

Social Responsibility of Banks in the Function of Comparative Advantage on the Market

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ABSTRACT

The business operation of companies is not neutral and is not perceived any more in terms of profitable operations, but also in terms of whether it is beneficial for the society. Social responsibility contributes to improving relationships with key stakeholders, thus contributing to the long-term sustainability of the company. The paper points out to the positive link between corporate social responsibility (CSR) and the reputation of the bank. Without CSR, neither the improvement nor the expansion of banking operations is possible. The aim is to point out that profit and CSR are not opposed categories and that the CSR of banks represents a strong comparative advantage on the market. The paper gives a theoretical and practical overview of the concept of corporate social responsibility (CSR), with a focus on the banking sector. In the theoretical part, the term CSR is defined, as well as its significance and special features regarding the application in the banking sector. The empirical part deals with the study of the characteristics of the Montenegrin banking sector, its characteristics in terms of CSR. The empirical part includes the qualitative analysis, based on the data available on the official sites of banks operating in Montenegro. Based on the collected Internet data, an analysis of the factual situation was carried out, conclusions were given and recommendations have been made for the implementation of the CSR concept with a view of improving the competitive position of banks on the market. Through qualitative analysis of the available data, the advantages and disadvantages of corporate social responsibility of banks in Montenegro were considered, as well as which CSR activities are most represented and which still have the capacity to be improved and involved in the marketing strategies of the banks in Montenegro.

Key words: *social corporate responsibility, banks, reputation, marketing*

JEL Classification: N20, G20

INTRODUCTION

The turbulence of the environment, market changes that represent the process today, not just the business event as they once did, have led to the need for companies to re-examine themselves and to supplement their business strategy in order to gain competitive advantage in the market. In order to gain a competitive advantage they should focus on the people, that is, the need to increase the number of people who use their products and services or more simply believe in them. In order to be successful in a dynamic services market companies must delivered superior value to target customers who become more demanding, and choose products/services rationally, analysing relation between price and quality. The competitiveness of companies in the financial sector is largely based on fostering customer loyalty, integrating

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various communication channels, reducing operating costs and good risk management (Domazet, Stošić and Hanić, 2016). In the last ten years, in the literature, as well as in the practice, the concept of social responsibility has started to develop, which focuses on the support to the community in which the business operations are carried out, and in return, these companies are recognized by the community as the companies which should be trusted, which is one of the ways in which the companies can contribute to their growth and their competitive advantage. Banks, as a specific phenomenon by itself which has a specific way of generating profit, have realized that they have to incorporate the concept of social responsibility into their business strategy, in order to differentiate and gain a competitive advantage in the banking sector, which is characterized by an increasing number of banks and tougher competition in the financial market.

The paper views the concept of social responsibility, the banks in Montenegro, as well as the implementation or introduction of this concept in their operations. Moreover, a positive correlation between corporate social responsibility (CSR) - reputation of the bank has been pointed out. Without the social responsibility of banks, it is not possible to improve or extend the banking operations. The aim is to point out that profit and CSR are not opposed categories and that the CSR of banks represents a serious comparative advantage on the market.

The initial hypothesis: The application of the concept of social responsibility is an important factor for achieving competitive advantage and strengthening the position of banks in the financial market, all through the creation of services that will improve and expand banking activities, to create satisfied consumers who are loyal.

Auxiliary hypotheses are:

1. The willingness of banks to invest in CSR activities will increase the confidence in banks by customers and the community
2. Developing awareness of the importance of CSR for company business and training and inclusion of employees in CSR activities provides for a higher level of business and better reputation
3. Socially responsible activities address the problem for which the state does not have sufficient financial resources, which also affects the strengthening of the reputation of the bank
4. Improving the business environment creates the conditions for developing the competitiveness of banks and strengthening their position in the financial market, and therefore profit.

