
Institutional Model of Corporate Social Responsibility

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Abstract:

Purpose: The purpose of this study is to present the structure of a model emphasizing the role of formal and informal institutions in implementing the concept of corporate social responsibility (CSR).

Design/Methodology/Approach: In the article the following research methods were applied: method of literature critical analysis allowing to assess the knowledge on the impact of institutions on the effects of CSR concept implementation, methods of analysis and synthesis allowing to present in a comprehensive and multifaceted manner the research issue and identification of factors which determine developing the socially responsible business model and modelling methods implementing the idea of CSR.

Findings: The social and economic reality proves that in the modern, very complex and global world, institutions are becoming increasingly important. Therefore, the concept of CSR should include the institutional environment because the quality of institutions, both formal and informal, influences the quality of binding standards and social values. The quality of institution is also affecting the social culture, development of social awareness and sensitivity e.g., regarding natural environment issues and civil society, living conditions and level of education; therefore, factors which are particularly emphasised in the idea of CSR.

Practical Implications: The conducted analysis revealed that reference literature presented only marginally the role of formal and informal institutions in developing the concept of corporate social responsibility (CSR). In order to close this gap, the article presents the model of CSR emphasizing the importance of institutions and their role in implementing the concept of CSR. The proposed model may contribute to achieving better results within the implementation of CSR in practice, in the area of economic rationality, natural environment as well as social and economic, moral, ethical, traditional and cultural life.

Originality/Value: The proposed model is a progressive model presenting in an optimal manner the concept of CSR from the perspective of formal and informal institutions. The model of CSR concept taking into account the institutions may become ground for further in-depth research into this concept and constitute the imperative in rationalizing the concept of CSR in practice.

Keywords: Institutions, economy, CSR concept.

JEL Classification: A13, B15, D02, E10, E19.

Paper type: Study research.

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1. Introduction

Literature dedicated to models of corporate social responsibility (CSR) emphasizing the role of institutions is not very extensive. Although previous publications provide possible solutions for the model concepts of CSR, only few of them emphasize the importance of institutions. Meanwhile, the institutions constitute basic elements of efficient implementation of CSR concept. For weak and unprepared institutions hinder any social ideas, whereas efficient institutions not only facilitate but also mobilize others to take social initiatives. Failure to appreciate the role of institutions in implementing the concept of CSR can be observed in particular in post-socialist countries since:

- Despite understanding the importance of the role of institutions, researchers too frequently treat them as abstract systems of principles or schematic models for human activity, whereas institutions exist primarily in the minds and attitudes of society members.
- In recent years, we can observe disappointment at the competence and low ethical and moral level presented by the government representatives of formal institutions. Weakness of the state and its institutions discourages people from taking initiatives focused on the social and ethical aspect of economic life.
- We can observe the lack of conscious and strong civil society, able to express their interests and opposing the extensive development of state administration. It is not conducive to taking social initiatives, and building and developing informal institutions.
- The role of institutional factors in economic analyses regarding CSR is frequently marginalized, mainly due to potential difficulties related to their implementation into the formalized model of corporate social responsibility.

Although, as mentioned above, the issues related to the role of institutions in implementing the CSR concept are relatively poorly defined in the reference literature, in recent years we can observe increased interest in developing the socially responsible business model, taking account of institutions. Mindful of the effects of the last economic crisis at the turn of 2008, the economists became more aware of the consequences resulting from neglecting the ethical and moral aspects of economy. Other factors which resulted in the increased interest in CSR include the dominance of technological paradigm in the economic thought nearly for the entire 20th century. It indicated the essential role of technology and technological advantage in the social and economic development which, as it turned out, failed to eliminate social inequality; on the contrary, it helped a small, usually anonymous group of people to get rich and exert pressure on human behaviour and attitudes on a global scale.

However, we need to remember that no economic model is able to re-create accurately the intricacies of social and economic life. Consequently, the models

usually present a simplified image focusing on recurring representative symptoms of phenomena and processes. Nevertheless, the economic model helps to develop synthetic image of regularities occurring in economy. By making indispensable assumptions, simplifying the economic reality, we can develop a model of the entire economy or a sector of economy and analyse the relations within the economy between various business entities. From the character of these relations and related regularities we can draw conclusions on the behaviour of entities in economic reality.

