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**CORPORATE SOCIAL RESPONSIBILITY AND CONSUMER
 PROTECTION IN THE REPUBLIC OF SERBIA**

The research is related to consumers' attitudes towards consumerism in Serbia. The entire research is directed towards the findings on consumer habits, problems in consumption i.e. causes of dissatisfaction of Serbian consumers, and also towards consumer protection system. Due to the extensiveness of the research, only a part of its results related to the way Serbian citizens react to the violation of their consumer rights is presented.

Keywords: Serbia; corporate social responsibility; consumer rights protection; retail; survey.

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**КОРПОРАТИВНА СОЦІАЛЬНА ВІДПОВІДАЛЬНІСТЬ ТА ЗАХИСТ
 ПРАВ СПОЖИВАЧІВ У РЕСПУБЛІЦІ СЕРБІЯ**

У статті представлено результати деталізованого опитування споживачів у Сербії. Досліджено споживацькі звички в країні, а також проблеми, пов'язані з незадоволеністю споживачів, системою захисту прав споживачів у країні. Надано окремі приклади того, як серби зазвичай реагують на порушення прав споживачів.

Ключові слова: Сербія; корпоративна соціальна відповідальність; захист прав споживачів; роздрібна торгівля; опитування.

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**КОРПОРАТИВНАЯ СОЦИАЛЬНАЯ ОТВЕТСТВЕННОСТЬ И
 ЗАЩИТА ПРАВ ПОТРЕБИТЕЛЕЙ В РЕСПУБЛИКЕ СЕРБИЯ**

В статье представлен детализированный потребительский опрос в Сербии. Исследованы потребительские привычки в Сербии, а также проблемы, связанные с неудовлетворённостью потребителей, система защиты прав потребителей в стране. Описаны отдельные примеры того, как сербы обычно реагируют на нарушение прав потребителей.

Ключевые слова: Сербия; корпоративная социальная ответственность; защита прав потребителей; розничная торговля; опрос.

Introduction. It is well-known that Serbia is a state attempting to join the EU, which means that it needs to harmonize with the EU regulations in all segments, including consumer rights. Consumer protection is regarded as a significant problem in market economy functioning. However, long-standing sanctions and serious economic crisis have taken their toll, that is why consumer rights protection in Serbia is insufficiently developed. Serbia is currently in the process of transition, and consumers in transition economies are specially vulnerable due to a high rate of unemployment and low income. For these reasons, the research on the territory of the Republic has been made in 3 segments: consumer habits, problems in consumption and consumer rights protection.

Corporate social responsibility. The degree of social responsibility of Serbian companies is much lower as compared to European companies. This is mostly the consequence of transition processes which have not been finished yet, as well as of

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political and social and economic events in the last decade of the twentieth century. The citizens declared they do not believe that companies act responsibly and that companies do not take care of the fact whether they contribute to the society (Marinovic, 2007).

Corporate social responsibility encompasses company activities directed towards the fulfillment of the obligations defined by law and contracts, and also activities through which the company fulfills ethical obligations towards all interest groups. Consumers in Serbia still have a very mistrustful attitude to corporate social responsibility (Simic Antonijevic et al., 2011).

Material and method. Previous to the research conducted on the representative sample, a preliminary research was carried out regarding attitudes and opinions of a smaller focus group of consumers (8 subjects) whose answers served as a frame to form a structured questionnaire and for investigating a greater number of subjects in the sample. Thus, the main objective of the discrete research conducted on the sample was to envisage consumer attitudes, i.e. their opinion on various aspects of the consumer right protection system in Serbia and the role of individual subjects in this system (Petrovic, 2007).

With the aim of establishing consumer attitudes on the realized level of consumer protection in Serbia, and, within this, on corporate social responsibility, the research was conducted on 350 subjects from all over Serbia. The sample of 350 subjects corresponds to the size which is usually used for this type of research. The planned representative sample for the research is random, although quota samples can be used for the needs of market research. It was decided to select 25 municipalities and the equal number of 14 subjects for each.