The paper gives a theoretical and practical overview of the concept of CSR and its application in the banking sector. In the theoretical part, the term CSR is defined, its significance and specific qualities related to the application in the banking sector. The empirical part deals with the study of the characteristics of the Montenegrin banking sector, its features in terms of CSR. The empirical part covers qualitative analysis, on the basis of the data available from the official websites of the banks operating in Montenegro. On the basis of the data collected from the Internet, an analysis of the factual situation has been conducted, conclusions have been drawn and recommendations have been made for the application of the CSR concept in order to improve the competitive position of banks on the market. Through the qualitative analysis of the available data, the advantages and disadvantages of social responsibility of banks in Montenegro have been studied. It has been analysed which CSR activities are the most prominent, and for which there is still the space to be improved and involved in the marketing strategies of banks operating in this area.

In the end, it has been pointed out that the awareness of the benefits the CSR brings to the company has not still been developed in Montenegro. The socially responsible practice is often perceived as an unprofitable and impractical activity. In recent years, in the banking sector, socially responsible activities are growing in importance and have a tendency towards growth.

The social responsibility of banks is significant for the Montenegrin economy and society, because socially responsible banking activities contribute to the improvement and advancement of the existing situation in certain segments which the country has insufficient resources to support. Banks carry out their socially responsible activities through activities in the fields of education, health care, culture, sports, environment protection, and work with people with disabilities. In conclusion, the banks have a dual role, they are both promoters of socially responsible behaviour and institutions investing in those areas of vital importance, for which the state does not have enough resources. The CSR of banks represents a serious comparative advantage in the market, because the banks that implement it (especially foreign banks) send their clients a clear message that they are ready to stay in Montenegro and actively engage in solving problems at both the local and the national level.

THEORETICAL ASPECTS OF SOCIAL RESPONSIBILITY OF BANKS IN MONTENEGRO

Defining the concept of corporate social responsibility

Social responsibility is now perceived as an inevitable part of the company's operations and one of the market differentiation options. In this context, social responsibility or corporate social responsibility (according to the World Business Council for Sustainable Development) can be seen as "the commitment of business units to contribute to sustainable economic development, cooperation with employees, their families, the local community and society as a whole aimed at improvement of the quality of their lives" (Saraiva and Serrasqueiro, 2007). This would mean that the concept of social responsibility does not perceive as the opposing sides, on the one hand, the people, the community and the environment, and on the other hand, the economic goals of the company. The concept of social responsibility would mean that the company assumes responsibility for the impact of its own activities on all the stakeholders of the company, as well as on the environment (Zelenović, 2015). Moreover, it should be emphasized that CSR is not the same for every company, but that the business operations according to this principle depends on the size of the company, the economic region, the market and the actual operations of the company.

As noted, the operations based on the corporate social responsibility principle connect and enhance the relationships between the company, stakeholders and the environment, and combines them into a single whole that generates benefits both for the company itself and for the meeting of the current needs of future generations. So the most famous model regarding the CSR is the model of the pyramid presented by Carroll (1996), according to which if the company is to be socially responsible, then it needs to be financially stable (to be profitable), then legally responsible (to respect the laws of the state and markets), then ethically responsible (to operate in accordance with the moral and ethical norms of the society, community and the market) and ultimately to have a philanthropic responsibility (to be a good citizen).

When we talk about when the concept of social responsibility dates back, we could say that, from a historical point of view, it dates back to the thirties of the last century, and as the subject of research of experts and interested individuals, somewhat later, sometime to the nineties, when companies accept the contemporary concept of social responsibility and implement it into their business strategy so that the activities they carry out create value for the company's owners, on the one hand, and for a wider community, on the other.

Significance and characteristics of corporate social responsibility

Numerous questions are raised regarding the concept and implementation of corporate social responsibility. Some of them are related to the actual implementation of this concept in the company's operations and they relate to whether social responsibility is cost-effective or not and whether it should be considered as a cost or as an investment (Stojanovi-Aleksić and allies



