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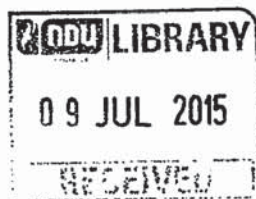
**Corporate Social Responsibility:
The Case of Microinsurance in Lebanon**

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Approval Certificate


CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF MICROINSURANCE IN LEBANON


BY


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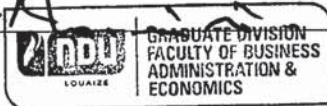
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May 6, 2014
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DECLARATION

I hereby declare that this thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other University.

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ABSTRACT

Purpose- This research attempts to assess the merits of the stakeholder/legitimacy theory on one side and the economic/decision usefulness theory on the other side, in explaining the perception of the Lebanese insurance managers about a potential introduction of microinsurance in their respective portfolio of insurance products. The study is conducted from a corporate social responsibility perspective using socio-political theories, in particular, the stakeholder and legitimacy theory and the economic theories that include agency and decision usefulness theories.

Design/methodology/approach- Deductive in nature, this paper uses descriptive and inferential statistical methods. A survey questionnaire is distributed to the listed insurance companies in Lebanon to gauge their views about the use of microinsurance as a corporate responsibility item in their planning process and test the hypotheses related to socio-political and economic theories

Potential outcomes- The findings provide indications about insurance companies' views about the concept of microinsurance from a corporate social responsibility perspective. Moreover, results reveal that the social factors have more importance than the economic factors in making the decision to include microinsurance in the in Lebanese insurance firms' portfolios.

Limitations- few limitations were encountered in collecting the primary data and distributing the questionnaire to respondents in insurance firms

Implications- At the theoretical level, this paper attempts to extend the use of CSR theories by assessing the validity in a new construct (environment and methodology). This paper has also demonstrated the usefulness of the socio-political perspective in understanding the social behavior. At the practical level, this research attempts to enlighten the decision making process to include corporate social responsibility themes, particularly in providing microinsurance, in Lebanese insurance firms' strategic planning processes that would result in more socially and ethically oriented insurance activities in Lebanon.

Originality/value- The study is original in its content since microinsurance is not yet adopted in Lebanon, so the perception about microinsurance and CSR is being tested before it is in place. Recent studies on microinsurance are conducted from an economical point of view, thus using the corporate social responsibility perspective is a new original angle that is worth considering.

Keywords- Microinsurance, Socio-political theories, Economic theories, CSR, Poor people, Lebanon

Paper type- Thesis

LIST OF TABLES

Table 1: Differences between traditional insurance and microinsurance	16
Table 2: Legitimacy/stakeholder theory with microinsurance	18
Table 3: Agency/decision usefulness theory with microinsurance.....	18
Table 4: Rejection reasons to include CSR in insurance companies	19
Table 5: Link between data collection tool, the theory, and the research questions.....	28
Table 6: Statistical methods used to answer the research questions.....	30
Table 9: Position of the respondent.....	31
Table 7: Education of the respondent.....	31
Table 8: Gender of the respondent.....	31
Table 10: Years of experience in the industry by brackets.....	32
Table 11: Age by brackets.....	32
Table 12: Years of experience in the position by brackets.....	32
Table 13: Age of the company in brackets	32
Table 14: Description of the metric variables.....	33
Table 15: Descriptive statistics of the perceived importance.....	34
Table 16: Correlations (Spearman's Rho) between importance factors and demographic variables	35
Table 17: Correlations (Spearman's Rho) between social factors and demographic variables.....	38
Table 18: Correlations (Spearman's Rho) between economic factors and demographic variables	40
Table 19: Kruskal Wallis test between the importance factors and the demographic variables	43
Table 20: Mann-Whitney test for importance factor five and years of experience in the industry by brackets	44
Table 21: Mann-Whitney test for importance factor five and years of experience in the current position by brackets.....	45
Table 22: Kruskal Wallis test between the social factors and the demographic variables	46
Table 24: Mann-Whitney test for social factor four and age by brackets.....	47
Table 23: Descriptive statistics of Mann-Whitney test	47
Table 25: Descriptive statistics of Mann-Whitney test	47
Table 26: Mann-Whitney test for social factor five and current position of the respondent	47
Table 27: Kruskal Wallis test between the economic factors and the demographic variables	49
Table 28: Descriptive statistics of Mann-Whitney test	50
Table 29: Mann-Whitney test for economic factors and age of the respondent	50
Table 30: Mann-Whitney test for economic factors and years of experience in the industry	51
Table 31: Whitney test for economic factors and years of experience in the position	52
Table 32: Descriptive statistics of Mann-Whitney test	53
Table 33: Mann-Whitney test for economic factor two and current position of the respondent	53
Table 34: Descriptive statistics of Mann-Whitney test	54
Table 35: Mann-Whitney test for economic factors and education level of the respondent	54
Table 36: Mann-Whitney test for economic factors and age of the company.....	55
Table 37: Wilcoxon Signed Ranks Test	56

Table 38: Descriptive statistics for Wilcoxon signed rank test	56
Table 39: Wilcoxon Signed Ranks Test	56
Table 40: Summary of the findings	59
Table 41: Gross written premiums in 2009 for insurance companies in Lebanon	63
Table 42: Company of the respondent.....	64
Table 43: Descriptive statistics of the importance, economic, and social factors	65
Table 44: Descriptive statistics of Kruskal Wallis test in the gender of the respondent.....	66
Table 45: List of departments	67

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Contents

ABSTRACT	IV
LIST OF TABLES.....	V
ACKNOWLEDGMENT.....	VII
Chapter 1	1
Scope of the study	1
1.1. General background.....	1
1.2. Research aim and questions.....	2
1.3. Chapters' outline.....	3
Chapter 2	4
Literature Review.....	4
2.1. Introduction.....	4
2.2. CSR in a nutshell.....	5
2.3. Theoretical underpinning	6
2.3.1. Economic theory	6
2.3.2. Socio-political Theory	7
2.4. Other perspectives in the theory.....	9
2.4.1. The profit perspective	9
2.4.2. The public image perspective	10
2.4.3. Compliance with government regulations perspective	10
2.4.4. The reputational fit perspective.....	10
2.4.5. The voluntary perspective	10
2.4.6. The media perspective	11
2.4.7. Accountability and transparency perspective	11
2.4.8. The strategic perspective.....	11
2.4.9. The market perspective	12
2.4.10. The sustainable development perspective.....	12
2.5. Microinsurance	12
2.5.1. Main advantages.....	13
2.5.2. Obstacles	14

2.5.3. Comparison between traditional insurance and microinsurance.....	15
2.5.4: Examples of countries providing microinsurance.....	16
2.6: Link between theoretical foundation and microinsurance.....	17
2.7: Conclusion.....	20
Chapter 3	22
The methodology.....	22
3.1. Introduction.....	22
3.2. The Philosophical angle.....	23
3.2.1. The positivism perspective.....	23
3.2.2. The phenomenology perspective.....	24
3.2.3. Post-positivism.....	25
3.3. Research approach.....	25
3.3.1 Deductive reasoning.....	25
3.3.2. Inductive reasoning.....	26
3.4. Population and sample.....	26
3.5. Research design.....	26
3.6. Conclusion.....	28
Chapter 4	29
The Analysis.....	29
4.1. Introduction.....	29
4.2. The Analysis Framework.....	29
4.3. Statistical Analysis.....	30
4.3.1. Descriptive Statistics.....	30
4.3.2. Inferential Statistics.....	33
4.4. Conclusion.....	57
Chapter 5	58
The conclusions.....	58
5.1. Introduction.....	58
5.2. Summary of the findings.....	58

5.3. Validity and limitations	60
5.3.1. Reliability and validity of the research	60
5.3.2. Limitations of the research	60
5.4. Research implication	61
5.4.1. Theoretical implication	61
5.4.2. Professional implication	61
5.5. Possible future research	61
5.6. Concluding remarks	62
Appendices	63
Bibliography	70

*To My Mom and Dad
To Whom I Am Eternally
Indebted*

*To My Husband
To Whom My Love Is Endless
And Unconditional*

Chapter 1

Scope of the study

1.1. General background

Corporate Social Responsibility (CSR) has become a subject of research in the MENA region, where companies are interested in pursuing its goals. CSR has seen this importance for its essential role in the society and the institution. CSR is represented as a social contract between the firm and the society where the firm's activities are legitimized, accepted, and approved by the society (Shocker and Sethi, 1973). In addition, in order for the business to continue its existence and success, it has to deliver not only the economic benefits of its activities, but also some social and political benefits to the society. As a result, when a company uses the society's social and economic resources in its activities, it has to provide in return the maximum benefit beyond the corporations' entity and its owners in order to achieve a balance of economic goals and societal well-being (Obalola, 2008). Mainly, organizations engaged in CSR take into consideration in their decision making process the economic and social rewards achieved together (Carroll, 1999).

CSR can take two different approaches, the socio-political perspective or the economic angle. The economic perspective focuses on meeting the tests of legitimacy and acceptance by satisfying the market demand and influencing investors to invest in the company. Mainly, organizations engage in CSR from this perspective, tend to avoid pressure from regulatory agencies, reduce agency costs and increase benefits, and maximize shareholders wealth (Choi, 1999).

On the other hand, companies pursue CSR from the socio-political perspective to display not only the economic benefits, but also social responsibility towards all stakeholders in the corporation. Moreover, companies engage in CSR from this perspective, show the importance of cultural justification to present the norms of acceptable behavior and social values to the society (Suchman, 1995).

This paper studies the perception of the insurance industry in Lebanon about CSR with the possibility of introducing microinsurance in their portfolio of insurance products that would result in more socially and ethically oriented insurance activities. Reducing poverty and empowering the poor to help them become more productive and give them social protection is an important goal and a social responsibility. Microinsurance is a tool that can protect the poor against risk exposures such as sickness, death, natural disasters, etc. in order to improve the quality of their lives and have a sustainable future. Poor people are more vulnerable to risky

events than others because they live in economic conditions that are harsh and difficult. Therefore, microinsurance is defined as “a risk transfer device characterized by low premiums and low coverage limits, and designed for low-income people not served by typical social insurance schemes” (Micorinsurance-Network, 2012).

The insurance sector in Lebanon has not yet introduced microinsurance as there are many obstacles to such a strategy. Microinsurance could carry a high risk to the company since it is a new strategy with high risk a default. Companies could also encounter high transaction costs with the difficulty of supplying the product. Lack of awareness about insurance among the poor is also another obstacle for insurance firms.

I chose this topic to be studied and discussed because the subject of CSR has been evolving among different industries in Lebanon and specially the banking sector. Most of the insurance companies in Lebanon are owned by banks, so the insurance industry could bring on some CSR activities. In addition, poor people in Lebanon are having the chance to empower themselves and get out of the poverty cycle when some corporations are offering microfinance to low income people in order to generate wealth and be productive. This strategy could be improved by also providing microinsurance with the microcredit in order to reduce risks and defaults. When microfinance provide wealth to low income people, microinsurance can help maintain it. I am interested in this topic because I believe it could contribute to the development of the country.

1.2. Research aim and questions

This research attempts to assess the merits of the stakeholder/legitimacy theory on one side and the economic/decision usefulness theory on the other side, in explaining the perception of the Lebanese insurance managers about a potential introduction of microinsurance in their respective portfolio of insurance products.

This research study will then attempt to address the following questions:

- How do Lebanese insurance firms perceive microinsurance?
- Do social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?
- Do perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to the Lebanese insurance firms' age?
- Do perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.?
- Is there any linear association between importance, social, economic factors and demographic variables?

1.3. Chapters' outline

Following this introductory chapter, chapter two- the literature- discusses the main theories in the field of CSR and identifies any other perspectives in the body of literature. In addition, it highlights the aspects of microinsurance and how it is related to the research problem. Chapter three- the methodology- outlines the road map for the research project. It highlights the philosophical perspective to be chosen, the research approach to be applied, the chosen population and the sampling procedures, and finally, the research design to be conducted. Chapter four- the analysis- provides the analysis framework with the execution of the statistical analysis that answers the research questions. Chapter five- the conclusions- highlights a summary of the findings. In addition, it states the validity of the research and the limitations faced while gathering the data. Research implications and possible future research are also mentioned in this chapter.

Chapter 2

Literature Review

2.1. Introduction

Literature review is a crucial step in the research process as it allows researchers to build their investigation on a solid foundation and to explore the main theories that are being examined in the field. These theories help specify the main ideas of the new study and identify their relevance to the particular area of the research problem.

Reviews assist researchers to grasp any knowledge that has already been established in the field and familiarize them with problem-solving techniques. In addition, through literature review, researchers are able to identify gaps in the research area which underlines the originality of their work. That is, questions that have not been answered yet or problems that have not been solved emerge and can thus be further investigated. Moreover, the originality of the research problem can arise from extending the published research or amending an existing methodology.

Finally, the literature review is essential for selecting the main factors that affect the outcome and that should be used in constructing the data collection tool. Thus, the strategies that should be adopted in collecting the data and the approaches that might be productive in investigating related topics are revealed. Likewise, literature review can suggest the most suitable method or theory in the research area that allow the study of the topic in an effective manner (Gay, et al., 2006).

The chapter flows according to the below outline:

- Section two describes corporate social responsibility (CSR) in a comprehensive manner.
- Section three discusses the theories—from different perspectives—that are used in supporting the research and in suggesting suitable strategies.
- Section four identifies any other perspectives in the body of literature.
- Section five discusses the particular aspects of microinsurance and how they relate to our research problem.
- In section six, a link is established between the theoretical foundation and microinsurance based on their applicability in the research area.
- Section seven concludes with a summary of the literature and outlines the link with the methodology approach (see chapter 3).

2.2. CSR in a nutshell

Businesses and corporations are becoming increasingly aware of the importance of embedding corporate social responsibility (CSR) in their activities. CSR is often represented as a social contract between any institution and the society (Shocker and Sethi, 1973). This contract can be expressed or implied, but in either case, the institution has to grow while delivering and distributing some social, economic, and political benefits to the society. According to Shocker and Sethi (1973), the needs for the institutions' services are permanent in the society only if they prove their legitimacy and relevance to the society's requirements and approval. Hence, CSR can be defined as "the use of society's resources, economic and human, in such a way that the whole society derives maximum benefits beyond the corporate entities and their owners, and adopting policies and decisions that give value to the society to achieve a balance of economic goals and societal wellbeing" (Obalola, 2008, p. 539). In other words, when an organization starts a decision-making process, it should achieve social benefits in addition to the traditional economic reward (Carroll, 1999). Furthermore, businesses adopting CSR should align their decision-making process with issues related to ethical values, compliance with legal requirement, and respect for people, communities, and the environment (Lindgreen, et al., 2009). Carroll (1999) stated some examples of CSR activities that a corporation would engage in, such as employment of minority groups, pollution reduction, and greater participation in programs that improve the community, medical care, industrial health, and safety.

On another level, organizations use CSR as a tool to communicate their social and environmental responsibilities, implying that social information is as important as financial information, and indicating that the organizations' existence as active members in the society does not purely depend on maximizing shareholders' wealth (Menassa, 2010). The key factor for the success of an organization on the long term includes not only a healthy balance sheet, but also the concentration on the organization's social and environmental performance (KPMG, 2005). Menassa (2010) also revealed that corporations interact with the society using CSR as a public good that helps all stakeholders shape their relationship with the corporation. As a result, he also noted that social and financial acts should not be separated because social investors are as equally interested as financial investors in the corporation's activities, suggesting that social achievements can affect profitability.

