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Making CSR and Sustainable Development Financially Effective

—The Business Case for CSR in Saudi Financial Social Practice

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Abstract

This research argues that the legislative context of CSR strategies should be managed by the relevant Saudi government authority so that specific functions, objectives, etc., can be identified. Since Saudi Arabia began accepting aspects of the sustainable development agenda and the UN goals (SDGs) in 2015, much of the focus is now on CSR and how to address the current global challenges in any future development projects, not just charitable societies and philanthropic associations. This research looks at the relationship between CSR and non-profit governmental organisations in Saudi Arabia. This research concentrates on the national regulations for Saudi corporations concerning CSR. This research aims to use examples from other regulations and implementations of CSR. The finding is that Corporations should focus on finding solutions and more resources in their governance systems to avoid the short-termism that is evident in business methods so that meaningful social responsibility is achieved.

Keywords

Adopting of CSR, Saudi Corporate Law, Corporate Governance, Sustainable Development, Business Investment, CSR Commitments through New Laws, ISO 2600, UN Global Compact. Private Sector, Charities, and Non-Profit Organisations, and Environmental, Social, and Legal Responsibilities

1. Introduction

It has been contended worldwide that concepts of CSR should be implemented according to the interests of shareholders, boards of directors (corporate governance), and corporations' business investment policies and what the industry dictates to those operating in it. However, to ensure these principles are implemented to improve societies socially and economically, corporations need to devise strategies to achieve CSR and sustainable operations. CSR aspirations are putting pressure on businesses to ensure shareholders are happy with the level of corporate compliance with environment-related policies (Global Community Assessment Centre (GCAC), 2021). Many nations now understand the need for CSR commitments through new laws that involve such issues as non-financial reporting. Developments in the law may not only justify the pursuance of CSR, but actually may pave to avoid unnecessary risks (Ulfbeck et al., 2017). This chapter presents the core characteristics of Corporate Social Responsibility (CSR) and how it could enhance a company's business performance from national and international perspectives. This chapter consists of four parts. The first discusses what CSR means, using Carroll's four primary principles perspectives as started in the first chapter. The second examines how the social-legal responsibilities of a corporation can influence Saudi society development by evaluating the ISO 26000 international standard that applies to CSR. The third covers the three international CSR associations and what types of CSR business practice corporations could serve the Kingdom of Saudi Arabia's best interests. The fourth explains how the mandatory approach will impact financial and social reports and their operation.

2. The Fundamental Structures of Corporate Social Responsibility

The rise of CSR as a corporate policy has been recognized as able to change government and business practices (Van Der Zee, 2015). New forms of governance focus on how change occurs within social and legal statutory processes concerning social, political, and economic interactions (Sarra, 2011). The organisational benefits of CSR have now been increasingly studied (Gupta, 2017). These benefits of CSR confirm the validity of CSR in helping innovate business and improve financial performance (Børing, 2019; Cui et al., 2015). CSR has more of an impact on operational than financial aspects, in that environmental CSR can be valuable for the "bottom line" of a company (Hou, 2019). This research supports the idea that corporations should do more than look after their business interests, profits, market share, and shareholders, by engaging with CSR activities and what the wider society wants. This was strongly questioned by Milton Friedman whose critique helps to form the key aspects of corporate social responsibility in **Table 1** (Leonidou et al, 2019).

Friedman's view is one that argues social responsibility of corporations is secondary to the need to make profits and be responsible to employees, shareholders, and investors. Having a social conscience, in Friedman's interpretation, is the not main function of directors of the company as they need to focus on what the business does, how employees work, and looking after the shareholders (Friedman, 1970). **Table 1** below explains the core CSR principles that include instrumental, social, legal, political, ethical, and environmental perspectives. A corporation or a government needs to consider identifying how they can take advantage of CSR and who will be the primary beneficiaries. A government needs to specify what activities of CSR are legal and what should be ethically incorporated in the form of a code of conduct or certain environmental and social obligations. A government could establish its country's economic development plan that is based on changing how its institutions and economic sectors function.

Theodore Schultz noted that ' it is obvious that particular institutions matter, that they are subject to change and are, changing, and that people are trying to clarify social choices about alternative institutional change to improve the economic efficiency and the welfare performance of the economy (Schultz, 1968). It is argued that there might be issues for companies to consider regarding how their capital is spent on making changes in business practices, for example how in Saudi Arabia the government is focusing on innovation and performance in terms of the government and corporations entering into partnerships. Business transactions and their costs are of central concern in the choice of competitive organisational arrangements in society, particularly as they focus on

Table 1. Summary of CSR perspectives[a].

Nature of Responsibility	Dimensions of CSR	Primary beneficiaries of CSR	Multinational enterprise context issues and criticisms
Instrumental	Corporate financial and strategic objectives. Competitive advantage. Economic efficiency. Course-related focus.	Shareholders Employees Business network	Pursuit of solely economic activities benefit all Possibility of social irresponsibility MNE objectives may collide with host country expectations
Social -Legal-Political	Responsibility to the task environment Responsibility to broader society Legal compliance Adherence to contractual and supra-contractual norms Responsible use of Business power Activism for justice Corporate citizenship duties and obligations	Stakeholders Publics	MNE MUST also benefit (or at least cause no harm to society everywhere) MNE political involvement should be restricted to the mutually beneficial business environment MNE should comply with all laws, regulations, and social obligations
Ethical	Adherence to moral and ethical standards and norms Upholding universal values and core human rights Development and implementation of binding codes of conduct	Stakeholders Consumers Publics Nations	MNEs Should uphold universal values and human rights MNEs should conform to transnational codes of conduct MNEs should bring about ethical and value changes whose ethics?
Environmental	Pursuit of environmental sustainability Ecological sensitivity in business practices Environmental conservation and preservation	Societies Species Nature Posterity	MNEs should not violate local environmental laws Host governments are responsible Environmental responsibility is not part of CSR

[a]Leonidou et al., 2019.

retaining market share and a high level of satisfaction shown by customers (Lin, 1989). Part of these economic changes should consider the regulations of CSR and what standards governments and corporations should achieve. A multi-level theory of corporate social philanthropy has an ideological content that is expressed inside and outside organisations. This research standpoint on CSR is that businesses want to perpetuate good performance, but also protect the environment, and invest in aspects of society that are consistent with the principles of CSR. Social movements can influence the expectations that key stakeholders have about firms' social responsibility, as it helps shape business reputation and legitimacy (Georgallis, 2016). For example, resources consumption, toxic emissions, industrial pollution, and performance measurement of CSR activities are included here. Studies have shown that environmental and financial business activities demonstrate the advantages of using CSR programs to help solve environmental and social problems (Holtbrugge & Dögl, 2012).