2016). The given questions cannot be answered either with yes or no, but the answers require perceiving the things from different angles. The concept of social responsibility can be viewed from the aspect of the impact that the company operating in accordance with the given concept has on the enterprise and the society. This would mean that the responsible behaviour earns praise, that is, produces positive effects with the public which can be seen in the long run and can create a positive image or improve the existing one. Thus, the sense of security and confidence is created among the interested individuals and groups, which creates a positive effect on the actual operations of the company. This means that the concept of social responsibility creates a positive effect on the company through the activities that contribute to the positive image, and the image creates confidence among the stakeholders, which contributes to the increase of the value of company's shares, greater market share, competitive advantage etc. The study carried out in the USA has shown that the factors related to the social responsibility have almost the same effect on the company's reputation as some traditional factors such as quality, price, usage etc. (Stojanovi-Aleksić and allies 2016)

It should also be taken into account that there is another aspect that reflects the importance of social responsibility, and that is the reporting on corporate social responsibility which should be included in the results and reporting on the company's overall business operations.

When we talk about the activities, that is, the areas that the concept of social responsibility entails, we would say that it is the promotion of social goals (humanitarian work), the interconnection between marketing activities and social goals (part of the revenue is allocated for solving the problems of vulnerable groups), volunteer work (voluntary work aimed at supporting and actively participating in a community-run activity) and corporate philanthropy (the company's contribution through humanitarian activities) (Stojanovi-Aleksić and allies 2016).

Specific phenomenon of social responsibility in the banking sector

The above mentioned prompted us, when talking about social responsibility, to think first about the relationship between CSR and profit-making companies, which perceive this concept as a way of contributing to the community, on the one hand, and of gaining greater competitive advantage, on the other hand. The banks generally did not have a need for such a concept. This is due to the fact that they are independent financial institutions that take care of their finances independently, as well as the fact that they are intermediaries in the economy and have no need to care about the profit. However, due to the development of the market, increase in the number of participants in the banking market and increase and creation of new banking services, banks had to find a way to improve their reputation, develop trust among customers, restore the trust through various activities that would be receptive to people's eyes and ears. The assets of the company are not worth without customers, the task of managing services marketing is not only to attract new, but also to retain existing customers. New customers can be attracted only by delivering superior service, the role of marketing is to create a superior offer and ensure customer satisfaction, but also to anticipate the future needs of its clients, only satisfied customers can be loyal to a given organisation (Hanic, Domazet, 2012). Thus the banks have realized that the concept of social responsibility provides an opportunity for expansion and improvement of their business operations. They can incorporate this concept into their defined strategy and thus, through the CSR activities, gain competitive advantage in the banking market. By implementing socially responsible activities, the banks become an active part of the community in which they operate (Zelenović, 2015) through the following:

- Promotion of social goals - through a financial contribution or other types of contribution to develop or solve a particular social goal,
- General Well-Being Marketing - when a certain amount of revenue is allocated for the achievement of a social goal

- Corporate Social Marketing - assistance in development, implementation of campaigns which contribute to raising the awareness of the health, the sick, environmental protection ...,
- Corporate Philanthropy – making direct contributions to a charitable or social activity,
- Community Volunteer Work - voluntary work of employees and partners,
- Socially Responsible Business Practice - adopting and implementing the business practice that supports a social goal which should improve the life of the community (both the people and the environment) (Kotler, Li, 2009).

Based on the above, market changes and behaviour in the banking sector have led to the situation where the banks behave in the following way (Vunjak, Kovačević, 2006):

- Customer orientation because he/she is the most important person
- The client is the purpose of the banking business
- Respecting the wishes and demands of the clients
- A higher marketing concept
- Customer service quality.

The motive for introducing the concept of social responsibility appears at different levels (Zelenović, 2015):

- Internal ethics - processes in banks and
- External ethics - consequences of banking actions.

PRACTICE OF SOCIAL RESPONSIBILITY OF THE BANKS IN MONTENEGRO

The empirical framework of social responsibility of the banks in Montenegro

Banks, as independent financial institutions, have focused on the care about their finances until recently. The Bank is perceived solely as a recipient and provider of banking services, whose employees dominate the clients, without the adequate system of rewards and without paying a particular attention to the competition and customer requirements. The turbulent environment, the saturation of consumers by marketing advertising of various forms, has imposed the need for incorporating the socially responsible operations in the strategies of banks, as the necessary prerequisite for acquiring and maintaining the competitive advantage. They must not be focused solely on profit, but must be socially responsible, and take care of the environment. This raises the question of whether company can be both environmentally and socially responsible and profitable at the same time (Domazet, Kovačević, 2018).

