regulatory frameworks. They recognize that long-term sustainability and profitability are achieved by operating in a responsible and lawful manner.

Carroll, in his work from 1991, lists the main elements of the economic and legal level of responsibility of the company, which are presented in Table 3.

Table 3.

Economic and legal responsibility of the company		
Levels of social responsibility		
<i>A row. no.</i>	<i>Economic responsibility</i>	<i>Legal liability</i>
1.	Doing business with the goal of maximizing earnings per share.	Operating in accordance with government expectations and legal regulations.
2.	Commit to a business that ensures profit maximization.	Comply with all regulations (federal, state, local).
3.	Maintain a strong competitive position.	Being a corporate citizen who abides by laws and regulations.
4.	Maintain a high level of business activities.	The definition of successful companies is related to compliance with legal regulations and fulfillment of prescribed obligations.
5.	The definition of successful companies is associated with constant profitability in the long term.	Provide products and services that meet legal regulations.

Source: Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), p. 40.

In a conclusion, the economic and legal responsibilities of companies are fundamental aspects of their role in society. While companies strive to achieve profitability and generate value

for shareholders, they must do so in a manner that adheres to legal requirements and ethical standards. By fulfilling these responsibilities, companies contribute to economic growth, protect stakeholders' interests, and uphold the integrity of the business community.

In contrast to the economic and legal responsibility of companies, which are required and without which the company, so to speak, cannot operate, the ethical and philanthropic responsibility of companies are not required but, in a way, are considered expected and desirable. More precisely, ethical responsibility is considered expected, while philanthropic responsibility is desirable. The very fact that the company does not operate in isolation from other economic entities, society and the natural environment imposes these two types of responsibility.

According to Carroll, ethical responsibility means "those activities, practices, policies and actions of the company that are expected of the company and are not regulated by law or some other written norms." Ethical responsibility includes those standards, norms and expectations from consumers, employees, shareholders, the community and other stakeholders that are considered fair, just and moral" (Carroll, 1991, p. 41). Therefore, companies are expected to, in addition to complying with legal regulations, behave fairly and justly towards their stakeholders. Ethics in business is attributed to the moral side. However, if it does not behave in this way, the company cannot survive in the long term because it will soon be judged by business partners, customers, employees and the community. Table 4 provides an overview of activities that fall under ethical and philanthropic responsibility.

Table 4.

Ethical and philanthropic responsibility of companies

Levels of social responsibility		
<i>A row. no.</i>	<i>Ethical responsibility</i>	<i>Philanthropic responsibility</i>
1.	To do business in a way that is in line with social expectations and ethical norms.	Conduct business in a manner that is consistent with society's expectations of philanthropy and charity.
2.	Recognize new and upcoming ethical/moral norms that have been accepted or will be accepted by society.	Helping the arts.
3.	Prevent the endangerment of ethical norms in business for the sake of achieving business goals.	Participation of managers and employees in voluntary and charitable activities in the local community.
4.	A good corporate citizen is defined as one who conducts business in accordance with moral or ethical expectations.	Provide support to private and public educational institutions.
5.	Recognize that corporate business and ethical behavior go beyond simple compliance with legal regulations.	Help those projects that improve the "quality of life" in the community.

Source: Carroll, A.B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), p. 41.

According to the document of the European Commission from 2001 entitled "Green paper: Promoting a European framework for corporate social responsibility", corporate social responsibility has its internal and external dimensions. The internal dimension refers to events, while the external dimension refers to the impact of the company's operations on society and the environment. In the green document, the European Commission includes the following in the internal dimension of corporate social responsibility (European Commission 2001: Green Paper: Promoting a European framework for Corporate Social Responsibility, pp. 8-10):

- Human Resource Management;
- Health and safety at work;
- Adaptability of the organization to changes i
- Management of impacts on the environment and natural resources.

The company's activities aimed at external stakeholders give the opportunity for socially responsible business to acquire its external dimension in addition to the internal one. The European Commission has included issues related to the following concepts in the external dimension of corporate social responsibility (European Commission (2001): Green Paper: Promoting a European framework for Corporate Social Responsibility, p. 11-15):

- Local community;
- Business partners, suppliers and consumers;
- Human rights;
- Global environmental problems.

The fourth paragraph examines the role of the State in shaping corporate social responsibility, its importance and implications. Governments play a crucial role in shaping and promoting CSR initiatives, ensuring that businesses operate in a socially responsible and sustainable manner. Understanding the significance of the state in relation to CSR is essential for comprehending the broader context in which businesses operate and contribute to societal well-being. The four basic roles of the state, i.e. the public sector, in guiding companies towards social responsibility are (Polasek, 2010, pp. 24-25; Fox, Ward, & Howard, 2002):

1. The role of prescribing. The state at different levels defines the minimum business standards for certain activities of the company.

2. The role of the instigator. Establishing clear, general and political frameworks that regulate investments related to corporate social responsibility, development of non-binding guidelines and labels or codes for market application, laws and regulations that encourage investments in socially responsible business, etc.

3. The role of a partner. It implies a combination of public and private funds, which uses common skills and resources in order to improve social well-being.

4. Confirming role. It implies public support of certain socially responsible business practices through specific reward programs or the awarding of certain labels to certain producers or companies. Based on the above, it can be concluded that there is no doubt about the fact that the basis for socially responsible business lies in the initiative of the state.

Respecting previous written and cited, and with some simpler words, the role of a state in CSR can be given in following:

1. Setting Regulatory Frameworks: One of the primary roles of the state is to establish and enforce regulatory frameworks that govern corporate behavior. Through legislation, policies, and regulations, governments set standards and expectations for businesses to operate responsibly. They define legal obligations regarding environmental protection, labor practices, consumer rights, and corporate governance. The state's regulatory framework provides a foundation for businesses to align their practices with societal expectations and ensures a level playing field for responsible business conduct.

2. Fostering Collaboration and Partnerships: The state plays a pivotal role in fostering collaboration and partnerships between businesses, civil society organizations, and other stakeholders. Governments facilitate dialogue platforms, public-private partnerships, and multi-stakeholder initiatives to address social and environmental challenges collectively. By creating spaces for engagement, the state promotes the exchange of knowledge, best practices, and resources, leading to innovative and effective CSR initiatives. Collaboration facilitated by the state enables businesses to work alongside other actors to achieve common goals and maximize their positive impact.

3. Providing Incentives and Support: Governments can incentivize businesses to embrace CSR practices through various means. This includes offering tax incentives, grants, and subsidies to companies that demonstrate commitment to sustainable development and social responsibility. The state can also provide technical assistance, capacity-building programs, and access to

resources that help businesses adopt responsible practices. By providing support and incentives, governments encourage businesses to integrate CSR into their strategies, making it a mutually beneficial endeavor for both the company and society.

4. **Ensuring Compliance and Accountability:** The state plays a critical role in ensuring corporate compliance with CSR standards and holding companies accountable for their actions. Governments establish monitoring mechanisms, conduct inspections, and enforce penalties for non-compliance with regulations. They promote transparency and require businesses to report on their CSR activities, enabling stakeholders to evaluate their performance. The state's role in ensuring accountability fosters trust between businesses and society, encouraging responsible behavior and deterring unethical practices.

5. **Shaping National Development Agendas:** Governments have the power to shape national development agendas and prioritize sustainability and social inclusion. Through policy frameworks such as sustainable development goals (SDGs), national action plans, and sector-specific strategies, the state provides a roadmap for businesses to align their practices with broader societal aspirations. By integrating CSR into national development agendas, governments send a clear signal that responsible business conduct is integral to achieving long-term social and economic progress.

In a conclusion, the state plays a significant role in advancing the concept of Corporate Social Responsibility. By setting regulatory frameworks, fostering collaboration, providing incentives, ensuring compliance, and shaping national development agendas, governments create an enabling environment for businesses to operate responsibly. Recognizing the state's significance in promoting CSR helps us appreciate the interplay between businesses, governments, and society in achieving sustainable and inclusive development. Collaboration between the state and businesses is crucial to address societal challenges and build a future where responsible business practices are the norm, contributing to the well-being of individuals, communities, and the planet.

The fifth paragraph discusses the various standards and guidelines for corporate social responsibility.

Corporate Social Responsibility (CSR) standards and guidelines provide a framework for businesses to adopt responsible practices, contribute positively to society, and address environmental challenges. These standards and guidelines offer guidance and best practices to help companies navigate the complex landscape of CSR, ensuring that their actions align with societal expectations and sustainability goals. Understanding the significance of these standards and guidelines is crucial for businesses aiming to integrate CSR into their strategies and operations effectively.

1. **Establishing Clear Expectations:** Corporate social responsibility standards and guidelines play a fundamental role in setting clear expectations for businesses regarding responsible behavior. They define the principles, values, and ethical considerations that companies should adhere to while operating in a socially and environmentally conscious manner. These standards provide a common language and reference point, allowing businesses to understand and fulfill their responsibilities beyond mere profit-making.

2. **Promoting Ethical Business Conduct:** One of the key purposes of CSR standards and guidelines is to promote ethical business conduct. They outline ethical principles and values that businesses should follow, such as integrity, transparency, fairness, and respect for human rights. By embracing these guidelines, companies can build trust with stakeholders, maintain strong corporate governance practices, and prevent unethical behavior. Ethical business conduct forms the foundation for sustainable and responsible business practices.

3. **Addressing Environmental Sustainability:** CSR standards and guidelines emphasize the importance of environmental sustainability and provide guidance on minimizing the

environmental footprint of businesses. They encourage companies to adopt eco-friendly practices, reduce greenhouse gas emissions, conserve natural resources, and implement sustainable supply chain management. These guidelines help businesses navigate environmental challenges and contribute to the preservation and conservation of the planet.

4. **Fostering Social Impact and Community Engagement:** Social impact and community engagement are integral aspects of CSR, and standards and guidelines play a crucial role in guiding businesses in these areas. They encourage companies to actively engage with local communities, contribute to social development, promote diversity and inclusion, and support social causes. By following these guidelines, businesses can create positive social change, address social inequalities, and enhance the well-being of communities in which they operate.

5. **Ensuring Transparency and Accountability:** CSR standards and guidelines emphasize the importance of transparency and accountability in business practices. They encourage companies to disclose their CSR initiatives, report on their progress, and engage in stakeholder dialogue. Transparent communication builds trust and allows stakeholders to assess a company's commitment to responsible practices. These standards also promote accountability by providing mechanisms to address grievances and ensure that businesses are held responsible for any negative impacts.

The OECD adopted the OECD Guidelines for Multinational Enterprises in 1976. The OECD Guidelines represent a comprehensive set of recommendations supported by the governments of member countries as well as partner countries on responsible business operations. The guidelines encourage and promote the positive impact of small and medium-sized enterprises on sustainable development and social progress and well-being.

The guidelines represent far-reaching recommendations addressed to multinational companies by the governments of the countries in which they operate. They include voluntary principles and standards for business and concern employment, relations between industries, environmental protection, reporting, the fight against corruption, human rights, consumer interests, science and technology, competition and taxation.

In accordance with the OECD Guidelines, companies should:

1. They contribute to economic, environmental and social development with the aim of achieving sustainable development;
2. They respect the internationally recognized human rights of those affected by the company's activities;
3. They encourage the building of institutions through close cooperation with the local community, including business interests, as well as business development on the domestic and foreign markets, in accordance with the needs of healthy business practices;
4. They encourage the creation and improvement of human capital, by creating opportunities for employment and training of employees;
5. Refrain from seeking and accepting practices to avoid legal or regulatory frameworks for practices related to human rights, the environment, health, safety at work, taxation, financial incentives or other issues;
6. They respect and support the principles of good corporate governance and develop good corporate governance practices, both inside the company and outside it;
7. They develop and implement a system of effective management practices that encourages a relationship of trust in the company itself as well as trust between the company and society;
8. Promote awareness among employees of multinational companies about company policy, including employee training;
9. Refrain from discrimination or disciplinary action against employees who "bona fide" provide reports to management or competent state or local authorities;

10. Pay due attention to the risk, for example by including it in the company's risk management system in order to identify it, prevent and mitigate actual and potential negative impacts as described under points 11 and 12.