The above table indicates four primary CSR perspectives that have their purposes and beneficiaries of CSR. These four dimensions, which will be explained below, are supported and explained by Carroll's concept of CSR wherein it chimes with the expectations of society at any given point in time (Archie, 2016). First, corporate financial and strategic objectives are related to the company's shareholders and employees. It considers how company activities are carried out for the benefit of society. However, the disadvantages of this instrument are that it could not work for a multi-national corporation if it is operating in more than one country, and where expectations differ. It is a fundamental obligation for governments to ensure the economic stability of society and it must be sustained, and businesses have the responsibility to be profitable to owners, shareholders, investors, so that operations can continue (Archie, 2016). It is a government's responsibility to ensure national sustainability development by monitoring economic changes and what progress is being made. For example, the Saudi National Investment Strategy is working to raise its foreign investment to reach 388 million riyals, so that investment will be worth 1.7 trillion riyals by 2030 (Mansoor, 2021). Corporations need to take advantage of this kind of largesse so they can make CSR programs meaningful. Corporate social responsibility combines two activities which are: firstly, the government's obligation to maintain economic and social forces; and secondly, identify social responsibility relationships.

These actions consider new governance routines and regulations in which social forces can help shape the nature and practices of economic behaviour. CSR movements in the community have long supported the rise of new institutional channels, instruments, and actions that should be a key part of business practice. In some way, the CSR mechanism takes the form of self-regulation and getting investors to understand the social aspects of business operations (Moncrieff, 2015). An economic system recognises the vital importance of businesses making profits so that the rest of the community can make a living, and making profits from investments motivates business success (Archie, 2016). Economic development concentrates on existing institutional arrangements to capture profitability opportunities that make economic growth possible (Lin, 1989). However, the global financial crisis (GFC) of 2008-9, and more recently, the historic referendum vote for Britain to leave the European Union (2016), has called into question the costs of CSR, the remit of company law, and capacity of financial markets (Johnston, 2017). Two major consultations concerning UK company law, specifically under corporate governance reform were launched in late 2016. The focus was on directors' pay, directors' duties, and the composition of boardrooms, including employee representation and gender balance in UK decision-making positions (Mor & Browning, 2016). CSR commitments can increase the likelihood for both government and corporations when there is an appropriate response to the opportunity to engage in such business activities. The development of this commitment of CSR should be should be clarified and support by the government with providing a clear process to implement CSR operations, particularly in what way could organisations find solutions and key issues for any future concerns to each sector (Hohnen & Potts, 2007). The government's responsibilities should be in facilitating the best entrepreneurial opportunities to the investment to engage in businesses under CSR, recognising the accumulating debt and risk that might increase on future income, and assisting the ability to pay back bonds to holders who participating in CSR business and so on. Legislators must focus on restoring the institutional role of governing by providing a stable environment for economic growth, maintaining the stability of the currency, enforcing and defending property rights, and providing oversight that assures the private's accountability (Campbell, 2009). The association between (CSR) and government action is deliberated to be one of supplementing or exchange. Conversely, growing numbers of governments deliberate CSR as a possible policy instrument and effort to aggressively shape organisational CSR policies and outcomes (Brejnholt et al., 2020). Authoritative approaches do recognise that governments shape CSR practices in different countries, but succeeding national business structures methods are practically focusing on their function as mechanism and the "rule-maker" (Kang & Moon, 2012). Nonetheless, even in the absence of legally contexts power of CSR rules such as Saudi Arabia, shareholders should be practiced to employ an excessive arrangement of pressure on companies to adopt CSR standards that go beyond the legally required ones (Brejnholt et al., 2020). Second, the social, legal, and political elements of CSR are linked to the responsibility of business power and corporations' duties and obligations to the wider society. These responsibilities must concern the government, company shareholders, and the general public to ensure that there is no harm done to society from any business activities. Regulations and laws that protect the environment are required and should be enforced so that CSR policies increase trust and possibly reduce transaction costs as well (Hosmer, 1995). The laws, regulations, and fundamental notions of fair business practices, should function in such ways to allow managers to consider transaction costs in all Saudi strategic decisions (Marc et al., 2011). Australia has only two levels of legislative bodies and these are the federal and state governments working through a parliamentary system (Archie, 2016). Businesses are expected to comply with their laws and regulations as a condition of operating; legal responsibilities should incorporate the expectations of business so that Saudi Arabian companies' decisions and practices are implemented properly (Archie, 2016). The representation of stakeholder interests within the context of corporate governance also needs to be noted (Mor & Browning, 2016). These facets allow companies to act in a more socially responsible way by taking greater responsibility for their impact on the environment and the wider society (Johnston, 2017).

Third, ethical responsibility or moral standards do require codes of conduct to be implemented. Philanthropic institutions and businesses are guided by a desire to contribute to social activities which are not legally compulsory but should still be dealt with ethically. The enthusiasm of companies to be involved in philanthropy may demonstrate their good citizenship (Archie, 2016). Examining the philanthropic effects of a corporation could improve its public image and reputation (Gardberg et al., 2017). Studies have long contended that a reputation for good corporate social performance and/or philanthropy can lead to positive outcomes, a company's attractiveness to potential employees and customers, constructive corporate evaluations and serve as insurance against scandals, frauds, etc. (Brammer & Millington, 2005; Lii & Lee, 2012). Since philanthropy is characterised as a voluntary, non-obligatory, and nonreciprocal transfer of wealth from a corporation to external stakeholders, and based on improving a company's reputation, it is also critical that scarce resources become part of the strategy to retain philanthropic donations (Gardberg et al., 2017; López-Pérez, 2017). In general, society expects businesses to operate and ethically conduct their affairs. Critically, ethical responsibilities cover the norms, standards, values, principles, protection of consumers' ethical rights, and the welfare of employees and all relevant stakeholders (Archie, 2016). Fourth and finally, environmental dimension and sustainability aspects of business practices must be regulated and legislated by the government to protect the environment. Multinational corporations must obey the laws of the land or they will be subject to penalties for any violations such as pollution, contamination, damage, etc.

Contrary to the rising level of support for CSR, Friedman makes two key points: 1) a business executive is purely an employee of the proprietor (owner) of the business; and 2) every social responsibility of this decision-making needs to "conduct the business by the owner's requirements" (Friedman, 1970). This part of the debate is about whether a corporation must have a social obligation or whether it needs to limit itself to making profits and looking after shareholders' interests. Critically, Theodore Levitt agrees with Friedman and pointed out that business has only two core functions: 1) to engage in face-to-face civilities such as honesty and good faith; and 2) to seek material gain. He argued that long-run profit maximisation is the true objective of business, in practice as well as theory (Theodore, 1958). Others also generally support the idea that company executives should concentrate on increasing company profits and business. The basis of Friedman's claim is that directors could impose something on the shareholders unfairly, undemocratically, unwisely, and in violation of trust. This paradigm of Friedman is valid in the sense that a corporation's directors can't exercise social responsibility without the counsel or agreement of other stakeholders (Mulligan, 2019).