For this research, the two-stage cluster sample was planned, in which clusters were municipalities, and the second stage units were persons of legal age. Municipalities were stratified based on the territory into:

- Central Serbia without Belgrade.
- The City of Belgrade.
- Vojvodina.

Allocation of municipalities to strata is proportional to the number of persons of legal age in the territory. An equal number of persons of legal age was randomly selected from each municipality. This plan of sampling provided a self-weighted sample, where each subject selected into a sample represents an equal number of persons from legally adult population of Serbia. Quotients/Proportions from the sample represent the grades of suitable sizes in the population.

Table 1 shows the number of inhabitants of legal age, the share in the total number of inhabitants and the allocated number of municipalities and persons in the sample, for each territory.

Table 2 contains a standard error, 95% confidence interval and error limits for the proportion of 0.2% per territory. The corresponding data, including the effect of clusters, which results in the increase of proportion variance, are presented in the Table 3.

The standard error of the proportion grade is calculated by the following formula:

$$SE(p) \sqrt{\frac{(1-p) \times p}{n}} \quad (1)$$

or with the design effect

$$SE(p) = \sqrt{\frac{Deff \times (1-p) \times p}{n}} \quad (2)$$

Table 1. Allocation of municipalities' sample and the total number of persons in the sample, per territory, authors'

	Number of inhabitants of legal age according to the 2002 census	Share in the total population of RS	Number of municipalities in the sample (rounded allocation)	Planned number of persons from each municipality	Number of persons in the sample
Serbia	5,825,580	100%	25		350
Central Serbia without Belgrade	3,007,794	52%	13	14	182
Belgrade City	1,245,785	21%	5	14	70
Vojvodina	1,572,001	27%	7	14	98

Source: Municipalities in Serbia, 2008; The Republic Institute for Statistics RS.

Table 2. Standard error, confidence interval and error limit for the proportion $p = 0.2$, per territory, authors'

	Standard error SE	95% Confidence interval		Error limit, e	Error limit, e, %
		Interval limits			
		Lower	Upper		
Serbia	0.021	0.158	0.242	0.042	4.2
Central Serbia without Belgrade	0.030	0.142	0.258	0.058	5.8
The City of Belgrade	0.048	0.106	0.294	0.094	9.4
Vojvodina	0.040	0.121	0.279	0.079	7.9

Table 3. Standard error, confidence interval and error limit for the proportion, $p = 0.2$ and for the expected cluster effect, $Deff = 2$, per territory, authors'

	Standard error SE with cluster effect	95% Confidence interval with cluster effect		Error limit with cluster effect, e	Error limit with cluster effect, e, %
		Interval limits			
		Lower	Upper		
Serbia	0.030	0.141	0.259	0.059	5.9
Central Serbia without Belgrade	0.042	0.118	0.282	0.082	8.2
The City of Belgrade	0.068	0.067	0.333	0.133	13.3
Vojvodina	0.057	0.088	0.312	0.112	11.2

The assumption here is that $Deff = 2$, i.e. that the selection of clusters increases the proportion variance twice as compared to the simple random sample. The design effect depends on the homogeneity of the examined features and the number of units in the cluster.

The lower and the upper limits of 95% confidence interval are equal

$$p \pm 1.96 \times SE(p), \quad (3)$$

where the error limit is

$$1.96 \times SE(p). \quad (4)$$

Table 4. Standard error, confidence interval and error limit for the proportion $p = 0.5$, per territory, authors'

	Standard error SE	95% Confidence interval		Error limit, e	Error limit, e, %
		Interval limits			
		Lower	Upper		
Serbia	0.027	0.448	0.552	0.052	5.2
Central Serbia without Belgrade	0.037	0.427	0.573	0.073	7.3
The City of Belgrade	0.060	0.383	0.617	0.117	11.7
Vojvodina	0.051	0.401	0.599	0.099	9.9

Table 5. Standard error, confidence interval and error limit for the proportion $p = 0.5$ and for the expected cluster effect, $Deff = 2$, per territory, authors'