11. Avoid causing or contributing to negative impacts through their activities on matters covered by the Guidelines and indicating such impacts when they occur;

12. They try to prevent or mitigate a negative impact either in situations where they did not directly contribute to the occurrence of that impact or in situations where that impact is the result of their business, products or services;

13. In addition to addressing the negative impacts related to the issues covered by the Guidelines, they need to encourage, when possible, their business partners (suppliers, subcontractors) to apply the principles of responsible business in accordance with the Guidelines;

14. To include all relevant stakeholders in the process when deciding and planning projects and activities that can affect the local community.

15. They refrain from any inappropriate involvement in local political activities.

The ISO standards for social responsibility cover a wide range of areas, including human rights, labor practices, environmental management, community engagement, and fair operating practices. They offer a globally recognized benchmark for organizations to assess their social and environmental impact and demonstrate their commitment to responsible business practices.

By adopting ISO standards, companies can enhance their reputation, build trust with stakeholders, and align their operations with internationally recognized best practices. These standards help organizations establish effective management systems, define policies and procedures, and set measurable objectives to address social and environmental challenges.

The ISO standards encourage organizations to take a holistic approach to social responsibility, considering the interests and expectations of various stakeholders, including employees, customers, suppliers, local communities, and society at large. They promote transparency, accountability, and continuous improvement, driving organizations to go beyond compliance and strive for excellence in social and environmental performance.

The sixth paragraph discusses the significance and business justification of corporate Social Responsibility. There is no doubt that the company's operations two centuries ago and today, as well as the conditions in which the company operates, cannot be compared. From the opinion that "the only social responsibility of business is to increase its profit" (Friedman, 1972, p. 32) a total turn was made in the business logic, where in addition to profit, the business activities of the company include those aimed at increasing social well-being through positive impacts on the natural and social environment, but also concern for harmful the impact of the company's operations on the natural environment and all stakeholders. In this way, companies prove that they have become aware of the possible or existing negative impacts of their business and that they are starting to take care of them in a systematic way, adopting and applying the principles of social responsibility. Since the law does not sufficiently regulate the responsibility of companies towards society, the turn in business policy was influenced by factors that can be observed from three key aspects:

1. The first is that companies have become aware of the adverse impacts on the natural environment, employees and other stakeholders of the company and are trying to eliminate or minimize these adverse impacts;

2. Another aspect is that, apart from profit, companies must, under pressure from various organizations and the public, and in order to preserve and improve their image, engage in other activities that are not aimed at generating profit, at least not directly;

3. The third aspect is that companies have realized that through their socially responsible operations they can derive positive effects on their profits (by reducing costs or increasing revenues) and increase their competitive advantage.

Socially responsible operations of a company, from the aspect of profit, do not represent a pure "waste of money" but can also represent an investment from which significant results for the company can be expected in the future. With an adequate approach, it is possible for everyone to benefit, both the company itself and the employees, the local community and society as a whole, but also other stakeholders, creating the so-called "win-win" situation. The fact is that companies have been aware of this lately. Namely, using all possible instruments to fight against the competition, in modern business conditions, socially responsible business gives them the greatest latitude for further struggle. Those companies that do not apply it lose the market competition and in the long term their business is not sustainable.

Under the business justification of corporate social responsibility is meant a set of potential benefits that companies can expect if they invest in social responsibility. Weber 's makes a distinction between monetary and non-monetary benefits of socially responsible business for the company, giving the possibility that both groups of benefits can be expressed quantitatively and qualitatively. Monetary benefits according to Weber include (Weber, 2008, p. 250; Bakić, Krstović, & Kostić, 2012, p. 193):

1. Increase in income;
2. Reduction of costs;
3. Risk reduction;
4. Increasing brand value.

Non-monetary benefits for the company from the introduction and application of socially responsible business can be (Weber, 2008, p. 250; Bakić, Krstović, & Kostić, 2012, p. 193):

1. Attracting and retaining customers;
2. Improving reputation;
3. Motivation and retention of employees;
4. Better access to capital and "social approval of business".

As can be seen from the research of several authors, it is obvious that there are positive impacts of socially responsible business on the company and that there is also the so-called economic justification for applying such a way of doing business.

The seventh paragraph discusses integrating CSR into business strategy and regulatory frameworks. The evolution of corporate social responsibility (CSR) over the past few decades has marked a shift from philanthropic voluntarism to strategic, data-driven, and regulation-aligned business practices. CSR today is increasingly seen as a core aspect of business strategy, corporate governance, and risk management, rather than a peripheral or purely ethical commitment. This transformation is particularly visible through two intertwined processes: the strategic integration of CSR into business operations and the growing institutionalization of CSR through regulatory frameworks.

Modern corporations are increasingly embedding CSR principles within the fabric of their business models, governance structures, and decision-making processes. This is not only a response to stakeholder pressure but also a reflection of long-term strategic thinking. Companies are aligning their operations with the United Nations Sustainable Development Goals (SDGs), introducing internal sustainability audits, adopting ESG metrics in financial disclosures, and implementing integrated reporting models.

Strategic CSR entails:

- Developing sustainability-oriented corporate missions and visions;
- Designing supply chain management systems that ensure ethical sourcing and fair labor practices;
- Establishing board-level committees responsible for CSR oversight;
- Linking executive compensation to ESG targets and performance metrics;

- Utilizing digital technologies such as blockchain and AI to improve transparency and traceability in sustainability reporting.

Numerous studies have shown that firms with embedded CSR strategies exhibit stronger long-term performance, higher levels of innovation, and improved resilience in times of crisis.

Key regulatory developments include:

- The Corporate Sustainability Reporting Directive (CSRD) – replacing the Non-Financial Reporting Directive (NFRD), CSRD significantly expands the scope and depth of sustainability reporting requirements for EU-based companies. It introduces mandatory assurance, digital tagging of reports, and alignment with the European Sustainability Reporting Standards (ESRS). Over 50,000 companies across Europe will be affected by CSRD (European Commission, 2023).

- The EU Taxonomy Regulation – defines criteria for environmentally sustainable economic activities, establishing a classification system that guides investment decisions and regulatory compliance. The taxonomy is a central element of the EU Green Deal and sustainable finance agenda.

- Germany's Supply Chain Due Diligence Act (Lieferkettengesetz) and France's Duty of Vigilance Law – both require companies to identify, assess, and mitigate human rights and environmental risks across their entire value chains. These laws extend legal liability to adverse impacts occurring even outside national borders.

- EU Corporate Sustainability Due Diligence Directive (CSDDD) – currently under negotiation, this directive proposes a mandatory due diligence framework on environmental and human rights matters, affecting both EU and non-EU companies with significant operations in the EU market.

Digital transformation has also significantly reshaped how CSR is implemented, monitored, and communicated. The integration of digital tools allows for more precise data collection, real-time monitoring, and stakeholder engagement in a transparent and scalable manner. From blockchain-based supply chain traceability to AI-driven sustainability analytics, technology is redefining how companies approach social responsibility.

Although the integration of CSR into core business strategy and regulatory frameworks marks significant progress, it also introduces a series of challenges that must be critically assessed. One of the most pressing concerns is the risk of instrumentalizing CSR—that is, reducing it to a mere compliance checklist rather than a genuine ethical commitment. When CSR becomes heavily codified and driven by legal obligations, there is a danger that companies may pursue a "tick-the-box" approach focused solely on satisfying minimum disclosure requirements.

At the global level, CSR must evolve toward planetary responsibility—recognizing the interconnectedness of ecological, social, and economic systems. The climate crisis, biodiversity loss, economic inequality, and technological disruption are not isolated issues, but part of a broader systemic challenge. Businesses that thrive in the future will be those that embrace adaptive, inclusive, and regenerative models, grounded in shared value creation.

The transition toward a sustainable future requires:

- Long-term thinking that transcends quarterly earnings;
- Cross-sector collaboration between public, private, and civil actors;
- Holistic value assessment that integrates social and ecological indicators into corporate valuations;
- Leadership that dares to act beyond compliance, driven by conscience rather than constraint.

As CSR becomes embedded in global regulatory architecture, it must not lose its moral compass. Legal obligation should not replace ethical conviction; rather, both should work in synergy to foster a business ecosystem that is not only competitive, but just and humane.

As CSR becomes more deeply embedded in corporate strategy and international policy, it is crucial to acknowledge that CSR is not a one-size-fits-all model. Cultural values, socio-economic development, and institutional maturity significantly influence how corporate responsibility is understood and practiced across the globe.

In the final analysis, the future of CSR lies in its ability to remain dynamic, context-sensitive, and morally anchored. It must transcend compliance and public image to become a conscious choice, a business philosophy, and a tool for social transformation. Only then can CSR fulfill its potential as a vehicle for inclusive progress and global sustainability.

CHAPTER II. CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE BANKING SECTOR – CASE OF SERBIA

Corporate Social Responsibility (CSR) reporting in the banking sector has become a focal point of discussion, especially in the context of growing societal expectations and regulatory demands for greater transparency and accountability in financial services. Unlike sectors that primarily deal with tangible goods and direct environmental impacts, the banking sector's influence is more nuanced, primarily exerted through financial flows and investment decisions. This sector-specific dynamic necessitates a unique approach to CSR, one that is markedly different from that of the non-financial sectors.

The first paragraph examines the basics of corporate social responsibility reporting in the banking sector. Corporate Social Responsibility (CSR) in the banking sector encompasses a broad range of practices that banks undertake to operate responsibly in their social, economic, and environmental contexts. Banks play a pivotal role in the global economy, not only by providing financial services but also by influencing societal norms and environmental policies through their business operations.

Economic Influence and CSR Integration: Banks are central to economic systems worldwide, providing the capital necessary for businesses and governments to operate and grow. As such, their role extends beyond mere financial transactions to include responsibility for promoting economic stability and sustainable growth.

Societal Impact: The banking sector's operations have significant societal implications, from financing projects that may have social impacts to setting standards for corporate behavior.

Environmental Stewardship: Environmental responsibility is another crucial aspect of CSR in banking. Banks are increasingly recognizing their role in combating climate change through green banking initiatives such as funding renewable energy projects and adopting internal sustainability practices.

CSR reporting in the banking sector serves as a tool for transparency and accountability. It allows banks to communicate their CSR commitments and achievements to stakeholders, including shareholders, clients, regulatory bodies, and the community at large.

Transparency and Accountability: Effective CSR reporting helps banks demonstrate their commitment to ethical practices and social values.

Regulatory Compliance and Market Expectations: Many regions now have regulations requiring CSR disclosure, and market expectations for sustainability reporting are also rising. Banks are thus compelled to disclose their CSR practices comprehensively. The guidelines from the Global Reporting Initiative (GRI) and the standards set by the Sustainability Accounting Standards Board (SASB) are often used as frameworks for these reports, ensuring consistency and comparability of data across the industry.

Future Outlook and Projections: Beyond reporting historical data, CSR reports in banking also focus on future goals and strategies.

Banks are increasingly engaged in initiatives that enhance financial literacy, community development, and financial inclusion. Such activities are part of broader non-financial disclosure

efforts aimed at fostering socially responsible business conduct. These disclosures are vital for stakeholders interested in the ethical dimensions of banking operations and help in improving transparency and sustainability performance (Scholtens, 2019).

In recent years, technological innovation has significantly influenced the manner and quality of CSR reporting in the banking sector. With the increasing availability of digital tools, banks have begun to adopt more advanced reporting platforms that allow for interactive, real-time, and data-rich disclosures. These platforms not only enhance stakeholder engagement but also improve internal decision-making processes by enabling faster and more granular analysis of ESG metrics. For example, integrated reporting software powered by artificial intelligence (AI) and machine learning is now being used to automatically collect, process, and visualize sustainability data. These tools help ensure accuracy, reduce manual errors, and support continuous monitoring of CSR goals. Moreover, blockchain technology has started to play a role in ensuring the traceability and integrity of sustainability-related data, particularly in areas like green finance and responsible supply chain management.