However, this research disagrees with their argument, in that CSR could impact the corporation's business activities if shareholders' interests, demands, and expectations are not protected. Understandingly, the key question that was asked by Bowen is continuing to today, and it is concerned about what responsibilities that business people are reasonably expected to undertake (Archie, 2016). CSR implementation is still not clearly understood in Saudi Arabia, or what are the principles by which corporations shall execute their social, environmental business activities. In many Saudi people's view, CSR is mainly about charitable business activities and social obligation according to Islamic rules and this can lead to misinterpretations of CSR practices. This research refers to Mulligan's review, which is that the exercise of social responsibility in business is guided by the values or abilities of business directors and all other corporate staff to take a proactive social role and cooperate in doing so (Mulligan, 2019). Business owners, board members, and senior officers should all participate in defining a mission and in setting objectives, wherein these people serve as 'legislators' for the company which is approved by the shareholders at the annual general meeting (AGM). This chapter argues that the legislative context of CSR strategies should be managed by the relevant Saudi government authority so that specific functions, objectives, etc., can be identified. Since Saudi Arabia began accepting aspects of sustainable development agenda and the UN goals (SDGs) in 2015, much of the focus is now on CSR and how to address the current global challenges in any future development projects, not just charitable societies and philanthropic associations (Al Tuwaijri, 2018). This research looks at the relationship between CSR and non-profit governmental organisations in Saudi Arabia in the next sub-section.

3. Charities and Non-Profit Organisations Adoption of Socially Responsible Business Practices

The current economic strategy pursued by the Saudi government is mainly concerned with expanding the role and opportunities of the private sector (Maqbool, 2015), public organisations, and charitable foundations as articulated in the Vision 2030 strategy. Saudi Arabia is engaging with non-government organisations (NGOs) through the Saudi Arabian Responsible Competitiveness Index (SARCI), which is an initiative managed by two Saudi agencies. One is governmental and semi-private while the other is an international non-governmental organisation. Collaboration between them can help to explain how the Saudi economic system will change and lead to improvements in society. One Saudi organisation, such as King Khalid Foundation, seeks to improve the quality of non-profit sectors nationally, in the belief that philanthropic work in the non-profit sector is the most suitable channel for developing societies (King Khalid Foundation, 2018). In this context, CSR is about the duty of a company to deliberate on, manage and balance social, economic, and environmental activities and objectives (Parliamentary Joint Committee on Corporate and Social Responsibility, 2006; Amodu, 2017a, 2017b). Non-profit organisations are increasingly operating like private sector businesses, challenged with having to deal with rising expenses, contributions and donations, and more pressure from for-profit corporations. Corporate social responsibility is now about improving the knowledge of consumer goods and how these should not damage the environment. Broadly speaking, business activities involve a variety of strategies to maximise profits and market reach. For example, many organisations operate in such a way that involves narrower environmental or social strategies as required by the law, or where the profits can be donated to social/environmental causes which help the company's owner. Traditionally, many organisations have adopted the non-profit approach which means using profits for charitable purposes, yet there is a lack of a clarification of how charity and business are separate (Robinson & Nilsson, 2018). This addresses the issue of separating CSR business practices from the charity (Zakat). Both concepts have their strategies and how the legal system deals with them. According to articles 1 and 2 of the Law of Zakat Collection in Saudi Arabia, the Zakat provisions of income demand that all non-Saudi and Saudi corporations pay some form of charity according to Shariah law (*Law of Zakat Collection*, 1370/01/01).

The amount of Zakat is a form of corporate tax payable to the Saudi government, but it is not a form of corporate social responsibility, unless the government deems it be as such for building its strategies through the legal process, and comes under the control of the relevant the Saudi authority. According to the Saudi General Authority of Zakat & Tax, the amount of tax paid by corporations depends on whether the entity is capital or personal organisation. If the corporations operate as a general partnership, limited partnership, and unlimited liability corporation, the tax (Zakat obligation) should be 1% of their annual income ratio, as requested by Zakat & tax law in Saudi Arabia. The amount of capital in a joint-stock corporation or limited liability company should not exceed 25% of a company's annual income (*Saudi Provisions of the Regulations Concerning Income Tax Regulations*, *See Articles* 11 *to* 17). The legal obligation of corporations to pay their taxes is not connected to their CSR implementation. Stakeholders could decide how to distribute the profits to social and environmental causes. Friedman critically noted that businesses, charities, and investors all could develop the capacity to create trade-offs between financial and social objectives, and how to maximise these so that they are carried out efficiently. Consequently, there is a case where corporations are implementing types of CSR that may detract investors (Robinson & Nilsson, 2018). CSR or any tax obligations cannot be considered as corporate social responsibility business. Charity-related associations will not be able to invest in a project if it does not contribute to national economic development, although they are working to enhance the lives of people by attracting donations and government contributions. CSR activities in the business world are meant to increase companies' profitability and they do this if and when social, environmental, and sustainable activity programs are carried out well.

Companies should provide information on their structures to shareholders, as well as articulate their business strategies and CSR activities. CSR greatly depends on the participation of stakeholders with vested interests and who want to create a new level of environmental and social standards (Moncrieff, 2015). The process of implementing CSR regulations encompasses the state, market, community and local, and global systems and these are constantly being refined or changed to suit various circumstances. The economic context has now deeply entrenched the CSR process (Black, 2002). In modern capitalism, CSR as a regulation principle encourages companies to conduct themselves in a manner that satisfies societies' social, environmental, and economic expectations (Andrew, 2011). Appropriately, the company's understanding of CSR practices should avoid conflict with the rules of corporate law (Teubner, 1987). Corporations have certain economic and legal responsibilities regarding CSR and this has serious implications for business practices that could be highly impacted. They could be exposed in corporations' documents regarding finances, expenses, policies, etc. (Ho et al., 2018).

A major consequence of the GFC was that CSR complicated an already uncertain business context (Amodu, 2017a, 2017b). The finance sector suffered the consequences of regulatory failure, and the worldwide recession brought about many costs for stakeholders, shareholders, and other beneficiaries of public expenditure (Herzig & Moon, 2012). The GFC meant that CSR became a much more important concept because businesses were now expected to be much more responsible to society, ensure market stability and probity, and properly manage the relationship between corporations and shareholders and other stakeholders (Gond & Kang, 2011). Large finance institutions were concerned with the externalities of business viability because social and environmental investments may have impacted the value of corporate strategies and profits (Richardson & Peihani, 2015). The global finance industry received a lot of criticism subsequently for not explaining economic crises (Ciro, 2012), and not being interested in social and environmental issues (Sun et al., 2011). The GFC not only shaped public debate on the issues of better and sustainable governance to reduce international economic crises but also generated much interest in the weaknesses associated with finance capitalism (Richardson, 2013a, 2013b).

