CSR PERSPECTIVE FROM SAUDI ARABIAN IMPLEMENTATION AND ISLAMIC CONCEPT OF ZAKAH

(A COMPARATIVE LEGAL ANALYSIS WITH INTERNATIONAL LEGAL PRACTICE SUCH AS AUSTRALIA, CHINA, INDIA, INDONESIA, AND MALAYSIA**)**

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Abstract -
This paper focuses on the legislative perspective of CSR that concerns being regulated under the Saudi government and its relative authorities. Corporate Social Responsibility is focusing on strategic aspects of the corporation's functions. CSR and national development have become the fundamental concerns of most world industries. Many corporations have linked CSR with sustainability development, social and environmental needs, employee training programs, good wealth standards, and economic performance. These are all very important responsibilities for the corporations to increasingly pay attention to, particularly in investing in other corporations and business entities around the world. This paper will aim to explain how CSR is far in the Kingdom of Saudi Arabia, including its meaning in accordance with Islamic perspectives such as Zakat concepts. The finding will help get resources on how other countries have started regulating specific norms and regulations in their countries.

I. INTRODUCTION

The specific provisions of corporate strategies have been provided by the International Organizations for Standardization (ISO), using a multi-stockholder committee involving an expert group on social responsibility. They advise that any organisation take into consideration its economic conditions, political organizational diversity, and social, environmental, legal, and cultural concerns while remaining consistent with international behavioral norms (ISO 26000 International Organisation for Standardisation). This paper will present the implementation of CSR under Saudi Company Law by explaining the UN Global Compact. Second, it will discuss how far CSR is in practice among Saudi Society and corporations comparatively to different countries such as Australia, China, India, Indonesia, and Malaysia.

II. FRAMEWORK FOR IMPLEMENTING CSR IN COMPANIES IN SAUDI ARABIA

The UN Global Compact (UNGC) is the most significant long-term corporate initiative in the world. A considerable number of companies have joined this scheme and they are located in 166 countries including Malaysia, Australia, and Saudi Arabia (The UN Global Compact 10 Principle, 2010). The concept of CSR is linked to the UNGC in several ways. First, the UNGC asserts that the state has 'the primary responsibility to protect human rights, transnational corporations and other business entities, as organs of society (Aaron Einhorn, 2007). The ten principles are derived from Human Rights and support the protection of international human rights; Labour which contains 4 principles in providing freedom and eliminating the discrimination of employment and occupation; Environment which includes three principles in promoting a better environmental responsibility; and finally, Anti-Corruption. These ten principles could be used by companies to be a starting guideline for adopting CSR and sustainability activities. However, the UNGCs initiative is considered self-regulatory and does not prevent any company from using other principles, but if a company incorporates or undertakes the UN initiative, then the company needs to report its performance to the Global Compact (United Nations Global Compact, The Power of Principle). Internationally, the legal guidance of the CSR Code was drawn from the United Nations Global Compact and other international standards such as IOS 62000 and the Organization for Economic Co-operation and Development guidelines (Ashley L. Santher, 2011, 375). For example, Australia has adopted UN guiding principles to assist in identifying and responding to modern slavery risks (Justine Nolan and Nana Frishling, Australia's Modern Slavery Act, 2019, 105). The International Standard of ISO 26000 emphasises the importance of results and improvements in corporations' performance on social responsibility, so there should be a Saudi governmental committee under the Saudi Ministry of Commerce in order to evaluate the company's social performance and requires them to publish their annual reports of CSR business, and CSR future plans (IOS international standards of Social Responsibility, 40). The World Business Council for Sustainable Development, a global organisation of over 200 international companies, defined CSR as 'the commitment of business to contribute to sustainable