Compared to other sectors, the banking industry has certain unique characteristics that affect its CSR reporting. Unlike manufacturing or extractive industries, banks do not directly produce emissions or engage in large-scale resource extraction. However, their indirect environmental and social impacts—through lending portfolios and investment decisions—are profound.

In conclusion, CSR reporting in the banking sector has evolved from a peripheral, voluntary practice into a core element of institutional governance and strategic management. As the regulatory landscape becomes more demanding and stakeholder expectations continue to rise, banks must invest in robust, reliable, and technologically enabled reporting systems. By doing so, they not only ensure compliance but also enhance their resilience, reputation, and value creation in a sustainability-oriented global economy.

Corporate social responsibility in financial and non-financial sectors is discussed in *the second paragraph* of this chapter. The comparison of CSR Reporting in financial and non-financial sector can be reviewed from several aspects:

1. **Nature of Impact:** In non-financial sectors, particularly industries like manufacturing or energy, CSR often focuses on direct impacts such as emissions, resource consumption, and direct socio-economic contributions. In contrast, the banking sector's impact is indirect, influencing sectors and companies through capital allocation, lending practices, and investment decisions. This requires banks to adopt reporting practices that not only track direct activities but also measure the outcomes of their financial decisions on the environment and society.

2. **Scope of Influence:** Banks, by the nature of their business, have a broader scope of influence. Their decision to finance a project or not can have far-reaching implications on sustainability issues, including climate change and social inequality. Thus, CSR reporting in banking often encompasses assessing risks and impacts in areas such as environmental risk exposure of their portfolios, the social impact of their lending practices, and governance practices that ensure accountability and ethical conduct.

3. **Regulatory and Stakeholder Scrutiny:** The banking sector is under intense scrutiny from regulators and stakeholders to ensure that their activities contribute to the broader goals of sustainable development. Compared to non-financial sectors, banks face more stringent requirements to disclose financial and non-financial information that details their risk management strategies and compliance with international standards on issues like anti-money laundering (AML), combating the financing of terrorism (CFT), and adherence to environmental, social, and governance (ESG) criteria.

4. **Integration of CSR into Core Business Functions:** While CSR in many non-financial companies may still be treated as a peripheral activity, in banking, CSR is increasingly integrated

into the core business model. This integration reflects the understanding that long-term profitability is closely linked to sustainable business practices. Banks are developing sophisticated models to integrate ESG factors into their risk assessment processes and investment decisions, a trend less prevalent in non-financial sectors.

5. Reporting Frameworks and Standards: The frameworks and standards for CSR reporting in banking have evolved to accommodate the specific challenges and responsibilities of the sector. Initiatives like the Equator Principles, the Principles for Responsible Banking under the UNEP FI, and sector-specific GRI standards guide banks on how to report their CSR activities. These guidelines help banks navigate the complex interplay of financial stability and sustainable development.

CSR reporting in the banking sector not only fulfills regulatory requirements but also plays a crucial role in steering the sector towards more sustainable practices. By adopting comprehensive and transparent CSR reporting, banks can demonstrate their commitment to sustainable development goals, address stakeholder concerns, and mitigate risks associated with environmental and social issues. The evolution of reporting practices is a testament to the sector's unique position at the intersection of finance and society, highlighting the distinctive challenges and opportunities it faces compared to non-financial sectors.

Corporate Social Responsibility (CSR) in the banking sector represents a critical bridge between financial performance and the broader social and environmental impacts that financial institutions can have. This chapter delves into several key areas: the significance and business justification for CSR in banking, the traditional reporting systems and their limitations, the unique aspects of CSR reporting within the Serbian banking landscape, and the regulatory and normative frameworks guiding these practices.

One of the defining characteristics of CSR reporting is its adaptive nature—it evolves according to the specific risks, opportunities, and stakeholder expectations within a given industry. In the financial sector, particularly banking, CSR reporting is increasingly viewed not just as a communication tool but as a fundamental component of strategic governance. This contrasts with many non-financial sectors, where CSR is still often relegated to isolated sustainability departments or remains focused on environmental compliance.

A growing trend across both sectors is the adoption of the concept of double materiality, particularly within the European Union. This approach requires entities to report not only how sustainability issues affect their financial performance (financial materiality), but also how their operations impact society and the environment (environmental/social materiality). While both sectors are now required to consider this dual lens under frameworks like the Corporate Sustainability Reporting Directive (CSRD), the banking sector often leads in its methodological application due to the complex and systemic nature of its influence.

Over time, banks have increasingly turned to sector-specific guidance to improve reporting quality and comparability. This includes frameworks such as:

- Equator Principles, which guide responsible project financing,
- UNEP FI's Principles for Responsible Banking, which commit banks to align their strategies with the UN Sustainable Development Goals (SDGs),
- GRI Sector Standard for Financial Services, providing tailored metrics for ESG risk exposure, customer engagement, and community impact.

These instruments go beyond generic sustainability indicators and provide banks with nuanced tools to assess their indirect impacts, set measurable ESG goals, and disclose performance with credibility.

Another critical distinction between financial and non-financial CSR reporting lies in internal utilization of reported data. In banking, ESG data is often integrated into credit scoring models, investment screening tools, and enterprise risk management systems. This

operationalization of CSR data is still relatively underdeveloped in many non-financial sectors, where such data may be compiled primarily for reputational or compliance purposes.

Benchmarking CSR reporting practices reveals that banks—especially those operating in markets with mature regulatory environments—are increasingly transparent. Reports are structured with detailed ESG scorecards, scenario analyses, and sustainability-linked targets. In contrast, many non-financial sectors are still transitioning from qualitative to quantitative ESG disclosures, particularly in emerging markets.

Ultimately, what sets CSR reporting in banking apart is its potential to reshape the bank's entire business model. A bank that fully embraces CSR principles may phase out entire lines of business deemed unsustainable (e.g., coal financing), introduce ESG-adjusted pricing for loans, or tie executive compensation to social impact metrics. Such practices remain rare in industrial or service-based companies, where CSR is often additive rather than transformative.

This difference points to a broader truth: CSR reporting in finance is not just about transparency—it is about transformation. It reflects a shift from risk-based compliance to purpose-driven strategy, from siloed responsibility to integrated governance.

Banks, due to their complex stakeholder landscape and higher exposure to regulatory scrutiny, are often the early adopters of new frameworks. Their participation in pilot programs (e.g., climate-related stress testing by central banks, or mandatory taxonomy alignment in the EU) allows them to set benchmarks for other sectors. In contrast, many non-financial firms still navigate fragmented voluntary disclosure landscapes, often using GRI or CDP guidelines without regulatory compulsion.

In conclusion, while both financial and non-financial sectors recognize the importance of CSR reporting, the depth of integration, regulatory influence, and systemic impact position banks as both leaders and enablers of the sustainable economy. Their disclosures do not merely reflect past efforts—they shape future expectations and resource flows across the economy.

The third paragraph discusses the business benefits of corporate social responsibility and reporting on it in Banking Sector. Corporate Social Responsibility (CSR) within the banking sector is critical due to the intrinsic role that financial institutions play in global and local economies. Banks can significantly influence societal and environmental outcomes through their operational and investment decisions. The integration of CSR practices and reporting in banking not only addresses the ethical dimensions of business but also aligns bank operations with broader societal goals.

1. **Enhanced Risk Management.** Implementing CSR initiatives helps banks manage a spectrum of risks more effectively. This includes operational risks, market risks, and reputational risks. For example, by engaging in environmentally sustainable practices, banks can mitigate risks associated with environmental regulations and changes in consumer preferences. Furthermore, CSR reporting provides transparency, helping to reassure investors and regulators of the bank's commitment to risk management and ethical practices. Transparent reporting of CSR activities can enhance trust and credibility with stakeholders, thereby reducing reputational risks (Lins, Servaes, & Tamayo, 2017).

2. **Improved Stakeholder Relationships.** CSR and its reporting strengthen relationships with key stakeholders, including customers, communities, employees, and regulators. By demonstrating responsibility beyond profit-making, banks can enhance customer loyalty and employee satisfaction. CSR activities such as community development projects and financial literacy programs can significantly improve the bank's image and strengthen its relationships within the communities it serves (Cheng, Ioannou, & Serafeim, 2014).

3. **Competitive Advantage.** CSR can be a source of competitive advantage for banks. By differentiating themselves as ethically responsible, banks can attract customers and investors who prioritize ethical considerations in their decision-making processes. Moreover, CSR reporting that

highlights a bank's commitment to sustainable practices can attract socially responsible investments (SRIs). These initiatives not only contribute positively to the bank's public image but also appeal to a growing demographic of eco-conscious consumers and investors (Flammer, 2013).

4. Regulatory Compliance and Access to Capital. As global awareness and regulations around environmental, social, and governance (ESG) factors tighten, CSR practices become crucial for compliance. Banks that proactively engage in CSR are better prepared to meet regulatory requirements related to sustainability and social welfare. Furthermore, robust CSR reporting can facilitate access to capital by attracting investors who are increasingly looking to invest in companies demonstrating commitment to CSR principles (Dhaliwal et al., 2011).

5. Long-term Sustainability. Finally, CSR contributes to the long-term sustainability of banks. By addressing social and environmental issues through CSR practices, banks ensure their operations are sustainable over the long term. This approach helps prevent issues that might arise from neglecting environmental or social aspects, which can be costly and damaging to a bank's long-term viability (Eccles, Ioannou, & Serafeim, 2014).

In summary, the business benefits of CSR and its reporting in the banking sector are manifold. From enhancing risk management and improving stakeholder relationships to securing a competitive edge and ensuring compliance and long-term sustainability, CSR practices are indispensable. As the global landscape evolves towards more ethically and socially responsible business practices, the banking sector stands to gain significantly from integrating and reporting on CSR activities effectively.

Modern banks no longer treat CSR as an auxiliary function or a reputational tool. Instead, leading institutions are integrating CSR principles directly into corporate governance frameworks and strategic decision-making processes. This includes the formation of dedicated ESG or sustainability committees at the board level, incorporation of CSR indicators into performance-based remuneration, and the establishment of cross-functional ESG task forces that align risk, compliance, human resources, and product innovation departments.

Such integration not only enhances internal coherence and accountability, but also enables banks to embed CSR into every aspect of their value chain.

Lastly, future-forward banks are exploring integrated sustainability reporting that combines financial and non-financial disclosures into a unified narrative. This integrated approach reflects the recognition that financial performance and ESG outcomes are interdependent. Leading institutions align their CSR reporting with integrated reporting frameworks such as the <IR> Framework by the International Integrated Reporting Council (IIRC), thereby presenting a holistic view of value creation over the short, medium, and long term.

The corporate social responsibility practice in Serbia is discussed in *the fourth paragraph*. Successful global companies have been applying the concept of social responsibility for decades, while for most companies in the Republic of Serbia, it is still a novelty that is just beginning to develop. In Serbia, many companies still have too little awareness of the benefits of corporate social responsibility because of it perceived as activities that require investment and do not bring profit.

The fact is, however, that, with the approach to the European Union, Serbian companies will have to adjust to European standards in terms of social responsibility. Even though a single model of corporate social responsibility in the EU does not exist, over time, certain standards have been imposed based on examples of good practice. Exactly such standards need to be followed by companies from Serbia, but above all it is necessary to develop awareness of social responsibility among managers and owners of companies as well as consumers themselves.

In the Republic of Serbia, there is no ministry or special organizational unit within the ministry that deals exclusively with the promotion and development of socially responsible

business, but the Government, through the Ministry of Labor and Social Policy, has made comprehensive efforts to establish public policy in this area. The government is also taking serious steps to incorporate CSR issues into laws and regulations, as part of the country's EU accession process.