Furthermore, the GFC generated a lot more interest in how responsible businesses should promote social and environmental awareness as part of the wider global economy (*United Nations Conferences on Sustainable Development*, 2011). In some cases, financial experts argue that the heavy financial responsibility of CSR might be solved by having better investment objectives. This means that businesses had to become responsible in terms of exercising corporate environmental performance, especially when corporations had to focus on the duties of boards of directors about where investments were headed (Handerson, 2012). Socially responsible business activities mostly comprise three major strategies: 1) social screening; 2) shareholder activism; and 3) community investment. It is worth noting that the majority of CSR activities occur through social screening and shareholder activism. Social assessment primarily reflects whether a corporation funds a social cause or charity so that important issues in society are tackled. Shareholder activism refers to shareholders taking advantage of their ownership rights and voting on important issues at the annual general meeting, for example, to support improving corporate directors' policies or the environmental, social, governance (ESG) performance of a company (Yin, 2017). The influences of shareholders can shape and guide corporate governance, and lead to finances or profits being earmarked for social philanthropic outcomes (Judge, 2010).

Some researchers have argued that capitalism harms the environment and society due to the exploitation of resources, people, the focus on profits, and unfair business practices (Richardson, 2013a, 2013b). For example, at the 2020 World Economic Forum Annual meeting, the most discussion focused on how companies and shareholders should be trustees of society and guard against the over-exploitation of finite water resources. The World Economic Forum recognized this issue as irresponsible behaviour towards society (Wood, 2020). Socially responsible businesses seek to improve their corporate social and environmental performance through structural changes to their procedures, strategies, etc., so that they are sensitive to sustainable development and not just making profits (Richardson & Peihani, 2015). Sustainability development is concerned with maintaining viable economic progress by protecting the long-term business value of organisations. It aims to provide a framework for the integration of environmental policies and development strategies (Report of United Nations General Assembly (1987) and United Nations Conference on the Human Environment). Sustainability development has to have long-term stability so that the desired form of economy and environment can be achieved through the integration of economic, environmental, and social ideals that are subjected to good decision-making (Emas, 2015). However, it has been argued that sustainability cannot be separated from economic development, so governance mechanisms need to know how to protect the environment and natural resources (Dernbach, 2016).

Numerous significant financial institutions and international agreements were created to promote development, principally economic development. For example, the International Bank for Reconstruction and Development, which later became the World Bank, was devised to help reconstruct war-damaged economies, to encourage development in many countries by offering low-interest loans, grants and other assistance (Dernbach & Tarlock, 2016). Nevertheless, the difficulty of assessing corporate responsibility in business practices is understanding the extent to which they occur and the damage that is wrought. CSR could make the development of the community an objective that links corporation and shareholder responsibility through the governance strategy. Such responsibilities should not only be limited to shareholder, but all other stakeholders who have a say in how corporations are run (Nalle, 2015). Capitalism should not just be an economic system but an all-encompassing socio-economic and cultural one that makes room for people and their needs, social structures, experiences, etc. (Bühler & Nikitin, 2020). In this vision, a strong economy 'enables people to enjoy a long healthy life, a good education, a meaningful job, family life, democratic debates, and so on (Alkire & Severine, 2002). Those who focus on people's lives such as Amartya Sen are concerned with economic growth, macroeconomic stability, social choice, poverty and famine, and how economic policies are implemented (Sen, 1989). For example, in 1991, the World Development Report by the World Bank, established the market-friendly approach to CSR principles and sustainable development as follows:

> Economic development is defined in this Report as a sustainable increase in living standards that encompass material consumption, education, health, and environmental protection. Development in a broader sense is understood to include other important and related attributes as well, notably more equality of opportunity, political freedom, and civil liberties. The overall goal of development is therefore to increase the economic, political, and civil rights of all people across gender, ethnic groups, religions, races, regions, and countries. This goal has not changed substantially since the early 1950s when most of the developing world emerged from colonialism (*The World Bank,* 1991).

A country's development shall include all opportunities in social, economic, and environmental business activities. The drive to create national markets should consider the organisational principles whereby the state and society as a whole benefit. Corporations generally operate according to the nation's regulations and legislation as they apply to the private sector (Shamir, 2011), which means that support for effective CSR policies is dictated by the government (Nalle, 2015).

For example, in supporting effective CSR to develop social responsibility, Australia's Minister for Superannuation and Corporate law, Senator Nick Sherry, stated in 2011:

> ... The world financial crisis is not just a corporate issue; the economy is not a private product but a critical piece of the social infrastructure … some

> commentators have speculated that the financial crisis will put a stop to CSR programs—I believe this is not to be the case. Such views are driven by a misunderstanding of what CSR is all about. If anything, the current crisis should accelerate its adoption. Companies may need to refocus their efforts and concentrate on the shared values between them and the wider community in which they operate. I believe the current circumstances highlight the realities of CSR as an important means for companies to manage non-financial risk and maximise their long-term value (Horrigan, 2011).

Shaping Australia's economic and social development requires a lot of CSR, where there should be a close relationship between business, government, industry, and community groups. The long-term success in running a business will lead to meaningful economic, environmental, and social activities that do also depend on well-functioning external financial factors. It is not about how a business makes its profits, but instead how it goes about ensuring that profits are distributed to other organisations (Governer's Speech, 2008). Social capital is a metaphor that highlights the positive and productive aspects of sociability (Claridge, 2018). The next section will explain how CSR impacts economic and social practice.

4. Saudi Arabia's Economic System and the Private Sector Perspective on CSR

Economic development is essential for any country's progress such as Saudi Arabia, however, social and environmental development are important elements of sustainable development as well. CSR is connected to the desire for reforms to the global economic system, which means that investors will think more than just about how much profit they can make (Amodu, 2017a, 2017b). Corporations need to respond to the government's concerns about social responsibilities not only in their business strategies but also for protecting society from their irresponsible acts such as poor production processes, manufacturing irregularities, disposal of waste, etc. Corporations are expected to be intrinsically responsible for ensuring shareholders get good returns, customers are happy with goods and services, employees have good wages, etc., and the public benefits when the environment is protected by those who exercise corporate power (Cherry & Sneirson, 2021). Essentially, effective and efficient CSR is business governance and management model applicable to all corporate forms: companies, small or big, domestic or transnational, private or public (Ruggie, 2011). This form of business is complemented by groups of countries that establish trade treaties. The involvement of corporations with CSR helps shape their business processes and governance strategies. Furthermore, national influence needs to reflect the willingness of individual countries (or groups of countries) to act cooperatively with international agreements. For example, it could influence the country's wish to centralise Saudi Arabian decision-making, wanting to integrate into the global economy, and advocating new economic development strategies. Any international agreement could appear in a country's regulatory system of its economic activities and CSR is included here. Economic power is evident in the way that corporations enhance, manage and control goods, services, and their assets. These sorts of financial transactions will lead to certain outcomes regarding business performance and economic success (Whalley, 2009). Good CSR policies and actions will motivate the market to ensure that firms' profits increase, and result in overall better industrial efficiency. For example, CSR changes the corporate regulatory system by ensuring that company directors run the businesses with the interests of stakeholders in mind (Rand & Newman, 2020). Shareholders can choose to invest in a corporate governance system that emphasises economic sustainability (Yin, 2017).