	Standard error SE with cluster effect	95% Confidence interval with cluster effect		Error limit with cluster effect, e	Error limit with cluster effect, e, %
		Interval limits			
		Lower	Upper		
Serbia	0.038	0.426	0.574	0.074	7.4
Central Serbia without Belgrade	0.052	0.397	0.603	0.103	10.3
The City of Belgrade	0.085	0.334	0.666	0.166	16.6
Vojvodina	0.071	0.360	0.640	0.140	14.0

The selection of municipality sample is done via systematic sampling in proportion with the number of persons of legal age. The persons were chosen randomly. The selected sample per territory is: Belgrade = 73 subjects, Vojvodina = 94 subjects, Central Serbia = 183 subjects.

Consumer surveys were conducted in Serbia in December 2011/January 2012.

It was established in the research that the average age of subjects was 39, which is a bit lower than Serbian average of 40.9 years, according to the Statistical Yearbook of Serbia for 2009. The sample structure regarding the gender is: 172 (49.2%) male, 178 (50.8%) – female.

The sample structure regarding the gender corresponds to the gender structure of the population of Serbia, where female population is a bit more numerous (51.37%) than male population, according to the last census.

The sample structure regarding the work status indicates that the employed constitute the major part of the total number of subjects (53%), followed by: farmers (7%), retired people (20%), students (10%) and the unemployed (10%).

Regarding the educational structure of the subjects in the sample, the subjects with secondary school and university education were most numerous, followed by subjects with primary school education (up to 8 grades of primary school) and subjects with college education. The greater number of subjects with university education resulted from the fact that there were more subjects from the area of Belgrade and Novi Sad, in which the greatest number of university degree inhabitants out of the total population is concentrated (Stankovic, 2008).

The subjects were observed from the point of realized monthly household wages, too. Taking into account the ever present inflation in Serbia, subjects were asked to express their income in euros and to select one of the offered groups.

Table 6. Household structure in the sample according to income, authors'

	number	%
Below 100 EUR	10	3
100–299 EUR	67	19
300–499 EUR	112	32
500–999 EUR	115	33
1000 EUR or more	46	13
Total	350	100

Results and discussion. When consumers do shopping as a part of their everyday activities, they try to avoid or minimize numerous risks: functional, physical, financial, psychological (Maricic, 2008).

The subjects were asked the following questions (Havelka et al., 2008):

1. If you are not satisfied with a product or a service which you have paid for, what are you going to do: 1) *I am not going to shop at that place any more*; 2) *I am going to report this to the authorized inspection*; 3) *I am going to address a consumer protection organization*; 4) *I am going to go to the shop and make a complaint about the product*.

Table 7. The sample structure according to the consumer reaction on the dissatisfaction with a product/service, authors'

	number	%
I am not going to that shop any more	201	57.4
I am going to report this	6	1.7
I am going to address a consumer protection organization	2	0.6
I am going to go to the shop and make a complaint about the product	136	38.8
Total answers	345	98.6
No answer	5	1.4
Total	350	100

The majority of subjects (57.4%) reacts passively, that is, changing the shopping place and avoiding the conflict. It is curious that such a small number of subjects decides to report the case (1.7%). The reason for this is citizens' mistrust in state institutions or discomfort/fear to enter the buildings of state inspectorates. This syndrome in citizens/consumers has been reported in other countries, too, and it is a reason why citizens address inspections with reluctance. A significant number of subjects (38.8%) would go to the shop and make a complaint, and only a minimal number of citizens would address a consumer organization (0.6%).

If we focus on the reaction of subjects according to their income, it is obvious that consumers with the lowest incomes are the most passive (80%) as opposed to the groups with higher incomes (54.35%). Consumers who would address inspection or consumer organization have higher incomes.

2. Do you know which law protects you as a consumer and what are your rights? The results of this research indicate that a very small number of citizens are familiar with relevant legal regulations.

Out of 350 subjects, only a small number demonstrated the knowledge of legal regulations which protect consumers and the familiarity with the basic consumer rights.