The whole community benefits through the activities of corporate social responsibility and the clients are becoming aware of this. By associating their products and services with the solving of a particular social problem, the banks do their promotion and encourage customers to buy their products or services. Banks can demonstrate corporate social responsibility by providing the financial resources for raising awareness of a social problem, encouraging campaigns for behavioural change, engaging in local initiatives, humanitarian actions, financing and implementing the business practice for environmental protection or improvement of community life.

All of these activities can be carried out by the bank itself and in cooperation with public sector partners, profit and non-profit organizations. Moreover, the bank encourages and supports both its employees and partners to help local organizations and actions through voluntary work. Implementation of CSR activities is increasingly under pressure, both internal and external, to apply a strategic approach. The bank needs to choose what it will focus on and how to link its philanthropic and other initiatives to its business goals and tasks. The goal of



investing in various forms of socially responsible strategies is the strengthening of the bank's reputation. Through its reputation, the bank creates barriers to its competitors, sends a message that its services are of high quality, improves its market position, which contributes to profit increase. At the level of the economy, such operations encourage increased competitiveness and transparency in business, encourages trust and partnerships with the target public. The goal of reputation is not that a bank is liked but to create its value through business success and the solving of community problem which the state cannot solve alone.

Changes in the way of thinking and behaviour have led to more customer-orientated banks today, respect for customers' wishes and demands, introduction of a higher marketing concept and an increase in service quality.

Today, even conventional banks are participating in the actions that are of general welfare to the community. Some of these activities are as follows: local scholarships and sponsorships, financing in the field of sports, health care, culture, more affordable housing loans, financing of some traditional events in the community, etc.

Although the positive effect of applying the CSR concept in the banking operations has already been recognized, this concept is still inadequately implemented in a wider scope in Montenegro, although the trend towards the growth of CSR activities has been present in recent years. The reason for this can be found in the still underdeveloped awareness of the benefits of socially responsible practice, since such practice is often perceived as unprofitable and impractical experience. The common approach to corporate social responsibility is usually limited, defensive and unrelated to the actual strategy of the bank. The CSR activities should be aimed at enhancing the relationship between employees and customers (as key stakeholders) so that they do not abandon the bank.

According to the official data of the Central Bank of Montenegro, 15 licensed banks operate in Montenegro. The data on corporate social responsibility of banks is available on the official websites of seven Montenegrin banks, which suggest that a little less than half of the banks have recognized the importance of informing the stakeholders of this aspect of bank operations. The CSR data is available for the following banks:

1. Societe Generale bank Montenegro AD
2. Prva banka Crne Gore AD Podgorica
3. NLB Banka AD Podgorica
4. Addiko Bank AD Podgorica
5. ERSTE Bank AD Podgorica
6. Crnogorska komercijalna banka AD Podgorica member of OTP Group
7. Hipotekarna banka AD Podgorica

On the basis of available data on the official websites of Montenegrin banks, it can be concluded that socially responsible activities are mainly focused on the fields of health care, education, sports, culture and the promotion of environmental protection.

Analysis of the state of corporate social responsibility of the banks in Montenegro

Analysis of the state of corporate social responsibility of the banks in Montenegro was made on the basis of secondary data, available on the official websites of the banks operating in our territory. Below is an overview of the key objectives and activities of the seven banks, which publish the information on their CSR activities on their websites.

Societe Generale Montenegro Bank indicates, as the objective of its CSR activities, the support for projects in the field of health care, education and culture which are useful for citizens and society over a longer period of time. The social community has acknowledged the efforts of this Bank and in 2011, 2012 and 2015 Societe Generale Montenegro, as a socially

responsible company, was given the ISKRA Award for philanthropy for the overall contribution of the Bank to the Montenegrin society and for its contribution to inclusive education. The Bank is also the winner of the Naturally Equal Award received for the best practice in achieving gender equality in Montenegro (<http://www.societegenerale.me/mne/o-nama/o-societe-generale-banci-montenegro>, accessed on 17.03.2018.).