economic development, working with employees, their family, the local community and society at large to improve their life'(The United National Global Compact. Initiative for companies CSR activities). Socially responsible corporations and those seeking to foster sustainable development seek to meet social and environmental needs, protect the business motives of individual employees, and create a wealth of goods and economic resources (Elisabet Garriga, 2004, 3). Therefore, those companies which integrate CSR practices in their core activities in handling social and environmental issues improve their reputation and their level of credit, especially in increasing their profits in the long term (Maria Isabel Galego Henrique, 2012,12). A growing number of companies now acknowledge the importance of CSR (J. Cramer, Chapter 1, 2003). Additionally, CSR concepts are important in overcoming economic crunches and boosting a company's image. CSR is not relevant only to national companies, it also applies to groups of companies, ensuring that the executives of such corporations are careful in implementing business standards, regulations, and stakeholder demands across national lines. CSR can be an integral element of a firm's business and corporate differentiation strategies (Abagail MCWilliams, Donald S. Siegel, and Patrick M. Wright, 2006).

In addition, the Saudi Standards of Metrology and Quality adopted technical changes of corporations that have incorporated in the Kingdom of Saudi Arabia to fit with international standards in ISO 26000 on social responsibility. The committee of ISO 26000 organisation observed that an organisation's performance in relation to the society in which it operates and its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively (The ISO26000 Indicated Two Fundamental Practices of Social Responsibility Which Recognise Social Responsibility and Stakeholders Identification And Engagements). This could reflect the growing recognition of the need to ensure healthy ecosystems, social equity, and good organisational governance. However, CSR is still a controversial concept to many companies as they engage with society in Saudi Arabia. Saudi Arabia has shown that the concept of CSR is more closely related to culture and faith than stakeholder considerations (Wayne Visser and Nick Tolhurst, 2010, 337). This issue will be examined in more detail in the following section.

III. CORPORATIONS' MOTIVATION TO IMPLEMENT CSR STILL UNCLEAR IN SAUDI ARABIA

The concept of CSR has recently been updated in many countries such as Australia, Malaysia, China, India and Indonesia, which will be discussed in the literature review below. Developed countries have also begun to focus on CSR practices: European companies in particular have improved relationships between employees and consumers and reduced their environmental impact, making Europe a leader in CSR implementation. The Code of Conduct used by European enterprises now serves as a model for companies in developed countries (Aaron Einhorn 2007- 509, and See 35th Session Report of 2018 of Congress of Local and Regional Authorities of the European Code of Conduct, 2018). This code illustrates how to promote CSR practices and suggests steps for the effective implementation of CSR (Nakib Muhammad Nasrullah and Mia Mahmudur Rahim, 2014, Chapter 3). The EU Code of Conduct stresses that no company shall profit from any competitive benefits resulting from disregarding basic social and environmental standards. The company should understand that CSR is connected to good financial performance. Even when this Code is considered to be applicable on a voluntary basis, it presents appropriate requirements for ensuring more authoritative and operative monitoring and enforcement mechanism (Resolution on EU standards for European enterprises operating in developing countries: towards a European Code of Conduct, 'EUR-LEX access to European Union Law).

In Saudi Arabia, the legislative and executive authorities have amended the company law with the New Company Regulation (NCR). CSR provisions have been excluded from the NCR and in general, from private law. This gap is not filled by the NCR, although it has re-evaluated issues that can help address the effects of globalisation, environmental impacts, ethical performance, and productive staff improvement. This makes it particularly important to notice that governments need to consider how to encourage companies to implement CSR activities by enacting norms or codes in nations for CSR. The consideration of an economic nation-state in the Saudi Vision for 2030 will authorise the Kingdom of Saudi Arabia and drive the government to confirm whether companies will address public welfare in the short term or continue to pursue an effective long-term strategy (Saudi Vision for 2030). CSR will improve profitability in many ways, attracting support and custom from outside the firm and increasing the loyalty of its employees (Maria Aluchna, 2019, 69). If the government monitors all companies' annual reports, it could essentially enhance companies in order to extend their business by implementing CSR practices and developing other regions in Saudi Arabia. Development means that 'the need of the present without compromising the ability of future generations to meet their own needs'(Point 3. Sustainable development. Section 27, Report of the World Commission on Environment and Development: Our Common Future 1987). As a result, development needs to not only focus on

economic, but to build a balance between economic, social, and environmental concerns in the long-term (Durgeshree D. Raman, 2007, 241). In doing so, this research will explain the guidelines for authorities in using them as a legal standard principle such as UNGC and ISO 26000 which have enacted applicable and effective legal guidance based on CSR in the global economic and developmental sphere. The SA government might consider formulating specific strategies that match with CSR. CSR expanded to include many alternative themes and strategies (Leonidas C. Leonidou et al, 2019). These strategies must evaluate CSR as what and for whom? This is illustrated in Figure 1 below:

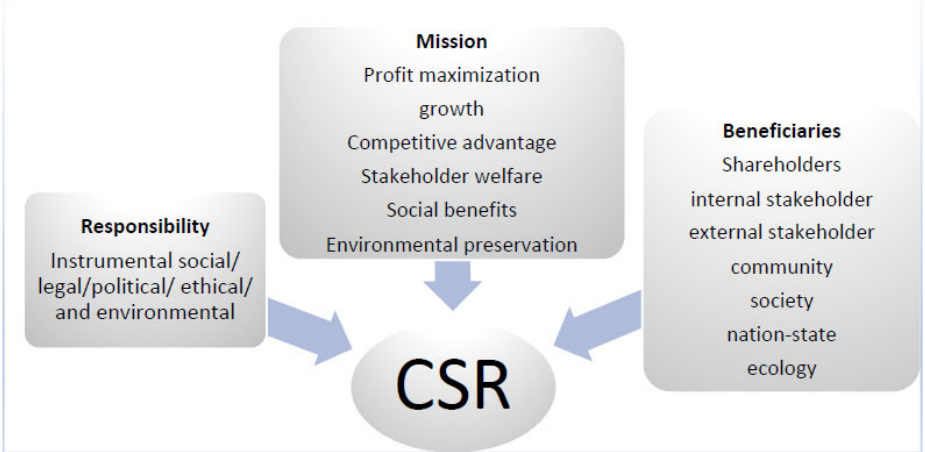


Figure 1. Formulating of CSR Strategies[1]

Comparatively, in Australia, the commitment to CSR has been made by the government through private self-regulation (Bendict Sheehy, 2012). In 2004, the government has stated that:

> The Australian government is strongly committed to the principle that guidelines for Corporate Social Responsibility (CSR) should be voluntary. The Norms represent a major shift away from voluntary adherence. The need for such a shift has not been demonstrated…. We believe the way to ensure a greater business contribution to social progress is not through more norms and prescriptive regulations, but through encouraging greater awareness of social values and concerns through voluntary initiatives (Justine Nolan, 2007).

This statement was taken as an advisory point to the Australian government in compliance with this approach from both the Corporations and Markets Advisory Committee (CAMAC) and the Parliamentary Joint Committee on Corporations and Financial Services. In supporting of their advisory, the Committee states that:

> Governments are able to influence corporate behavior in a number of ways … providing public policy settings that shape the environment … lead [ing[by example … contribute[ing] through advocacy or facilitation to the shaping of the community viewpoints. In the end, however, it is for companies themselves and those who run them to take responsibility for what they do and the decisions they take (Corporations and Markets Advisory Committee Report of CAMAC, 2014).

[1](See Archie B. Carroll, 2016, and See Leonidas C. Leonidou et al, 2019).

Both the CAMAC and the Joint Committee on Corporations and Financial Services in encouraging corporations to perform or operating socially responsible had recommended that the sustainability reporting in Australia need not be through government compulsion. (The committee is monitoring and reviewing the activities of ASIC and operations Corporate Legislative with Joint Committee on Corporations and Financial Servises, September 2016). On the other hand, if the government needs to set up some rules that need to be made through a private self- regulatory system. CSR is left as a self-regulatory option to corporations according to their interests and purposes of their business activities (Giulia Galera and Carlo Borzage, 2009).