Table 8. Sample structure on the dissatisfaction with a product/service, by household income, authors'

		I will go to the shop and make a complaint	%	I will address a consumer protection organization	%	I will report to the authorized inspection	%	I will not buy in that shop any more	%
Below 100 EUR	10	2	20	-	-	-	-	8	80
100–299 EUR	67	21	31.34	1	1.49	-	-	45	67.17
300–499 EUR	112	45	40.18	-	-	3	2.68	64	57.14
500–999 EUR	115	50	43.48	1	0.87	2	1.74	62	53.91
1000 EUR or more	46	21	45.65	-	-	-	-	25	54.35

Table 9. Sample structure according to the familiarity with legal regulations and consumer rights, according to the household income, authors'

	Yes		No	
	Frequency	%	Frequency	%
Below 100 EUR	-	-	350	100
100–299 EUR	17	4.86	333	95.14
300–499 EUR	24	6.86	326	93.14
500–999 EUR	52	14.86	298	85.14
1000 EUR or more	59	16.86	291	83.14

3. Have you heard of a particular consumer protection organization? The majority of subjects has some information that there are such organizations, but the information is not clear enough: they do not know the exact name of the organization and its address. Out of total number, only 11.8% knew the closest consumer organization, 54% said that they "have heard something about it", and 33.2% had no information at all.

However, if we analyse the informedness of consumers in relation to income, it shows that consumers with the lowest income are exactly those who are the least informed how they could protect their consumer rights, whereas consumers with higher incomes have a better level of informedness (26.09%).

Table 10. Sample structure according to the household income and informedness about a particular consumer protection organization, authors'

		Yes		No		I have heard something about it	
		frequency	%	frequency	%	frequency	%
Below 100 EUR	10	-	-	3	30	7	70
100–299 EUR	67	2	2.98	34	50.75	31	46.27
300–499 EUR	112	8	7.14	40	35.72	64	57.14
500–999 EUR	115	20	17.39	33	28.70	62	53.91
1000 EUR or more	46	12	26.09	8	17.39	26	56.52

4. What should consumer protection organizations deal with? Education, food safety (product safety), consumer counselling and informing, representing consumers in court and out-of-court disputes, participation in writing and passing laws and regulations related to consumer protection.

Rank answers from the most important (1) to the least important (5).

The examination of the representative sample subjects was done with the aim of finding an answer to the question of which activities commonly done by consumer organizations in the world are the most important for Serbian consumers (Bourgoignie et al., 2003).

What should consumer protection organizations deal with? Rank answers from the most important (1) to the least important (5).

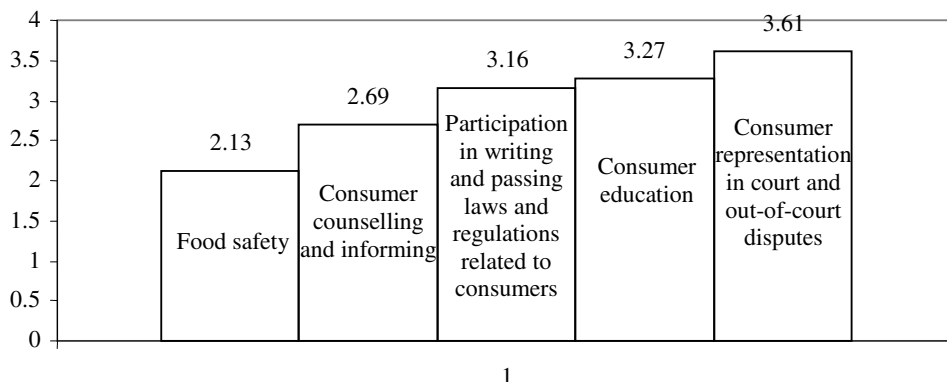


Figure 1. Consumers' attitudes to consumer organizations' priorities, authors'

350 survey answers were ranked based on the calculated arithmetic mean of subjects' answers in each proposed option. A ranked scale of Serbian consumers' attitudes to the priorities of consumer organizations' activity was obtained.

According to the subjects' opinions, the most important activity of consumer organizations in Serbia is to control food safety (product safety) in an objective and unbiased way and to inform the public about it.