Another study showed that CSR neither is a systematic activity, nor is covered by regulations (Gray, et al., 1995). Moreover, CSR should be implemented in the core values and strategy of the organization rather than having a segregated role that only tries to compensate for a damaged reputation resulting from bad publicity or a harm done accidentally (KPMG, 2005). It has been noted that engaging in CSR should begin 'internally within the organization' (Gebara, 2008, p. 5); it should be considered as a set of beliefs and values that the organization would communicate to the society through meetings, events, media channels, and corporate

communications. Gebara (2008) advised that communicating these ethical values and beliefs enhances the image of the organization, increases trust, improves the business, and sustains development in the long run. However, this is not always feasible as corporations are “subject to pressure from both the public in general and the government regulatory agency in particular” (Abbott and Monsen, 1979, p. 508).

Furthermore, it has been stated that CSR has actually improved employee and customer goodwill. For example, increasing retention and lowering the absence of the employees and error rates have resulted in a productive workforce. In addition, customers usually purchase products made by organizations exhibiting social responsibility (McGuire, et al., 1988). McGuire, et al. (1988) have also noted that CSR might improve the organization’s access to sources of capital. For instance, banks and other financial institutions and investors make their investment decisions while taking into consideration organizations involved in CSR. This point could be justified by the fact that these investors actually perceive organizations with CSR as having an advantageous management skill that increases the firm’s management reputation.

In summary, organization engaged in CSR would attempt to “make profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1999, p. 283). When corporations are socially responsible, they work on maximizing their output by ensuring that their total input to the society exceeds their total utilization of the society’s resources (Ramanathan, 1976).

2.3. Theoretical underpinning

The theories in CSR are classified into two groups: the economic theories, which embrace the decision usefulness theory, the agency theory, and the positive accounting theory (PAT); and the socio-political theories, which include the stakeholder theory and the legitimacy theory.

2.3.1. Economic theories

All economic theories are based on the concept of supply and demand. From a CSR perspective, economic theories argue that business institutions that successfully meet the tests of relevance and legitimacy are able to deliver social goods that satisfy market demand, and the success of these businesses eventually rules the decision of investors in their favor (Shocker and Sethi, 1973).

The agency theory and the PAT have been developed in an attempt to clarify accounting practices, especially after researchers have identified accounting as a social trend (Guthrie and Parker, 1989). Both theories suggest that organizations release social information voluntarily to reduce agency costs. In addition, they explain that organizations enforce CSR to avoid pressure from government regulatory agencies (Choi, 1999). A study by Waller and Lanis (2009) substantiate these rationales. They observed that CSR activities are actually influenced by the government and regulatory institutions rather than the groups in the society. According to these theories, managers are ordered to disclose social information if the benefits of this action

outweighs its costs. The agency theory states that morality is rational and suitable providing it carries with it greater economic benefits, hence managers would engage in CSR only if it maximizes shareholders' wealth (Obalola, 2008). Despite the above, these theories failed to provide arguments about managers interested in maximizing wealth (Menassa, 2010).

The decision usefulness approach considers that traditional user groups, mainly shareholders and creditors, rely on organizations' social disclosure to make investment decisions (Choi, 1999). They focus mainly on the market performance of organizations associated with different levels of CSR. There are two types of decision usefulness studies, and both are used to evaluate CSR: the ranking studies and the investigation of information effects on share price behavior (Gray, et al., 1995). The ranking studies evaluate accounting data based on their perceived decision-usefulness and classify CSR as moderately important. The investigation studies try to identify if stock market participants link CSR to their decision making. However, as Gray et al. (1995) noted, these studies are inconsistent and inconclusive in their results, and their approach to CSR is unsatisfactory.

2.3.2. Socio-political theories

The socio-political theory differs from the economic theory in its approach to explain the relationship between corporations and society. According to this theory, corporations pursue CSR not just for their own economic self-interest, but also because they are pressured to display social responsibility to the corporation's stakeholders (Choi, 1999). Therefore, the socio-political theory views CSR as a means for managing the relationship between the organization and its stakeholders, whose support and approval are essential to the organization's success.

According to Menassa (2010) and Gray *et al.* (1995), the stakeholder and legitimacy theories tackle CSR from a socio-political perspective. In this approach, managers are concerned strategically with the survival of their organization, and they seek to gain the society's approval on their strategies and activities. The "stakeholder theory defines the constituency of a corporation as a person or group that can affect or is affected by the achievement of the organization's objectives," (Adhikari, et al., 2005, p. 126). Hence, this theory expands the managers' responsibilities beyond maximizing profits to include activities that tackle the interests of non-stockholding groups. A study by McGuire, et al. (1988) based on the stakeholder theory reveals that the value of the organization does not only depend on the explicit claim costs—like wage contract or government regulation policies—but also on the implicit claims, such as service quality. If the organization does not operate in a socially responsible way, these implicit claims would convert into more costly explicit claims. Thus, when organizations engage in CSR, they would decrease implicit claim costs and, consequently, improve financial performance (McGuire, et al., 1988).

The legitimacy theory largely overlaps with the stakeholder theory. Suchman (1995) defines the legitimacy theory as "a generalized perception or assumption that the actions of an entity are

desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” This definition proposes that a corporation legitimizes its existence and sustains its reputation through CSR. Suchman (1995) highlighted the importance of cultural justification in legitimacy stating that it brings out the similarities of the norms of acceptable behavior in society to the social values of organizational activities. Deegan et al. (2000) elaborate on this point by comparing the relationship between society and business to a social agreement; if this social agreement is violated, the organization would be perceived by society as illegitimate. Additionally, in order to achieve a license to operate, an organization should focus on three overlapping aspects: economic capability (gaining some kind of profit), political-legal element (respecting the law and government regulations), and socio-cultural perceptions (adhering to some socially valued norms and principles) (Deegan et al., 2000).

Suchman (1995) suggests that the two most important motives for organizations to seek legitimacy are continuity and credibility. He adds that legitimacy ensures the steadiness and precision of the organization’s activities and that the society will only provide power and resources to organizations that they perceive as desirable, suitable, appropriate, more meaningful, and more truthful.

A corporation seeking legitimation may adopt one of four strategies (Gray, et al., 1995): it may seek to educate society about the changes in its activities; it may try to change the society’s perception about the organization itself instead of changing the performance of its activities; it may divert the society’s attention away from the issue of concern; or it may seek to change the external expectations of its performance.

Two major groups can be distinguished under the legitimacy theory: the strategic legitimacy tradition and the institutional legitimacy tradition (Suchman, 1995).

The strategic tradition (Suchman, 1995, p. 572):

‘Adopts a managerial perspective and emphasizes the ways in which organizations instrumentally manipulate and deploy evocative symbols in order to garner societal support.’

The institutional tradition (Suchman, 1995, p. 572):

‘Adopts a more detached stance and emphasizes the ways in which sector-wide structuration dynamics generate cultural pressures that transcend any single organization’s purposive control.’

The strategic tradition suggests that the high level of managerial control represents legitimacy as an operational resource. On the contrary, institutional tradition doesn’t exhibit legitimacy as an operational resource but rather as a foundation of beliefs and cultural sets that verify how the organization is operating. Overall, the strategic and institutional legitimacy approaches vary in perspectives, “with strategic theory adopting the viewpoint of organizational managers looking

out, whereas institutional theorists adopt the viewpoint of society looking in” (Suchman, 1995, p. 577). It is worth noting that when corporations apply the strategic approach to legitimacy, they implement specific strategies that are consistent with their internal objectives (Branco and Rodrigues, 2008).

2.4. Other perspectives in the theory

The literature on CSR contains a great proliferation of perspectives that collectively provide the researcher with a better and holistic understanding of the topic. Because different business sectors have different social responsibility priorities—consider for example the priorities of customer-oriented sectors versus those of financial sectors (Menassa, 2010)—CSR can be viewed from several perspectives, namely the profit, public image, compliance with government regulations, reputational fit, voluntary, media, accountability and transparency, strategic, market, and sustainable development perspectives. These are discussed briefly in the following paragraphs.

2.4.1. The profit perspective

In the profit perspective, corporations adopt CSR as a strategy to increase profits. This perspective builds on the assumption that maximizing profits will ensure maximum production of socially desirable goods (Shocker and Sethi, 1973). Both financial and non-financial aspects are considered important in investment decisions. Additionally, socially responsible funds are believed to be rather similar to conventional funds (Scholtens, 2011). Conversely, Abbott and Monsen (1979) stated that the concept of free economy is being misjudged when a corporation is forced to be socially responsible because, in such an economy, the only social responsibility of a business is to engage in activities that increase profits while respecting the rules of the game—that is, operating amidst open and free competition without deception and fraud. Consequently, the corporation’s main responsibility should be to maximize shareholders wealth (Abbott and Monsen, 1979).

Results of studies linking CSR activities to short-term profitability are still unreliable (Menassa, 2010). In addition, the economic aspect, or profitability, is only one aspect of the organizational life and cannot be studied in separation from the political and social structure (Gray, et al., 1995).

2.4.2. The public image perspective

Another attempt to address CSR is conveyed through a public image perspective and community involvement. This perspective states that organizations focus on enhancing their public image and self-interest in the long run by supporting and promoting cultural values. By doing so, the organization fulfills stakeholders’ interest and exhibits social responsibility because organizations channel the expectations and the public pressure towards meeting the needs of the community (Olowokudejo and Aduloju, 2011). According to this perspective, understanding the

wants of the community is of primary importance to create an organizational response that would succeed in satisfying the demands of the community (Brammer and Pavelin, 2006).

2.4.3. Compliance with government regulations perspective

Compliance with government regulations is another perspective attempting to explain why organizations would engage in CSR. It states that organizations seek to prevent social problems instead of remedying them when they occur (Olowokudejo and Aduloju, 2011). Based on this standpoint, corporations are basically fulfilling the requirements of the law (El-Bannany, 2007), because governments—not companies—are the entities establishing the legislation and the standards to be lobbied by organizations (Danastas and Gadenne, 2006). Moreover, Danastas and Gadenne (2006) noted that this type of engagement promotes business and community cooperation to attain mutual goals, come up with creative solutions to regional and local problems, and tighten community bonds.

2.4.4. The reputational fit perspective

A company's reputation is determined by its past activities and future prospects that define its appeal to other competitors, making it an asset with valued importance (Brammer and Pavelin, 2004). The reputational fit perspective explains CSR by stating that organizations focus on the role of social responsiveness in influencing the perceptions of its stakeholders—that is, the organization is built on the collective judgment of the stakeholders and can succeed only by meeting their expectations, noted Brammer and Pavelin (2004). They also stated that a reputational fit is achieved when CSR assists the process of identification, which is reflected when stakeholders identify a good fit between their values and their belief about an organization. When the expectations of stakeholders are met by managers engaged in CSR, the organization's reputation is enhanced, and it would receive the power and resources necessary for continuity.

2.4.5. The voluntary perspective

Corporations engaged in CSR as a voluntary activity rather than a mandatory act are expecting to gain an advantage in the marketplace over their competitors (Gray, et al., 2001). Engaging in CSR from the voluntary perspective is therefore classified as a motivation to compete against other competitors (El-Bannany, 2007). A study conducted by Danastas and Gadenne (2006) showed that mandatory social behavior has been insufficient in some organizations, while voluntary activity has been considered to be relevant to groups' needs in the society, which in turn, also increased the company's responsiveness. In addition, voluntary involvement in CSR might be required to scatter away stakeholders concerns and to avoid any annoyance or threats placed by regulatory legislation (Clarke and Gibson-Sweet, 1999). Finally, Brammer and Pavelin (2004) noted that voluntary CSR reduces the inconsistency in the information between the organization and its stakeholders regarding its rules and activities. They also advised that investors may not prefer to invest in organizations that do not volunteer in social performance.

2.4.6. The media perspective

The public receives information about the company's behavior through media channels (Brammer and Pavelin, 2006). Because media plays a significant role in the company and the society, it has been used to transfer information and educate the public about the organization's intentions to enhance its performance and change its actions (Abdul Hamid, 2004). In addition, media campaigns provide means for influencing the community's perceptions and awareness in order to gain the community's support (Danastas and Gadenne, 2006). Finally, organizations engaged in CSR from a media perspective emphasize the importance of media exposure in determining the nature and context of the relationship between organizations and their stakeholders (Brammer and Pavelin, 2004).

2.4.7. Accountability and transparency perspective

Another perspective suggests that corporations involved in CSR have committed to accountability, transparency, and stakeholder engagement (Danastas and Gadenne, 2006). This perspective views CSR as an ethical issue rather than an environmental concern or a community matter, based on equity and fairness (Holland and Boon Foo, 2003). Accountability is defined as "identifying what one is responsible for and then providing information about that responsibility to those who have rights to that information" (Gray, 2001, p.11 in Maali, et al, 2006). Engaging in CSR to achieve accountability would increase transparency, which in turn would restructure the organization socially and make its activities more visible. Moreover, accountability and transparency would harmonize the interests of the organization with that of the society, thus reducing conflict (Holland and Boon Foo, 2003). It is worth noting that even if firms are accountable to their stakeholders, this accountability should not be extended beyond human society (Maali, et al., 2006).

2.4.8. The strategic perspective

From a strategic point of view, CSR is considered as a pillar of an organization's corporate identity (Gebara, 2008). According to this approach, organizations focus on their commitment to be socially responsible in all actions including those related to employment policy, environmental protection, community contributions, and means of conducting business. The strategic perspective does not consider CSR as simply a policy that is unplanned or that consists of irregular actions, but rather it is viewed as a strategy that should be implanted in the business vision and mission, statement of corporation, strategic planning, training programs, employee acknowledgement, and rewards (Gebara, 2008).

2.4.9. The market perspective

The market approach to CSR expects organizations engaged in CSR to have a positive effect on market performance. These organizations impact society in their redistribution of income and growth opportunities among different societal segments (Ramanathan, 1976). In addition, this approach perceives CSR activities as strategic tools to build and maintain customer loyalty and market share (Holder-Webb, et al., 2009).

2.4.10. The sustainable development perspective

The last approach to CSR that we will elaborate on in this paper is the sustainable development perspective. Scholtens (2011) noted that CSR appears to play an important and positive role in economic development; corporations engaged in CSR are most likely to promote sustainable development considering that economic development is directly connected to human, social, and environmental development. He stated that when a corporation takes on economic activities focused on social, ethical, and environmental issues; both the firm's growth and the overall economic growth are improved. According to Scholtens (2009), the CSR activities that promote sustainable development are: financing environmentally sound projects, helping entrepreneurs get access to credit, and undertaking community investments that target women and minorities.

2.5. Microinsurance

Reducing poverty is one of the most important strategies to achieve global peace and development, which is also a social responsibility (Boynioughnian, 2005). It is even on the top list of the millennium's development goals. Many studies and investments have been made in order to empower low-income earners by helping them become more productive in their society and by improving the quality of their lives to have a sustainable future (Boynioughnian, 2005).

One of the reasons that drive people to poverty is their lack of protection from risk exposures such as unemployment, sickness, old age, fire, etc. that would reduce their productivity and their ability to generate wealth (Akotey, et al., 2011). The social security protection programs in developing countries support only people working in formal sectors (Akotey, et al., 2011). Thus, low-income people working in informal sectors have no insurance coverage of any kind. Consequently, any unexpected incident that hits those people will make them even more vulnerable to their economic situation. In addition, most low-income people are more susceptible to risky events than others because they live in rough and strict economic conditions. In summary, low-income people suffer from increased exposure to risk and uncertainty that will decrease their likelihood of benefiting from income-generating opportunities (Churchill, 2007). Finding a way to deal with risks is an efficient strategy that would help low-income earners evade the poverty cycle (Akotey, et al., 2011). Getting insurance is one such risk strategy; however, most insurers withhold giving insurance to low-income people because of high transaction costs, absence of collateral, and high risk of default (Boynioughnian, 2005).