In fact, the government institutions alone will not be sufficient for motivating compliance of corporations to practice the CSR business. The challenges of regulation includes identifying the regulatory objectives, designing appropriate institutional role, and making the corporate system effectively motivating to promote CSR compliance. Corporations always look for the value of a shareholder's wealth more than other motivations, so governments need to have a CSR framework or norms that could let corporations promote CSR alongside social and economic values (Bendict Sheehy, 2012, 104). CSR concerns in law and governance in many countries such as Australia in order to adjust social expectations (Adefolake Adeyeye, 2019, 66). There has been increased social conceptions of CSR at both the national and international levels over the last three decades. In 2018, CSR has been more widely

replaced from business ethics and human rights language to morph into a legal neccessity for certain Australian companies. Australian businesses are now subject to a law requiring them to report annually at the risk of being guilty of modern slavery in their activities. Moreover, the lastest legislation captures Australian business attention and stands apart from softer approaches to CSR that preceded it (Justine Nolan and Nana Frishling, 2019, 55). CSR is enthusiastically supported by three sectors: the government, non-governmental organisations, and businesses, including large corporations. A company might undertake socially responsible initiatives to improve competitiveness and profitability, to win government contracts or to attract investment in driving CSR activities (Helen Anderson, 2007, 153). CSR offers a company to increase its reputation, which results in a rise in sales and market share, supported brand standing, and improved ability to motivate its organisation (Lez Rayman and David Crowther,2004, 245). Reputation is considered to be a way of protecting a corporation's strength, power, and invest in a new business (John S. and Thomson S, 'New Activism and the Corporate Response' (2003) 131). In linking CSR with a corporation that has a good reputation, increases the director's duty in representing the interests of a corporation and expands its shareholder value (Lez Rayman and David Crowther, 2004, Chapter 1, 264). Both Baxt and Stone have pointed out that there are more authority and legislative attempts to expand the directors' requirements to take into their consideration environmental, health, education, and other public interest standards. With more of assembly of interests inside of the company regulations such as interests of creditors and interests of the company, they necessarily have to follow the interests of economy and the diverse obligations of the company in social context from the previous studies (Robert Baxt, 'Duties and Responsibilities of Directors and Officers, 21st Edition', Australian Institute of Company Directors Report 28, See also Alissa Mickels, Duties and Responsibilities of Directors and Officers, 2009, 271). However, this paper intends to examine and review the literature from previous and existing studies on CSR. Particularly, this literature review will cover topics which are relevant to the objectives of this thesis. The literature review will introduce the principle of charity (Zakat) from an Islamic perspective and examine the CSR practices focusing more comparatively with another perspective.

IV. ISLAMIC VALUES AND CSR ACCORDING TO CHARITY (ZAKAT)

There is a dearth of articles in which have deliberated the Islamic legal system in the field of CSR (Radwa S. Elsaman, 2012, 9). Indeed, Islam has significantly influenced CSR practices for Saudi Arabia and other Middle Eastern countries. There are a number of commandments from the Quran and from the Prophet Mohammad which demonstrate what must be done to establish socio-economic objectives and be socially responsible. These commandments consider as a obligations and wealth which reliable are overall with the CSR (Rahayu Abdull Razak,Yanbu University College, 2015,2388). The Provision of Zakat (obligatory charity) renders it mandatory for the corporation to run a minimum social safety standard. According to Sharī'ah law, individuals and companies are both obliged to pay Zakat to the Saudi government. However, this cannot be a claim for companies to consider it as CSR practice. Under Islamic law, individuals and companies are obliged to pay Zakat to the government, but this payment of Zakat cannot be considered to be a donation or shaping of CSR business (Wayne Visser and Nick Tolhurst, 2010, 337). Islam also requires the state to deliver an economic protection net for the needy people, and the prophet (PBUH) is recorded as saying 'the head of state is the Guardian of him who has nobody to support him' (Abu Dawood, Tirmidhi). Islam enlightens how businesses should be run and prohibits guaranteed business as well, meaning in Islam there are some kinds of business profits considered to be prohibited which are related for instance to gambling or drugs. Reliability and religious spirit together in Islam should be stringently done in accordance with expanding the value and profits alongside social purposes, meaning the profitability of business needs to be considered with Islamic legal rules. CSR practices in the UAE, where the official religion is Islam is debated whether the practice of Zakat has settled a principal CSR issue in UAE firms' responsibility towards the society as being the responsibility of shareholders as well (Sami A. Khan, Khalid Maimani, and Wafa Al-Yafi, 2013, 68). In comparison, there is little or no theoretical research available on CSR in Saudi Arabia. There is a pressing need to fill this gap which this thesis will investigate. There is an absence of long-standing and universal approaches to CSR with limited prospects for a strategy of CSR in the Kingdom of Saudi Arabia. However, the Saudi Constitution states that 'property, capital, and labour are essential rights in the Kingdom (The Basic Law of Governance Saudi Arabia Primary Constitution, article 17). Therefore, in Saudi Arabia and some Muslim countries, the concepts of combining with edregulations come through Sharī'ah. The Qur'an and the Hadith are the main bases in the formation that was conveyed God's in determining certain beliefs and practices in the form of legal orders and prohibitions (Siti Zubaidah and Mudrifah, 2019, 743). Islam prohibited certain types of business such as Reba (interest or increase on a loan of cash) (Mohammad Ayub 2008 and David Eisenberg 2015), trade-in tobacco, alcohol, armaments, and gambling. Reba is the opposite of Zakat, as it creates profits without work and is not