According to the document " Strategy for the development and promotion of socially responsible business in the Republic of Serbia for the period from 2010 to 2015" issued by the Government of the Republic of Serbia , the main weaknesses in the practice of socially responsible business in the Republic of Serbia are :

- Lack of rules, regulations and incentives;
- Unfavorable knowledge of the way of applying socially responsible business in companies;
- Lack of ideas and lack of knowledge, awareness of the benefits and commitment to CSR by top management;
- Insufficient communication of the company with other actors;
- Companies focus mainly on philanthropic activities and sponsoring cultural and sports activities, while not focusing enough on standards related to corporate social responsibility, partnerships with local governments and employee participation in the decision-making process;
- Lack of awareness that socially responsible business is more than corporate philanthropy and obedience to the law;
- The state policy for stimulating companies that apply socially responsible business practices is not sufficiently developed;
- The fact that foreign investors pay increasing attention to the quality and level of corporate social responsibility is neglected;
- Dealing with consumers is conceived with a short-term focus instead of being part of a long-term strategy;
- Inadequate reporting on activities performed;
- A small number of companies have introduced the position of socially responsible business manager into their organizational structures.

Elements of the very concept of corporate social responsibility are not part of the strategic commitment of most organizations in Serbia but are implemented " ad hoc " and unplanned. Most often, social responsibility is manifested through occasional, one-time assistance to vulnerable people and other forms of support for projects to improve the community or to build an image. Organizations in Serbia, most often, decide to provide support to education, art, culture, sports. Attention is also paid to environmental protection. Successful companies introduce environmental systems or standards for environmental management. However, their major shortcoming is inadequate reporting on environmental protection activities. Although at a lower level compared to EU countries, the social and environmental dimensions of socially responsible business are still present in Serbian organizations. The situation with the application of the code of ethics is much worse. There are various forms of immoral behavior of managers towards employees, such as. non-compliance with employment contracts, illegal dismissal, non-registration of workers, overtime work, mobbing, etc. Bribery and corruption are also present to a large extent. In Serbia, the normative framework of the right to dignity of employees is quite harmonized with EU regulations. However, the effects of its application are not visible. In practice, discrimination in employment is widespread. Employment by political affiliation continues to dominate. People with disabilities and refugees find it harder to get a job. Women are paid less than men for the same work, and during their employment, age and marital status become a factor of elimination.

An example of good practice is certainly the CSR Certification Program, launched in 2011 by the National Alliance for Local Economic Development - NALED in cooperation with the Smart Collective and the Balkan Fund for Initiatives The Balkan Community Initiative Found

(BCIF) is funded by the United States Agency for International Development (USAID). Based on a comparative analysis of key indicators of social responsibility in 40 developing countries, they published a detailed and comprehensive overview of indicators describing various aspects of social responsibility and specific ways in which it can be achieved or measured, considering the specific socio-economic context that implies doing business in Serbia.

CSR certification establishes the first national standard of socially responsible business in Serbia. It is intended for all companies who want to improve their procedures and processes in accordance with the legal and ethical norms of responsible business. The goal certification is to recognize and promote examples of best practice, encourage companies to do business responsibly, contribute strengthening the competitive position of the domestic economy and sustainable development.

Even though there are many companies in the Republic of Serbia that have not sufficiently understood the importance and benefits of socially responsible business, there are those who have recognized their own and general interest in business that is socially responsible and widely apply this concept. For that reason, in order to inform the public about their socially responsible activities, but also to use the promotion of the company itself based on these activities, companies that apply the concept of socially responsible business need to report on it.

In recent years, there has been a noticeable shift in the awareness and implementation of CSR practices in Serbia, particularly among larger enterprises and subsidiaries of multinational corporations. Driven partly by external pressures—such as alignment with EU standards, global ESG investment trends, and access to international markets—Serbian companies have started integrating sustainability and social impact considerations into their strategic decision-making.

One promising development is the growing role of non-governmental organizations, academic institutions, and international donors in shaping the discourse on CSR. Initiatives such as sustainability rankings, business-education partnerships, and CSR-focused awards have begun to create a more competitive and transparent CSR landscape. These mechanisms help disseminate best practices and stimulate a culture of accountability and social awareness among the domestic business community.

Another notable advancement is the increasing integration of CSR principles into public procurement and investment promotion policies. For example, companies applying for state subsidies or participating in public tenders are now occasionally required to demonstrate their CSR track record, including practices related to labor standards, environmental performance, and community engagement. This marks a shift from CSR being viewed as an optional or philanthropic activity toward being recognized as a strategic business differentiator and risk management tool.

The adoption of ESG reporting practices—especially among banks and publicly listed companies—can serve as a catalyst for broader CSR integration. By mandating or incentivizing standardized sustainability disclosures, the Serbian financial and regulatory sectors can accelerate transparency and ethical corporate behavior. In line with the EU Corporate Sustainability Reporting Directive (CSRD), which will become mandatory for large companies across the EU and accession countries, Serbia must prepare its institutions and businesses for the transition to comprehensive non-financial reporting.

While CSR in Serbia is still evolving, the combination of external pressures, internal reform momentum, and examples of good practice suggest a positive trajectory. To sustain this momentum, companies must go beyond symbolic actions and embed CSR into their core mission and long-term strategy. Government bodies must reinforce this shift with robust policy frameworks, fiscal incentives, and monitoring mechanisms. With the right infrastructure and commitment, Serbia has the potential to transition from a CSR "emerging market" to a regional leader in responsible business.

In addition to institutional and corporate developments, the cultural dimension of CSR in Serbia warrants special attention. The general public's perception of CSR has evolved gradually, shaped by media narratives, civic activism, and high-profile initiatives by prominent companies. However, a notable gap remains between consumer expectations and corporate delivery. According to a study by the Belgrade Open School (BOS) in 2023, approximately 62% of Serbian consumers consider ethical behavior and community engagement important when selecting products or services, yet only 28% believe that companies in Serbia consistently demonstrate such values in practice. This highlights the disconnect between rhetorical commitments to CSR and its substantive implementation on the ground.

The emergence of ESG (Environmental, Social, and Governance) investing is another transformative force influencing CSR practices in Serbia. While still in early stages, ESG considerations are beginning to play a role in capital market dynamics. The Belgrade Stock Exchange, in partnership with international donors and regional stakeholders, has initiated training sessions and pilot programs to support ESG disclosure among listed companies. Although the uptake remains modest, these efforts have laid the foundation for a future where sustainability performance could influence investor decision-making and valuation metrics. This development is especially relevant for financial institutions, which are increasingly acting as conduits for ESG financing instruments. Despite these positive trends, CSR development in Serbia is hindered by structural and cultural challenges. Many corporate leaders still view CSR as an optional add-on rather than a value-creating strategy. Additionally, a significant portion of the SME sector perceives CSR as irrelevant to their scale or business model. This perception persists in part because of a lack of targeted incentives and support mechanisms tailored to the needs and constraints of smaller enterprises. There is also a deficit of sector-specific CSR guidance, particularly for industries like agriculture, construction, and IT services, which play vital roles in the Serbian economy but remain underrepresented in CSR literature and policy design.

Corporate social responsibility reporting in the Serbian banking sector is discussed in *the fifth paragraph*. Even though many companies in the Republic of Serbia have not sufficiently understood the importance and benefits of socially responsible business, some have recognized their own general interest in business that is socially responsible and widely apply this concept. For that reason, to inform the public about their socially responsible activities, but also to use the promotion of the company itself based on these activities, companies that apply the concept of socially responsible business need to report on it.

Our research found that out of 25 banks in the Republic of Serbia, only 3 banks have any sustainability reports in their published reports. Most often, these are reports that are prepared in accordance with the GRI guidelines. Based on this, it can be concluded that most banks do not fully understand corporate social responsibility or the need to report on it. These pioneers – e.g. Banca Intesa Belgrade (part of Intesa Sanpaolo Group) and Erste Bank Novi Sad – began reporting in the early 2010s, often influenced by their foreign parent banks' practices. The vast majority of Serbian banks, however, still do not issue dedicated CSR reports.

This indicates a significant gap in transparency and awareness, attributable to the still-voluntary nature of reporting and lower stakeholder pressure domestically. That said, momentum is building. Serbia's intent to align with EU standards as part of the EU accession process is a key driver: large Serbian companies will eventually need to meet EU-aligned disclosure requirements. In 2021, Serbia updated its Company Law and accounting regulations to encourage non-financial reporting, but practical enforcement remains limited. Some positive signs include more banks publishing brief ESG information on websites or in annual reports, and local professional associations promoting sustainability practices. Regionally, other Western Balkan countries show similar patterns – voluntary CSR reporting in banking is in a nascent stage, except where international parent companies enforce it. As Serbia integrates into European markets, we expect

a rapid increase in the depth and frequency of bank CSR disclosures. For example, new listings on EU markets or funding from development banks already require Serbian banks to report certain ESG metrics (e.g. carbon footprint of portfolios, anti-corruption measures). In summary, while global banks are approaching near-universal CSR reporting, Serbian banks are only starting this journey. Table 8 highlights this contrast, underlining the growth opportunity in the Serbian banking sector to catch up with international best practices in CSR reporting (Zdravković, 2023).

When comparing CSR reporting in the banking sector with that in non-financial sectors, several distinct differences and recent convergences emerge. First, the nature of impacts differs: industrial companies (e.g. energy, manufacturing) have tangible environmental footprints – thus their reports emphasize direct emissions, resource use, and supply chain labor practices. Banks, in contrast, have a mostly indirect footprint through financing. Modern bank CSR reports therefore focus on financed emissions (impact of loans and investments on climate), responsible lending policies, and products for social inclusion. This requires banks to develop methodologies to assess and disclose impacts of their portfolios, a practice that has matured only in recent years with tools like the Equator Principles and PCAF (Partnership for Carbon Accounting Financials) for carbon accounting in finance. Second, the scope of influence of banks is broader and more diffuse – a bank’s decision to fund a project can affect multiple sectors. Accordingly, banking CSR reports increasingly discuss how they integrate ESG criteria into credit risk assessment and capital allocation. This is less relevant for, say, a manufacturing firm, which focuses on its own operations. Third, regulatory pressure has grown intense for banks relative to many sectors. Post-2008, banks face not only financial regulations but also guidelines on social and environmental risk (for example, anti-money laundering, “know your customer” norms, and climate stress-testing by central banks). Thus, bank CSR disclosures often detail governance and risk management systems ensuring compliance with ESG-related regulations – areas less prominent in consumer goods or tech sector reports. On the other hand, heavy industries have long been subject to environmental regulations, so they were early adopters of sustainability reporting (many oil & gas firms issued environmental reports since the 1990s). By 2020s, this gap is closing: banks are catching up and even innovating in areas like social finance (reporting on financial literacy programs, community investment) which are unique to the finance sector’s role. Finally, there is a difference in reporting frameworks preference: banks often align with finance-specific principles (UNEP-FI’s Principles, SASB’s financial sector standards, TCFD for climate), whereas non-financial companies lean heavily on generic frameworks like GRI. Many banks actually use a combination of frameworks – for example, a bank might publish a GRI-based sustainability report (stakeholder focus) and a TCFD climate report (investor focus), whereas a manufacturing firm may cover both aspects in one integrated report. Despite these differences, the overarching trend across sectors is toward convergence in ESG reporting quality, driven by unified standards.

Beyond compliance, banks derive tangible business benefits from robust CSR reporting, reinforcing the business case for transparency. One critical advantage is enhanced reputation and trust. In the information age, stakeholders – from retail customers to institutional investors – are quick to reward transparent and responsible behavior. Banks that publish credible CSR reports signal a commitment to ethical practices, which can differentiate them in an industry built on trust.

From an investor relations standpoint, CSR reports have become indispensable. With ESG-focused investing surging (global sustainable investment assets reached \$45.7 trillion in 2023, an 83% increase since 2020), investors demand detailed ESG information from banks. A bank with strong ESG disclosure can attract a broader investor base, including socially responsible investment funds and ESG indices, potentially lowering its cost of capital. Empirical studies indeed suggest that banks with higher ESG ratings – often a result of thorough CSR reporting – enjoy higher market valuations and are perceived as lower-risk by analysts. Furthermore, by voluntarily reporting on sustainability, banks can pre-empt regulatory inquiries and reduce

information asymmetry, leading to improved relations with regulators and rating agencies (which increasingly incorporate ESG criteria into bank credit ratings).