The activities of the Bank focused on healthcare activities included cash donations for the purchase of necessary resources for the Montenegro Clinical Centre and the Institute for Children's Diseases, as well as for procurement of medical and sanitary equipment for healthcare institutions, primarily for health care centres and general hospitals in the territory of Montenegro. In this way, the Bank contributes to the creation of better conditions for the strengthening of health care and the care about the public health.

The Bank is also active when it comes to monetary donations and cooperation with non-governmental organizations dealing with the problems of children with developmental disturbances, people with disabilities, children suffering from cancer, as well as women victims of violence and juvenile mothers. With these donations, the Bank draws attention to this group of women and children and actively participates in an effort to improve the position of women and children in the Montenegrin society.

Societe Generale Bank also directs its socially responsible activities towards the support for inclusive education (donations to the stimulation room in elementary schools, financing instruction manuals for improvement of the teaching process within the inclusive education). Through donations for educational tools in kindergartens, the construction of children's playgrounds, presents for pupils who walk to school from rural areas, the concern is shown for young people and improvement of conditions in educational institutions. The Bank also organized a student competition on the topic of Corporate Social Responsibility, which contributes to the development of awareness of the importance of corporate social responsibility among this target group.

Within the activities aimed at environmental protection, the Bank supported the activities of greening of certain parts of the Capital. Another action with the same goal was the purchase of electric bicycles for employees and clients.

Numerous activities include humanitarian aid for the most deprived families, donations for the Library of the blind, as well as numerous sponsorships for art exhibitions of Montenegrin artists.

Prva banka Crne Gore has actively participated in the realization of socially beneficial projects since the very beginning of its existence. It is recognized by its support for projects of national significance in the field of health care, culture, sports, as well as support for humanitarian and other projects that have an impact on raising the quality of life of the citizens in Montenegro (<http://www.prvabankacg.com/o-nama/drustvena-odgovornost/>, accessed on 17.03.2018.).

Some of these projects by which Prva Banka Crne Gore confirms its strategic commitment to corporate social responsibility include: The Ulcinj's greening project, sponsorship of the women's handball team of Montenegro at the World Championship in Denmark, a donation for the Internal ward of the Bar Hospital.

NLB Montenegro bank promotes its socially responsible operations through sponsorships or donations to cultural, sports and entertainment events as well as environmental protection projects. The largest and most significant sponsorship projects of NLB Banka are: sponsorship of the Budućnost Basketball Club, the AS Tennis Club, the main sponsor of the National Parks of Montenegro, which has been its partner since November 2010 within the project 'Obradujmo prirodu' (Make the Nature Happy), which contributes to raising awareness of the importance of environmental protection and conservation of protected natural areas for future generations (<https://www.nlb.me/me/nlb-banka/opste/sponzorstva-i-donacije>, accessed on 17.03.2018.).



For several years, **Addiko Bank AD Podgorica** has been allocating funds in a planned manner, within its budget, to support the local community, where it carries out its activities, through the support for the work of educational and healthcare institutions, and events aimed at promoting and preserving social values through the fields of culture, arts, non-commercial sports activities (<https://www.addiko.me/o-nama/drustvena-odgovornost/sponzorstva-i-donacije/>, accessed on 17.03.2018.). The most significant activities include: donations to children and adolescents with developmental disturbances; cooperation with non-governmental organizations and primary schools to support children with autism spectrum disorders; donations to children suffering from cancer; donation to the Institute for Children's Diseases for the supply of equipment for the ORL ward. In cooperation with the Red Cross, it participates in humanitarian actions for socially vulnerable citizens and in voluntary blood donation activities. Among numerous activities the following are also worth mentioning: donations to the Fire Department in Tivat; assistance for the purchase of equipment for the national team of the Special Olympic Games of Montenegro; baskets for the school gym in Žabljak; equipment for primary and secondary schools in Kotor and Tivat; procurement of exercise equipment in the gym of the junior team of the "Jadran" water polo club; a donation aimed at improving the social inclusion of children and youth with developmental disturbances and people with disabilities; donations of children's books to libraries in Podgorica and kindergartens in Kotor and Tivat; sponsorship of the Sea Dance Festival. As a modern and practical bank focused on customers and their needs, Addiko has also provided the festival's visitors with various opportunities to make simple financial transactions on-site. The Sea Dance Festival payment card and the Addiko Bank card was the official payment instrument at the Sea Dance Festival, and Addiko Bank has also provided an ATM for cash withdrawals for all visitors (<https://www.addiko.me/o-nama/drustvena-odgovornost/sponzorstva-i-donacije/>, accessed on 17.03.2018.). What seems interesting is the fact that all the activities listed on the website of Addiko Bank were conducted in the period from November 2016 to December 2017.