considered to be lawful (Geoffrey Williams and John Zinkin, 2010, 519). Zakat in Islam provides widespread supervision of human life, business, and social justice. Economic and business activities are not only limited to achieving the internal profit of a corporation, but also the common welfare. CSR in Islam is linked with the Maslaha and Maqasid al - Sharī'ah to achieve the ability to develop and manage the community (Nur Faliza et al, 2019, 440). Business in Islam is not just for permitted for profit, but rather it aims to achieve the social welfare of the whole society (Geoffrey Williams and John Zinkin, 2010, 519). Finally, the general Islamic framework which governs the business ethics consents to the doctrinal of Ibadah, Tawhid, Adalah (Justice), and Maslaha (Radwa S. Elsaman, 2012 Maslaha is in Arabic means public interest and Reba means to increase the amount of dividend or debts). The next section will discuss how could CSR be regulated using example from international legal perspective.

V. PERSPECTIVES ON CSR IN OTHER COUNTRIES

The thesis will be discussed with the goal of establishing whether government regulation or self-regulation works better to effect CSR policies. Governments could be powerful enforcers of the disclosure of CSR-related information in developing countries: previous studies have found that government involvement significantly increased CSR-related disclosures within corporate annual reports (Muhammad Rizwan and Waris Ali, 2013).

Regulatory research usually involves the description and explanation of complex concepts which means that regulation could influence the behaviour of people and organisations that never occur on the basis of a single mechanism. The mechanism usually includes a number of leverage points such as changes in law and norms, changing in networks and protocols or changes in relationships and behaviour (Peter Drahos, 2017). In corporate law, the gap of involving legal requirements or strategies for companies to behave or act in social responsibility might be considered to have a regulatory framework. This research is going to analyse the impact of CSR's regulation in **other countries** such as India, China, Indonesia, Malaysia, and Australia. This comparative literature will discuss in greater detail in the thesis, focusing on how to find a method that could beneficial to apply in SA. This research will draw lessons from these countries in order to glean practical strategies to have a regulatory framework in CSR.

In **China**, the authors of 'the Effect of Mandatory CSR Disclosure on Firm Profitability and Social Externalities' examined how mandatory disclosure of CSR impact a firm's social activities(Yi-Chun Chen, 2018). They expressed that the idea of having CSR regulated is not demanding the corporation to spend on CSR. Therefore, companies which are established or incorporated did not have to adjust or change its performance, they have only to picture the impact of the firm's undertakings (Mingyi Hung, Yi-Chun Chen, and Yongxiang Wang, 2018). According to this article, China enacted a legal framework for CSR in 2008, this law could make the implementation of CSR much simpler for the government to compel firms to engage more in CSR behaviours (Dhammika Dharmapala and Vikramaditya Khanna, 2018, 206). On the other hand, the author argued and confirmed that, there are many companies that decreased their profitability after mandatory CSR in China. The reason is bthat changing the company's practice (business) increases the conflicts between their stakeholders and could limit the social impact as well to be basically political and social in nature rather than economic reflections. CSR was impacting the Chinese environmental improvement after suffering from smog. China had already been successful in incorporating many social responsibilities into various areas of law (Yi-Chun Chen, Mingyi Hung, and Yongxiang Wang, 2017,192). Shanghai, Beijing, and Guangdong, are leading Chinese provinces and cities, show a higher CSR initiative level in 2016 (Kun Li, Nasrin R. Khalili, and Weiquan Cheng, 2019). Criticisms to the Chinese model include the argument that China's Foreign Investment is concentrated in countries where legal and regulatory institutions are weak to protect social and environmental justice. The case study of Chinese CSR regulation in Africa has resulted with this fact, in measuring the Chinese regulation of CSR in companies overseas, many of these regulations have no power in implementing and enforcement (Liu China's State-Centric Approach to Corporate Social Responsibility, 2019).