The concept of microinsurance has evolved to help low-income households and workers in the informal sector manage risks by making small premium payments. Microinsurance is defined as "a risk transfer device characterized by low premiums and low coverage limits, and designed for low-income people not served by typical social insurance schemes" (Microinsurance-Network, 2012). It protects "low-income earners against various risks such as health risks, life-cycle risks, property damage, third-party liability and harvest failure" (Akotey, et al., 2011, p. 184). It has not yet been verified where, when, and by whom the term "microinsurance" was first used, but it

is derived from the older term “microfinance” (Micorinsurance-Network, 2012). Microfinance institutions mainly provide credit to poor entrepreneurs and low-income households. Some microfinance institutions expanded the scope of their services to savings and insurance as well (Churchill, 2007). Microinsurance can cover any kind of risk that is affordable to and accessible by low-income households such as sickness, accidental injuries, death, and property loss (Churchill, 2007).

2.5.1. Advantages of microinsurance

To overcome the increasing challenges stemming from the recent global financial crisis, investors have diverted their attention to new, unexploited markets (Assah, 2011). By indulging in microinsurance and serving people at the bottom of the economic pyramid, businesses can benefit from the large, untapped market of low-income populations in developing countries (Churchill, 2007). Additionally, these businesses would secure the first mover’s advantage as many of today’s microinsurance clients will be the middle class clients of tomorrow (Lloyd's, 2009). Since there are more than four billion people living in poverty, the return on investment of serving those people would focus on volume rather than per unit profit (Churchill, 2007). Not only will businesses benefit from profit opportunities, but they will also help “to diversify the risk pool, yield process innovations, and increase reputation and brand value” (Huber, 2012, p. 10). Investing in microinsurance implies diversifying into new regions, new risk exposures, different demographic structures, and new products (Lloyd's, 2009). In addition, microinsurance helps develop a good relationship with the regulator and the government in new markets; hence, it can be considered as a corporate social responsibility activity (Roth, et al., 2007).

Another advantage of microinsurance is that it gives businesses the ability to fight poverty and provide social protection. Many studies have revealed that microfinance is the main tool for low-income people to generate wealth and escape poverty. However, microfinance alone cannot achieve sustainable poverty reduction (Huber, 2012). A low-income family’s property is usually limited to a few animals or crops and a small shelter, so a loss of any of these would shake the core of the family’s economy. In addition, if a breadwinner is ill or injured, the family will be deprived of its only source of income and face serious financial troubles (Roth, et al., 2007). In fact, low-income people are the most exposed to risk and the least protected from the consequences. Huber (2012) mentioned an example of a poor person who took a microcredit loan to start a small business. Her business was successful right until a cyclone destroyed all her assets. Since she was not insured, this loss made her even more impoverished than she was prior to starting the business, because she still had to pay back the loan even though she was no longer productive. While microcredit assists the deprived people to acquire wealth, microinsurance helps them maintain it (Assah, 2011). In fact, “even small sums insured can ensure some protection and peace of mind and dignity for a poor person” (Roth, et al., 2007, p. 2), instead of forcing the poor person to make tough choices like reducing food consumption, selling a productive asset, or taking the kids out of school in order to cover the expenses.

Microinsurance provides the low-income person with the ability to explore different opportunities to make wealth. If poor people are not protected against adverse events, they will avoid engaging in higher return activities because of the higher risk involved. This threat of being impoverished renders poor people hesitant to take on different ventures and leaves them stuck in the poverty trap (Roth, et al., 2007). For instance, in order to avoid the risk of drought or natural disasters, farmers may choose to plant lower- but faster-yielding crops. However, with microinsurance and adequate protection, these farmers can plant higher-yielding and more economically-beneficial crops (Assah, 2011). Moreover, poor people have a lack of specialization because they tend to diversify their sources of income from home production and agriculture to migrant labor. This method of reducing risks keeps productivity low and can be avoided with microinsurance (Gradl, et al., 2010).

2.5.2. Obstacles for undertaking microinsurance

Before offering an insurance product, the provider must take into consideration and be comfortable with the amount of risk associated with it (Brown and Churchill, 1999). This concept is denoted by Brown and Churchill (1999) as the 'institutional risk' (p. 21).

There are several obstacles that commercial insurance companies face when adopting the microinsurance policy. First, handling large volumes of small policies is linked with high transaction costs (Churchill, 2007). When adopting a policy for a new market segment, the expenses of marketing it would be quite large since poor people are not familiar with the insurance concept. In addition, most poor people do not have bank accounts, so collecting premiums and paying out small claims would be cumbersome, costly, and slow (Churchill, 2007).

Second, finding ways to supply insurance to the low-income population poses significant problems. Commercial insurance is distributed in the market by agents, brokers, and direct sales that target corporate and high valued customers, but not the poor (Churchill, 2007). In addition, there is a great challenge in identifying and implementing the pricing and payment methods, especially since commercial insurers seek to generate an affordable product that will also generate sufficient revenues that will sustain the microinsurance supply (Leatherman, et al., 2010).

Third, there are some distinctive features that commercial insurers should consider when serving the low-income market. For instance, the breadwinners in the informal sectors receive irregular cash flows, so the premium collection must follow their stream. In addition, the product design must avoid complex exclusions, indecipherable legal policy language, or inappropriate insured amounts (Churchill, 2007).

Fourth, insurers might lack sufficient data about low income individuals, which is needed to help assess their situation and making appropriate decisions. Consequently, insurers might build an inaccurate margin for error that might delude the insurers when interpreting the vulnerability of

the low-income person and might result in creating unaffordable premiums as a cushion for high costs.

Fifth, insurers might face difficulties acquiring the appropriate means to control some risks in the low-income market such as adverse selection, moral hazard, and fraud. In addition, the claims documentation requirements should not be a complex procedure (Churchill, 2007). Finally, creating awareness and educating the poor about insurance is a major challenge. Many poor people do not trust insurance companies and might refuse paying premiums for an intangible product with benefits that may or may not be claimed in the future (Churchill, 2007).

Another set of obstacles, listed hereunder, is treated as regulatory barriers for distributing microinsurance products. To start with, commercial insurance companies are effective in distributing microinsurance for the low-income market through community organizations, microfinance institutions (MFIs), retails, and others that directly communicate and deal with this market. Regulatory barriers can hinder the use of these distribution channels (Churchill, 2007). Second, regulators may not appreciate it when insurers use innovative delivery channels and technologies to increase efficiencies and lower transaction costs, thinking that the insurer is headed to an 'uncharted territory' (Churchill, 2007, p. 409). Third, the entities that insurers use for marketing, premium collection, claims payments, and other activities for the low-income market have not been licensed by insurance supervisors (Churchill, 2007). Fourth, regulations require insurance to be sold through 'advice-based models' such as agents or brokers that are expensive for microinsurance (Churchill, 2007, p. 410). Fifth, policy wording requirements enforced by regulatory make it hard for low-income people, who are mostly illiterate, to read and understand the terms and condition (Churchill, 2007). Finally, another regulation that restricts insurers from targeting the low-income market is capital requirements. Minimum capital requirement is needed for financial stability (Brown and Churchill, 2000). Businesses are required to achieve a certain volume to earn a sufficient return on their investments. However, insurers revealed that selling small policies to low-income markets may not generate the minimum capital requirement set by governments (Brown and Churchill, 2000).

2.5.3. Comparison between traditional insurance and microinsurance

The differences between microinsurance and commercial insurance are not just in the product itself, but also in how low-income people have access to it (Churchill, 2007). Besides being a lower version of the traditional insurance products, microinsurance products are also simpler and have minimum restrictions and exclusions to be understood by low-income individuals (Churchill, 2007). The following table illustrates the differences between commercial insurance and microinsurance.

Table 1: Differences between traditional insurance and microinsurance

	Traditional insurance	Microinsurance
Clients	<ul style="list-style-type: none"> • Low risk environment • Established insurance culture 	<ul style="list-style-type: none"> • Higher risk exposure/high vulnerability • Weak insurance culture
Distribution models	<ul style="list-style-type: none"> • Sold by licensed intermediaries or by insurance companies directly to wealthy clients or companies that understand insurance 	<ul style="list-style-type: none"> • Sold by non-traditional intermediaries to clients with little experience of insurance
Policies	<ul style="list-style-type: none"> • Complex policy documents with many exclusions 	<ul style="list-style-type: none"> • Simple language • Few, if any, exclusions • Group policies
Premium calculation	<ul style="list-style-type: none"> • Good statistical data • Pricing based on individual risk (age and other characteristics) 	<ul style="list-style-type: none"> • Little historical data • Group pricing • Often higher premium to cover ratios • Very price sensitive market
Premium collection	<ul style="list-style-type: none"> • Monthly to yearly payments, often-paid by mail-based on an invoice, or by debit orders 	<ul style="list-style-type: none"> • Frequent and irregular payments adapted to volatile cash flows of clients • Often linked with other transactions (e.g. loan repayment)
Control of insurance risk (adverse selection, moral hazard, fraud)	<ul style="list-style-type: none"> • Limited eligibility • Significant documentation required • Screenings, such as medical tests, may be required 	<ul style="list-style-type: none"> • Broad eligibility • Limited but effective controls (reduces costs) • Insurance risk included in premiums rather than controlled by exclusions • Link to other services (e.g. credit)
Claims handling	<ul style="list-style-type: none"> • Complicated processes • Extensive verification documentation 	<ul style="list-style-type: none"> • Simple and fast procedures for small sums • Efficient fraud control

Source: Lloyd's, 2009. *Insurance in developing countries: Exploring opportunities in microinsurance*, London: Micro Insurance Centre.

2.5.4. Examples of countries providing microinsurance

Microinsurance has been mainly distributed in developing countries. However, even in these countries, its coverage is still limited. Roth, et al. (2007) conducted a research to study microinsurance coverage by region. In the Americas, much of the microinsurance covered lives have been found in Peru and Colombia; it is distributed mainly by credit institutions. While Africa has the least microinsurance covered lives, it was discovered that it has the largest number

of microinsurance programs; it is distributed mainly by community-based organizations (CBOs). Microinsurance in Asia is dominated by India and China. In China, it is distributed by a single federation of trade unions, whereas in India, commercial insurance institutions are forced by the regulatory to target the poor population. Roth, et al. (2007) found insufficient microinsurance acts in the MENA region.

The large insurance companies in the world are investing in microinsurance. For example, American International Group (AIG) in Uganda made a deal with a microfinance institution to offer insurance to the credit clients; it turned out to be a very successful and profitable strategy. After several years, most MFIs in Uganda were offering microinsurance to their clients (Lloyd's, 2009).

Another example is observed in India; in year 2002, it became a legal requirement for all commercial insurers performing their businesses in the country to give insurance to the rural and social sectors (Lloyd's, 2009). The goal is to bring insurance to low-income groups and to ensure that microinsurance policies are provided to a volume above a specified threshold. For instance, if a company is in its first years of business, it is obliged to provide 7% of life insurance policies to policyholders residing in rural areas. This quota increases to 20% after ten years of operation as imposed by the regulatory. If these commercial insurers fail to meet quota targets, they would be fined and their licenses would be at risk of being revoked (Lloyd's, 2009).

In order to gain full advantage of the country's population, local life insurance companies in Indonesia are offering more microinsurance with affordable premium packages. The Gemini Life Insurance Company is selling Anidaso Policy in Ghana through selected rural banks and microfinance institutions. Furthermore, Lloyd's, AIG, Allianz, and Munich Re—the big players in insurance worldwide—are investing in microinsurance. Allianz has already established in Lebanon, but its microinsurance activities are only targeting 11 markets in the world (Indonesia, Malaysia, Mali, Senegal, Burkina Faso, Ivory Coast, Egypt, Cameroon, Madagascar, and Colombia), and only Egypt from the MENA region is one of them (Hintz, 2012).

2.6. Link between theoretical foundation and microinsurance

According to the legitimacy/stakeholder theory, managers are mainly concerned with the well-being of the society. They focus on the social values and believe that the norms of acceptable behavior in society legitimize the organization's continuity and credibility to gain societal support and approval. While microinsurance is considered as an important tool for social protection, it is also a social responsibility that should be tackled not only by governments but also by businesses. The following diagram illustrates the link between legitimacy/stakeholder theory and microinsurance.

Table 2: Legitimacy/stakeholder theory with microinsurance

What legitimacy/stakeholder theory includes	What microinsurance provides in parallel
Desirable proper actions	Reduce risks and vulnerability
Socially constructed norms and values	Supporting the low income to fight poverty
Cultural justification	Reduce inequality and provide social protection
Legitimate by a social agreement	Provide for the poor different opportunities for wealth and diversification for sources of income
Continuity and stability	Today's microinsurance clients will be the middle class clients of tomorrow
Credibility, desirable, more trustworthy	Increase trust for insurance companies and increase awareness and education for the poor people

On the other hand, the economic theories, which comprise the agency theory and the decision usefulness theory, is based on the grounds that managers implement CSR in their planning processes mainly to reduce costs and increase benefits rather than to improve societal wellbeing. Based on this perspective, microinsurance would increase the benefits in the company by influencing decision makers to invest it in. It would also decrease costs by avoiding pressures from government regulatory agencies. The following diagram illustrates the link between agency/decision usefulness theory and microinsurance.

Table 3: Agency/decision usefulness theory with microinsurance

What agency/decision usefulness theory includes	What microinsurance provides in parallel
Deliver social goods that satisfy market demand	Insurance is one of the risk strategies that would help the poor to manage risks successfully
Reduce costs and increase benefits	Diversify the risk pool, yield process innovations, and increase reputation and brand value
Avoid pressure from government regulatory agencies	Develop a good relationship with the regulator and government
Maximize shareholder's wealth	Benefit from new market opportunities serving people from the bottom of the pyramid
Influencing investors' decisions	Investors are seeking new unexploited markets, considering the large untapped markets of the low-income populations in developing countries

The research area is circulating around the insurance industry in Lebanon. This paper attempts to extend the knowledge about socio-political and economic theories in the context of corporate social responsibility studies. Moreover, it attempts to inform policymakers of the importance of including corporate social responsibility themes, particularly in providing microinsurance, in their planning processes that would result in more socially- and ethically- oriented insurance activities in Lebanon.

Microinsurance is applicable to CSR to leverage synergies and create a better social impact. When an insurance company targets the low-income people in the society and adopts it as a corporate responsibility, it would reap the following benefits (Hintz, 2012):

- Geographic alignment of CSR and microinsurance
- More efficient allocation of resources
- Added value for the partners
- Higher partner loyalty
- Higher social impact

One insurance company adopting the strategy of CSR by offering microinsurance is Allianz, one of the largest commercial insurers in the world. For Allianz, Microinsurance has evolved into a hybrid strategy of commercial activity and CSR. The company has shown commitment to good CSR practices in its planning processes of the company's core business. From a CSR perspective, the company's strategy to reduce poverty is by designing products specifically for the population at the bottom of the economic pyramid, which will help them manage risk and achieve financial stability (Coppentrath, 2010). By incorporating microinsurance in its planning process, the company has demonstrated a more socially- and ethically- oriented performance, which in turn enhanced the company's image, impacted public trust, and generated positive press. Allianz's hybrid strategy of commercial activity and CSR is seen as an opportunity to build business by fighting poverty (Coppentrath, 2010).