However, it is difficult to expect that the model will accurately reflect the reality. But the economic model should be based on realistic assumptions. Nonetheless, we can frequently observe the lack of connection between the economic models and the social and economic reality, and their consistency with empirical evidence. It is observed, e.g. by David C. Colander, stating that *“Economics as art requires judgment on the reality since various sociological and political variables are introduced. This cannot be avoided while taking about the economic policy. The main reproach I address to the majority of people from our profession is that there are attempts to combine positive economics with discussions on economic policy and draw conclusions from its models that are not sufficiently realistic from the institutional side to be used for such purpose”* (Colander, 2003, p. 285).

In conclusion, both CSR as one of the areas of interest within economics as well as economics as a science, cannot lead to economic relativism. The economic models should primarily reflect the economic reality and not constitute a sole cognitive instrument. As a result of such assumption, the model related to the implementation of CSR concept will only be useful when it is not detached from economic reality and will essentially express the real needs of a particular society and take account of the socially acceptable rules of behaviour. Therefore, the model presented in this article does not aim to present, uncompromisingly and precisely, to economic entities, the approach leading to the implementation of the concept of CSR since it would miss the purpose of the concept the main principle of which involves intentionality.

2. Institutions – Selected Theoretical Aspects

It is the Italian philosopher, G. Vico, who is seen as the precursor of conscious use of the term „institution” since in his main work entitled *“Nuova Scienza”*, published in 1725, he used this term for the first time (Ajello and Doria, 1974, pp. 196-202). Whereas, the American economists, T. Veblen, W.C. Mitchell and J.R. Commons are perceived as the authors of institutional economics, since more than one hundred years ago, they were the first economists who decided to examine the impact of institutions and institutional change on the performance of national economy.

The institutional economics, mainly in the United States, reached its culmination at the turn of 1930s. However, after several years it was faced with regress. Only about

three decades ago, the recovery of institutional economics was observed, but under the name of “*New Institutional Economics*”. It is believed that the term “*New Institutional Economics*” was used for the first time in the reference literature by American economist, O.E. Williamson. His main contribution to this area of research involves primarily the explanation of differences between the term of institutional economics at the beginning and its modern interpretation. Z. Staniek refers to these differences as follows: “*The new institutional economics differs from the traditional institutional economics in the methodological approach (e.g. methodological institutional economics instead of holism) and the use of analytical instruments (e.g. more formal modelling than descriptive explanation). The limitation on the ability of sustainable behaviour is emphasized, which results from the following issues: limitation and information asymmetry, incomplete knowledge, opportunism of business entity behaviour, operation under conditions of uncertainty and risk, pressure of time (preference for “today” at the expense of “tomorrow”) or taking account of psychological and emotional factors in economic decisions*” (Staniek, 2008, p. 65).

The New Institutional Economics has been a constantly developing theoretical trend subject to transformation processes. It involves the representatives of various fields. The systematically increasing interest in the so-called new aspects of institutional economics (in economics and sociology, as well as political, historic, cognitivist and legal sciences) proves that this is the trend collecting significant analytical potential towards social reality and the related processes. All the more so because “*the rules of the game*”, namely standards, procedures, laws, traditions, and the characteristic ways of thinking and acting function in any area of social life and determine what is appropriate, effective or acceptable within a particular society. It means that institutions constitute constraints imposed by the society on individuals, as well as the individuals’ way of acting in the imposed restricted conditions (WINIR Conference in Boston 2016).

By analysing such rules of the game we can learn how groups of people and societies function, which, in turn, helps to understand how they solve particular problems regarding coordination and conflict of interest, which development paths they take, how the historic processes affect the currently taken decisions, and whether and how people’s activity is channelled.