The second important activity of consumer organizations in Serbia should be consumer counselling and informing. It is interesting that subjects in the survey find the passing of legal regulations related to consumer protection very important. Citizens expect consumer organizations to participate in preparation and passing of these legal regulations.

Consumer education was ranked as the fourth important. Representing consumers in court and out-of-court disputes was the least important activity of consumer organizations. The reason for this attitude is probably the fact that consumer organizations in Serbia have not performed this activity so far besides, there is great mistrust to courts, which are, in citizens' view, very corrupted.

5. If you need additional information about a product/service, who would you address: a friend, a consumer organization, a shop assistant or somebody else? According to the survey, consumers in Serbia address a shop assistant (53%) for additional information, although they are aware that such information can be subjective and biased. The next is friend (a close person) (23.7%), followed by a consumer

organization (14.5%), and 8.1% consumers would look for additional information on the Internet.

Table 11. Sample structure according to the way of looking for additional information/household income, authors'

		Shop assistant	%	Consumer organization	%	Friend	%	Other	%
Below 100 EUR	10	7	70	1	10	-	-	2	20
100–299 EUR	67	42	62.69	11	16.42	10	14.92	4	5.97
300–499 EUR	112	59	52.68	16	14.28	28	25	9	8.04
500–999 EUR	115	56	48.70	17	14.78	34	29.56	8	6.96
1000 EUR or more	46	21	45.66	6	13.04	13	28.26	6	13.04

6. Would you find a bulletin with objective information for consumers interesting?

According to the survey results, 72% of Serbian consumers are interested in being informed via bulletins published by consumer organizations, 20% of subjects do not have any attitude to this, and only 8.6% of subjects are not interested at all.

Table 12. Sample structure according to the interest in consumer bulletin by household income, authors'

		Yes		No		I don't know	
		frequency	%	frequency	%	frequency	%
Below 100 EUR	10	5	50	2	20	3	30
100–299 EUR	67	42	62.69	5	7.46	20	29.85
300–499 EUR	112	83	74.10	9	8.04	20	17.86
500–999 EUR	115	87	75.66	12	10.43	16	13.91
1000 EUR or more	46	33	71.74	2	4.35	11	23.91

If we observe consumers' interest in obtaining information from an independent, objective consumer bulletin in relation to household income, we can conclude that the most interested consumers are those with high income (71.74% and 75.66%), while even 20% of consumers in the group with the lowest household income said they are not at all interested, and 50% of them are interested in this information.

7. Do you think that organizations for consumer protection in Serbia can have a significant role in the society? The majority of subjects (62.6%) thinks that consumer organizations in Serbia will have an important role in future, 30% of subjects are not sure, and 7% of subjects think these organizations will not have an important role in Serbia.

All consumer groups have almost the same attitude to the importance of consumer organizations in future (60–63.04%), but in the groups with higher incomes there is also a higher percentage of those who think they will not have an important role.

8. Are companies in Serbia socially responsible? The research results indicate that a very small number of consumers have a positive perception of companies as being socially responsible (4.9%), a somewhat bigger percentage of subjects estimate social

responsibility of companies as fine (9%), a great number believe that profit is the basic goal of companies but there are still good examples (38.6%), and the greatest number of consumers (47.1%) have a negative attitude on corporate social responsibility in Serbia – their opinion is that companies only care for their own profit.

Table 13. Sample structure according to consumers' attitudes to the importance of future role of consumer organizations in Serbia/household income, authors'

		Yes		No		I don't know	
		frequency	%	frequency	%	frequency	%
Below 100 EUR	10	6	60	-	-	4	40
100–299 EUR	67	40	59.70	5	7.46	22	32.84
300–499 EUR	112	69	61.61	6	5.36	37	33.03
500–999 EUR	115	76	66.09	11	9.56	28	24.35
1000 EUR or more	46	29	63.04	3	6.52	14	30.44

If consumers are observed according to their household income, the conclusion is that consumers with the lowest income are in the largest numbers of those who perceive companies as socially responsible (20%), all consumer groups have an equal percentage of answers that companies only care for their own profit (41.96–52.24%), and the group with the highest income is the most sceptical one, i.e. 47.83% of the richest consumers think that the majority of companies have profit as their key goal.