Despite all the above, a study done on insurance companies in Nigeria by Olowokudejo and Aduloju (2011), has revealed some of the reasons that prevent insurance companies from engaging in CSR.

Table 4: Rejection reasons to include CSR in insurance companies

General Rejection Reasons (p. 162)	Specific Rejection Reasons (p. 163)
<ul style="list-style-type: none"> • "Business is established strictly for profit maximization • CSR leads to misallocations of resources and reduced market competition. • CSR initiatives by organization lead to unfocused management directions. • No business is accountable for social responsibility. • CSR has no support from the shareholders. • Tax payment is already a form of CSR. • Government is socially irresponsible to the society. • CSR is voluntary." 	<ul style="list-style-type: none"> • Lack of awareness about insurance in the community • Increased competition in insurance industry • Lack of information and data about the needs of the community • Funds are mismanaged and diverted from its actual purpose • Adverse economic factors • Workforce is not qualified enough • Inadequate financial resources (budget constraint) • Lack of modern technology, IT system • Political instability • Conflicting interests (other pressing needs) • Lack of any form of regulation and/or enforcement of CSR on organizations

Source: Olowokudejo, F. & Aduloju, S., 2011. Corporate social responsibility and organizational effectiveness of insurance companies in Nigeria. *The Journal of Risk Finance*, 12(3), pp. 156-167.

2.7. Conclusion

In conclusion, the chapter discussed the main literature in the field. Corporate social responsibility is viewed as a social agreement between the society and any business that aims at delivering social, economic, and political benefits to the public. CRS plays an important role for businesses and society because it triggers the society's approval on the corporation's services. As a result, both the survival and success of the corporation are legitimized. Consequently, corporations are encouraged to focus not only on the economic reward, but also on distributing some social benefits and values. Moreover, it has been proven in modern corporations that financial and social activities are equally important for the corporation's existence and profitability. For these reasons, CSR is considered as an essential component of the core business strategy. It also improves employee and customer goodwill, and the organization's access to sources of capital: socially responsible corporations use the society's resources, but offer more in return.

In the theoretical underpinning of CSR, two perspectives are to be considered: economic and socio-political. From an economic perspective, the corporation should satisfy a market demand of delivering social goods in order to succeed in influencing investors to invest in it. The agency theory, the positive accounting theory (PAT), and the decision usefulness theory are classified under the economic perspective. In fact, the agency theory and the PAT state that accounting practices are taking a social trend and consider CSR a tool that reduces agency costs and achieves greater economic benefits. Also, the decision usefulness approach considers that shareholders and creditors focus on the organizational social activities in order to make their investment decisions.

From a socio-political perspective, corporations mainly focus on exhibiting social responsibility toward the society in order to gain support and approval. The stakeholder theory and the legitimacy theory lie under the socio-political perspective. In the stakeholder theory, managers' responsibilities are not only to maximize profits but also to place the activities that affect interests of groups in the society as one of the organization's objective. According to the legitimacy theory, when organizations legitimize their existence through activities of social values and benefits, their actions are perceived as desirable and suitable. Moreover, legitimacy is important for the continuity and credibility of the organization in order to gain power and resources from the society.

Other perspectives in the literature show that the CSR concept could be seen from a profit, public image, compliance with government regulations, reputational fit, voluntary, media, accountability and transparency, strategic, market, and sustainable development perspectives.

This research paper focuses on evaluating the concept of microinsurance as a product provided by insurance companies. Microinsurance is offered for low-income earners as a tool to manage risks and fight poverty in return for small premium installments. Poor people are more vulnerable to risks and uncertainty because they live in difficult and harsh economic conditions.

On one hand, there are several advantages to offering microinsurance. Insurers can benefit from new market opportunities for diversifying risks and increasing reputation and brand image. In addition, microinsurance can fight poverty and provide social protection, which in turn will give the poor person the ability to take on different opportunities to make wealth.

On the other hand, insurers would face several obstacles when offering microinsurance. These obstacles include high transaction costs; high marketing expenses; supplying the product through different distribution channels; implementing the pricing of the new product; irregular premium collection; providing simpler product design with simple policy language; lack of data; and lack of awareness, knowledge, and trust about insurance among the poor. Regulatory barriers are also obstacles that insurers might face. These include the prevention of using effective distribution channels for the poor, the non-appreciation of using innovative technologies, absence of license in low-market entities, requirement for the expensive advice-based models, enforced policy wording requirement that is cannot be easily understood by low-income people, and finally, capital requirements.

The following chapter discusses the research design. It outlines the strategy and the methods to be used in constructing the data collection tool. A link between the research problem and theories and methodologies is then established, and the reliability and validity of the tool is demonstrated.

Chapter 3

The methodology

3.1. Introduction

Research methodology is the blue print of the research problem that aims at solving it in a systematic way. It reveals what methods to be used in the study, what knowledge to be gained and how the research would be carried out (Rajasekar, et al., 2006). Research methodology is defined as “the procedures by which researchers go about their work of describing, explaining and predicting phenomena” (Rajasekar, et al., 2006, p. 2).

Research methodology is important in a sense that it helps the researcher to choose the philosophical perspective of the research problem, which seeks to inform the methodology based on a certain philosophy criteria and provides the context for the process based on the logic of the philosophy chosen (Crotty, 1998). When choosing the philosophical perspective, it would influence the way in which the research problem is carried out from design through to conclusions (Flowers, 2009). The philosophical perspective helps the researcher in understanding the interrelationship between the main elements of the research, linking the theoretical debates to the research approach, and being able to distinguish other perspectives and defend his own position (Crotty, 1998).

Another importance for methodology is helping the researcher to choose the research approach. The research approach is an effective strategy to enhance the validity of the research topic and support the process of methodology. It is basically the way that has been adopted in conducting the research which involves choosing the conceptual framework and the appropriate research reasoning and logic.

In addition, choosing the population and the sample of interest is another importance for methodology. In this step, the researcher seeks the information needed that helps him in making the inferences required for the purpose of the study (Malhotra, 2009). It is important for the researcher in order to address the research problem in hand because it consists of all the subjects that the researcher wants to study and analyze.

The final importance for methodology is identifying the research design. Research design is a roadmap for conducting the research problem by providing the steps needed in the research project, and presenting all the information needed to structure or solve the research problem (Malhotra, 2009). The design of the study defines the research strategy, research method, and the data collection tool needed to communicate to the target audience.

The following represents the chapter's outline:

- Section two states the philosophical angle
- Section three points out the research approach
- Section four identifies the population and the sampling procedures
- Section five highlights the research design to be conducted
- Section six concludes the chapter

3.2. The Philosophical angle

In conducting a research project, there are three main philosophical perspectives to choose from: the positivism perspective, the phenomenological aspect, and the post-positivism angle.

3.2.1. The positivism perspective

In the positivism perspective, the researcher focuses his inferences on being objective rather than subjective. It is defined as the “philosophical position that argues that the only meaningful inferences are ones that can be verified through experiment or direct measurement” (Bryman, 1993, p. 13). From this perspective, the aim of knowledge that researchers gather is simply to analyze the phenomena that they are trying to experience (Trochim, 2006), and use this knowledge to affect the course of social change and enhance the human condition.

From this philosophical position, the researcher uses the tools of natural science in the social science. That is, “the purpose of science is to stick to what we can observe and measure” (Trochim, 2006). So the only things that are valid for scientific attention can be directly observed or quantified. In addition, the only way to get the truth is through science which would make positivists understand the world well so that they can predict and control it. They also believe that the valid way to achieve reliable knowledge is through reasoning and theory. So knowledge is only derived from affirmation of theories through scientific methods. Its tangible reality can be broken down into parts to be analyzed each part alone. So positivists believe in reality that is singular, tangible, and can be dissected. The philosophy behind it is that knowledge exists in a quantity and can be measured (Chilisa & Preece, 2005).

Objectivity is the main purpose of this perspective as it separates the researcher from the research so bias would disappear. Thus, the knowledge obtained from personal judgments and perceptions is not accepted as scientific information. Moreover, when observing and measuring something, the observer and the observed are referred to as independent bodies, and the observer must keep an objective space.

Causality is another important feature in positivism as there is no cause without an effect and vice versa so the researcher believes in linearity. That is, “the world and the universe were deterministic,” and researchers grasp the concept of their operation by the law of cause and effect

(Trochim, 2006). Thus, positivists have high priority on identifying causal linkage when explaining their objective (Hunt, 1991).

In addition, generalization is another aspect of positivism. That is, the researcher infers the results from the sample to the whole population. Thus, positivists propose a general distinction between the observed parties and the non-observed. In addition, philosophy is reduced to a set of general conclusions derived from the natural and social sciences.

Finally, positivists believe in empiricism because, in their eyes, knowledge is derived from observation and testing. That is, the knowledge is trustworthy and factual when it is obtained from experiment and stresses measurement. Moreover, when positivists collect social data, they use statistical methods to analyze these data. Thus, the most important sources of knowledge are senses and empirical data (Chilisa & Preece, 2005).

3.2.2. The phenomenology perspective

From this perspective, researchers state that social issues should be “studied holistically and in context rather than being the subject of pure mathematical assumptions and examinations or measurements” (Esterby-Smith, 1991, p. 71). It is an approach that concentrates on the study of consciousness and perceptions for the objects that are being directly tested as experienced from the person’s point of view. This experience is intentionally focusing on the content or meaning of this object (Smith, 2008).

In the philosophical position of phenomenology, it is believed that people and their context are different from the natural science. That is, researchers focus on the content of the experience rather than mere senses in addressing the meanings things have in the experience (Smith, 2008). In addition, they also focus on emphasizing the role of the body in human experience and addressing the role of attention in the field. From the phenomenological perspective, time, space, and context are used to discover the truth in human experience (Chilisa & Preece, 2005).

Choosing phenomenology in research is mainly focusing the perceptions on understanding people’s construction and how they behave in their environment. It is mainly studying the phenomena of the ways people experience things and the meaning of these things and their appearances in the experience (Smith, 2008). “Phenomenologists use human thinking, perceiving and other mental and physiological acts, and spiritual ability to describe and understand human experience” (Chilisa & Preece, 2005, p. 28).

Phenomenology includes the participation of active agents. That is, the researcher himself is taking part in the experiment being studied. Moreover, interpretation is a reflection of the actions of these agents while living through or performing the experiment and it is not a mathematical equation or form. Thus, researchers are not seeking generalization. “Phenomenologists believe that research should produce individualized conceptions of social phenomena and personal assertions rather than generalizations and verifications” (Chilisa & Preece, 2005, p. 28).

Subjectivity is an important factor in phenomenology. In studying the structure of the experience, researchers focus on perceptions, imaginations, emotions, and desire. This also includes the intentions and awareness of the people and the property of their consciousness (Smith, 2008). Thus, researchers develop a descriptive and analytical study about the subjective activity or acts of consciousness in the experiment. In addition, being subjective in the research requires taking the subject with its existence as inseparable from the body and the world (Smith, 2008).

3.2.3. Post-positivism

Post-positivists are realists that are striving to be objective but it is impossible to achieve it. They “believe that there is a reality independent of our thinking that can be studied through the scientific method. However, reality cannot be known with certainty” (Chilisa & Preece, 2005, p. 24).

Triangulation is one factor of post positivism that requires using different approaches at the same time. Post-positivists use multiple measures and observations to get closer to reality. Because of human limitations and errors, reality does not exist, but can be known only imperfectly. It is important for researchers to use multiple measures and observations for different types of errors to get a better idea on what’s happening in reality (Trochim, 2006). Thus, “the perfect objectivity cannot be achieved but is approachable” (Chilisa & Preece, 2005, p. 25).

Post-positivists believe that the researcher and the subject of study are independent but the theories, hypothesis, and background knowledge used can strongly influence what is being observed (Chilisa & Preece, 2005). Researchers from this perspective believe that all theory is revisable because all observation is fallible and has errors (Trochim, 2006). Post-positivists also believe that objectivity can never be achieved perfectly because all observation is theory-laden, and all researchers are biased by their cultural experience and view the world based on their perceptions (Trochim, 2006).

The philosophical angle to be chosen in the research project in hand is the positivism approach. This approach has been chosen because: 1- being objective is necessary for the project, 2- the researcher’s perspective view is not mentioned, 3- mathematical techniques and direct measurements are used to reach the object of the project.

3.3. Research approach

In conducting a research study, there are two research approaches to use in reaching the results and conclusion; the deductive reasoning or the inductive reasoning.

3.3.1 Deductive reasoning

Deductive reasoning starts with a general theory with a generalized hypothesis or known fact, and then examines the possibilities to reach a specific, logical conclusion from that

generalization. It is based on previously known facts. It is called the “top-down” approach because the researcher starts from the top with general information and work their way down to a specific conclusion. For example, the researcher starts with a theory about a topic, and then narrows it down to specific hypotheses that can be tested. The hypotheses are narrowed down further more when observations are collected to test them. The researcher then uses the specific data collected to confirm or reject the original theory and reaches a conclusion (Crossman, 2011).

3.3.2. Inductive reasoning

Inductive reasoning works the opposite way of deductive reasoning, moving from specific observations to broader generalizations and theory. It is called the “bottom up” approach. For example, the researcher begins with specific observations and measures by collecting facts, and then begins to notice patterns and regularities. The researcher then formulates tentative hypothesis to explore from these observations, and finally ends up developing general conclusions or theory (Crossman, 2011).

The research approach used in the project in hand is the deductive reasoning because the theory of CSR in the economic perspective and the socio-political angle is being used to test some hypotheses derived by this theory and analyze the observation collected to arrive to a specific conclusion.

3.4. Population and sample

The targeted population in the research project in hand is the insurance companies in Lebanon. There are 54 listed insurance companies members in the association of insurance companies in Lebanon (ACAL). The sampling procedure is non-probability sampling. Non-probability sampling is defined as “sampling techniques that do not use chance selection procedures, but that instead rely on the researcher’s personal judgment and/or convenience” (Malhotra, 2009, p. 373). The sample consists of 24 insurance companies, where 14 of them are in the top 20 Lebanese Insurance Companies by Total Premiums. Five companies are international insurance companies with head offices outside of Lebanon. The remaining five companies are relatively small to medium insurance companies in Lebanon. According to Insurance Control Commission’s website (isc.gove.lb), the gross written premiums of the 54 insurance companies in Lebanon for 2009 was 1,027,618,376 U.S Dollars (see appendix 1). That is, the sample of the 24 insurance companies represents 60% of the total written premiums for the whole population. As a result, the sample is indeed representative of the population of interest.

3.5. Research design

The research strategy used in the project is the survey. A survey is seen as a method of gathering information from a sample of individuals. It is useful to collect data on a problem that doesn’t

need to be directly observed by asking open-ended questions (unstructured answers) or close-ended questions (structured answers). The questionnaire method is used because there is a large amount of data to be gathered from a large sample. In addition, the aim of the project is to find the relationship between variables and measure them. While the questionnaire is adopted as an instrument to collect data for this research, the interview method was also considered but was deemed inappropriate for two main reasons: 1- this study is interested in assessing relationships and thus quantitative reasoning is more suitable, and 2- it does not aim at getting in depth details about the respondents' views. A preliminary step consisted of piloting this instrument by distributing it to ten random respondents; no problem was detected (a sample of the questionnaire has been provided in appendix 6).

The data collection tool in the questionnaire consists of four parts. The first part informs the person about the aim of the survey, thanking them for taking the time to complete it. In addition, a definition of microinsurance is provided to allow them to form the right perception about microinsurance.

The second part is the background information. It asks about the gender, age, years of experience, education, department, current position, and company name. This part is introduced to check how these demographic variables can affect the results (see research questions).