Borkowska (2016) indicates that the new institutional economics fails to attach any hyper-rationality to people. Hyper-rationality is a part of the homo oeconomicus concept as an ideal type, coherent with the ideal types of perfectly competitive market and free market economy. It is used in econometric models, whereas the concept of rationality assumed in the institutional economics is closer to Smith’s concept identifying rationality with intentional and self-interested action. (Borkowska, 2016). Similar point of view is presented by M. Ratajczak. In his opinion, the institutional economics rejects, in particular, cognitive individualism, so important for neoclassicism, and emphasizes precedence of institution over

individuals. Instead of prediction among institutionalists, the analysis in structural categories is particularly dominant, as well as the use of particular models of behaviour in the institutional and cultural context. The author also emphasizes that we need to differentiate, which is also important for the discussion on current popularity of references to the idea of institution, between widely understood deliberations regarding various institutions and their role in economic life, and institutional economics *sensu stricto* (Ratajczak, 2011, pp. 30-32).

In the institutional economics the basic element for the analysis of social and economic phenomena is an institution frequently interpreted as a component of scientific thought and some element of reality. In the reference literature we can find many attempts to define the concept of "*institution*". Among numerous interpretations, it is worth mentioning, because of its universality, North's definition describing institutions as barriers created by people, shaping the political, economic and social impact. They include informal constraints (sanctions, various taboos, habits, traditions, sanctities, rules of behaviour) and formal ones (constitutions, acts, regulations, property rights) (North, 1991). According to Fiedor (2015) the division into formal and informal institutions is conditional upon the origination criterion. Formal institutions are constituted, registered and imposed on the commons to be respected. Whereas, informal institutions develop on their own, and as a result of activities and their repeatability, establish in the social awareness (Fiedor, 2015).

Although in scientific considerations the importance of institutions and their impact on efficient/inefficient functioning of the economy is clearly emphasized, the role of institutions, both formal and informal, is not specified by many researchers of various scientific fields. In economics one of the main reasons includes the triumph of the so-called neoliberalism based on institutional sterility of considerations and model structures (Ratajczak, 2017). Whereas, in post-socialist countries the main reason involves failure to undertake regular research in this respect after social and economic transformation. As a result, we observed the deficit in theory or even more developed concepts related to the transformation from centrally planned economy to market economy.

Due to the lack of multi-faceted research related to the principles and quality of the functioning of institutions and re-production of numerous solutions related to the functioning of institutional infrastructure, characteristic of the centrally planned economy, and the related conviction about the role of the state in economy, these principles and solutions were translated, to a greater extent, into the new/current system. In the social and economic practice we can also observe reluctance among politicians to become involved in the discussion and to express their opinion on the quality of institutions. The politicians become involved in the debate on this subject only when it is imposed by external factors. Therefore, informal institutions are becoming more and more important. In particular in the area of social activity, informal institutions may have significant influence on the new aspirations of contemporary society, and contribute to changing the living conditions. It is

observed by E. Ostrom who comments the phenomenon as follows: *“If individuals face social dilemma and have the autonomy to act in order to change the rules which structuralize the situation, we know that many individuals establish their own institutions which help them to achieve mutually productive results”* (Ostrom, 2005, pp. 131-132). The authors who present similar way of thinking include J.R. Commons, who, by emphasizing the importance of informal institutions, declares that these institutions frequently indicate higher efficiency, and facilitate the adaptation to the new situation and as a result, become unwritten rules (Commons, 1969).

Margaret P. Gilbert, professor of philosophy at the University of California (Irvine, California) specializing in the social and political philosophy, ethics and theory of human action, has undertaken research on the existence and nature of institutions in the society. In her opinion, we can say that institutions live together with the society and even go beyond societies since they function even when not all of the people sympathize with them or understand them (e.g. some legal provisions). Therefore, to analyse their existence it is indispensable to assume the perspective of social ontology and collective intentionality, quite diverse from standard assumptions of mainstream economics of universal rationality of individuals and methodological individualism. The existence of institutions refers mainly to collective commitment (joint commitment) which, in a collective and not individual manner, defines our rights and obligations, and helps to recognize institutions as “ours” (WINIR Conference in Boston, Report ..., 2016).

The presented views of the essence and role of formal and informal institutions indicate that the fundamental message behind establishing the institutions involves the guarantee of stability, continuity and predictability of results of a particular set of actions within various activities, national, political as well as social and economic ones. The conducted analyses also prove that important are institutions which, because of their scope of activity, have significant possibilities to stimulate change in social life through mobilization of the society to become involved in the decision-making process.