However, in **India**, Section 135 of the Companies Act 2013 India requires firms satisfying specific size or profits to spend a minimum of two percent of their net profits on Corporate Social Responsibility (Dhammika Dharmapala and Vikramaditya Khanna, 2018, 206). The paper highlights the understanding and the consequences of company's behaviour and corporate governance under this law. The law also requires firms to establish a CSR committee of the board of directors. The committee will be responsible for articulating the firm's CSR policy with ensuring that they have included at least two percent of the profits in the firm's business on CSR activities. The CSR committee will clarify all failures to reach the target. In India, most of firms were not required to disclose CSR spending or activities until this law has affected in fiscal year 2015. The government gave appropriate time for the firms to put in place their CSR policies and to create their committees in the board of director because it is not easy for a

corporation to recalculate its profits and enact some types of CSR activities to be involved immediately after the effectivity of India's Companies Act (The Companies Act, India CSR Act of 135). In 2018, according to a report on CSR in India, there is clear evidence of the impact made by companies practicing CSR strategies(India CSR Reporting Survey 2018).

However, it is not clear whether the implementation of the new CSR provisions in India has been positive for companies and whether the regulation has affected companies' profits. The article showed that Section 135 has replaced the voluntary CSR policies of companies which were not much effective in the last two years when companies participated essentially in education, skill development, healthcare, and sanitation. A country development project and environment after the law required the law of CSR to allocate their profits to community development (Corporate Social Responsibility in India' Finnovation, Corporate Social Responsibility, 2017). For example, in 2018, many companies bore overhead expenditures in India for health, education, and reducing inequality of environment practices compared to the previous year (Indian CSR reporting survey, 2018). Similarly, Indonesia also changed its CSR from voluntary to mandatory legal law concepts. Article 74 of its Law No. 40 of 2007 states that:

1. Corporations doing business in field of and /or in relation to natural resources must put into practice environmental and social responsibility.
2. The environmental and social responsibility contemplated in paragraph (1) constitutes an obligation of the corporations which shall be budgeted for and calculated as a cost of a company performance of which shall be with due attention to decency and fairness.
3. Companies which do not put their obligation into practice as contemplated in paragraph (1) shall be liable to sanctions in accordance with the provisions of legislative regulations.
4. Further provisions regarding environmental and social responsibility shall be stipulated by Government Regulations (Law of The Republic of Indonesia Number 40 of 2007 Concerning and Limited Liability Companies, 'Chapter VI article 74).

This law was subject to all types of corporations in **Indonesia**. Until 2012, the law was replaced and enacted to be resrticted only to CSR of limited liability companies (Sir Bakti Yumari and Rachmad Safaat Sihabudin, 2019). The authors described in detail only the environmental impact as it is obligations in limited liability companies (LLC) only if their field of business activities will be related to natural resources. The replacement law has been approved by the Indonesian government and the House of Representatives because they believe that this will improve the welfare of society and the environment (Sir Bakti Yumari and Rachmad Safaat Sihabudin, 2019).

In **Australia**, the current debate over CSR lacks a demanding analysis of its expenses and assistances to society as a whole. The government evidence in protecting the corporate stakeholder and the society in general has pushed to increase the responsibility of corporation not through the regulation, but by the enthusiastic promotion of CSR (Gary Johns, 2005, 370).