The third part asks the respondent about the perceived importance of microinsurance. The importance is gauged on a scale of seven points with two extremes. This part consists of six statements aiming at showing how Lebanese insurance firms' managers perceive the importance of microinsurance and whether they are willing to adopt it.

The last part asks about the factors that would influence the respondent's decision to include microinsurance in the portfolio of insurance products. The respondent is asked about the economic factors and the social on a scale of seven points with two extremes. Twenty statements are included in this part; ten of them target the social factors, while the other ten target the economic factors (factors as extracted from the literature). These factors have been asked in an alternating way to reduce bias. This part checks if economic factors can overcome social factors (or vice versa) in making the decision to include microinsurance in Lebanese insurance firms' portfolios.

The following table shows the link between the parts in the data collection tool, the theory, and the research questions:

Table 5: Link between data collection tool, the theory, and the research questions

Data Collection Tool	Research Question	Theory
Part one	N/A	N/A
Part two	Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.	N/A
Part three	How do Lebanese insurance firms' managers perceive the importance of microinsurance?	N/A
Part four	Does social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?	Economic factors: Economic theories include the decision-usefulness theory, the agency theory, and the positive accounting theory (PAT). Social factors: Socio-political theories include the stakeholder theory and the legitimacy theory.

3.6. Conclusion

In conclusion, the chapter has discussed the importance of research methodology adopted in this study. This included the philosophical angle, research approach, population and sample of interest, and the research design. In brief, the chosen philosophical angle in the research project is the positivism approach, deductive in nature. This research targeted Lebanese insurance companies by purposively selecting 24 companies. A survey/ questionnaire was constructed. The next chapter analyzes the data gathered from the data collection tool used is the questionnaire giving the results and answers for the research problem and questions.

Chapter 4

The Analysis

4.1. Introduction

This research attempts to assess the merits of the stakeholder/legitimacy theory on one side and the economic/decision usefulness theory on the other side, in explaining the perception of the Lebanese insurance managers about a potential introduction of microinsurance in their respective portfolio of insurance products.

This research study will then attempt to address the following questions:

- How do Lebanese insurance firms' managers perceive microinsurance?
- Does social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?
- Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to the Lebanese insurance firms' age?
- Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.
- Is there any linear association between importance, social, economic factors and demographic variables?

The following represents the chapter's outline:

- Section two highlights the analysis framework
- Section three states the statistical analysis
- Section four concludes the chapter

4.2. The Analysis Framework

Quantitative research has been used for the purpose of addressing the objective of the research. Quantitative research seeks to quantify the data and apply some form of statistical analysis in the hope of reaching some conclusive evidence (Malhotra, 2009). Analysis was conducted using two different types of statistics: descriptive statistics and inferential statistics. The following tables explain the purpose of the methods used in the statistical analysis addressing which research question to answer.

Table 6: Statistical methods used to answer the research questions

Descriptive statistics method	Purpose	Which research questions to answer
<ul style="list-style-type: none"> • Mean (metric data) • Median (ordinal data) • Mode (nominal data) 	To explain the central tendency of the demographics and the answers of the questions gathered from the sample and the data collection tool	Provide description of the research problem
<ul style="list-style-type: none"> • Standard deviation (metric data) • Range (ordinal data) • Frequency distribution (nominal data) 	To explain the dispersion of the demographics and the answers of the questions gathered from the sample and the data collection tool	Provide description of the research problem
Inferential statistics method (Non-parametric tests)	Used when not all assumptions are met. The sample is representative and homogenous but not randomly selected	N/A
<ul style="list-style-type: none"> • Spearman test 	Check for correlations and linear relationships between the variables	Is there any linear association between importance, social, economic factors and demographic variables?
<ul style="list-style-type: none"> • Kruskal Wallis 	Check for variability among many different samples	Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.
<ul style="list-style-type: none"> • Mann-Whitney U-test 	Check for variability between two samples	Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.
<ul style="list-style-type: none"> • Wilcoxon Signed Ranks test 	Check which factors have the highest rank	Does social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?

4.3. Statistical Analysis

The following paragraphs represent the analysis of the data. First, descriptive statistical analysis is provided followed by a test of the hypothesis and answers to the research questions.

4.3.1. Descriptive Statistics

The following tables provide description of the nominal, ordinal, and metric data gathered from the sample and the data collection tool.

4.3.1.1. Nominal Data

The nominal data include description of the gender of the respondent, education of the respondent, the company of where the respondent works, and their current position.

Table 8: Gender of the respondent

Gender	Frequency	Percent
Male	90	52.9
Female	80	47.1
Total	170	100.0

Table 7: Education of the respondent

Education	Frequency	Percent
Doctorate	1	0.6
Masters	65	38.2
Bachelor	90	52.9
High School	3	1.8
Technical Diploma	11	6.5
Total	170	100

Table eight shows that the gender distribution is convenient and the number of observation is equally gathered for both genders. Mainly, there is no concern with the subsamples of this variable. In table seven, most of the respondents fall in the category of having a bachelor degree and a master. This is not surprising because a person needs some sort of certification in order to work in the insurance industry. As shown in table 42 (see appendix 2), the response rate from each company in the sample is not equally given. There is a quite large variability in the figures, where one observation is collected from some companies, while almost 20 observations are gathered from a couple of companies. This is a concern that led to use non-parametric tests in order to analyze the results. As shown in table nine, the subsamples in the respondents' current positions are not equally distributed. The number of observations in the Employee position is the highest, but respondents in senior manager positions and supervisors are relatively low. Variability in the number of observations outlines the need for non-parametric tests to better analyze the results. In appendix 5, a list of the departments where observations are collected from is provided for a general knowledge.

Table 9: Position of the respondent

Position	Frequency	Percent
Employee	83	48.8
Supervisor	26	15.3
Manager	41	24.1
Senior Manager	20	11.8
Total	170	100.0

4.3.1.2. Ordinal Data

The next tables provide description of the ordinal data gathered from the sample (frequency and percentage). These tables include age of the respondent in brackets, years of experience in the

insurance industry of the respondent in brackets, years of experience in the current position of the respondent in brackets, and age of the company in brackets.

Table 11: Age by brackets

Age	Frequency	Percent
Between 21 and 35 years	115	67.6
Between 36 and 50 years	36	21.2
Above 51 years	19	11.2
Total	170	100.0

Table 10: Years of experience in the industry by brackets

Years	Frequency	Percent
Less than 1 year	18	10.6
Between 1 and 10 years	96	56.5
Between 11 and 20 years	31	18.2
Between 21 and 30 years	12	7.1
Above 30 years	13	7.6
Total	170	100.0

Another concern that led to use non-parametric tests is the age bracket of the respondents. As shown in table 11, the subsample of the age bracket between 21 and 35 has more than half of the observations (115 observations out of 170). The gap in the subsamples is quite large and will be compensated by using non-parametric analyses. In table 10 and seven, most of the respondents have between 1 and 10 years of experience in the insurance industry and their current position. This can be explained by the previous table (number nine) where it showed that most of the respondents are employees that generally have less experience. This disparity can be compensated by using non-parametric tests. Table 13 that reveals the age of the company has no variability problems. The frequency in the age brackets of the companies is almost equally distributed.

Table 12: Years of experience in the position by brackets

Years	Frequency	Percent
Less than 1 year	33	19.4
Between 1 and 10 years	111	65.3
Between 11 and 20 years	17	10
Between 21 and 30 years	6	3.5
Above 30 years	3	1.8
Total	170	100.0

Table 13: Age of the company in brackets

Years	Frequency	Percent
Below 15 years	10	5.9
Between 16 and 30 years	45	26.5
Between 31 and 46 years	65	38.2
Above 46 years	50	29.4
Total	170	100.0

4.3.1.3. Metric Data

The final tables provide description of the metric (interval) data gathered from the sample and the data collection tool. They state the mean, standard deviation, minimum, maximum, skewness, and kurtosis of the age of the respondent, years of experience in the insurance industry and the position, and age of the company. In addition the same methods are used to describe the scaled questions that ask about the importance of microinsurance and the factors that influence the decision to include it.

Table 14: Description of the metric variables

Description	Mean	Std. Deviation	Minimum	Maximum
Age of the respondent	33.65	10.997	21	75
Years of experience in the insurance industry	10.26	10.667	1	50
Years of experience in the current position	6.11	7.087	1	40
Age of the company	38.61	15.171	7	69

To start with the age of the respondent from table 14, it shows that the average age is 34 years with standard deviation of 11 years. The standard error is quite large can be explained by the huge difference between the minimum and the maximum number of years. The second variable in table nine states the years of experience in the insurance industry for the respondent. The average years of experience are 11 and the standard deviation is 11, which is also quite large for standard error, however, this can be explained by the variation between the maximum and the minimum. The third variable which is the years of experience in the current position has an average of 6 years and a standard deviation of 7 years. The final variable shows that the average age of the companies is 38, and it has a large standard error of 15 years, which can be explained by the large discrepancy in the minimum and maximum years.

The descriptive statistics of the scaled questions asked in the questionnaires about the importance of microinsurance and the economic and social factors are provided in appendix 3. It is interesting to know that all the questions are answered with the two extreme on the scale used, since the minimum is one and the maximum is seven for all the questions.

4.3.2. Inferential Statistics

The following paragraphs provide explanations of the inferential statistics by testing the variables and clarifying the answers for the research questions.

4.3.2.1. How do Lebanese insurance firms' managers perceive microinsurance?

The perceived importance and awareness of microinsurance is asked in section three of the questionnaire. The results of these questions are shown in the following table.

Table 15: Descriptive statistics of the perceived importance

Importance factors	Microinsurance is a product that helps the poor to manage risks successfully	Microinsurance contributes to the development of the country	All risks could be managed by microinsurance	Poor Lebanese are aware about the benefits of microinsurance	Lebanese insurance firms are aware about the benefits of microinsurance	My firm is willing to include microinsurance in its portfolio of insurance products in the near future	Importance score
Mean	5.15	4.91	3.45	2.93	4.03	4.55	4.17

The two extremes of these scaled questions are 1- strongly disagree to 7- strongly agree. The answers have been interpreted using the mean average, while stating the percentages of these answers could also have been more supporting and useful. It can be seen that the average response to the total importance score has a quite high mean which indicates that the perceived importance for microinsurance has a high average in total. To investigate each factor by itself, it can be seen that the first importance factor (Microinsurance is a product that helps the poor to manage risks successfully) has a high average. Insurance firms in Lebanon believe that microinsurance is important in helping the poor against risks. The second importance factor (Microinsurance contributes to the development of the country) has medium to high average. As a result, insurance firms believe that microinsurance is important for the development of the country but its importance in helping the poor is higher. The third importance factor (All risks could be managed by microinsurance) has low to medium average. That is, insurance firms don't have a strong belief about microinsurance in managing all risks. According to factor four (Poor Lebanese are aware about the benefits of microinsurance), it has low average. Thus, insurance firms disagree with the fact that poor Lebanese are aware of microinsurance benefits. On the other hand, factor five (Lebanese insurance firms are aware about the benefits of microinsurance) which has a medium average, states that insurance firms are more likely to be aware of microinsurance benefits. The final importance factor (My firm is willing to include microinsurance in its portfolio of insurance products in the near future) has an approximately high to medium average. Hence, insurance firms are quite willing to include microinsurance to the portfolio of insurance products, so their perceived importance of microinsurance is quite strong.

This can be explained in the literature since one of the obstacles to include microinsurance is that poor people are not aware of it. Insurance firms in Lebanon believe that poor Lebanese are not aware of microinsurance and this is a huge obstacle for them to include it in their portfolio of insurance products. Insurance firms will need to do many marketing campaigns and try to reach low income people through different distribution channels. Since microinsurance doesn't target profits and its goal is to provide protection with low premium and return, the costs for Lebanese insurance firms will be heavy on them to include it, although they have a strong belief that it is important to help the poor against risks and developing the country.

4.3.2.2. Is there any linear association between importance, social, economic factors and demographic variables?

Importance factors

For reasons of clarity and structure, a table of the correlations (non-parametric two tailed Spearman's Rho) between the importance factors of microinsurance and the demographics variables is provided below.

Table 16: Correlations (Spearman's Rho) between importance factors and demographic variables

Demographics Coefficient	Microinsurance is a product that helps the poor to manage risks successfully	Microinsurance contributes to the development of the country	All risks could be managed by microinsurance	Poor Lebanese are aware about the benefits of microinsurance	Lebanese insurance firms are aware about the benefits of microinsurance	My firm is willing to include microinsurance in its portfolio of insurance products in the near future	Importance	Importance score
The age of the respondent	0.128	0.054	-0.104	-.178*	0.081	0.06	0.019	0.019
Years of experience in the insurance industry	0.092	0.006	-0.067	-0.147*	0.099	0.019	0.026	0.026
Years of experience in the current position	-0.001	0.038	-.182*	-0.071	0.082	-0.034	-0.035	-0.035
Current position of the respondent	.174*	0.101	0.074	-0.104	.163*	0.075	.167*	.167*
Age of the company	-0.046	0.011	-0.029	-0.114	-0.088	-0.012	-0.111	-0.111
Education level of the respondent	-0.223**	-0.158*	0.011	0.149	0.063	0.009	-0.034	-0.034

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

It can be seen that there is a strong negative linear relationship between factor four (Poor Lebanese are aware about the benefits of microinsurance) and the age of the respondent. Explicitly, when the age of the respondent increases, their agreement that poor Lebanese are aware about microinsurance benefits decreases. This could be explained in saying that older people might have more knowledge and experience in the field that led them to the conclusion that poor Lebanese are not aware of the microinsurance benefits.

Moreover, there is a significant negative linear relationship between factor four (Poor Lebanese are aware about the benefits of microinsurance) and the years of experience in the insurance industry. When the years of experience for the respondent in the insurance industry increase, they believe more that poor Lebanese are not aware about microinsurance benefits. This is similar to the above conclusion that verifies that older people have more experience, so apparently they have the same opinion.

Furthermore, there is a strong negative linear relationship between factor three (All risks could be managed by microinsurance) and years of experience in the current position. That is, when the years of experience for the respondent in the current position increase, their agreement that all risks could be managed by microinsurance decrease. This might be due to that fact that respondents with more experience in their position are exposed to more risks than younger respondents so they have the awareness which risks could be managed and which risks couldn't be managed.

There is also a significant positive linear relationship between factor one (Microinsurance is a product that helps the poor to manage risks successfully) and the current position of the respondent. When the respondent has a higher position in the insurance company, they believe more in the statement that microinsurance is important in helping the poor against risks. In addition, there is a significant positive linear relationship between factor five (Lebanese insurance firms are aware about the benefits of microinsurance) and the current position of the respondent. Clearly, when the respondent has a higher position in the insurance company, their belief that insurance firms in Lebanon are aware about microinsurance benefits increases. Finally, there is a strong significant positive linear relationship between the total importance factors and the current position of the respondent. That is, when the respondent has a higher position in the insurance company, their perceived general importance and awareness of microinsurance increases. These results could be explained by saying that respondents with higher position would know more about the industry and what Lebanese insurance firms are aware of, in addition to having a better knowledge about the products and how they could help the poor in managing risks.

The education variable in the questionnaire has a descending order, so the results in the table above are interpreted with the opposite sign. Therefore, there is a strong positive linear relationship between factor one (Microinsurance is a product that helps the poor to manage risks successfully) and the education level of the respondent. When the respondent has a higher level in education, they believe more that microinsurance helps the poor in managing risks successfully, and in contributing to the development of the country (factor two). This is also similar to the previous conclusion of the positive relationship between the current position and factor one, since a higher position requires a higher education. In addition, this might be due to the fact that the more education the respondents receive, the more they are aware about the notion of risk management and the use of insurance in general to mitigate the effects of these risks.