Moreover, the role of institution in economic activity is also emphasised. For institutions are the basic structures which help societies to establish the system reducing transaction costs. Thus, not without reason, the institutions are defined as integral components of efficiently functioning society, particular markets and the entire economy. In this context, it is worth mentioning the statement of D.C. Colander, who believes that the economists should primarily make the following distinction: *“Is good functioning of the markets really inherent in their nature, or is it caused by institutions we developed to ensure good functioning of the markets?”* (Colander, 2003).

This part of study can be concluded by constation of A. Kondratowicz, providing that *“So far no generic theory of institutional change has been developed – at least*

not within the area of economic sciences. Looking ahead, we can assume that soon its foundation will certainly appear within the area of evolutionary economics” (Kondratowicz, 2015). It is worth mentioning that despite nearly three hundred years of tradition of using the term „institutions” in humanistic and social sciences, it has not been possible to reach definitional consensus. Upon reviewing the reference literature, there comes a thought providing that even famous representatives of institutional economics, with considerable achievements, failed to generalize their analyses and bring about the formulation of research methods. Meanwhile, if these methods were solidified, it would help to refute the accusations coming from the representatives of neoclassical school of thought saying that explorations in this respect were limited only to research on the theoretical or quasi-theoretical level.

Whereas, this part of considerations can be concluded by saying that institutions established by stable and reliable state will be sustainable and will be respected by the society. However, if due to some vested interest of the authority the quality of institution is low, we will observe some tensions between both formal and informal institutions. The tensions occur, in particular, when strong state is dominant and excessively controls its weak society.

3. Institutional Grounds for Corporate Social Responsibility Model

The main reason for intense interest in corporate social responsibility involves the crisis of trust in business. Due to numerous irregularities, abuses and corruption, business or, in other words, business activity has never had high moral standing. In recent years, the lack of trust in business ethics increased even further due to numerous pathological phenomena, in particular on the financial markets and the resulting crisis which occurred at the turn of 2008 in the United States. Therefore, various groups, both practitioners and theoreticians, more and more clearly began to emphasize the need to incorporate the idea of corporate social responsibility into economic reality. Such approach is also fostered by the increased awareness of employees, clients, protectors of natural environment and communities who have a sense of intolerance and segregation.

The corporate social responsibility focuses on building relations supporting all stakeholders participating in economic undertakings. Apart from establishing good relations between stakeholders, the concept also covers formal and legal premises. In compliance with the guidelines of international standard of social responsibility ISO 26000, CSR is based on seven areas: corporate governance, behaviour of employees, human rights, respect for ethical and moral principles in all relations, including relations with clients, environmental protection, business reliability and public involvement, on a voluntary basis. Companies more frequently use solution related to comprehensive personnel management. They also value good relations with the consumers and business partners, and support local community within their area of business activity. Economic entities begin to realize the significance of

comprehensive and proactive management of ethics in an organization, based on clear definition of values (Wolska, 2017).

The debate on CSR is taking a more clear form and is becoming a more perceptible voice, not only among theoreticians but also practitioners. One of the subjects in open discussion involves an attempt to provide model framework for CSR (Rojek-Nowosielska, 2017). Among numerous models in the reference literature we can specify a model proposed by A. Carroll, C. Walton and 3C-SR Model, proposed by J. Meehan, K. Meehan, A. Richards. The models present quite diversified approach and different method for analysing the levels of CSR and indicate various perspectives and possibilities to emphasize other elements within the concept of CSR.

The model presented by A. Carroll assumes the need to continue business activity so that it would generate profits indispensable for further activity and development (economic responsibility). Moreover, the basic requirement for the company involves respecting the principles accepted by the society and codified in various law books which are to guarantee social order and continuity of social life (legal responsibility) (Carroll, 1979, p. 500, as cited in: Carroll & Buchholz, 2009, p. 40).