Erste Banka actively and consistently contributes to the re-building of the value system, the development of society and culture in the country by initiating, acknowledging and providing organizational and financial support to the activities, projects, organizations and institutions acting in the same direction. Erste Banka gives its contribution to: the culture and arts, education, sports, social inclusion and environmental protection (https://www.erstebank.me/sr_ME/footer-stanovnistvo/o-banci/Sponzorstva-i-donacije accessed on 17.03.2018.). One of the ongoing programmes listed on the website refers to the Best of South East Programme: Study in Graz –Development and Further Education programme, as well as international work experience for talented and dedicated graduates and students from Montenegro, Bosnia and Herzegovina, Croatia , Macedonia, Slovenia and Serbia.

Crnogorska komercijalna banka bases its corporate social responsibility on supporting independently or as a partner the realization of projects in the field of culture, arts, science and sports.

Aware of the importance of entrepreneurial initiative in culture, CKB has supported the representative editions of the CID publishing house (economic, literary, legal, anthropological, historical) which has published important studies from the history, culture, nature of Montenegro, as well as numerous capital translations (<http://www.ckb.me/marketing-i-pr/marketing-i-pr.69.html> accessed on 17.03.2018.).

CKB sponsors or participates in the organization of various events (concerts, Mimosa Festival, World Savings Day), gives donations in the field of health care, education and science, paying special attention to children and young people, through the scholarships to the best, but also through the CKB donations to the UNICEF projects. The support for sports clubs in football, basketball, handball, karate, and cooperation with the Montenegrin water-polo national team are some of the CSR activities of Crnogorska Komercijalna Banka. CKB has recognized the importance of financing in the field of cinematography (Film Festival Hercegfest) and arts.

Moreover, for the first time in Montenegro CKB ensures the financing of renewable energy sources aimed at continuous improvement of efficient and sustainable economic, social and ecological environment (<http://www.ckb.me/marketing-i-pr/marketing-i-pr.69.html> accessed on 17.03.2018.).

Hipotekarna banka AD Podgorica is the winner of the special award "Iskra" for corporate philanthropy in 2016. The award has recognized the contribution and importance of corporate social responsibility of Hipotekarna banka AD Podgorica, which has several directions: investment in health care improvement, investment in culture, care for the elderly, investment in youth education and general contribution to the community. Some of the CSR activities of Hipotekarna banka are: donations of books to educational institutions in Montenegro; scholarships and the provision of international practice to the best students; procurement of reanimation vehicle for the needs of the Institute for Emergency Medical Assistance; together with the partners, the donations of vehicles for the transportation of patients on dialysis of the Montenegrin Clinical Centre; participation in the donation to the Clinic for Gynecology and Obstetrics; in cooperation with the non-governmental sector, the donations to the Nursery Home in Bijelo Polje; the general sponsorship of the Montenegrin National Theatre; donations of funds for the construction of a swimming pool in Nikšić; sponsorship of the Made in NY Jazz Festival; organization of panel discussions "Live globally, work locally" (<http://hipotekarnabanka.com/o-banci/vijesti> accessed on 17.03.2018.).