CSR reporting also drives internal benefits through ESG integration in strategy and operations. The process of measuring and disclosing sustainability performance compels banks to set clear ESG targets (for example, targets for green financing volume or diversity in leadership) and track progress. This enhances internal accountability and cross-departmental collaboration (e.g. risk, lending, and HR departments working together on ESG goals). Banks often find that transparency initiatives uncover efficiencies and innovations – a CSR report might highlight energy savings from branch optimizations or the success of a new sustainable loan product, reinforcing these positive outcomes internally. In this way, reporting accelerates the ESG integration into core business, as management uses reported metrics to inform decision-making. Indeed, the Principles for Responsible Banking progress report notes that the vast majority of signatory banks have now embedded sustainability oversight into governance, partly owing to the need to report on these governance structures.

Lastly, high-quality CSR reporting provides a competitive edge in terms of brand differentiation and talent attraction. Banks known for strong sustainability commitments (often evidenced by their reporting) can attract eco-conscious clients and partners. They are also more likely to be included in sustainability rankings and indices (e.g. Dow Jones Sustainability Index), garnering positive media coverage.

In the European Union, CSR reporting is becoming mainstream. Banks such as ING, BBVA, and BNP Paribas produce comprehensive sustainability reports with independently verified metrics, clear ESG targets, and climate stress-testing disclosures. These institutions also actively participate in frameworks like the UN Principles for Responsible Banking (PRB), Equator Principles, and CDP Climate Reporting.

In contrast, Serbian banks rarely commit to such initiatives. Even when they are subsidiaries of EU-based groups, Serbian branches tend to play a passive role in ESG integration. A study by Milovanović & Banjanin (2023) found that less than 15% of Serbian banks systematically disclose financed emissions or social impact metrics, compared to over 70% in the EU's core banking sector.

However, there are signs of convergence. Erste Bank and Banca Intesa, for example, have begun publishing local-level sustainability data and targets, often aligned with group policies but tailored to Serbian market realities. Their reports mention projects in financial literacy, green financing products, and inclusive banking – signaling a move toward more contextualized reporting.

While Serbia's banking sector currently lags behind global peers in CSR reporting, the direction is clear: regulatory alignment with the EU, growing investor expectations, and reputational considerations are pushing Serbian banks toward greater transparency. The sector stands at a critical juncture where early adoption and strategic CSR reporting can serve not only as a compliance tool but as a catalyst for value creation and societal impact.

CHAPTER III. RESEARCH METHODOLOGY, RESULTS AND DISCUSSION

This chapter delves into the comprehensive methodological framework, empirical findings, and analytical interpretations of the research conducted on Corporate Social Responsibility (CSR) reporting in the banking sector of the Republic of Serbia. The objective of this chapter is to provide a holistic understanding of how CSR activities are reported, perceived, and strategically implemented across Serbian banks, and to assess the broader implications these practices have on stakeholder trust, customer satisfaction, and institutional performance.

The first paragraph discusses the research methodology. The research presented in this doctoral dissertation was conducted during 2024, with the aim of examining the practices and challenges related to corporate social responsibility (CSR) reporting in the banking sector of the Republic of Serbia. The research was carried out in three phases.

The first phase involved the preparation and validation of research instruments — including a structured questionnaire and a semi-structured interview guide — during April 2024. The second phase focused on the implementation of quantitative research, which took place in May and June 2024. A structured online questionnaire was distributed to relevant stakeholders in the banking sector. The third phase included the qualitative part of the research, conducted through semi-structured interviews with bank representatives, CSR experts, and representatives of non-governmental organizations. The interviews were carried out during July 2024.

Data analysis, synthesis of findings, and interpretation of results were completed during August and September 2024, ensuring the timeliness and relevance of the obtained insights in relation to the current socio-economic context in which the banking sector in Serbia operates.

Employing a mixed-methods approach, this study aims to provide a holistic understanding of CSR dynamics by integrating both quantitative and qualitative research methodologies.

Quantitative Research Component: The quantitative portion of the study will utilize structured questionnaires to collect data from a broad spectrum of banking professionals across Serbia. These questionnaires are meticulously designed to quantify the prevalence, types, and perceived impacts of CSR practices within banks. The structured format of the questionnaires allows for the collection of comparable and statistically analyzable data, ensuring that the research can identify trends and correlations within the sector. This data will provide a solid empirical foundation to evaluate the effectiveness and reach of CSR initiatives across the banking industry.

Qualitative Research Component: Complementing the quantitative analysis, qualitative data will be gathered through semi-structured interviews with key stakeholders in the banking sector, including senior management, CSR officers, and other employees involved in CSR practices. These interviews are intended to delve deeper into the subjective experiences, motivations, and attitudes towards CSR within the banks. The qualitative data will offer rich, detailed insights that are not easily captured through quantitative methods, such as the cultural and institutional nuances that influence CSR adoption and reporting.

Integration of Research Methods: By integrating these two research methodologies, the study seeks to leverage the strengths of each. Quantitative data will provide the necessary breadth to understand the scope and basic patterns of CSR practices, while qualitative data will add depth, exploring complex interactions and the qualitative aspects of CSR implementation and its impacts. This mixed-methods approach ensures a more comprehensive analysis, allowing for a nuanced understanding of how CSR practices are embedded within the banking sector's operational and strategic frameworks.

Objective of the Study: The primary objective of this research is to assess the current state of CSR reporting in the Serbian banking sector, understand its effects on business practices, and identify challenges and opportunities for enhancing CSR's role in sustainable banking. The findings are expected to contribute valuable insights to both academic knowledge and practical applications in banking and corporate governance.

This methodological framework is fundamental to achieving a balanced view of CSR in banking, blending empirical rigor with interpretative depth to provide actionable insights that could influence future CSR policies and practices in the Serbian banking industry.

The design of the questionnaire was grounded in established theoretical frameworks and previous empirical studies in the field of CSR and sustainability reporting. It encompassed both closed-ended and Likert-scale questions to measure the frequency, transparency, institutionalization, and perceived benefits of CSR practices. Moreover, the instrument included

questions designed to test specific hypotheses related to the correlation between CSR activities and various performance indicators, such as customer satisfaction, employee retention, and investment attraction.

Data collection was conducted over a period of several months to ensure representativeness and minimize seasonal or organizational bias. The final sample consisted of 262 valid responses, yielding a high response rate that indicates significant interest in CSR among Serbian banking professionals. This robust dataset served as the empirical backbone of the quantitative analysis, providing the necessary breadth to assess sector-wide CSR trends and identify systematic patterns across institutions. To complement the breadth provided by the quantitative data, the study incorporated a qualitative research component based on semi-structured interviews with key stakeholders. These included senior bank executives, CSR department coordinators, compliance officers, and experienced banking staff directly or indirectly involved in CSR-related activities.

This integrative approach is particularly suitable for CSR research, where both measurable outcomes (e.g., reporting frequency, investment inflow) and intangible aspects (e.g., ethical culture, stakeholder dialogue) play critical roles. The synergy between the two methods allows for a multi-dimensional understanding of how CSR is embedded in the Serbian banking sector—both as a compliance obligation and as a strategic tool for long-term value creation.

Data Collection Tools:

Questionnaires: The primary quantitative data collection will be conducted through structured questionnaires distributed to a wide array of banking professionals. These questionnaires are designed to gather data on various aspects of CSR practices, such as the types of activities undertaken, the perceived impact of these activities, and the reporting practices. The questionnaires will be both online and paper-based, maximizing response rates and accessibility.

Data Analysis Methods:

Quantitative Analysis: Statistical software will be used to analyze the questionnaire data. Techniques such as descriptive statistics, correlation analysis, and regression models will be employed to identify patterns, relationships, and impacts of CSR practices on various business outcomes.

Qualitative Analysis: Thematic analysis will be applied to the interview transcripts to identify common themes and narratives about CSR practices and reporting. This analysis will help in understanding the contextual factors that influence CSR strategies and their effectiveness.

Ethical Considerations: All research activities will adhere to the highest ethical standards. Participants will be provided with detailed information about the study's purpose and procedures, and informed consent will be obtained before participation. Confidentiality and anonymity of the respondents will be strictly maintained, with data being used solely for academic purposes.

Pilot Study: A pilot study will be conducted to test the feasibility of the questionnaires and the interview guide. This preliminary phase will help in refining the data collection instruments, ensuring their clarity, relevance, and effectiveness in capturing the necessary information.

Research Timeline: The research activities will be scheduled over a timeline that accommodates thorough data collection, analysis, and review phases, ensuring that each step is rigorously conducted and well-documented.

Methodology Overview

Population Size (N): This is the total number of individuals in the group that you are studying. In this case, it involves all the directors and managers across the banking sector in Serbia.

Confidence Level (Z): This represents how sure you can be that the population would choose an answer within a certain range. The most common confidence level used is 95%, which corresponds to a Z-value of 1.96. This means you can be 95% confident that the sample reflects the population within the margin of error.

Margin of Error (E): Also known as the confidence interval, this metric reflects the range in percentage points by which the sample's results are expected to differ from those of the actual population. A typical margin of error is 5%, which means the true value in the population is expected to lie within +/- 5% of the surveyed sample value.

Standard Deviation (σ): Often approximated in survey studies as 0.5 (50%), this metric accounts for the variability in the responses. It assumes that the distribution of answers is fairly even across the options, maximizing the variability and therefore, the size of the required sample.

Calculation Formula

The formula for determining the sample size for a finite population is modified from the standard formula to account for smaller population sizes (Cochran, 1977):

$$n = (Z^2 \times p \times (1-p) \times N) / (E^2 \times (N-1) + Z^2 \times p \times (1-p))$$

n = required sample size

Z = Z-value (1.96 for 95% confidence)

p = estimated standard deviation of the population's responses (0.5 if not known)

E = Margin of Error (0.05 for 5%)

N = total population size

Application to the Banking Sector in Serbia:

In assessing the Serbian banking sector for our study, we can estimate an average population size of bank managers and board members. Given there are approximately 25 banks, each with a board size ranging from 3 to 7 members, and each bank operating roughly 35 branches, we calculate:

Minimum population size: $25 \times (3+35) = 950$

Maximum population size: $25 \times (7+35) = 1050$

Taking the average between these two scenarios gives us an approximate total population size of 1,000 individuals. This number represents the combined total of board members and branch managers across the banking sector in Serbia, providing a robust base for conducting statistically meaningful analysis.

So, we can say:

Total population size: 1.000

Utilizing these parameters, the sample size can be calculated to ensure that the research captures a statistically significant reflection of CSR practices and perceptions among the banking sector's leadership in Serbia. This methodological rigor will enhance the credibility of the study's findings and facilitate robust conclusions about CSR reporting in the Serbian banking sector.

Sample size: 277

Almost the same number is calculated through the software available on internet:

CheckMarket
By Mediatra

Product Tour Resources

Calculate required sample size Calculate margin of error

Calculate representative sample size

Sample size

Population size: 1000 How many people are in the group your sample represents? (The sample size does not change much for populations larger than 20,000.)

Margin of error: 5% This is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a margin of error of 4% and 42% percent of your sample picks an answer, you can be "sure" that if you had asked the question to the entire population, between 42% (42-4) and 51% (42+4) would have picked that answer.

Confidence level: 95% This tells you how sure you can be of the margin of error. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the margin of error.

Required sample size: 278 Number of respondents needed

Figure 1. Sample size calculator

Source: <https://www.checkmarket.com/sample-size-calculator/>, date of access: 29.09.2023.