Social factors

The following table presents the correlations (non-parametric two tailed Spearman's Rho) between the social factors and the demographics variables.

Table 17: Correlations (Spearman's Rho) between social factors and demographic variables

Demographics Coefficient	Concerns with the wellbeing of the society	Being viewed as a caring company	Delivering social values with the insurance product	Getting social acceptance/ approval	Responsibility towards all stakeholders	Achieving company's social objectives	Sustaining company's reputation	Reducing social inequality	Provide social protection for the poor	Fighting poverty	Social score
The age of the respondent	0.061	-0.04	0.097	0.095	-0.028	-0.044	0.064	-0.045	-0.018	0.011	0.015
Years of experience in the insurance industry	0.052	-0.089	0.053	0.038	-0.029	-0.051	0.012	-0.072	-0.021	-0.013	-0.029
Years of experience in the current position	0.003	-0.129	-0.064	-0.036	-0.029	-0.082	-0.039	-0.096	-0.048	-0.108	-0.094
Current position of the respondent	.157*	-0.009	0.109	0.11	0.072	0.074	0.06	-0.063	-0.063	0.023	0.068
Age of the company	-0.037	0.029	0.073	-0.053	-0.025	-0.024	0.08	0.009	0.068	0.03	0.032
Education level of the respondent	-0.117	-0.067	-0.133	-0.099	-0.102	-0.086	-0.043	-0.090	0.001	-0.016	-0.098

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

From the above table, there is a strong significant positive linear relationship between the current position of the respondent and social factor one (Concerns with the wellbeing of the society). When the respondent has a higher position in the insurance company, they have more concerns with the wellbeing of the society.

This can be explained by the legitimacy/stakeholder theory where corporations pursue CSR not just for their own economic self-interest, but because they are pressured to display social responsibility to all stakeholders in the corporation (Choi, 1999). In addition, organizational activities should include some sort of social values to the society and tackle different groups in the public.

Economic factors

The following table presents the correlations (non-parametric two tailed Spearman's Rho) between the economic factors and the demographics variables.

Table 18: Correlations (Spearman's Rho) between economic factors and demographic variables

	Responding to market demand	Avoiding pressure from regulatory agencies	Maximizing shareholders' wealth	Enhancing profits	Responding to shareholders' will	Gaining more market share	Getting favorable treatment by creditors	Spreading product portfolio risk	Benefiting from first mover's advantage to new untapped market	Scoring a competitive advantage	Economic score
Demographics Coefficient	-0.048	-0.199**	-0.137	-0.05	-0.205**	0.036	-0.124	0.045	0.053	-0.11	-0.118
The age of the respondent											
Years of experience in the insurance industry	-0.055	-0.208**	-0.190*	-0.05	-0.210**	0.034	-0.127	0.067	0.078	-0.138	-0.128
Years of experience in the current position	-0.044	-0.208**	-0.140	-0.002	-0.091	-0.004	-0.171*	-0.015	0.021	-0.123	-0.121
Current position of the respondent	0.116	-0.194*	-0.067	0.02	-0.107	0.097	-0.051	0.074	0.136	-0.012	0.01
Age of the company	0.044	-0.01	-0.036	-0.061	0.01	-0.025	0.131	-0.013	0.01	-0.089	0.002
Education level of the respondent	-0.203**	-0.057	-0.198*	-0.046	-0.125	-0.054	-0.105	-0.012	-0.084	-0.096	-0.144

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

As shown in the above table, there is a significant negative linear relationship between the age of the respondent and economic factor two (Avoiding pressure from regulatory agencies). As the age of the respondent increases, their influence in avoiding pressure from regulatory agencies decreases. Likewise, there is a significant negative linear relationship between the age of the respondent and economic factor five (Responding to shareholders' will). As the age of the respondent increases, they are less influenced in responding to shareholders' will.

Furthermore, there is a significant negative linear relationship between years of experience in the insurance industry and economic factor two (Avoiding pressure from regulatory agencies). That is, when the years of experience of the respondent in the insurance industry increase, there will be lower impact in their influence in avoiding pressure from regulatory agencies. There is also a significant negative linear relationship between years of experience in the insurance industry and economic factor three and five (Maximizing shareholders' wealth, and Responding to shareholders' will, respectively). As the years of experience of the respondent in the insurance industry increase, their willingness to maximize shareholders' wealth and responding to their will decreases. These results are similar to the previous ones because a higher age means more experience so the opinions will be the same.

Likewise, there is a significant negative linear relationship between years of experience in the current position and economic factor two and seven (Avoiding pressure from regulatory agencies, and Getting favorable treatment by creditors, respectively). Similar to the previous variable, when the respondent has more experience in the current position, they tend to have less influence in avoiding pressure from regulatory agencies, and less concern with getting favorable treatment by creditors.

Regarding the current position of the respondent, there is a strong significant negative linear relationship between this variable and economic factor two (Avoiding pressure from regulatory agencies). When the respondent has a higher position, they have less impact in avoiding pressure from regulatory agencies. This is also similar to the previous results because a higher age leads to more experience which would lead to a higher position, so they would all have the same opinion.

Regarding the final variable (education level of the respondent) which has a descending order, the results are interpreted with the opposite sign. As a result, there is a significant positive linear relationship between the education level of the respondent and economic factor one and three (Responding to market demand, Maximizing shareholders' wealth, respectively). That is, when the respondent has a higher level in education, they have a higher impact to respond to market demand and maximize shareholders' wealth. It is interesting to mention that the only demographic variable positively correlates with shareholders' wealth is the education. This might be due to the fact that respondents with more education are aware of the market demand and structure, in addition to having a better knowledge of the importance of increasing shareholders' wealth.

Although the agency/decision usefulness theory states that companies enforce CSR to avoid pressure from regulatory agencies with the main goal of maximizing shareholders' wealth, it turned out that people working in insurance companies in Lebanon are less concerned with these economic factors when they are older, have more experience in the industry, or hold a higher position. This also might be due to the fact that older respondents with more experience and a higher position care less about shareholders' wealth and will because they would focus on making their own money that increasing the shareholders' wealth since most of the Lebanese insurance firms are family businesses or owned by banks.

4.3.2.3. Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.? Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to the Lebanese insurance firms' age?

In answering the above research question, Kruskal Wallis test is performed between the demographic variables and the factors of importance, social, and economic.

Importance factors

The following table presents the importance factors and whether respondents belonging to different age brackets, have different years of experience, and hold different positions and degrees have different opinions about these statements.

Table 19: Kruskal Wallis test between the importance factors and the demographic variables

Demographics Z score	Microinsurance is a product that helps the poor to manage risks successfully	Microinsurance contributes to the development of the country	All risks could be managed by microinsurance	Poor Lebanese are aware about the benefits of microinsurance	Lebanese insurance firms are aware about the benefits of microinsurance	My firm is willing to include microinsurance in its portfolio of insurance products in the near future	Importance score
Age by brackets	1.216	1.698	0.624	5.731	3.429	0.167	2.43
Years of experience in the industry by brackets	8.633	2.3	1.383	2.451	9.806*	3.7	2.453
Years of experience in the current position by brackets	1.371	2.597	2.933	1.752	12.540*	6.579	0.620
Current position of the respondent	5.318	1.794	1.018	2.927	5.140	1.587	4.804
Education level of the respondent	8.928	5.613	1.209	4.184	3.996	2.158	1.361
Age of the company by brackets	4.822	1.348	2.665	2.323	1.269	2.648	4.811
The gender of the respondent	1.606	0.041	2.163	6.052*	3.210	1.664	0.550

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

As shown in the table, respondents belonging to different years of experience in the industry and in the current position have different opinions about whether Lebanese insurance firms are aware about the benefits of microinsurance. To check which sub-samples vary in their opinion, Mann-Whitney test is performed for the sub-samples in the years of experience in the insurance industry and in the current position in tables 20 and 21, respectively.

Moreover, the gender of the respondent varies in their opinion about whether poor Lebanese are aware about the benefits of microinsurance. This can be explained by the table in appendix 4, where the mean rank for this importance factor is higher for the female gender (95.11 for females and 76.96 for males) justifying that females agree more with this statement than males.

Table 20: Mann-Whitney test for importance factor five and years of experience in the industry by brackets

Years of experience in the industry by bracket-Z score	Lebanese insurance firms are aware about the benefits of microinsurance	Years of experience in the industry by bracket-Z score	Lebanese insurance firms are aware about the benefits of microinsurance
Less than 1 year WITH Between 1 and 10 years	-0.144	Between 1 and 10 years WITH Between 21 and 30 years	-0.434
Less than 1 year WITH Between 11 and 20 years	-0.163	Between 1 and 10 years WITH Above 30 years	-2.892**
Less than 1 year WITH Between 21 and 30 years	-0.313	Between 11 and 20 years WITH Between 21 and 30 years	-0.097
Less than 1 year WITH Above 30 years	-2.669**	Between 11 and 20 years WITH Above 30 years	-2.892**
Between 1 and 10 years WITH Between 11 and 20 years	-0.536	Between 21 and 30 years WITH Above 30 years	-1.989*

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

It can be seen from the Mann-Whitney table that respondents with above 30 years of experience in the industry vary in their opinion with all the other sub-sample brackets about whether Lebanese insurance firms are aware about the benefits of microinsurance. Respondents with above 30 years of experience could have a better view in the insurance industry that would create this variability in the opinion with the other groups of respondents.

Table 21: Mann-Whitney test for importance factor five and years of experience in the current position by brackets

Years of experience in the current position by brackets- Z score	Lebanese insurance firms are aware about the benefits of microinsurance	Years of experience in the current position by brackets- Z score	Lebanese insurance firms are aware about the benefits of microinsurance
Less than 1 year WITH Between 1 and 10 years	-0.800	Between 1 and 10 years WITH Between 21 and 30 years	-1.867
Less than 1 year WITH Between 11 and 20 years	-0.181	Between 1 and 10 years WITH Above 30 years	-2.726**
Less than 1 year WITH Between 21 and 30 years	-2.290*	Between 11 and 20 years WITH Between 21 and 30 years	-1.648
Less than 1 year WITH Above 30 years	-2.952**	Between 11 and 20 years WITH Above 30 years	-2.364*
Between 1 and 10 years WITH Between 11 and 20 years	-0.748	Between 21 and 30 years WITH Above 30 years	-1.990*

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

The Mann-Whitney test performed above for the second variable (years of experience in the current position) has the same results as the previous variable (years of experience in the industry). That is, there is variability in the perception about whether Lebanese insurance firms are aware about the benefits of microinsurance between the respondents who have more than 30 years of experience in the position and the other groups of respondents. This outcome verifies the previous result because people with more years of experience in the industry would have more years of experience in the current position, so apparently they would have the same view about the insurance perception.

Social factors

The following table presents the social factors and whether respondents belonging to different age brackets, have different years of experience, and hold different positions and degrees have different opinions about these statements.

Table 22: Kruskal Wallis test between the social factors and the demographic variables

Demographics Z score	Concerns with the wellbeing of the society	Being viewed as a caring company	Delivering social values with the insurance product	Getting social acceptance/ approval	Responsibility towards all stakeholders	Achieving company's social objectives	Sustaining company's reputation	Reducing social inequality	Provide social protection for the poor	Fighting poverty	Social score
Age brackets	2.53	0.278	2.454	7.141*	0.116	1.328	1.486	1.941	1.134	2.473	1.853
Years of experience in the industry by bracket	2.363	5.168	7.221	5.185	3.219	3.572	5.754	1.732	0.917	1.329	1.874
Years of experience in the current position by brackets	2.938	7.023	5.383	9.260	2.546	5.307	5.662	6.314	2.564	3.024	4.580
Current position of the respondent	5.999	2.369	2.534	3.913	8.113*	0.978	1.721	1.908	3.723	1.029	3.060
Education level of the respondent	6.561	1.202	3.843	2.830	2.033	1.788	2.825	1.523	0.278	3.196	1.800
Age of the company in brackets	0.762	2.780	2.480	0.859	0.697	1.408	4.269	1.130	4.503	3.750	2.315
The gender of the respondent	0.004	0.313	0.002	0.003	0.634	0.607	0.307	0.017	1.474	2.352	0.124

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

According to the table, respondents belonging to different age groups have different opinions about the impact of getting societal acceptance/approval. To check which age groups vary in their opinion, Mann-Whitney test is performed for the age brackets sub-samples in the following table. In addition, respondents belonging to different positions have different perceptions with regard to responsibility towards all stakeholders, which is also investigated with a Mann-Whitney test.

Table 24: Mann-Whitney test for social factor four and age by brackets

Age by brackets sub-samples- Z score	Getting social acceptance/approval
Between 21 and 35 years WITH Between 36 and 50 years	-0.948
Between 21 and 35 years WITH Above 51 years	-2.649**
Between 36 and 50 years WITH Above 51 years	-1.586

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

Table 23: Descriptive statistics of Mann-Whitney test

	Age by brackets	N	Mean Rank
Getting social acceptance/approval	Between 21 and 35 years	115	63.98
	Above 51 years	19	88.82
	Total	134	

It can be seen from the Mann-Whitney table that the only age brackets that vary in their opinion about the chosen statement in the social factors (Getting social acceptance/approval) are the sub-sample between 21 and 35 years and the sub-sample above 50 years. So respondents belonging to only these age brackets have different opinions about their influence in getting social acceptance/agreement, but respondents in the other sub-samples in the age brackets don't have any variability in their opinions. This could be explained by the rank difference in the descriptive statistics table. The mean rank is higher for the respondents who are above 51 years than the other group. This might be that older people care more for the society and social values (since they got satisfied with profits) than the younger group who care more about economic and profit factors.

Table 26: Mann-Whitney test for social factor five and current position of the respondent

Current position of the respondent- Z score	Responsibility towards all stakeholders
Employee WITH Senior Manager	-0.239
Employee WITH Supervisor	-1.230
Employee WITH Manager	-2.104*
Supervisor WITH Manager	-2.528*
Supervisor WITH Senior Manager	-0.813
Manager WITH Senior Manager	-1.761

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

Table 25: Descriptive statistics of Mann-Whitney test

	Current position of the respondent	N	Mean Rank
Responsibility towards all stakeholders	Supervisor	26	26.65
	Manager	41	38.66
	Total	67	
Responsibility towards all stakeholders	Employee	83	57.88
	Manager	41	71.85
	Total	124	

From the above table, it can be seen that there is variability in the opinion between both the employee and the supervisor with the manager with regard to responsibility towards all stakeholders. From the descriptive statistics table, the mean rank for the supervisor and the employee is lower than the manager. A manager could have a higher impact on the responsibility for all stakeholders because he is responsible for the customers, his employees, and everyone that could be affected in his work.

Economic factors

The following table presents the economic factors and whether respondents belonging to different age brackets, have different years of experience, and hold different positions and degrees have different opinions about these statements.