Results of empirical research

The overall goal of sustainable development is the long-term sustainability of economy and the environment, which will be achieved by integrating economic, environmental and social aspects of the decision-making process (Domazet, Kovačević, 2018). Adequate socially responsible activity of banks contributes significantly to the improvement and advancement of the existing situation in those segments of society and the local community which the state has either insufficient interest or resources to support. From the previous analysis of the state of corporate social responsibility of banks in Montenegro, it can be seen that some banks are aware of their social responsibility, which is demonstrated through financial investments in certain activities. Some of the most prominent activities include: inclusive education, work with people with disabilities, health care, education, sports, culture, environmental protection, work with the youngest, which are all segments of our society, for which insufficient funds are allocated from the state budget.

Table 1. CSR activities of the banks in Montenegro

Bank CSR activity	Societe Generale banka MNE	Prva banka Crne Gore	NLB bank MNE	Addiko bank	Erste bank	Crnogorska komercijalna banka	Hipotekarna banka
Health care	x	x		x			x
Education and science	x			x	x	x	x
Inclusive education	x			x			
Social inclusion	x			x	x		x
Culture	x	x	x	x	x	x	x
Sports	x	x	x	x	x	x	
Arts	x			x		x	x
Environmental protection	x		x		x	x	

Source: authors' analysis 18.03.2018.



Banks have a dual role: the role of promoters of socially responsible behaviour and institutions investing in those areas of vital importance for community development, for which the state does not have enough resources. In this way, the banks are directly involved and become a partner to the country in solving strategic social issues, both at the local and the national level.

Banks also have some benefits from CSR initiatives, namely: building a strong corporate reputation, contributing to overall business goals, attracting and retaining motivated workforce, supporting marketing goals, establishing strong relationships in the community, etc., which contributes to the comparative advantage of certain banks in the market.

Given that these activities are just some of those available to the banks in the area of corporate social responsibility, we hope that corporate social responsibility will develop in Montenegro in the forthcoming period, and that the banks will also be in a position, through the appropriate selective credit and interest rate policy, as well as the establishment of special funds, to have a direct impact on the companies to behave in a more responsible manner.

Given that Montenegrin banks are predominantly in foreign ownership and that the CSR represents a serious comparative advantage on the market, the foreign banks which implement the CSR send their customers a clear message that they are ready to stay in Montenegro and actively engage in solving problems both at the local and the national level.

CONCLUSION

As the conclusion of the paper and the conducted research, it is suggested that the concept of social responsibility and supplementing the bank's business strategy with it, can have multiple benefits for the bank itself, i.e. its competitive advantage in the banking sector, as well as for the improvement of the community and hence greater customer satisfaction. By introducing this concept, a positive image is built in the market, and thus a greater degree of trust is created in the operations of the bank by all interested individuals and groups.

The paper analyses the concept of corporate social responsibility, its positive effect on the above-mentioned entities, the introduction of this concept into the strategy and business policy, the specific phenomenon of the bank and its operations, and the contributions that the Introduction of this concept makes both for the bank and for all stakeholders of the bank.

The results obtained by empirical research in Montenegro indicate that banks carry out their socially responsible activities through the activities in the fields of education, healthcare, culture, sports, environmental protection, and work with people with disabilities. The conclusion is that banks have a dual role, they are both promoters of socially responsible behaviour and institutions that invest in those areas of vital importance, for which the state does not have enough resources. It was then concluded that the CSR of banks constitutes a serious comparative advantage in the market, since the banks that implement it (especially foreign banks) send their clients a clear message that they are ready to stay in Montenegro, and actively engage in solving problems both at the local and the national level.

The contribution of this paper is reflected in the fact that through a qualitative analysis a breakdown has been given of the activities and areas in which the CSR of banks in Montenegro is present. An analysis of CSR activities can be helpful to decision-makers in the marketing sector of banks in deciding how to use CSR as one of the leverages for gaining the comparative advantage in the market. We have also defined in the paper what characterizes the CSR of the banks in Montenegro, what are the advantages and what are the shortcomings in the past CSR practice of banks, and in which direction the CSR of banks should be improved. The contribution of the paper is also reflected in the analysis of what is the extent of the impact of CSR activities on the generation of a higher profit of banks.

Moreover, new opportunities for future research have been opened, and one of them concerns the strategies that banks use in the implementation of corporate social responsibility.

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