Table 14. Consumer attitude to social responsibility of companies in Serbia/household income, authors'

		Most companies have profit as their key goal	%	Companies are mostly correct	%	Companies only care about their own profit	%	Companies' priority is consumer well-being	%
Below 100 EUR	10	2	20	1	10	5	50	2	20
100–299 EUR	67	18	26.87	9	13.43	35	52.24	5	7.46
300–499 EUR	112	48	42.86	11	9.82	47	41.96	6	5.36
500–999 EUR	115	45	39.13	9	7.83	58	50.43	3	2.61
1000 EUR or more	46	22	47.83	2	4.35	21	45.65	1	2.17

9. Who is the most responsible for the realization and protection of consumer interests and rights, in your opinion? According to the research results, consumers in Serbia perceive the state with its authorities as the most responsible protector of consumer interests (70%), consumers themselves (16%) and consumer protection organizations (12%) or other (0.9%).

Subjects with the lowest household incomes have the strongest trust in the state and its authorities – 80% of this group, but they also trust in consumer protection organizations (20%). Groups with higher income have more trust in themselves (23.91%), less in the state and its authorities (65.22–72.18%), but less in consumer

protection organizations, too. What is common for all groups is that they believe that the state and authorities can protect their interests. Yet, a greater future role of consumer protection organizations in Serbia can be predicted.

Table 15. Sample structure according to the responsibility for consumer protection/household income, authors'

		State with its authorities	%	Consumer protection organization	%	Citizens themselves	%	Other	%
Below 100 EUR	10	8	80	2	20	-	-	-	-
100–299 EUR	67	45	67.16	9	13.44	12	17.91	1	1.49
300–499 EUR	112	82	73.21	10	8.93	20	17.86	-	-
500–999 EUR	115	83	72.18	16	13.91	15	13.04	1	0.87
1000 EUR or more	46	30	65.22	5	10.87	11	23.91	-	-

Basic conclusions and recommendations that result from this research. The research demonstrates that a small number of consumers are familiar with the laws that protect them and with their fundamental consumer rights and these consumers are mostly people with high income and education.

The opinion of Serbian consumers is that the primary concern of consumer organizations should be food safety control, followed by consumer counselling and informing directly or via bulletins and television, consumer education, participation in writing and passing laws and regulations related to consumers, and finally, representing consumers in court and out-of-court disputes.

For additional information, Serbian consumers currently address a shop assistant at first place, then friends and consumers' organizations, but they also look for information online.

The majority of subjects are interested in a bulletin which would publish true and objective information about products and services, and which would be edited by consumer organizations. Unfortunately, at the moment there are no such bulletins published by Serbian consumer organizations other than "Consumer Reporter".

With regard to the role of companies in consumer protection, that is to say, their public responsibility, the majority of subjects (47%) believe that companies only care for their own profit; a somewhat softer attitude (38%) is that they believe that most companies have profit for their basic goal but there are also good examples of responsible companies; only about 9% think that companies act rightly and an insignificant number thinks that companies have consumer well-being as their main goal.

Finally, the greatest number of citizens think that the state and its authorities are the most responsible subjects for the realization of consumer protection, followed by citizens themselves, and lastly consumer protection organizations.

The transition of Serbian society is not possible without a series of institutional reforms, primarily those aimed at public administration which hold competencies over many fields. Transition has to bring changes into the behaviour of ordinary people, encourage their initiative in all spheres of public life. However, by inertia, numerous consumers in Serbia have remained trapped in their habits from the socialist past.

Behaviour of many companies which is perceived by consumers as predatory rather than socially responsible, does not make this toilsome process of Serbian transition any easier.

For all these reasons, a long term and systematic education of population is necessary in order to go through the transition more quickly. This process of changing attitudes, culture and habits of people who grew up in a completely different social and political system is the longest one.

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