In some cases, governments and companies may be aware of CSR and how it can shape corporate procedures (Al-Khatib, 2012). Organisations are the key institutions of society since they have many assets and are able to invest in social and welfare programs (Maqbool, 2015). Saudi Arabia is important to many industries because it is a part of the global oil/petroleum industry and the banking system that underpins it. Saudi corporations have started paying attention to CSR and have begun to show greater commitment in instituting CSR guidelines and programs (Al-Khatib, 2012), especially in education, employment and youth issues (Top Most CSR Developments in Saudi Arabia, 2017). For example, the Saudi ***SABIC Company*** is mindful of business reputation and has invested in local communities which will give it good public relations and market value. The company invested in several CSR programs, totalling US$15.6 million, and these were located in 185 countries by 2019. However, the data on its website shows that these investments were largely in the US, China, UK, United Arab Emirates, and involved funding 70,000 Saudi students in different programs such as technology, chemistry, space science, and mathematics. However, it is not clear how Saudi business managers, particularly those of non-governmental-run corporations, will play a fundamental role in crafting CSR policies and strategies (*See* SABIC Report on CSR, 2019).

There is a close relationship between national economic progress and CSR business behaviours today. CSR can help consolidate the corporate image and economic standing, and lead to the satisfaction of shareholders' interests being met. These relationships of CSR and business performance mostly occur in applicable business activities such as terms of sales, market share, profitability, and productivity (Martos-Pedrero et al., 2020). Based on Carroll's perspective, the socially responsible business should be profitable, comply with the law and certain standards, and get involved with discretionary activities that meet important social needs (Archie, 1979). Economic integration that includes CSR has also been advocated by other researchers who believer that sustainable development is one where economic, social, and environmental aspects are connected (Bansal, 2005; Chow & Yang, 2012). In the last few years, the emphasis is now on expanding the non-oil sector of the economy in Saudi Arabia and other parts of the world. In general, businesses in the Middle East are still lagging behind what is happening in the Western world, and consider CSR as taking the form of charity or donations and not a core business strategy (Maqbool, 2015). The following section points out how CSR-related business practices should be separated from mere acts of charity.

5. Saudi Arabia and Support of the Private Sector

This section concentrates on the national regulations for Saudi corporations with reference to CSR. The Kingdom of Saudi Arabia has recently amended many of its laws and regulations in order to implement the Vision of 2030 economic statement. The government has confirmed its continued support for the private sector in light of the current COVID-19 pandemic and how businesses can keep the economic system functioning. Local businesses and industries in Saudi Arabia can help achieve Vision 2030. The Saudi government has contributed 20% of its budget to many industries because the pandemic resulted in suspending or simply ending many businesses activities, trading, etc., and it led to a dramatic fall in oil prices (Saudi Press, SA Supports Private Sector in Light of Covid-19, 2020). Generally, the Saudi government has supported the capital market through the Capital Market Authority (CMA) in the form of expenditure through the law No. 1-104-2019, dated on 30 September, 2019, issued by the Board of the Capital Market Authority, *Regulation of The Capital Market Authority*, 2021. However, the cases of debt securities offers are identified by the government by an exempt offer, a private placement, public offer, and a parallel market offer. A draft of the list or a shareholder's circular must be proposed to the CMT for review and then be approved. These offers of debt securities should be authorised once they are approved, and should be publicly recognised by the Saudi Stock Market (Tadawal) and by the Authority or the Depository Centre (Mustafa & & Al-Mehdar, 2020). Certainly, the government has supported the private sector in order to protect public health and safety of citizens and residents as well. The reality is that employees have become a heavy burden for companies due the fact that work has been shut down. There is virtually no or little trade or business, so the companies cannot afford to keep employees or pay their wages during this pandemic. Consequently, the Saudi government issued a royal decree allocating $2.4 billion as a form of welfare for all Saudi citizens to tide them over. The Saudi government created an additional fund worth $3.7 billion to support the private sector (Alrebh, 2020).

The impact of COVID-19 on the global economy has been likened to the 1930s Great Depression (Donald et al., 2021). COVID-19 has forced companies to re-think how they will do business in the future and what communities need to change if they are to be successful (Coggan, 2020). The pandemic is an opportunity for businesses to really focus on authentic CSR policies, and help resolve serious global social and environment challenges (Hea & Harrisb, 2020). Philanthropic activities have increased during the pandemic and how society can benefit from businesses paying attention to what is happening (Gardberg et al., 2017). It is an opportunity to re-examine companies' role in society given the experiences of business failures during the pandemic (Mahmud et al., 2021). The organisation has the responsibility to identify the difference between CSR and other business operations (Coggan, 2020). Specifically, the existing global economic crisis demands that questions be asked about the free market or fair market, how business operates in a deregulated world, and what this means for corporate social responsibility (Erneseh et al., 2010). For example, environmental responsibility should aim to improve a corporation's impact on the environment. This could include a progressive internal environmental management system based on high standards, environmental due diligence, an environmentally friendly strategy with closed cycles, consistent reduction of greenhouse gas emissions, an emphasis on renewable as forms of energy, and a contingency plan for reducing damage done to the environment. Corporations must adopt fair business and marketing practices and guarantee the safety and quality of their products and services, including promoting sustainable consumption behaviours and taking customer concerns seriously (*State Secretariat for Economic Affairs*, 2021). The current worldwide economic crisis can be examined in two ways. First, there are the consequences of CSR and how it impacts on the wider society when such corporate actions of social responsibility have no direct legal obligations. The second is the continuing reliance on a voluntary framework for CSR. Corporations have already failed to regulate themselves in their core business matters, and as a result, they must consider what government legislation means for them when they are implementing CSR. Many countries have financially suffered from COVID-19 because they have spent billions of dollars (mainly borrowed money at very low interest rates), and the government of the Kingdom of Saudi Arabia is no different. Governments are now duty-bound to succeed in overcoming what has been called the 'worst financial crisis in decades. Prior this, in 2010 the world's leaders had to find the best ways to remedy the fallout of the GFC. The then strategies were massive capital injections, lending guarantees to restore liquidity, revive the ailing banking system, and rebuild investors' confidence in financial markets (Erneseh et al., 2010). Processes for this remedy involved not only restoring the global economic framework, but also devising better internal policies (Stiglitz, 2008). Both the GFC and the current COVID-19 crisis have led to new perspectives of how to manage CSR in business practices (Erneseh et al., 2010).