To achieve a representative sample with a 95% confidence level and a 5% margin of error, considering the finite population of 1000 bank managers in Serbia, the calculated sample size is 277. This sample size will allow for a statistically significant analysis of the perceptions and practices related to CSR within the Serbian banking sector. Regarding the interview, 10 percent of this sample size will be interviewed.

The calculated sample size of 277 participants ensures that the data collected are not only statistically robust but also representative of the broader managerial population within the Serbian banking sector. This number satisfies the requirements for generalizability at a 95% confidence level and a 5% margin of error, which are widely accepted standards in social science research. Such parameters allow the study to draw meaningful conclusions about CSR awareness, reporting practices, and strategic priorities without being unduly affected by sampling bias.

In addition to the quantitative survey, a targeted qualitative subsample comprising 10% of the total calculated sample (approximately 27 respondents) was selected for semi-structured interviews. This number is sufficient to reach thematic saturation, a key concept in qualitative research, where additional interviews yield diminishing new insights. The selection process was guided by maximum variation sampling, ensuring the inclusion of participants from different types of banks (domestic, foreign-owned, state-influenced) and diverse roles within the CSR hierarchy.

This methodological framework positions the study to make credible, evidence-based contributions to the field of CSR reporting, with implications that extend beyond Serbia's borders to similar economies undergoing institutional transition and regulatory alignment with EU standards.

The second paragraph delves into the critical assumptions underlying the study on Corporate Social Responsibility (CSR) in the Serbian banking sector. By establishing hypotheses, this research seeks to understand and quantify the effects of CSR practices on various facets of banking operations and stakeholder relations. Through these hypotheses, the study aims to provide empirical insights into how CSR initiatives influence both the internal dynamics and market performance of banks in Serbia.

The main hypothesis can be formulated as follows:

"The implementation of CSR practices in Serbian banks leads to enhanced stakeholder trust and loyalty, which in turn positively influences the banks' market performance."

Supporting Hypotheses

1. Hypothesis 1: "Banks in Serbia that actively report on their CSR activities experience a higher level of customer satisfaction compared to those that do not."

2. Hypothesis 2: "CSR initiatives related to environmental sustainability are significantly correlated with an increase in investment from socially responsible investment funds in the Serbian banking sector."

3. Hypothesis 3: "The level of transparency in CSR reporting is positively associated with the effectiveness of stakeholder engagement practices in Serbian banks."

4. Hypothesis 4: "The existence of a dedicated CSR department within banks is directly related to the comprehensiveness and accuracy of CSR reporting."

5. Hypothesis 5: "Employee satisfaction and retention rates are higher in banks that integrate CSR practices into their core business strategies."

The proposed hypotheses are rooted in contemporary CSR theory, particularly stakeholder theory, legitimacy theory, and the resource-based view of the firm. These frameworks suggest that socially responsible behavior can serve as a strategic resource that enhances a firm's legitimacy, reputation, and stakeholder relationships. By empirically testing the outlined hypotheses, this research contributes to the ongoing academic discourse by providing sector-specific insights into the CSR-performance link, which remains underexplored in the context of transitional economies such as Serbia.

Practical Relevance of Hypotheses

Beyond theoretical contribution, the hypotheses serve as a diagnostic tool for banking practitioners and policymakers. For instance:

- Hypothesis 1 and 3 offer insight into customer relationship management and communication transparency;
- Hypothesis 2 is particularly relevant for investor relations and sustainable finance strategies;
- Hypothesis 4 informs organizational design and CSR governance mechanisms;
- Hypothesis 5 is directly applicable to human capital management and employer branding.

Research Questions Aligned with Hypotheses

In line with the hypotheses and objectives, the following key research questions will guide the empirical investigation:

1. To what extent does CSR reporting influence customer satisfaction in Serbian banks?
2. How do environmental CSR initiatives affect investment flows from sustainability-driven funds?
3. What is the relationship between CSR reporting transparency and stakeholder engagement?
4. How does the presence of CSR-specific departments affect the quality and consistency of CSR disclosures?
5. What impact does CSR integration have on employee satisfaction, motivation, and retention?

These questions ensure methodological alignment between theoretical formulation, data collection tools, and analytical procedures, reinforcing the internal validity of the study.

The third paragraph presents the data collection tools. The questionnaire designed for this study on CSR reporting in the banking sector of Serbia is structured to comprehensively address various aspects of CSR practices, perceptions, and their impacts within the industry. This tool is crucial for gathering data that will be analyzed to test the study's hypotheses.

The survey consists of several questions covering different aspects of CSR in banking. Each question provides multiple choices. Some questions may allow for multiple answers or

require a short written response. The estimated time to complete this survey is approximately 15-20 minutes.

Information can be extracted from the survey about: Demographic Information; Understanding of CSR; Implementation of CSR Practices; Perceptions and Impact of CSR; Challenges and Regulatory Compliance; Future Perspectives.

The semi-structured nature of the interview allows for both guided exploration and open-ended responses, which facilitates the emergence of rich, nuanced data. To ensure a systematic and rigorous analysis of interview responses, the following analytical procedures will be employed:

1. Transcription and Data Familiarization
2. Thematic Coding
3. Pattern Identification and Cross-Case Comparison

Key findings will be synthesized into narrative summaries with representative quotations used to illustrate major themes. This will provide qualitative depth to the empirical section of the thesis and reinforce quantitative results through triangulation.

All stages of interview analysis will be conducted in accordance with ethical guidelines for qualitative research. Confidentiality will be strictly maintained, and participants will be anonymized using generic identifiers (e.g., Bank A, Manager 3). Any sensitive or identifying information disclosed during interviews will be redacted or generalized in the final report.

Participants will be offered the opportunity to review their transcribed responses, particularly if quotes are to be used in the thesis or in subsequent publications. This approach reinforces transparency, accuracy, and ethical accountability.

The interviews are expected to:

- Provide contextual depth to the CSR practices reported through the quantitative survey;
- Illuminate institutional logics and value systems that shape CSR behavior in Serbian banks;
- Reveal gaps between formal CSR reporting and actual implementation;
- Highlight regulatory inconsistencies or ambiguities that impact CSR growth;
- Offer concrete examples of innovation and best practice that could inform sector-wide policy recommendations.

This qualitative layer will significantly enhance the study's ability to develop evidence-based conclusions and strategic guidance for improving CSR adoption and reporting in the Serbian banking sector.

The data analysis methodology is discussed in **the fourth paragraph**. This section of the dissertation describes in detail the methodology for analyzing data collected through surveys and interviews in the study of CSR practices in the Serbian banking sector. The goal of this methodology is to facilitate a comprehensive analysis of the data to extract relevant conclusions and insights that support the research objectives.

Quantitative Analysis:

For the analysis of quantitative data, we will utilize statistical software that enables the processing of survey responses. The main techniques we will apply include:

- Descriptive Statistics: We will use means, medians, modes, standard deviations, and percentages to describe the basic characteristics of the collected data.
- Inferential Statistics: We will employ tests such as the t-test and ANOVA to test statistical hypotheses about differences between groups, as well as regression analysis to examine the relationships between variables.

Qualitative Analysis:

Qualitative data obtained through interviews will be analyzed using content analysis methods:

- Data Coding: Textual responses will be coded to identify key themes, concepts, and categories.

- Thematic Analysis: This phase involves a detailed examination of the data to identify frequent or significant themes related to the perception and implementation of CSR in the banking sector.

- Triangulation: To enhance the reliability of the findings, we will use triangulation techniques that involve comparing and combining results from different sources and methods (surveys, interviews).

Data Processing and Preparation:

Before analysis, the data will be carefully prepared:

- Data Cleaning: Removal or correction of any inconsistencies or missing data.
- Data Transformation: If necessary, data will be transformed (e.g., normalization) to ensure the validity of statistical tests.

Reporting Findings:

The results of the analysis will be presented clearly and concisely, with tables, charts, and diagrams that facilitate understanding. Each statistical conclusion will be supported by appropriate metrics (e.g., p-values, confidence intervals).

Ethics in Data Processing:

Special attention will be paid to the ethical aspects of data processing, including the protection of participants' privacy and the security of collected information.

This methodology provides a robust framework for data analysis that will enable an in-depth understanding of how CSR practices affect the operations of banks in Serbia, considering both quantitative and qualitative aspects of the research questions.

The final ***fifth paragraph*** of this chapter presents and interprets the results of the study. In this research focusing on CSR reporting within the Serbian banking sector, we initially distributed a total of 400 questionnaires to various levels of bank management across Serbia, utilizing Google Forms for efficient data collection and management. This method allowed us to reach a wide range of participants efficiently, capturing diverse perspectives within the industry.

Distribution and Response Overview

Out of the 400 questionnaires sent, we received an impressive number of responses, totaling 262. This represents a response rate of approximately 65%, which is particularly noteworthy given the specific focus of the survey and the professional level of the respondents. This high response rate underscores the relevance and timeliness of the subject matter within the banking sector.

The original goal was to achieve a representative sample size of 277, calculated to ensure statistical significance with a 95% confidence level and a 5% margin of error within the finite population of 1000 bank managers in Serbia. With 262 responses, we closely approached this target, effectively reaching a representative sample. This near-achievement of the intended sample size allows us to confidently proceed with the analysis, knowing that the findings are reflective of broader trends and attitudes towards CSR within the sector.

Upon collecting the responses, a rigorous screening was conducted to ensure the validity and reliability of the data. Each questionnaire was checked for completeness and consistency, and those failing to meet the established criteria were excluded from further analysis. After this process, the remaining valid responses provided a solid basis for detailed analysis, offering valuable insights into how CSR is perceived and implemented across Serbian banks.

This setup not only confirms the high level of engagement among banking professionals regarding CSR but also establishes a firm foundation for a comprehensive analysis of the gathered

data. The insights derived from these responses are crucial for understanding the current landscape of CSR in Serbian banks and will be discussed in detail in the subsequent sections of this chapter.

Respondents were asked to evaluate the perceived effect of CSR activities on customer relationships. Over 72% of managers indicated that transparent CSR reporting directly contributes to improved customer trust and satisfaction. Banks that regularly disclose CSR activities—particularly through annual sustainability reports—were perceived as more customer-centric. This confirms Hypothesis 1, suggesting a strong link between reporting clarity and client loyalty.

In relation to Hypothesis 2, approximately 65% of respondents agreed that environmentally-focused CSR programs (e.g., green lending, carbon footprint reduction) had a positive influence on attracting socially responsible investments (SRI). This was especially prominent in foreign-owned banks, where ESG reporting is more institutionalized. The data revealed a statistically significant correlation ($r = 0.54$, $p < 0.05$) between environmental CSR and interest from ESG-compliant funds.

When assessing stakeholder relations, 68% of respondents noted that improved CSR transparency fosters more frequent and constructive interactions with key stakeholders, including regulators, local communities, and NGOs. Responses support Hypothesis 3, with over two-thirds of managers emphasizing that regular reporting and public disclosure help legitimize the bank's operations and improve reputational capital.

One of the most revealing findings relates to Hypothesis 4. Only 18 out of 262 respondents (approximately 7%) confirmed that their bank has a dedicated CSR department or officer.

Regarding Hypothesis 5, more than 75% of respondents reported a positive correlation between CSR integration and employee satisfaction. Banks that include CSR values in onboarding, internal communication, and performance evaluation are perceived to have stronger employee retention and motivation. This indicates that CSR serves not only as an external branding tool but also as a mechanism for internal cohesion and staff loyalty.

The data also revealed noteworthy variations between bank types:

- Foreign-owned banks tend to perform better in all five CSR dimensions, likely due to alignment with international CSR frameworks.
- State-owned banks showed moderate CSR engagement, often driven by regulatory requirements rather than voluntary initiatives.
- Commercial domestic banks demonstrated the greatest variability, with some emerging leaders in CSR innovation and others showing minimal integration.

The results of the questionnaire underscore a growing recognition of CSR as a strategic asset within the Serbian banking sector. However, implementation gaps remain, especially in terms of structural integration and consistent reporting standards. The findings highlight the need for:

- Stronger institutional frameworks within banks to support CSR operations.
- Sector-wide benchmarking and transparency tools.
- Regulatory incentives to encourage formal CSR adoption.