Table 27: Kruskal Wallis test between the economic factors and the demographic variables

Demographics Z score	Responding to market demand	Avoiding pressure from regulatory agencies	Maximizing shareholders' wealth	Enhancing profits	Responding to shareholders' will	Gaining more market share	Getting favorable treatment by creditors	Spreading product portfolio risk	Benefiting from first mover's advantage to new untapped market	Scoring a competitive advantage	Economic score
Age by brackets	2.286	5.130	7.757*	2.242	7.173*	0.875	1.617	3.356	2.252	2.005	3.299
Years of experience in the industry by bracket	4.89	11.278*	15.846**	6.296	16.211**	6.511	4.26	2.259	7.286	6.819	12.635*
Years of experience in the position by brackets	6.161	8.590	12.100*	1.284	6.652	6.368	10.208*	3.491	2.513	10.751*	8.425
Current position of the respondent	3.641	10.263*	1.162	3.353	3.956	2.009	0.724	2.559	4.345	2.745	1.596
Education level of the respondent	8.750	4.796	11.318*	0.529	10.844*	2.852	4.609	3.461	1.870	6.839	6.515
Age of the company in brackets	8.009*	7.158	5.923	3.086	0.719	2.642	8.139*	0.184	8.868*	8.407*	4.826
The gender of the respondent	0.226	10.178**	0.017	1.285	2.554	2.119	0.909	0.747	0.093	0.368	0.106

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

As shown in the table above, respondents belonging to different age groups have different opinions about two economic factors (Maximizing shareholders' wealth and Responding to shareholders' will). Moreover, respondents belonging to different years of experience in the industry have different opinions about the same economic factors, in addition to economic factor two (Avoiding pressure from regulatory agencies) and the total score of the economic factors. Regarding the years of experience in the position, there are three economic factors that have variability in the perception of the respondents belonging to different brackets (Maximizing shareholders' wealth, Getting favorable treatment by creditors, and Scoring a competitive advantage). Furthermore, respondents belonging to different positions vary in their opinion about whether to avoid pressure from regulatory agencies. In addition, respondents holding different degrees have different opinions about whether to maximize shareholders' wealth and respond to their will. Also, respondents working in companies belonging to different age brackets vary in their opinions about four economic factors (Responding to market demand, Getting favorable treatment by creditors, Benefiting from first mover's advantage to new untapped market, Scoring a competitive advantage). To investigate which sub-samples have variability in their opinions regarding the chosen economic factors, Mann-Whitney test is performed for the demographic variables that have variability in the perception of the respondent.

Finally, the females have different opinions than the males regarding whether to avoid pressure from regulatory agencies. To explain this variability, the mean rank for this economic factor in appendix 4 is higher for the females than the males. Females would tend to have a higher impact than males in avoiding pressure from regulatory agencies. This could be the case because females might have less tolerance to pressure and risk taking.

Table 29: Mann-Whitney test for economic factors and age of the respondent

Age by brackets sub-samples- Z score	Maximizing shareholders' wealth	Responding to shareholders' will
Between 21 and 35 years WITH Between 36 and 50 years	-0.25	-0.948
Between 21 and 35 years WITH Above 51 years	-2.803**	-2.649**
Between 36 and 50 years WITH Above 51 years	-2.138*	-1.586

Note: Significant at the *5 and **1 percent levels, respectively. (two tailed)

Table 28: Descriptive statistics of Mann-Whitney test

	Age by brackets	N	Mean Rank
Maximizing shareholders' wealth	Between 21 and 35 years	115	71.23
	Above 51 years	19	44.89
	Total	134	
Responding to shareholders' will	Between 21 and 35 years	115	71.02
	Above 51 years	19	46.18
	Total	134	
Maximizing shareholders' wealth	Between 36 and 50 years	36	31.29
	Above 51 years	19	21.76
	Total	55	

According to the table above, respondents who are between 21 and 35 years old have different opinions than respondents above 51 years old with regard to maximizing shareholders wealth and responding to their will. This could happen because young people at their beginning of their career have different thoughts about wealth and shareholders' will than older people at the end of their working road. To explain this variability, the mean rank for the young people in the table above is higher than respondents above 50 years old, which means that they have a higher impact to wealth and shareholders' will.

Table 30: Mann-Whitney test for economic factors and years of experience in the industry

Years of experience in the industry by bracket-Z score	Avoiding pressure from regulatory agencies	Maximizing shareholders' wealth	Responding to shareholders' will	Economic score	Years of experience in the industry by bracket-Z score	Avoiding pressure from regulatory agencies	Maximizing shareholders' wealth	Responding to shareholders' will	Economic score
Less than 1 year WITH Between 1 and 10 years	-0.24	-1.099	-0.108	-1.517	Between 1 and 10 years WITH Between 21 and 30 years	-2.157*	-2.000*	-0.759	-1.13
Less than 1 year WITH Between 11 and 20 years	-0.043	-0.432	0	-0.79	Between 1 and 10 years WITH Above 30 years	-2.572*	-3.396**	-3.826**	-3.220**
Less than 1 year WITH Between 21 and 30 years	-1.854*	-1.033	-0.526	-0.042	Between 11 and 20 years WITH Between 21 and 30 years	-1.960	-1.47	-0.55	-0.543
Less than 1 year WITH Above 30 years	-2.147*	-2.802**	-3.463**	-1.926	Between 11 and 20 years WITH Above 30 years	-2.341*	-3.060**	-3.553**	-2.655**
Between 1 and 10 years WITH Between 11 and 20 years	-0.277	-0.692	-0.208	-0.792	Between 21 and 30 years WITH Above 30 years	-0.808	-0.887	-1.963	-1.558

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

Regarding the years of experience in the industry, it can be seen that respondents with above 30 years of experience have different opinions about all the economic factors than respondents with less years of experience in the industry. This variability would occur because people with more experience have different view regarding the shareholders' will and avoiding pressure. Maybe

their awareness has changed regarding these economic factors because they know in Lebanon that government authorities don't have a big role in their industry in order to avoid their pressure. In addition, their impact to maximize shareholders' wealth would change since insurance industry in Lebanon is mainly owned by banks (more like a family business).

Table 31: Whitney test for economic factors and years of experience in the position

Years of experience in the position by bracket-Z score	Maximizing shareholders' wealth	Getting favorable treatment by creditors	Scoring a competitive advantage	Years of experience in the position by bracket-Z score	Maximizing shareholders' wealth	Getting favorable treatment by creditors	Scoring a competitive advantage
Less than 1 year WITH Between 1 and 10 years	-0.741	-1.108	-0.581	Between 1 and 10 years WITH Between 21 and 30 years	-2.765**	-0.769	-0.982
Less than 1 year WITH Between 11 and 20 years	-1.384	-3.164**	-1.338	Between 1 and 10 years WITH Above 30 years	-1.113	-0.327	-2.603**
Less than 1 year WITH Between 21 and 30 years	-2.559*	-1.153	-0.706	Between 11 and 20 years WITH Between 21 and 30 years	-1.361	-0.620	-0.072
Less than 1 year WITH Above 30 years	-1.013	-0.477	-2.431*	Between 11 and 20 years WITH Above 30 years	-0.484	-0.224	-1.946
Between 1 and 10 years WITH Between 11 and 20 years	-2.000*	-2.685**	-1.895	Between 21 and 30 years WITH Above 30 years	0.000	0.000	-1.714

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

According to the table above, respondents with less than one year of experience in the current position have different opinions than respondents with different years of experience with regard to maximizing shareholders' wealth, getting favorable treatment by creditors, and scoring a competitive advantage. This could be the case as respondents with less than one year of experience still would not have the full picture of how insurance industry works in Lebanon.

In addition, there are also some differences in the opinions of the respondents that have between 1 and 10 years of experience in their position than the other respondents. In general, the results are similar to the previous ones since respondent with more experience in the position would have more experience in the industry so their perceptions would be the same.

Table 33: Mann-Whitney test for economic factor two and current position of the respondent

Current position of the respondent- Z score	Avoiding pressure from regulatory agencies
Employee WITH Senior Manager	-3.165**
Employee WITH Supervisor	-1.099
Employee WITH Manager	-0.643
Supervisor WITH Manager	-0.337
Supervisor WITH Senior Manager	-2.120*
Manager WITH Senior Manager	-2.258*

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

Table 32: Descriptive statistics of Mann-Whitney test

Current position of the respondent	N	Mean Rank
Avoiding pressure from regulatory agencies		
Employee	83	56.46
Senior Manager	20	33.50
Total	103	
Avoiding pressure from regulatory agencies		
Supervisor	26	27.10
Senior Manager	20	18.83
Total	46	
Avoiding pressure from regulatory agencies		
Manager	41	34.50
Senior Manager	20	23.83
Total	61	

Regarding the current position of the respondent, it turns out that senior managers have different perception than the employee, supervisor, and manager about whether to avoid pressure from regulatory agencies. This could be explained by the mean rank table above, where senior manager has less impact for this economic factor than the rest of the respondents. This could happen because senior managers might focus on other things in their company than regulatory agencies. Also, senior managers might have more connections with different people that would help them to avoid pressure from the agencies.

Table 35: Mann-Whitney test for economic factors and education level of the respondent

Education level of the respondent- Z score	Maximizing shareholders' wealth	Responding to shareholders' will
Masters WITH Bachelor	-1.753	-0.343
Masters WITH Technical Diploma	-2.993**	-2.842**
Bachelor WITH Technical Diploma	-2.495*	-2.756**

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

Table 34: Descriptive statistics of Mann-Whitney test

	Education level of the respondent	N	Mean Rank
Maximizing shareholders' wealth	Masters	65	41.56
	Technical Diploma	11	20.41
	Total	76	
Responding to shareholders' will	Masters	65	41.38
	Technical Diploma	11	21.45
	Total	76	
Maximizing shareholders' wealth	Bachelor	90	53.47
	Technical Diploma	11	30.77
	Total	101	
Responding to shareholders' will	Bachelor	90	53.74
	Technical Diploma	11	28.55
	Total	101	

Respondents holding different levels of degrees have also different opinions about whether to maximize shareholders' wealth and to respond to their will. Those who are holding a technical diploma have different perception in this case than respondents holding a bachelor or a master's degree. This can be explained by the mean rank in the table above where respondents holding a technical diploma have a lower rank than the others. As a result, respondents with a technical diploma have a lower impact with regard to shareholders' will and wealth because they would focus their work on the technical parts than the company as a whole.

Table 36: Mann-Whitney test for economic factors and age of the company

Age of the company in brackets- Z score	Responding to market demand	Getting favorable treatment by creditors	Benefiting from first mover's advantage to new untapped market	Scoring a competitive advantage
Below 15 years WITH Between 16 and 30 years	-0.558	-1.557	-2.506*	-1.933
Below 15 years WITH Between 31 and 46 years	-0.492	-1.273	-1.394	-0.858
Below 15 years WITH Above 46 years	-0.822	-2.613**	-1.944	-1.100
Between 16 and 30 years WITH Between 31 and 46 years	-2.106*	-0.704	-2.214*	-2.436*
Between 16 and 30 years WITH Above 46 years	-0.470	-1.088	-0.901	-2.098*
Between 31 and 46 years WITH Above 46 years	-2.596**	-2.205*	-1.213	-0.465

Note: Significant at the *5 and **1 percent levels, respectively, (two tailed)

The last demographic variable that has variability in the opinions of the respondents is the age of the company. Respondents that work in a company above 46 years old have different perception about responding to market demand, getting favorable treatment by creditors, and scoring a competitive advantage than other respondents that work in companies with different ages. This could be the case because companies above 46 years old would still care about the competition and market demand, in addition to getting favorable treatment by creditors so they would be able to retain their reputation in the long run and continue in their success. On the other hand, respondents that work in companies below 15 years old and between 16 and 30 years old vary in

their opinions than respondents working in different companies with different ages with regard to having a first mover's advantage. I think this might be true because companies that are still in the beginning years of their of career focus more on new markets to gain new customers and expand the business for the long run.

4.3.2.4. Do social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?

In answering the above question, Wilcoxon Signed Ranks test is performed for the total economic and social factors. The following tables represent the results.

Table 38: Descriptive statistics for Wilcoxon signed rank test

	N	Mean
Social	170	5.020
Economic	170	4.785

Table 37: Wilcoxon Signed Ranks Test

	Economic - Social
Z	-4.094**
Asymp. Sig. (2-tailed)	.000

Note: Significant at the *5 and **1 percent levels, respectively

Table 39: Wilcoxon Signed Ranks Test

	N	Mean Rank	Sum of Ranks
Economic - Social Negative Ranks	104 ^a	85.97	8941.00
Positive Ranks	57 ^b	71.93	4100.00
Ties	9 ^c		
Total	170		

a. Economic < Social

b. Economic > Social

c. Economic = Social

According to the tables, social factors show a greater importance in making the decision to include microinsurance in Lebanese insurance firms' portfolios and the result is significant at the one percent level. This collaborates with the literature that economic factors (taken from the economic/decision usefulness theory) failed to provide arguments about managers interested in maximizing wealth (Menassa, 2010). In addition, the decision usefulness approach states that companies engaged in CSR to attract shareholders and credits as the main group to influence their investment decisions. However, these studies are inconsistent and inconclusive in their results, and their approach to CSR is unsatisfactory, noted Gray *et al.* (1995). Consequently, the results from the Wilcoxon Signed Ranks test have proven the statements in the literature. Thus, the social and political theory is different than the economic theory in its perspective and has more importance and higher impact with regard to decision making because corporations pursue CSR not just for their own economic self-interest, but because they are pressured to display social responsibility to all stakeholders in the corporation (Choi, 1999).

4.4. Conclusion

In assessing the merits of the stakeholder/legitimacy theory and the economic/decision usefulness theory and the perception of the Lebanese insurance managers in a potential introduction of microinsurance, quantitative research has been applied with the application of statistical analysis. Descriptive statistics has been used to provide description of the research problem, and inferential statistics with non-parametric tests has been used to answer the research questions.

Respondents in Lebanese insurance firms believe that microinsurance is important in helping the poor against risks but not all risks. On the other hand, they don't believe that poor Lebanese are aware of the benefits of microinsurance. Moreover, the tests have shown that there are significant linear relationships between some of the importance, social, and economic factors and the demographic variables. However, the economic factors have more significant linear relationships than the social factors.

In addition, managers' perceptions about some of the microinsurance importance, economic, and social factors vary with respect to respondents' characteristics. Respondents mainly vary in their opinion about whether Lebanese insurance firms and poor Lebanese are aware about microinsurance benefits. However, respondents have different variability with respect to the economic factors more than the social factors.

Finally, the social factors turned out to overshadow the economic factors when making the decision to include microinsurance in Lebanese insurance firms' portfolios. This conclusion confirms and verifies the result that economic theories failed to provide arguments about managers interested in the economic factors including maximizing shareholders' wealth and avoiding pressure from regulatory agencies.

The next chapter concludes the research study with a summary of the findings. It also states the validity of the research, in addition to mentioning the limitations faced in conducting the study. Research implications (theoretical and professional) are also mentioned with suggestions to possible future research.

Chapter 5

The conclusions

5.1. Introduction

The research project in hand is studying the importance of microinsurance and the possibility of the Lebanese insurance firms to introduce this product to their portfolio of insurance products from a corporate social responsibility point of view. Microinsurance is an insurance product characterized by low premiums and low coverage limits, tailored to meet the needs and capabilities of low income people, thus protecting them against different types of risks for an accessible price (premium). It is important to provide social protection for the poor against risk exposures like unemployment, sickness, old age, fire, etc. that would decline productivity and the ability to generate wealth and fight poverty.

This research attempts to assess the merits of the corporate social responsibility theories which are the stakeholder/legitimacy theory on one side and the economic/decision usefulness theory on the other side, in explaining the perception of the Lebanese insurance managers about a potential introduction of microinsurance in their respective portfolio of insurance products.