Another perspective is presented by C. Walton who differentiates four leading policies in a company: financial, industrial, market-centered and social ones. Depending on the adopted company policy on running business activity, Walton tries to define the model differentiating among the financial, industrial and market-centered policies the following models: Austere (basic model); Household (worker's model); Vendor (seller's model). Whereas, in the social area: Investment (investment model); Civic (civic model); Artistic (cultural heritage) (Walton, 1967, pp. 126-141). Meanwhile, 3C-SR model proposed by J. Meehan, K. Meehan, A. Richards comprises three basic elements the authors called social resources – SR. They include: ethical and social commitments (commitments), relations with business partners and network-creating values (connections), timeless consistency in behaviour with impact on building trust (consistency) (Meehan & Meehan & Richards, 2006, p. 392).

Upon analysing the proposed model perspectives of CSR concept, it is difficult to find significant contradictions. The authors, to a smaller or larger extent, emphasize that the developing modern enterprises must be based on co-operation, legal order and ethical standards without neglecting the economic aspect. Under these findings, we can observe that in these models the role of formal and informal institutions is presented rather modestly. This scarcity of information can be primarily observed in the lack of definite information on usefulness and impact of institutions on the results of developing the concept of CSR. Consequently, the aim of the authors of this study is to present a model including and emphasizing the importance of institution. Table 1 presents key elements of the model, which constitute its foundation. Whereas, Figure 1 presents the proposed structure of the model

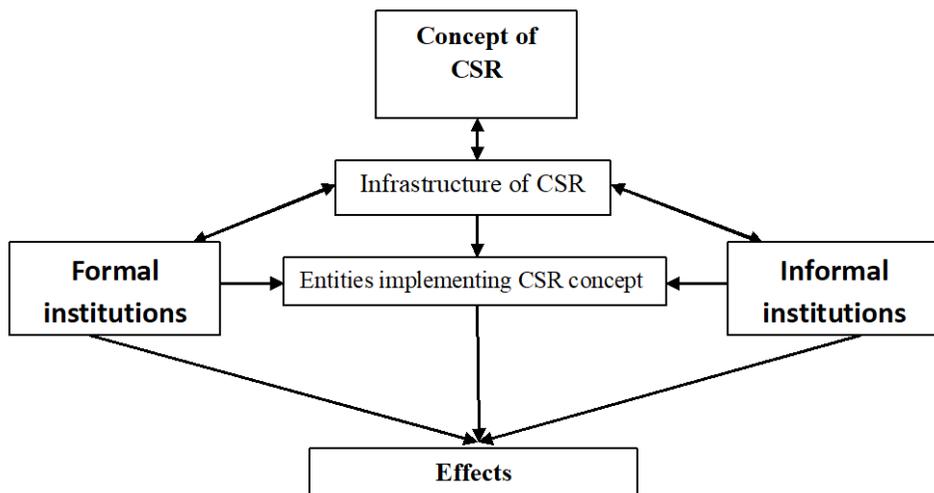
comprising elements included in Table 1, with emphasis on institutions in the implementation of CSR concept.

Table 1. *Key elements and components of CSR model*

KEY ELEMENTS OF MODEL	COMPONENTS
Assumptions of CSR	Basic elements: economic, ethical, social, ecological, implemented on complete, voluntary and equal treatment basis.
CSR infrastructure	Instruments and institutions indispensable for effective implementation combining the following levels: micro (economic behaviour of people), mezo (activities of economic organizations), macro (economic system), global (world scale).
Formal institutions	Constitutions, acts, regulations, property rights: constituted, registered and imposed on the commons to be respected, functioning within the area of economy and politics.
Informal institutions	Developing on their own, and establishing themselves in the social awareness through sanctions, various taboos, habits, traditions, sanctities, social expectations, education, rules of behaviour.

Source: Own elaboration.

Figure 1. *Model of company social responsibility from the perspective of formal and informal institutions*



Source: Own elaboration.

The model presented in Figure 1 emphasises the formal and informal institutions. Certainly, for the purpose of order and clarity of conducted analysis we need to indicate that other elements: entities implementing the concept of CSR and CSR

infrastructure constitute the keystone of this concept. They require regular adjustment since the economy and society change under the influence of education, flow of information, standards and technologies developed in other countries.