6. Corporate Social Responsibility, in Human Rights and Employees

Human rights and the environment are the main focus of CSR, particularly for multinational organisations (Prakash & Griffin, 2012). Corporations should not only pursue profit but also protect and promote many groups or community interests in society (Alsamadi & Alnawas, 2012). CSR reflects the lawful responsibility for corporations to protect their employees' rights according to international standards (OseiTute, 2018). The Saudi Arabian labour law and constitution protect all employees from any harm or form of discrimination. Companies generally want to be answerable to their shareholders and employees regardless of the wider social effects. The aim of CSR is to improve the living and employment conditions of people, promoting sanitation, cleanliness, anti-pollution initiatives and well-being (Sabel-María & García-Sánchez, 2020). Governments and corporations should consider these aspects as an obligation, and these should be done under ISO 2600 principles and human rights treaties. The expectation is that corporations will transform their profit-maximising operations to improve how communities live (Elhauge, 2005). This has been the subject of an important argument about the responsibilities of business and especially in regard to supporting human rights (Voiculescu & Yanacopulos, 2011; Papalia, 2018). The debate on this subject is mostly about the need for laws and regulations of business practices when it comes to human rights. Some researchers have stated that voluntary initiatives are enough (Markiewicz, 2017), while others assert that they should be compulsory to prevent corporate human rights abuses (De Schutter, 2016).

The UN "Protect, Respect and Remedy" Business and Human Rights Framework concerns the debate on the responsibilities of business and how these relate to human rights, which essentially imposes this framework on companies. Specifically, corporate responsibilities must include respect for human rights and this is defined as the organisation acting with due diligence to avoid disregarding the rights of others, and resolving harmful situations that might occur (United National Global Compact, 2010). This framework of 'Protect, Respect and Remedy" rests on four pillars as follows:

1) The state has a duty to protect people from human rights abuses by third parties, including businesses, through appropriate policies, regulations, and adjudication.

2) The corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and to address adverse outcomes which they may help bring about.

3) The need for greater access by victims to effective remedy, both judicial and non-judicial.

4) Each pillar is an essential component of an inter-related and dynamic system of preventative and remedial measures. The State must protect people because it lies at the very core of the international human rights regime; corporate responsibility is the basic expectation of society in relation to human rights; and access to remedy is important because even the most concerted efforts cannot prevent all abuse (United National Global Compact, 2010).

The responsibility of business enterprises to respect human rights refers to internationally recognised human rights agreements or treaties, for example the International Bill of Human Rights and the Principles and Rights at work. This responsibility requires that business enterprises: 1) avoid causing or contributing to adverse human rights outcomes through their own activities, and address such impacts when they occur; and 2) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services through their business relationships, even if they have not contributed to these events directly. These responsibilities apply to all enterprises regardless of their size, sector, operational context, ownership and structure. Governments also should consider ways to facilitate access to effective non-state-based grievance mechanisms dealing with business-related human rights abuses (Universal Declaration of Human Rights, 1948). The UN Global Compact and ISO 26000 include respect for human rights, protection of labour rights and the environment, fair operating practices, protection of consumers' health and safety, anti-corruption measures, improvement of management systems, community development, etc. (Cheng et al., 2015).

However, the international context of these principles has a different meaning for CSR. Saudi Arabia still does not have a clear regulatory mechanism for conducting CSR business activities which makes the evaluation of these principles very difficult. However, the aims of this research are to use examples from other regulations and implementations of CSR. The validation of these responsibilities will differ from case to case since it refers to ethical actions, which supported the idea of Friedman that companies' only responsibility is to do business (Gravem, 2016). For example, CSR elements in Chinese companies are very different when it comes to the interpretation of honest or transparent operations, paying taxes, respecting the environment, enhancing sustainable practices, and improving products or goods/services. The UN and ISO 26,000 principles are apparently absent in Chinese companies and the Chinese government habitually ignores criticisms of its actions and economic development policies (Cheng et al., 2015). This case may mirror Saudi Arabia's business organisations because critics argue that allowing companies to do what they choose can lead to inaccurate, ambiguous or biased reporting of CSR programs (Alwahaibi, 2018). Due to the challenges of meeting requirements of different groups of stakeholders as demanded by the IOS26000 guidelines, the CSR standards are unlikely to be consistent in the future (Tschopp & Huefner, 2015). However, the report by the Business and Human Rights Resource Centre in China, found 71 out of 127 cases caused by Chinese companies as a result of their overseas activities, which resulted in abuse of human rights in Southeast Asia (Myanmar and Cambodia), South Asia (India), and Africa (Sudan) (Greater China Briefings, 2014). Consequently, the evaluation of CSR and human rights is context-specific and their characteristics or outcomes are not all the same throughout the world, as is evident in the actions of Chinese companies in other countries (Cheng et al., 2015).

Employment throughout the world fell by 1.5% between 2013 and 2018. Increasingly technology-driven economic growth is affecting employment and unemployment and forcing more workers in low- and middle-income countries to live in extreme poverty or a moderate level of income (World Employment and Social Outlook, 2019). Subsequently, corporate social responsibility is only not about economic issues, but also the sustainability of other people's lives, from an environmental and social perspective (Nalle, 2015). In 2015, the challenges of poverty, inequality, climate changes, environmental degradation, peace and justice were discussed by all UN member states which adopted the 2030 Agenda for Sustainable Development. This agenda is a far-reaching and demanding international resolution signed by the world leaders, who agreed to answer the challenges of achieving 17 goals, 169 integrated and indivisible targets and 230 indicators (United Nation General Assembly, 2015). Still, there are many agendas concerning CSR issues and one of the most important is the United National Development Program, which is a network advocating for change and connecting countries to use their knowledge, experience and resources to help people build better lives (United Nations Development Programme, 2016). Another is the Millennium Development Goals Report (The Millennium Development Goals Report, 2015), where in the MDGs help to identify the achievement of these goals by giving a country the opportunity to focus on local needs, build consensus about priorities, win international support and local engagement, and hold leaders to account for what they commit to. However, the MDGs report showed there are large data gaps in several areas related to lack of good data quality, and the unavailability of disaggregated data on important dimensions among major challenges. Particularly, national or local government agencies still rely on outdated data or insufficient data (United Nations Development Programme, 2016).

According to ISO 2600, businesses and other organisations need to respect human rights and promote acceptable norms for employees. For example, the adoption and movement of the Ten companies of Dutch network of the principle of corporations' responsibilities accordance to UN protect and respect of its business organisations and employees by implementation of AkzoNobel, Essent, and Fortis Bank Nederland…et, shows that it works all together in a Business and Human Rights Initiative (United National Global Compact, 2010). Respect for human rights should be a mandated part of all international human rights principles, local laws, cultures, etc. (According to ISO 26000). Human rights should be a core element of corporate policy so that permanent job losses are avoided. The ten companies of the Dutch network which have used this strategy are demonstrating their support for human rights as part of their business strategies (United National Global Compact, 2010). In this way, economic progress means taking the environmental and sustainability-related issues into account and seriously acting to solve them. The response of a country or company should be a program of support, for example young people who want to engage in entrepreneurship and social innovations, create 'green' jobs, and respond positively to gender-related socio-economic issues (*A UN Framework for the immediate socio-economic,* 2020). The next section will explain how financial motivations will help a country be sustainable and promote socio-economically responsible policies and procedures.