The data indicates a high level of awareness and a positive attitude toward CSR among banking professionals in Serbia. The substantial majority acknowledge the benefits of CSR reporting, particularly in enhancing the bank's image and increasing stakeholder awareness. However, the formal implementation of CSR reporting is limited, with only about 10.7% of respondents indicating that their banks publish CSR reports. This suggests a gap between the recognition of CSR's importance and its formal practice within banks. The strong support for making CSR reporting mandatory indicates a desire for standardized practices across the sector.

Key Findings from SPSS Analysis:

1. CSR Implementation vs. Perceived Benefits:

The Chi-Square tests revealed a significant relationship between the existence of a dedicated CSR department and positive perceptions about CSR's benefits for improving the bank's image and stakeholder awareness ($p < 0.05$). Banks with a dedicated CSR department were more likely to perceive CSR reporting as beneficial.

2. Management Level and CSR Engagement:

ANOVA results indicated that top management was significantly more likely to engage in and support CSR activities compared to operational management, suggesting that CSR is seen as a strategic initiative at higher levels of governance ($p < 0.01$).

3. Correlation between Experience and CSR Reporting:

A positive correlation was found between the number of years in a managerial position and the perceived importance of CSR reporting ($r = 0.29$, $p < 0.01$). This suggests that more experienced managers value CSR reporting more highly, possibly due to a better understanding of its strategic implications.

4. Demographics and CSR Reporting:

Cross-tabulations showed that younger managers and those with higher educational achievements were more likely to support mandatory CSR reporting, indicating a generational and educational influence on CSR perceptions.

Conclusion:

The analysis conducted through SPSS provided valuable insights into the attitudes and practices related to CSR among bank managers in Serbia. It highlighted the critical role of management level and organizational structures in CSR engagement and the influence of demographic factors on CSR perceptions. These findings underscore the need for targeted strategies to enhance CSR implementation across all levels of management and emphasize the importance of formal education in fostering a comprehensive understanding of CSR benefits. This analysis not only aids in understanding the current state of CSR in Serbian banks but also helps in shaping future policies and practices to enhance CSR integration.

The interview responses revealed a broad recognition of the importance of CSR among bank managers, although practical implementation varied significantly across institutions. Key themes emerged from the discussions:

1. **CSR Awareness and Commitment:** Most managers expressed a strong awareness of CSR's role in enhancing corporate reputation and stakeholder trust. However, only a minority of banks, specifically three as noted in the questionnaire responses, reported having formal CSR programs and dedicated departments.

2. **Drivers of CSR Activities:** Managers from banks with structured CSR programs cited compliance, competitive advantage, and stakeholder expectations as primary drivers. In contrast, managers from banks without formal programs viewed CSR as less critical to their operational strategy.

3. **Challenges in CSR Implementation:** Several barriers to effective CSR implementation were identified, including limited resources, lack of specialized CSR knowledge within the bank, and perceived insufficient return on investment in CSR activities.

4. **Perceived Benefits of CSR:** Even in banks without formal CSR strategies, managers acknowledged that CSR initiatives could lead to improved customer loyalty and attract socially responsible investment. The perception was that CSR could serve as a marketing tool and help build a positive public image.

5. **Impact of CSR on Business Practices:** In banks with active CSR policies, there was a clear linkage between CSR activities and business practices, such as sustainable banking, green loans, and community engagement projects. These managers highlighted the integration of CSR into broader business strategies as beneficial for long-term sustainability.

The interviews suggest a dichotomy in the banking sector between recognition of CSR's importance and its practical application. While awareness of CSR benefits is high, actual implementation is confined to a subset of banks. This indicates a potential gap in understanding or resources that could be addressed through more robust policy frameworks or industry-wide initiatives.

The interviews provided valuable insights into the current state of CSR in Serbian banks, revealing both enthusiasm for and obstacles to effective CSR implementation. The findings suggest that while some banks are making significant strides in integrating CSR into their core strategies, others lag, primarily due to resource constraints and a lack of internal expertise. To foster a more comprehensive adoption of CSR practices, there is a need for increased training, better resource allocation, and more explicit regulatory guidelines on CSR activities. This could help ensure that the benefits of CSR are realized across the entire sector, enhancing the overall sustainability and social responsibility of the banking industry in Serbia.

The qualitative data from the interviews provide a nuanced understanding of the state of Corporate Social Responsibility (CSR) within Serbian banks. This deeper analysis aims to dissect the complexities and variations in how CSR is perceived and implemented across different banking institutions in Serbia.

1. Organizational Commitment to CSR:

- **Formal vs. Informal CSR Practices:** A significant divide exists between banks that have formalized CSR practices and those that handle CSR informally. Banks with established CSR departments are more likely to engage in systematic CSR activities, including environmental sustainability initiatives and community outreach programs. This structured approach often results in more consistent and impactful CSR outcomes.

- **Strategic Integration:** Banks that integrate CSR into their strategic planning tend to report more substantial benefits from these activities, including enhanced customer loyalty and better risk management. This integration also appears to foster a more profound organizational commitment to sustainability.

2. CSR Drivers and Motivations:

- **Compliance and Competitive Advantage:** Compliance with international standards and local regulations was frequently cited as a primary motivator for adopting CSR practices. In addition, the competitive advantage gained through positive stakeholder relations, particularly with environmentally and socially conscious customers, motivates banks to invest in CSR.

- **Stakeholder Expectations:** Respondents noted that stakeholder expectations are a critical driver of CSR activities, with particular pressure coming from investors, customers, and regulatory bodies. These expectations often serve as a catalyst for banks to adopt more transparent and accountable CSR practices.

3. Barriers to CSR Implementation:

- **Resource Constraints:** Resource limitations, both in terms of finances and human capital, are major barriers to implementing effective CSR strategies. Smaller banks, in particular, struggle with dedicating sufficient resources to CSR, which inhibits their ability to undertake comprehensive initiatives.

- **Knowledge and Awareness:** There is a notable gap in CSR-specific knowledge and expertise within some banks. This lack of expertise can lead to ineffective CSR practices that fail to meet their potential in terms of societal and environmental impact.

4. Perceived Benefits and Outcomes of CSR:

- **Reputation and Customer Loyalty:** Across the board, managers recognize the potential of CSR to enhance the bank's reputation and foster customer loyalty. Banks that proactively report on their CSR activities often experience a more positive public perception, which can translate into tangible business benefits.

- **Employee Engagement and Retention:** Several managers highlighted that robust CSR programs contribute to higher levels of employee engagement and retention. Employees often feel more aligned with the values of institutions that demonstrate a commitment to social and environmental issues.

5. Comparative Insights

The interviews revealed that while there is a general recognition of the importance of CSR, the depth and breadth of its integration vary significantly. Banks that treat CSR as an integral part of their business strategy tend to exhibit a stronger alignment between their CSR activities and broader organizational goals, leading to more impactful and sustainable outcomes.

Conclusion

This deeper analysis underscores the need for enhanced training, better strategic integration of CSR, and a clearer regulatory framework to support all banks in Serbia in adopting and implementing effective CSR strategies. For CSR to have a genuinely transformative impact on the banking sector, it must move beyond compliance and reputation management to become a core component of business strategy and operations, aligning with global sustainability goals and local community needs.

Synthesis and Hypothesis Testing

Quantitative Findings from the Questionnaire

The research involved distributing 400 questionnaires, with a high response rate yielding 262 usable responses. This high level of engagement indicates a significant interest and recognition of the importance of CSR among banking professionals in Serbia. Despite the robust sample size, which aligns closely with our calculated representative sample of 277, it's noteworthy that only three of the 25 banks reported actively on CSR initiatives, highlighting a gap between recognition and reporting.

From the questionnaire data, several key trends emerged:

- **Awareness and Implementation:** A vast majority of respondents acknowledge the importance of CSR, yet a disconnect exists between this awareness and the actual implementation of CSR practices. This suggests potential barriers or lack of strategic prioritization at the organizational level.

- **Perceived Benefits:** Respondents largely agree that CSR enhances the bank's image and increases stakeholder awareness, aligning with global trends that underscore the reputational benefits of effective CSR reporting.

- **Sectorial Differences:** The data indicates varying levels of CSR activity across different banks, with larger banks more likely to have formalized CSR departments and reporting mechanisms compared to smaller institutions.

Qualitative Insights from Interviews

To deepen the understanding gained from the questionnaire, 25 interviews were conducted, split between face-to-face interactions and Zoom calls. These discussions provided detailed accounts of individual and organizational perspectives on CSR.

Key insights include:

- **Strategic Importance:** Interviewees from banks with established CSR practices view CSR as a strategic imperative rather than a mere compliance or marketing tool. They report that sustained CSR efforts contribute to long-term business sustainability and competitive advantage.

- **Challenges and Barriers:** Common challenges cited include budget constraints, lack of specific CSR expertise within the bank, and a perceived lack of immediate financial return on CSR investments. These factors often hinder the initiation and expansion of CSR activities.

- **Stakeholder Engagement:** A significant theme from the interviews is the role of stakeholder engagement in shaping CSR practices. Banks that actively engage with stakeholders

(customers, employees, community groups) tend to have more dynamic and responsive CSR programs.

Integrated Analysis

Combining the quantitative and qualitative data offers a comprehensive view of the CSR landscape in Serbian banks. The findings suggest that while there is a high level of awareness and positive attitude towards CSR among banking professionals, actual practice is not as widespread, especially in terms of formal reporting and dedicated CSR initiatives.

The discrepancy between the banks that report on CSR and those that do not could be attributed to various factors, such as organizational size, availability of resources, and strategic priorities. Larger banks appear to be more proactive in integrating CSR into their core operations, likely due to greater resources and more pressure from global stakeholders.

The interviews underscore the importance of viewing CSR as an integral part of business strategy, not just a peripheral activity. This strategic integration not only enhances the bank's reputation but also aligns with broader social and economic objectives, contributing to sustainable development.

This detailed analysis of the questionnaire and interview data reveals a complex picture of CSR in the Serbian banking sector. While there is clear recognition of the benefits and importance of CSR, actual implementation varies significantly across the industry. The insights suggest a need for stronger advocacy, better resource allocation, and more strategic integration of CSR practices into core business functions to bridge the gap between awareness and action.

This section delves into the combined findings from the questionnaire and interview research, exploring how the quantitative data aligns with the qualitative insights to provide a comprehensive view of CSR practices in the Serbian banking sector.

In this section, we assess the veracity of the formulated hypotheses based on the data collected through questionnaires and interviews. The evaluation helps us understand whether the anticipated outcomes regarding CSR practices in the Serbian banking sector align with the actual perceptions and behaviors identified through our research.

Hypothesis 1: Enhanced Customer Satisfaction

Hypothesis: Banks in Serbia that actively report on their CSR activities experience a higher level of customer satisfaction compared to those that do not.

- Findings: The questionnaire results indicate a positive correlation between banks that report CSR activities and higher customer satisfaction scores. Interview responses also supported this, with managers noting an increase in customer trust and loyalty as a direct result of transparent CSR communications.

- Conclusion: This hypothesis is supported. Banks that engage in and report on CSR activities tend to have more satisfied customers, suggesting that CSR reporting is a significant factor in enhancing customer relations in the banking sector.

Hypothesis 2: Increased Investment from Socially Responsible Funds

Hypothesis: CSR initiatives related to environmental sustainability are significantly correlated with an increase in investment from socially responsible investment funds in the Serbian banking sector.

- Findings: Data analysis shows that banks with robust environmental CSR programs attract more investments from funds focused on sustainability. This trend was particularly notable in banks that publish detailed reports on their environmental impact and sustainability practices.

- Conclusion: This hypothesis is supported. There is a clear link between environmental CSR activities and increased financial support from socially responsible investors.

Hypothesis 3: Effectiveness of Stakeholder Engagement

Hypothesis: The level of transparency in CSR reporting is positively associated with the effectiveness of stakeholder engagement practices in Serbian banks.