Bringing the economic entities around to the concept of corporate social responsibility essentially requires developing professional infrastructure comprising all levels of business activity. The key elements of building CSR infrastructure include: defining and regularly improving the legal regulations; trainings regarding the idea of CSR; promoting education related to ethics and corporate social responsibility; promoting CSR in mass media; providing certificates and encouraging economic entities to obtain them; conducting audits and preparing ethical reports in economic entities; promoting ethical behaviour through dissemination and presentation of good examples; introducing in economic entities clearly defined standards related to environmental protection; employee-centred treatment; introducing business ethical codes.

The constitution of CSR infrastructure shall include the state, enterprises and social organizations. Without any of these entities, it is not possible to develop professional and stable CSR infrastructure. All the more so because the comprehensive implementation of the assumptions of corporate social responsibility by business entities and its developed infrastructure within the country, constitute grounds for the social and economic growth and development. However, the concept of CSR must be close to economic reality and reflect pragmatism in defining human motivation. The concept should also include the influence of numerous factors, e.g. political and cultural ones which have a significant impact on the behaviour of managers. Nevertheless, as cleverly observed by J. Boehlke, it is worth mentioning that primarily people are the most important factor since institutions as such do not have goals; goals are defined by people performing various functions (Boehlke, 2010).

Another significant aspect which constitutes the essence of this study involves the quality of institution. The institutionalized debate on CSR is taking a more clear form and is becoming a more perceptible voice, not only among theoreticians but also practitioners. For companies that become involved in the implementation of CSR concept, the effectiveness of institutional system expressed in constant search for institutional solutions better than the current ones is gaining in importance. It requires, however, learning by adaptation through method of trials and errors.

The ability of institutions to create conditions supporting the economic growth is expressed by institutional effectiveness (Drucker, 2000). One of the basic indicators used to assess the effectiveness of institutional system includes transaction costs. E.G. Furubotn and R. Richter provide three types thereof: market, managerial and political indicators (Furubotn and Richter, 1997). The market-centred transaction costs are mainly the costs of finding transaction partners, collecting information on prices and quality, market negotiations, and monitoring of contract performance. The

managerial costs include mainly the costs of establishing and changing the company organizational structure, costs of agency, logistics, costs of managing information and supervising the employees.

The political transaction costs include the costs of establishing and changing the formal and informal public institutions (law, courts, education, political parties, interest groups) and the costs of managing the public sphere (e.g. public administration expenditure) (Staniek, 2008). The reduction of such costs within the meaning of CSR concept constitutes one of the main objectives within the idea since they reduce uncertainty, limit disturbances in the flow of information and reduce limitations in the mobility of production factors. Therefore, institutions are very important in implementing the assumptions of CSR. However, both formal and informal institutions are subject to continuous evolution. Because of their complementary character, the institutional change in a particular area requires proper changes in other areas. Important is also the phenomenon of path dependence, i.e. dependence of current institutions on the previous solutions (Staniek, 2008).

In the implementation of CSR concept, formal institutions are very important. The institutions characterized by macro-economic instability, poorly developed infrastructure, low level of education, spreading corruption, political instability and frequent changes of political options hinder predilection to any social activity. Weak institutions generate pursuit of pension and not pursuit of manufacturing activity. They also hinder innovation and other pro-development activities. Formal institutions can be reformed and streamlined more effectively than informal institutions, provided that the ruling class shows goodwill and care for the common good of the society. It requires essentially high intellect of politicians and thinking from the future perspective and not from the perspective of temporary benefits.

Thus, better results of entrepreneurial activity within CSR can be observed in countries where institutions are stable and eliminate phenomena such as: failure to respect laws, failure to perform contracts and spreading corruption, and protect property rights and do not allow taxation resembling confiscation. Certainly, significant is also (which was specified earlier) the role of economists whose research should be directed to order the analysis of improvement process in institutions and politics towards better macro-economic stability on workable level and economic growth.