7. CSR in Sustainability of Financial Performance and Social Influence

The business world has latched onto the concept of 'sustainability' in recent decades, which is a catch-all expression used by multinational corporations or enterprises (MNGs) to incorporate a variety of actions and activities designed to protect the environment, flora and fauna (Andrew Keay, &Taskin Iqbal, 2018). Sustainable businesses are part of the fundamental "universal owner" (UO) theory, which asserts that investors and company managers consider not only financial rearrangements but also social outcomes (Benjamin & Lee, 2015). UO is in some ways similar to shareholder theory because it suggests a world where institutional shareholders include social and environmental external factors as part of their investment strategies. Additionally, shareholders want to see an increase in financial profits from all business operations (Yin, 2017). The financial motivation according to UO theory allows shareholders to exercise their rights in ensuring that market value of the corporation promotes sustainability and therefore a healthier economy (Richardson, 2013a, 2013b).

However, researchers have argued about the validity of UO theory due to its practical implications and there is conflict about some of its assumptions. First, it cannot dependably influence how the economy operates or how institutional stakeholders would or should perform (Richardson & Lee, 2015). It is uncertain if universal owners ought to reflect on their beneficiaries' interests beyond the economic value of the fund, or to consider their interests as consumers, employees and citizens. Further, it is not good enough to simply proclaim that investors will be exposed to external threats due to the financial decisions they make (Richardson, 2013a, 2013b). Second, agency and shareholder theories contend that the basic objective of business, whether CSR is a part of it or not, is to increase owners' and shareholders' wealth (Richardson & Lee, 2015), and See (Li et al., 2016). The agency theory usually outlines the interests of a principal (owner) and an agent (manager), and it describes the problems that occur when one party represents another in business. The agent should be acting on behalf of another party but also the interests of shareholders. Stakeholder theory suggests that there are differences between individual groups within an organisation such as employees, investors, and suppliers (Kelly, 2021). The concept of UO was devised by James Hawley and Andrew Williams. It is a school of thought that pays much attention to all things associated with sustainability, and indicates the fundamental shifts that can occur in investors' decisions (Hawley & Williams, 2000).

The UO recognises that shareholders own one part of the entire economy. Their method of capitalisation is built around absolute control of the market, rather than its individual components. A company may increase its own profits at the expense of its competitors. A downside of this could be more pollution and a contaminated environment. A company's main motivation which is profit alone will only do the minimum as required by the law (or probably even less) when it comes to the harm done to the environment or society (Collie, 2019). A business institution's investors who benefit from it when it externalises its social and environmental expenses might eventually suffer financially if these externalities compromise other aspects. The company should practice its social responsibilities such as reducing or eliminating pollution, and ensuring positive outcomes such as good corporate governance or social justice through ethical investments (Richardson & Lee, 2015).

Therefore, CSR is one part of corporate businesses and other organisations because implementing it properly helps them attain a good public image, sustained profitability and well received socially responsible behaviours (Maqbool, 2015). Companies have more responsibilities than just simply achieving shareholder wealth; they need to demonstrate that they care for the wider society (Carroll & Shabana, 2010). A corporate governance tool should encourage responsible and legal business conduct, and this will enable sustainable development and CSR to be enjoyed by the community (Amodu, 2019). Corporations of different sizes and in different sectors of the economy embrace these concepts by producing truthful sustainability and CSR reports (Amodu, 2020). Further recognising the need for sustainable business, a business roundtable representing CEOs of leading US leading companies (CEO Members Lead Companies with More Than 15 Million Employees and More Than US$7 Trillion in Annual, CEO Members Lead Companies, Annual Revenues, 2020), released the following statement in 2019:

> While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit… supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practice across our business... We commit to deliver[ing] value to all of them, for future success of our companies, our communities and our country (Statement on the Purpose of a Corporation, Business Roundtable, 2019).

In 2020, the United Nations called for social and economic responses required to support healthcare systems, social services, people's jobs and education, and social investment schemes. These strategies should be connected by a strong sense of environmental sustainability in each nation (United Nations Development Programme, 2016; United Nations Conferences on Sustainable Development, 2011). The UN new sustainability development goals for 2023 has also identified its objectives by focusing on economic, social and environments such as ending poverty and economic growth (Cai & Choi, 2020). The United Nations supports principles for responsible investment in the environment and strategies to avoid natural or man-made disasters. It also supports policies that curtail poverty and inequality, which could lead to societal and political unrest and instability (Collie, 2019). Developing a socially responsible corporate culture within business enterprises could led to good social, environmental, and ethical outcomes that reflect a commitment to sustainability (Rahim, 2001). International regulations and conventions, and soft law can encourage Sovereign Wealth Funds (SWFs) to implement CSR strategies and take ESG elements into consideration (Yin, 2017). Sovereign Wealth Funds (SWFs) are "major investors on the global market as with any other investors, their investment decisions depend to some level on the legal framework governing international capital flows as well as on the proactive policy measures to assist companies in their internationalisation process" (Slawotsky, 2015). SWFs also could be expressed as groups of investment capital that are organised by a government or central bank and invested in economic activities which convert to use to increase national wealth or diversify sources of revenue (Chaisse, 2015). Governments all over the world should invest capital and other legitimate returns on investment in order to raise reputable or honest incomes. SWF shareholders, through their articulated investment policies, may also embrace certain sociopolitical objectives when they make their economic investment decisions (Hsu, 2015, 2017). In practice, many SWFs do not have explicit guidelines or policies relating to CSR investment, and instead they simply indicate on their official websites what is socially responsible investment in their reports should consider as an evidence of a corporation's commitment. Some do not disclose any information to the public, so it is very difficult to ascertain if or how they accept ESG issues as part of their business and investment practices (Letourneau, 2013). The main CSR activities function to maintain the relationship between socially responsible businesses and their funding sources. The concept of corporations as a separate "entity" should consider the issue of corporate autonomy, which refers to the operational requirements (Whyte, 2018).