The initiative was promoted in 1999 by the Prime Minister's Community Business Partnership which is a group of prominent Australians from the community and business sectors appointed by the Prime Minister which assists the government on issues of CSR, among others (Helen Anderson, 2007, 150). In doing this, the government of Australia used three streams of activities, 1) advocacy of the business case for CSR and for partnerships between business and the community, 2) facilitation through the provision of information, 3) and recognition of successful CSR through an awards program (Prime Minister's Awards for Excellence in Community Business Partnerships (2007) Australian Government Department of Social Services). The Australian Stock Exchange has enacted rules and active steps in encouraging business practices in CSR among listed companies. The ASX Listing Rules demand companies to officially state in their annual reports the extent to which they have complied with 28 ASX Council Recommendations, which involve eight principles of good corporate governance. Principle 3 has explained that a listed company should instill and reinforce the culture of the organisation in acting lawfully, ethically, and responsibility. Principle 7 requires a listed company to establish a risk management framework and review its effectiveness (Australian Corporate Governance Principles and Recommendations, February 2019). On the other hand, the compliance with those recommendations was not mandatory, but the companies still need to explain why an alternative approach was taken in that company (Helen Anderson, 2007, 68)

Finally, similar to Australia, in **Malaysia**, CSR is fundamental for three values which are accountability and responsibility, transparency, and communication, which means that CSR is defined as open and transparent business practices that are based on ethical values and respect of the community, employees, environment, and shareholders. However, the government has been taking some actions in tax inventively to the business and CSR. On this basis, CSR practices of companies must be disclosed in the 'Malaysian Public List of Companies' (PLC) including four factors: marketplace, workplace,

community, and environment (Mohamad Hafiz, 2006,74). The regulation governing the Kuala Lumpur Stock Exchange has indicated the requirements listing as follows: a) enhancing the shareholders' value in the long term, b) providing better protection of shareholders' interest, c) reducing the risk faced by shareholders and investors, d) and enable investors to make better informed investment decisions (Ting Kien Hwa, 10th Pacifi Rim Real Estate Society Annual Conference Bangkok, 2004). Moreover, corporations must comply with the government's Malaysia Tenth Plan, a development plan drafted and designed to guide Malaysia's development for the next five years. It sets structural and new policy for directions and programmes that enable the country to achieve a high national income (Tenth Malaysia Plan 2011-2015). With the effective side of government, they have linked all company's plan with their national budget of the country. Government had also incorporated the CSR practice as an integrated unit of its Malaysia Vision 2020 (Mohamad Hafiz, 2006,74). In fact, this plan of economic growth was to achieve annual growth by six percent; however, the Malaysian government still plans to support its economic growth by enacting the Eleventh (11th) Malaysian plan. This plan consists of six principles focusing in green growth, increasing the percentage of middle-class society from 40 to 45 percent by 2020, and investing of innovation in competitive cities (Eleventh Malaysian Plan 2016-2020). These countries have imposed regulations to clarify CSR practices and reduce misconduct or misunderstanding with regard to how it should be implemented in companies' legal systems. A clear vision must be defined in the Saudi Company Act to address this concept, or the Saudi government must regulate CSR compliance separately. The major principle of economic, social, and environmental sustainability must be enshrined in law (Arpita Gupta, 2012).

VI. CONCLUSION

This paper evalevaluated could other countries regulate specific rules for CSR in order for corporations to follow. The discussion of this information will influence on how could Saudi legal system takes advantage of other countries' perspectives such as Australia and China, etc. it is very important to distinguish CSR perspectives in Islamic rules and Islamic concepts. Saudi Arabia is opening now its business and investment to the world businesses as part of the economic developing and enhancing governmental CSR regulations that need to consider identifying the strategical framework for CSR to be proposed as a CSR norm that could allow corporations to practice CSR in a beneficial shape. Shareholders and the board of directors with the concept of being socially responsible among the society's development will need to have a clear mission and a corporation's policy as long as a governmental CSR regulations.

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