The following represents the chapter's outline:

- Section two highlights the summary of the findings
- Section three states the validity and the limitations of the study
- Section four discusses the research implications
- Section five identifies the possible future research
- Section six concludes the chapter

5.2. Summary of the findings

The following table summarizes the findings of this study:

Research question	Test used	Findings
How do Lebanese insurance firms' managers perceive microinsurance?	Descriptive statistics – mean method	<ul style="list-style-type: none"> • The general importance has a high average of agreement • Respondents believe that the product helps the poor in managing risks • Respondents quite disagree that all risks could be managed by microinsurance • Respondents agree that Lebanese insurance firms are aware about microinsurance benefit • Respondents disagree about the fact that poor Lebanese are aware about microinsurance benefits
Is there any linear association between importance, social, economic factors and demographic variables?	Spearman test - correlation	<ul style="list-style-type: none"> • There are significant linear relationships between the age of the respondent, years of experience in the industry and the position, current position of the respondent, and the education level with the importance factors • There is only one significant linear relationship between the current position of the respondent and the agreement to have more concerns with the wellbeing of the society • There are significant linear relationships between all the demographics variables and the economic factors
Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to respondents' characteristics such as age, experience, educational level, and position, etc.?	<ul style="list-style-type: none"> • Kruskal Wallis test • Mann-Whitney U-test 	<ul style="list-style-type: none"> • Respondents belonging to different years of experience in the industry and the position vary in their opinion about whether Lebanese insurance firms are aware about the benefits of microinsurance • Females have different opinions than the males about whether poor Lebanese are aware about the benefits of microinsurance • There is variability in the opinion about getting social acceptance/approval between the different ages of the respondents • There is variability in the opinion about the responsibility towards all stakeholders between the different positions of the respondents • There is variability in the opinions about all the economic factors with all the demographic variables of the respondents
Do managers' perceptions about microinsurance importance, economic, and social factors tested in this study, vary with respect to the Lebanese insurance firms' age?	<ul style="list-style-type: none"> • Kruskal Wallis test • Mann-Whitney U-test 	<ul style="list-style-type: none"> • There is no variability between the importance factors and the age of the company • There is no variability between the social factors and the age of the company • Respondents working in companies belonging to different age brackets vary in their opinions about responding to market demand and scoring a competitive advantage • Respondents working in companies belonging to different age brackets vary in their opinions about getting favorable treatment by creditors and benefiting from first mover's advantage
Do social factors overshadow the economic factors (or vice versa) when making the decision to include microinsurance in Lebanese insurance firms' portfolios?	Wilcoxon Signed Ranks test	<ul style="list-style-type: none"> • Social factors overshadow the economic factors when making the decision to include microinsurance in Lebanese insurance firms' portfolios

Table 40: Summary of the findings

5.3. Validity and limitations

The following paragraphs discuss the validity which includes the reliability, construct validity, external validity, and conclusion validity. Moreover, few limitations are also stated.

5.3.1. Reliability and validity of the research

Reliability is defined as “the extent to which a scale produces consistent results if repeated measurements are made on the characteristics” (Malhotra, 2009, p. 315). The cronbach alpha test has been conducted to check for the reliability and consistency of the measurements. The result of the test is 91.4% which is greater than 70% (the widely accepted social science cut-off rate), and that demonstrates high consistency of the measurements.

Validity is defined as “ the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measured, rather than systematic or random errors” (Malhotra, 2009, p. 316). That is, a scale is valid if it measures what it is supposed to measure. First, construct validity is performed. Construct validity is an assessment of how well the actual programs or measures reflect the concepts and theories of the study (Trochim, 2006). Regarding the study in hand, the relevant theories were used to formulate the questions included in the questionnaire and the data collection tool. In addition, deductive reasoning has been used to construct the hypothesis from the theories and test the observations collected with respect to the hypothesis. That’s why the actual data collection tool and measures completely reflect the concepts and theories of the study.

Second, external validity is also conducted. External validity is generalizing the research results to the whole population. The study has external validity because the sample is representative of the population (the sample represents 60% of the population with respect to total written premiums), and is homogenous. Finally, conclusion validity is achieved. Conclusion validity is respecting the assumptions behind the statistical methods used (Trochim, 2006). Non-parametric tests have been used in the study since there is variability in the number of observations and they were not randomly collected. These concerns can be compensated by the use of nonparametric tests to respect the validity of the research.

5.3.2. Limitations of the research

In conducting the research study, a few limitations have been encountered. Access to insurance companies and respondents was difficult. Few companies refused to fill in the questionnaire for confidentiality reasons. Other companies refused to participate in the study because they were too busy to answer the questionnaires. Finally, access to insurance companies is quite impossible without having some connections with people inside the companies.

5.4. Research implication

The following paragraphs discuss the research implication that includes the theoretical implications and the professional implications.

5.4.1. Theoretical implication

This research has extended the use of CSR theories by assessing the validity in a new construct (environment and methodology). That is, CSR theories are being studied and tested before their implication in the insurance industry to confirm their validity. In addition, the research methodology and the philosophy chosen to assess microinsurance with respect to CSR are unique in its nature.

This research study has also demonstrated the usefulness of the socio-political perspective in understanding the social behavior. The socio-political theories has demonstrated a higher importance in the decision making process than the economic theories with respect to include microinsurance as a CSR behavior.

5.4.2. Professional implication

At the practical level, this research attempts to enlighten the decision making process to include corporate social responsibility themes, particularly in providing microinsurance, in their strategic planning processes that would result in more socially and ethically oriented insurance activities in Lebanon. Moreover, this research attempts to contribute to the development of strategy and planning in the insurance companies to include a product that contributes to the development of the society and empower the poor people. Finally, this research attempts to spread the awareness of microinsurance and the role it can play in the social responsibility context.

5.5. Possible future research

This research study can be extended to included interviews for in depth information about the perception of the Lebanese insurance firms' manager in serving people at the bottom of the pyramid from a CSR point of view. In addition, this research can be used to identify the determinants in a causal study. That is, to investigate the variables that would cause Lebanese insurance firms' managers to include microinsurance from a CSR perspective. Finally, this study can be used for future comparison between Lebanon and other countries similar to it in order to come up with new recommendations to develop the industry.

5.6. Concluding remarks

This research is original in its content because the perception about microinsurance and CSR is being tested before it is in place since microinsurance is not yet adopted in Lebanon. To our best knowledge, recent studies on microinsurance are conducted from an economical point of view, thus using the corporate social responsibility perspective is a new original angle that is worth considering.

Appendices

Appendix 1

Table 41: Gross written premiums in 2009 for insurance companies in Lebanon

Company	Gross Written Premiums 2009 in USD	Company	Gross Written Premiums 2009 in USD	Company	Gross Written Premiums 2009 in USD
Arabia	13,164,911	Overseas	1,221,040	Security	19,036,802
Cie. Lib. d'Ass.	2,565,607	Arope	80,185,707	Adonis	47,059,390
ALICO	87,157,010	AXA	49,859,323	Arab life	4,154,135
Union Nationale	10,069,175	Libano-Arabe	57,807,395	The Capital	12,328,763
Libano-Suisse	43,998,131	UCA	14,499,175	Continental trust	478,355
MEARCO	3,242,326	Byblos	350,466	UFA	16,007,598
Al-Mashreq	23,171,456	North Assurance	9,956,108	Credit Libanais	22,048,556
Commercial	7,844,049	Essalam	1,643,071	Liberty	3,522,553
Allianz-SNA	85,135,340	Cumberland	20,552,868	Bahria	2,044,568
Phenicienne	8,007,773	Assurex	24,602,089	Victoire	7,412,074
Nisr	2,552,137	United Assurance	3,241,326	ATI	1,330,468
Fidelity	36,728,066	Compass	12,759,485	Leaders	3,701,578
Berytus	4,266,355	Medgulf	121,562,232	Horizon	-
Bankers	70,675,930	Amana	5,124,873	Fajr el-khaleej	11,570,322
AUG	1,474,744	ALIG Life	284,665	Confidence	4,347,553
ALIG	14,422,670	Trust	304,745	Bancassurance	34,766,669
Sogecap	7,229,087	LCI	2,153,739	Chartis (AIG)	3,123,908
Trust Life	550,046	Scottish Life	2,878,235	Zurich	3,443,726
			GENERAL TOTAL USD		1,027,618,376

Source 1: www.isc.gov.lb

Appendix 2

Table 42: Company of the respondent

Company	Frequency	Percent
Adir	12	7.1
Alig	6	3.5
Allianz SNA	21	12.4
Arabia	13	7.6
Arope	9	5.3
Assurex	1	0.6
Axa	10	5.9
Berytus	1	0.6
Capital	7	4.1
CLA	18	10.6
Cumberland	1	0.6
Fajr Al Gulf	2	1.2
Fidelity	9	5.3
General Reinsurance	1	0.6
IMG Insurance	1	0.6
Lia	11	6.5
Libano Suisse	5	2.9
Mearco	6	3.5
Medassist Soul	1	0.6
Medgulf	14	8.2
Olivier	1	0.6
Saico	9	5.3
Trust Compass	6	3.5
Zurich	5	2.9
Total	170	100

Appendix 4

Table 44: Descriptive statistics of Kruskal Wallis test in the gender of the respondent

	The gender of the respondent	N	Mean Rank
Poor Lebanese are aware about the benefits of microinsurance	Male	90	76.96
	Female	80	95.11
	Total	170	
Avoiding pressure from regulatory agencies	Male	90	74.43
	Female	80	97.96
	Total	170	

Appendix 5

Table 45: List of departments

Department	Frequency	Percent	Department	Frequency	Percent
Accounting	8	4.7	Life	12	7.1
Actuarial	1	0.6	Life and Health	5	2.9
Bancassurance	4	2.4	Management	7	4.1
Business Center Individual	3	1.8	Marine	1	0.6
Business Development	1	0.6	Marketing and Sales	23	13.5
Business Support	1	0.6	Medical	9	5.3
Claims	18	10.6	Motor	5	2.9
Communication	1	0.6	Non-life	6	3.5
CRM	2	1.2	Non-Motor	2	1.2
Development and Risk Management	1	0.6	Operation Excellence	2	1.2
Direct Division	2	1.2	Operator	1	0.6
Direct Sales Forces	3	1.8	Organization	1	0.6
Distribution	1	0.6	P,C & M	4	2.4
Finance	2	1.2	Reinsurance	5	2.9
General	3	1.8	Strategy and Business Development	1	0.6
Health	3	1.8	Technical and Administrative	1	0.6
IARD	1	0.6	Top Management	1	0.6
IT	4	2.4	Travel Insurance	1	0.6
Legal	5	2.9	Underwriting	19	11.2
			Total	170	100

Appendix 6

QUESTIONNAIRE
Microinsurance

Thank you for taking time to complete this questionnaire which aims at gauging your perception about the importance of microinsurance and the social and economic factors that would motivate you to include it in your portfolio of insurance products. Your opinion is vital for the success of this research and will be treated in the strictest confidence within the ethical code of practice for field research at the Faculty of Business Administration and Economics at Notre Dame University - Louaize; thus the information gathered will solely be used to compile statistics. No data about you as an individual will be disclosed in any published results.

Definition of microinsurance

Microinsurance is seen as an insurance product characterized by low premiums and low coverage limits, tailored to meet the needs and capabilities of low income people, thus protecting them against different types of risks for an accessible price (premium).

SECTION 1 – BACKGROUND INFORMATION

Please tick next to the case that best describes you or fill-in the space provided

- 1.01. Gender Male Female
- 1.02. Age (please provide your age in years) _____
- 1.03. Company (in which you currently work) _____
- 1.04. Department (in which you currently work) _____
- 1.05. Years of experience in the insurance industry (Please provide the number of years) _____
- 1.06. Years of experience in the current position (Please provide the number of years) _____
- 1.07. Current position Employee Supervisor Manager Senior Manager
- 1.07. Education Doctorate Master's Bachelor High School Elementary Technical Diploma

SECTION 2 – PERCEIVED IMPORTANCE AND AWARENESS

To which extent do you agree with the following statements? Please circle the number that best describes your agreement (from 1 to 7, where 1=strongly disagree and 7=strongly agree)

2.01. Microinsurance is a product that helps the poor to manage risks successfully	strongly disagree	1	2	3	4	5	6	7	strongly agree
2.02. Microinsurance contributes to the development of the country	strongly disagree	1	2	3	4	5	6	7	strongly agree
2.03. All risks could be managed by microinsurance	strongly disagree	1	2	3	4	5	6	7	strongly agree
2.04. Poor Lebanese are aware about the benefits of microinsurance	strongly disagree	1	2	3	4	5	6	7	strongly agree
2.05. Lebanese insurance firms are aware about the benefits of microinsurance	strongly disagree	1	2	3	4	5	6	7	strongly agree
2.06. My firm is willing to include microinsurance in its portfolio of insurance products in the near future	strongly disagree	1	2	3	4	5	6	7	strongly agree

SECTION 3 – FACTORS THAT WOULD INFLUENCE YOUR DECISION TO INCLUDE MICROINSURANCE IN YOUR PORTFOLIO OF INSURANCE PRODUCTS Please consider the decision to include microinsurance in your portfolio of insurance products. By circling the number that most likely correspond to your opinion, please indicate the extent to which the following factors might influence your decision (from 1 to 7, where 1- no impact at all to 7- high impact)

3.01. Concerns with the wellbeing of the society	no impact at all	1	2	3	4	5	6	7	high impact
3.02. Responding to market demand	no impact at all	1	2	3	4	5	6	7	high impact
3.03. Being viewed as a caring company	no impact at all	1	2	3	4	5	6	7	high impact
3.04. Avoiding pressure from regulatory agencies	no impact at all	1	2	3	4	5	6	7	high impact
3.05. Delivering social values with the insurance product	no impact at all	1	2	3	4	5	6	7	high impact
3.06. Maximizing shareholders' wealth	no impact at all	1	2	3	4	5	6	7	high impact

SECTION 3 – FACTORS THAT WOULD INFLUENCE YOUR DECISION TO INCLUDE MICROINSURANCE IN YOUR PORTFOLIO OF INSURANCE PRODUCTS (Continued)										
3.07. Getting societal acceptance/approval	no impact at all	1	2	3	4	5	6	7	high impact	
3.08. Enhancing profits	no impact at all	1	2	3	4	5	6	7	high impact	
3.09. Responsibility towards all stakeholders	no impact at all	1	2	3	4	5	6	7	high impact	
3.10. Responding to shareholders' will	no impact at all	1	2	3	4	5	6	7	high impact	
3.11. Achieving company's social objectives	no impact at all	1	2	3	4	5	6	7	high impact	
3.12. Gaining more market share	no impact at all	1	2	3	4	5	6	7	high impact	
3.13. Sustaining company's reputation	no impact at all	1	2	3	4	5	6	7	high impact	
3.14. Getting favorable treatment by creditors	no impact at all	1	2	3	4	5	6	7	high impact	
3.15. Reducing social inequality	no impact at all	1	2	3	4	5	6	7	high impact	
3.16. Spreading product portfolio risk	no impact at all	1	2	3	4	5	6	7	high impact	
3.17. Provide social protection for the poor	no impact at all	1	2	3	4	5	6	7	high impact	
3.18. Benefiting from first mover's advantage to new untapped market	no impact at all	1	2	3	4	5	6	7	high impact	
3.19. Fighting poverty	no impact at all	1	2	3	4	5	6	7	high impact	
3.20. Scoring a competitive advantage	no impact at all	1	2	3	4	5	6	7	high impact	

Please scan the completed questionnaire and e-mail it to: vkbadr01@ndu.edu.lb If you have any comments or concerns about this questionnaire, please contact Dr. Elie Menassa, Dean of the Faculty of Business Administration and Economics at Notre Dame University – Louaize and supervisor of this research – Email: emenassa@ndu.edu.lb - Thank you for your cooperation!

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