Informal institutions seem to be the most important element in the implementation of CSR idea since the best functioning formal institutions will not bring any benefits, if the society is not prepared and convinced to accept the values and benefits within this concept. Moral values are extremely important in this area. Although the qualities such as: justice, including social justice, cooperation, goodwill, bonds, integrity, honour and decency may seem *prima facie* too effusive or even banal, they are the key elements. To select these qualities we need strong democratic institutions in the media, courts, parliament, as well as strong civic tradition where the basic role

refers to local communities, their institutions and organizations. It has become particularly important in the context of post-socialist countries where we could observe, to a greater extent, the de-valuation of institutions and organizations. Their recovery requires several generations, as well as political and economic stability. It also requires reliable, competent and ordered organizations.

As it has been emphasised on several occasions, the main goal of enterprises is and should include conducting business activity adapted to market conditions and generating the best possible financial results. At present, it is very difficult to achieve strong market position and financial profits without the idea included in the concept of CSR. More and more enterprises realize that involvement in social initiatives helps to manage business safely, is a guarantee of the stability of adopted principles in business, and affects the economic climate and ethos. However, the success of becoming involved in the concept of CSR will only be partial, if enterprises fail to define “*why*”, “*what for*” and “*how to achieve it*”. In general, people are aware how important it is but they understand it better, if the information is set in order. Good strategy should involve determined goals which are realistic and present precise benefits since it helps to build relations, trust, mutual commitment and readiness to act together in a timely fashion. Moreover, much depends on cooperation with long-existing organizations which by becoming part of these goals may offer some part of their infrastructure.

Another issue involves trust to formal institutions, without which the implementation of any lawful and respectful initiative is doomed to fail. Today, we can observe increased distrust of the society, including the economists, to actions taken by the state. The economists have begun to watch more carefully what the governments are really doing, and wonder how to prepare guidelines for economic policy taking account of the current political reality. In practice, not all of the barriers can be removed. Nevertheless, with no attempt to eliminate them, the problems will even deepen. In the majority of scientific publications it is emphasized that if the institutional base is weak, politicized, clientelistic, non-substantive and seemingly temporary, it translates into inefficient reaction towards external events, such as e.g. crisis.

Therefore, not without reason, from the end of 20th century, literature has indicated state institutions as one of the main determinants of the production level and long-term economic growth. These tendencies are expressed by including institutions into the growth models as one of the endogenous variables. According to numerous researchers involved in this issue, long-term analyses prove that countries with more efficient institutions in the past are more developed at present and have higher GDP per capita, and the existence of proper institutions is a prerequisite for entering onto the convergence path (Hall, 1999; Rodrik, 1999; Djankov, La Porta, Lopez-de-Silanes and Schleifer 2003).

However, we need to emphasize that many problems result from measuring and in turn assessing the institution, in particular in terms of quality and efficiency. It results (in particular in post-socialist countries) from the following reasons:

- despite significant developments in this area, there is little communication between the researchers;
- in reference literature we can find significant criticism, but there are no substantive and practical solutions indicated;
- there is lack of reliable information about the institutions;
- Long-term perspective is often neglected, as well as macro-economic and economic policy perspective.

4. Conclusions

The proposed model of corporate social responsibility from the perspective of formal and informal institutions is contrary to economic models which recommend certain activities to individuals. The model offers the rules of procedure and not integration within the procedure. It also fails to provide economic entities with one spot-on path to the implementation of CSR. It would miss the purpose of this concept, the main principle of which involves voluntary action. However, the proposed model may contribute to systematizing and defining proper direction for the implementation of CSR in practice, in relation to the issue of institutions, optimized economic thinking, as well as ordering the complexities of social and economic, moral, ethical, and traditional and cultural life.

The author is aware that each time when new proposals arrive we need to analyse how to implement them and how to encourage the theoreticians, practitioners and politicians to support these proposals. It is extremely important since any violation of the set rules triggers general opposition at all times. Therefore, if the new concept is not reduced to a metaphor which appeals to the theoreticians and practitioners, they will not accept it. However, if it is presented in a logical form, the acceptance is more probable.

In conclusion, the difficulties and constraints which may occur while implementing the corporate social responsibility, presented in this study, will certainly be more or less effectively managed during the evolution of numerous, application-centred trends in social economics. One thing is inevitable; at present, the imaginings on the return to the former society consolidated by the power of the state is unrealistic. For nowadays citizens, voluntarily organizing themselves, are becoming more and more significant.

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