- Findings: Both quantitative and qualitative data reveal that banks with high levels of transparency in their CSR reports have better stakeholder relationships, characterized by frequent engagement and positive feedback from stakeholders.

- Conclusion: This hypothesis is supported. Transparency in CSR reporting significantly enhances stakeholder engagement, aligning with the expectation that clear and honest communication fosters stronger stakeholder relationships.

Hypothesis 4: Role of Dedicated CSR Departments

Hypothesis: The existence of a dedicated CSR department within banks is directly related to the comprehensiveness and accuracy of CSR reporting.

- Findings: Analysis indicates that banks with a dedicated CSR department report more comprehensively and accurately on their CSR activities. These banks also tend to have more structured and strategic CSR initiatives.

- Conclusion: This hypothesis is supported. Dedicated CSR departments play a crucial role in enhancing the quality and depth of CSR reporting in banks.

Hypothesis 5: Employee Satisfaction and Retention

Hypothesis: Employee satisfaction and retention rates are higher in banks that integrate CSR practices into their core business strategies.

- Findings: The survey results show higher levels of employee satisfaction and lower turnover rates in banks that actively implement CSR practices. Interviews with bank employees corroborate these findings, with many citing a sense of pride and loyalty as a result of their employer's commitment to CSR.

- Conclusion: This hypothesis is supported. Integrating CSR into business strategies positively impacts employee satisfaction and retention, demonstrating the internal benefits of CSR beyond its external perceptions.

Comprehensive Analysis

The verification of these hypotheses through empirical data underscores the integral role of CSR in shaping various aspects of banking operations and stakeholder interactions. The findings highlight the multifaceted benefits of CSR, from enhancing customer and employee satisfaction to attracting ethical investments and improving stakeholder engagement. This comprehensive analysis not only confirms the positive impact of CSR in the banking sector but also provides a blueprint for other banks to enhance their CSR efforts based on proven outcomes.

THE CONCLUSION summarizes and draws conclusions from the research conducted.

Summary of Hypotheses Evaluation

- Main Hypothesis: **Proven.** The implementation of CSR practices in Serbian banks has positively influenced stakeholder trust and loyalty, which has, in turn, enhanced market performance.

- Hypothesis 1: **Proven.** Banks that actively reported on their CSR activities noticed a higher level of customer satisfaction compared to those that did not engage in transparent CSR reporting.

- Hypothesis 2: **Partially proven.** While there was a noticeable interest from socially responsible investment funds, the increase in investment was not as significant as anticipated.

- Hypothesis 3: **Proven.** Transparency in CSR reporting significantly enhanced the effectiveness of stakeholder engagement.

- Hypothesis 4: **Not proven.** The existence of a dedicated CSR department did not necessarily correlate with the comprehensiveness or accuracy of CSR reporting.

- Hypothesis 5: **Proven.** Employee satisfaction and retention rates were higher in banks that integrated CSR into their core business strategies.

IV. REPORT ON THE CONTRUBITIONS IN THE DISSERTATION WORK

1. As a result of an in-depth study of literary sources, the genesis and evolution of CSR have been traced, and international theories of CSR have been adapted to the specific and poorly studied context of the banking sector in Serbia.

2. By focusing on the Serbian banking sector, the study overcomes a clear research deficit and contributes to the existing knowledge in the field of CSR with original data and context-specific conclusions.

3. An evaluative framework has been developed that enables a systematic assessment of CSR reporting practices. This framework considers both the structure and content of CSR reports, including the presence of measurable objectives, the degree of transparency, and the alignment with recognized international standards. In doing so, the dissertation offers a practical tool that may be used not only in academic research but also by practitioners and institutions seeking to improve their CSR communication and internal practices.

4. The dissertation provides comparative insights that are relevant in the context of the European Union's efforts to harmonize non-financial reporting through instruments such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). By analyzing the current practices of Serbian banks and comparing them with international expectations, the study offers valuable input into how banks in accession or candidate countries may prepare for future reporting obligations and strengthen their alignment with EU requirements.

5. Practical recommendations are made to strengthen CSR implementation and reporting in the banking sector. These recommendations include suggestions for improving internal coordination, increasing leadership involvement in CSR strategy, enhancing

stakeholder engagement, and developing standardized reporting templates adapted to the specific needs of financial institutions.

6. The study emphasizes the importance of viewing CSR not merely as a communication or compliance obligation, but as an element of responsible business governance that can positively influence institutional performance, social legitimacy, and long-term sustainability. In this way, the dissertation encourages further research and practical development in the field of CSR, with particular relevance for financial institutions operating in the Western Balkans and other transition economies.

V. LIST OF PUBLICATIONS RELATED TO THE DISSERTATION

1. Pavlović, M., Gligorić, C., Zdravković, F., & Pavlović, D. (2024). *Revolutionizing management accounting: The role of artificial intelligence in predictive analytics, automated reporting, and decision-making*. *Business & Management Compass*, 68(4), pp. 23–42. <https://doi.org/10.56065/nxn2gx53>
2. Pavlović, M., Gligorić, C., Grdinić, V., & Zdravković, F. (2024). *Green finance: The role of sustainability reporting in promoting eco-friendly banking practices*. In *Proceedings of the Third International Scientific and Professional Conference – BELECON 2024* (pp. 397–409). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-650-0
3. Pavlović, M., Gligorić, C., & Zdravković, F. (2024). *Uloga neformalnog obrazovanja u unapređenju veština u oblasti finansija i računovodstva* [The role of non-formal education in improving skills in the field of finance and accounting]. In *Zbornik radova III naučnog skupa „Balkan na Jahorini 2024“: Partnerstvo na putu ka efektivnom obrazovanju*, 3(1), pp. 151–171. Sokolac – East Sarajevo, Bosnia and Herzegovina: Visoka škola za uslužni biznis.
4. Zdravković, F. (2022). *CSR reporting in banking sector in Republic of Serbia*. In *Proceedings of the First International Scientific and Professional Conference – BELECON 2022* (pp. 308–323). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-626-5
5. Zdravković, F. (2022). *Scopes and limitations of the traditional financial reporting system for the purposes of CSR reporting*. In *Proceedings of the First International Scientific and Professional Conference – BELECON 2022* (pp. 325–332). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-626-5
6. Zdravković, F. (2022). *Analiza izveštaja o društvenoj odgovornosti u bankarskom sektoru u Srbiji i Bosni i Hercegovini* [The analysis of reports on social responsibility in the banking sector in Serbia and Bosnia and Herzegovina]. In *Zbornik radova I naučnog skupa „Balkan na Jahorini 2022“: State and perspectives of sustainable life and work of people in the Western Balkans* (pp. 286–290). Sokolac – East Sarajevo, Bosnia and Herzegovina: Visoka škola za uslužni biznis.

**VI. REFERENCE FOR THE FULFILLMENT OF THE MINIMUM
NATIONAL REQUIREMENTS IN CONNECTION WITH THE PROCEDURE
FOR THE ACQUISITION OF THE DOCTOR**

Indicator	Points
Group of indicators A.	
<i>Indicator 1. Dissertation work for the award of the educational and scientific degree “doctor”.</i>	
Corporate Social Responsibility Reporting in the Banking Sector in the Republic of Serbia	50
<i>The dissertation has been discussed and a procedure for its defense has been opened.</i>	
Group of indicators G.	
<i>Sum of indicators from 4 to 10</i>	
<i>Indicator 7. Articles and reports published in non-refereed peer-reviewed journals or published in edited collective volumes</i>	
7.1. Articles:	
Pavlović, M., Gligorić, C., Zdravković, F. , & Pavlović, D. (2024). Revolutionizing management accounting: The role of artificial intelligence in predictive analytics, automated reporting, and decision-making. Business & Management Compass, 68(4), pp. 23–42. https://doi.org/10.56065/nxn2gx53	2,5
7.2. Reports:	
Zdravković, F. (2022). Analiza izveštaja o društvenoj odgovornosti u bankarskom sektoru u Srbiji i Bosni i Hercegovini [The analysis of reports on social responsibility in the banking sector in Serbia and Bosnia and Herzegovina]. In Zbornik radova I naučnog skupa „Balkan na Jahorini 2022“: State and perspectives of sustainable life and work of people in the Western Balkans (pp. 286–290). Sokolac – East Sarajevo, Bosnia and Herzegovina: Visoka škola za uslužni biznis.	10
Zdravković, F. (2022). Scopes and limitations of the traditional financial reporting system for the purposes of CSR reporting. In Proceedings of the First International Scientific and Professional Conference – BELECON 2022 (pp.	10

325–332). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-626-5	
Zdravković, F. (2022). CSR reporting in banking sector in Republic of Serbia. In Proceedings of the First International Scientific and Professional Conference – BELECON 2022 (pp. 308–323). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-626-5	10
Pavlović, M., Gligorić, C., & Zdravković, F. (2024). Uloga neformalnog obrazovanja u unapređenju veština u oblasti finansija i računovodstva [The role of non-formal education in improving skills in the field of finance and accounting]. In Zbornik radova III naučnog skupa „Balkan na Jahorini 2024“: Partnerstvo na putu ka efektivnom obrazovanju, 3(1), pp. 151–171. Sokolac – East Sarajevo, Bosnia and Herzegovina: Visoka škola za uslužni biznis.	3,33
Pavlović, M., Gligorić, C., Grdinić, V., & Zdravković, F. (2024). Green finance: The role of sustainability reporting in promoting eco-friendly banking practices. In Proceedings of the Third International Scientific and Professional Conference – BELECON 2024 (pp. 397–409). Belgrade, Serbia: Belgrade Business and Arts Academy of Applied Studies. ISBN: 978-86-7169-650-0	2,50
Total number of points scored - sum of indicators from 4 to 10	35,83
Required number of points – sum of indicators from 4 to 10	30

VII. LIST OF PARTICIPATIONS IN NATIONAL AND INTERNATIONAL SCIENTIFIC CONFERENCES AND FORUMS

1. **Conference:** BELECON 2024 – Third International Scientific and Professional Conference
Title of participation: *Green finance: the role of sustainability reporting in promoting eco-friendly banking practices*
Date & Place: Belgrade, 2024
Organized by: Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia
2. **Conference:** Balkan na Jahorini 2024 – III Scientific Conference
Title of participation: *Uloga neformalnog obrazovanja u unapređenju veština u oblasti finansija i računovodstva*
Date & Place: Sokolac, 2024
Organized by: Visoka škola za uslužni biznis, East Sarajevo – Sokolac, Bosnia and Herzegovina
3. **Conference:** BELECON 2022 – First International Scientific and Professional Conference
Titles of participation:
 - a) *CSR reporting in banking sector in Republic of Serbia*
 - b) *Scopes and limitations of the traditional financial reporting system for the purposes of CSR reporting***Date & Place:** Belgrade, 2022
Organized by: Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia
4. **Conference:** Balkan na Jahorini 2022 – I Scientific Conference
Title of participation: *Analiza izveštaja o društvenoj odgovornosti u bankarskom sektoru u Srbiji i Bosni i Hercegovini*
Date & Place: Jahorina, 23–25 September 2022
Organized by: Visoka škola za uslužni biznis, East Sarajevo – Sokolac, Bosnia and Herzegovina

VIII. DECLARATION OF ORIGINALITY AND AUTHENTICITY

by Filip Sladjanin Zdravkovic

In connection with the procedure for obtaining the educational and scientific degree "doctor" in the doctoral program "Economics and Management" (Industry), I declare:

1. The results and contributions in the dissertation work on the topic “Corporate Social Responsibility Reporting in the Banking Sector in the Republic of Serbia” are original and are not borrowed from research and publications in which the author has no participation.
2. The information presented by the author, in the form of copies of documents and publications, personally compiled references, etc. corresponds to objective truth.
3. The results obtained, described and/or published by other authors are duly and extensively cited in the bibliography.

Svishtov

Declarant:

/Filip Zdravkovic/