Awareness of CSR and sustainability development is now global, but still many companies do more or less on a voluntary basis as there are no mandatory laws to comply with (Amodu, 2020). The rational actions of corporations are based on the costs and benefits of engaging in CSR (Archie, 1999). This could reflect the importance of governments regulating specific contexts in which CSR strategies are required, forcing corporations to understand what their CSR decisions should be. It is very important that governments normalise CSR codes of conduct in many areas such as financial disclosure, employment and industrial relations, human rights, the environment, taxation and consumer interests (Hohnen & Potts, 2007). Business implementation of CSR investment should be mandated by governments so that the law forces companies to take accountability and responsibility seriously (Letourneau, 2013). The challenge of regulating CSR and sustainability development is difficult to manage throughout Africa because many countries in it have very weak or non-existent regulatory frameworks for corporate responsibility and accountability (Amodu, 2017a, 2017b). Some Gulf countries such as Saudi Arabia, Kuwait, Abu Dhabi, and Qatar, have not yet devised specific guidelines; there are only brief or vague statements about sustainable long-term requirements in companies' annual reports (Letourneau, 2013). The next section will support the argument about mandatory regulation of CSR.

8. How Mandatory Approaches Can Influence CSR Implementation

This section is about how CSR business strategies should be regulated by government and supervised by a ministry in the Kingdom of Saudi Arabia. The implementation of CSR principles in the past has led to an important debate about the purpose of CSR and how it is relevant to the demands of corporate law (Behaylo & Rühmkorf, 2015). Lyman Johnson and David Millon's work has focused on shareholders and corporate law, and what the wider social responsibility of a company should be (Johnston, 2017). Corporations should subsist as social representatives and their activities will generate important economic, social, and environmental outcomes by working in unison with the government. The governments in developing nations need to cooperate with corporations and other businesses to make sure these CSR strategies are achievable, and genuinely enhance a country's economic, social, and environmental status. Globalised corporate business practices are no longer bound by domestic or national regulations and governments must now face other (international) influences on citizens' quality of life and social or economic development (Jamali & El Safadi, 2019). The lack of any government involvement in the initiation or operation of any self-regulation is critical, in practice, particularly in the case of an industry not taking the initiative to formulate and enforce rules or code of conduct (Black, 2001). It is difficult to demonstrate how the law should function and what should apply in making businesses accountable for their actions, especially in a 'post-regulatory' world, yet at the same time people in countries demand socially responsible corporate regulations (Rahim, 2001). Post-regulatory implementations usually coexist in the context of how the state is the best mechanism for promoting public strategy objectives (Black, 2001). The function of law in motivating businesses to exceed their social responsibility requirements is moving into the realm of 'self-regulation', which includes how laws guide the functioning of modern corporations (Rahim, 2001).

At the national government level in several developed countries, authorities have devised appropriate regulated CSR disclosures and how these are connected to expenditure on the environment by finance industry players (Yin, 2017). For example, Australia aims to promote investment via the Business Activities Statement through the Australian Taxation Office (ATO), the Australian Securities and Investments Commission (ASIC), and the Australian Securities Exchange (ASX) (Australian Government in Australian Trade and Investment Commission, 2021). In fact, these sorts of regulations have positively impacted not only on CSR but helped governments exercise their power in quasi-regulatory ways on corporations (Yin, 2017). These laws and regulations are offering other ways for governments to maintain cohesion in society (Polishchuk, 2009). CSR is increasing its importance in terms of both national and international policies and laws which have expectations of corporate performance (Justo, 2019). Whenever social expectations are recognised, corporations must meet the minimum legal requirements (Williams & Aguilera, 2009). Some of Saudi corporations comply with CSR requirements according to Zakat (charity), as is the case with Saudi Arabia and the other GCC nations (Jamali & El Safadi, 2019). Additionally, CSR from a voluntary to mandatory perspective should be evaluated on a case-by-case basis. CSR policies help determine what shareholders accept or reject when it comes to their companies contributing to sustainability in environmental, social, and economic terms, considering what corporate law demands (See Sustainable Market Actors for Responsible Trade, 2019 (SMART) Project).

Conversely, corporations become accountable for their activities such as voluntary CSR reporting (Jain, 2015). The voluntary approach to CSR means that corporations do what should desire to do, and this depends on their level of ethical business principles or the company's own interests (Dentchev et al., 2015). Businesses need to demonstrate that they have engaged in CSR as part of a long-term business strategy and where the law plays no part. There are long-term consequences for company decisions, employees, relationships with suppliers, customers, and the wider community and environment (Robinson & Nilsson, 2018). The principle of voluntarism is prevalent in the business world and indicates that responsible business activities are optional. This fact fails to explain the government's ability to enact a legislative strategy for CSR and forcing companies to agree to it (Dentchev et al., 2015).

Scholarship is growing on the subject of corporations' commitment to CSR initiatives and how to devise specific methods for companies, governments, regulators, communities and employees to work together on this issue. Corporate social responsibility is understood as corporations engaging in socially beneficial practices and programs (Robinson & Nilsson, 2018). Socially responsible business practices refer to corporate activities that have benefits for individuals, communities or the environment such as taking the form of remediation or clean-up projects, which will create a positive image for businesses. Other examples are sponsorships, grants, product donations, corporate volunteering, community engagement and so on (Socially Responsible Business Practices, Definition of Socially Responsible Business Practices, 2017). Corporations should focus on finding solutions and more resources in their governance systems to avoid the short-termism that is evident in business methods so that meaningful social responsibility is achieved (Johnston, 2017). There is pressure on companies to please shareholders and other stakeholders, but now for the long-term the concept of sustainability demands that company practices and the legislation guiding them improve, no matter what the shareholders think (Abedin, 2017).

9. Conclusion

This research discussed the possibilities and benefits of operating business with CSR, particularly as long-term and sustainable economic, social, and environmental activities. CSR businesses should distribute its dimension focusing on shareholders' decision for both corporations itself and employees' protections. Thus, this chapter reviewed the relationship between economic policy and CSR, and especially with reference to issues of environmental and social sustainability. This chapter explained the general aspects of CSR and how it is influenced by shareholders and governmental objectives, and what it means for how companies do business in Saudi Arabia and elsewhere. Corporations and government shall identify its strategies and dimensions to be achieving the national development objectivities. CSR principles and their implementation depend on the context, and there can be positive and negative outcomes. However, CSR should not be undertaken by the meaning of charities or donations. It shall be understood as increasing corporation's capital and profits such as an investments business. This chapter has analysed the impact of CSR and how an economic crisis requiring massive government support, has led to companies taking their corporate social responsibilities more seriously, given the effect on business opportunities, employment, share of the market/industry and market value by all sectors. However, it has been arguing on how the corporation's responsibilities will meet the obligations of operating their business and reporting their annual report as evidence of their engagements and impact on society. CSR businesses include many activities for government and corporation such as integrate social concerns into their business operations, contribute to economic development, and environmental interaction and concerns.

10. Limitation and Further Issues in CSR

This research will be limited to evaluate and discuss one of the significant company laws of Saudi Arabia in the new company regulation, which was entered into force in 2017. It is also limited to companies listed by the Ministry of Commerce and Investment, particularly choosing to focus on petroleum companies. The evaluation will be limited to a large economic size in the Kingdom of Saudi Arabia, particularly corporation that will link truthfully in effecting of Saudi's national economy and society. This research will consider the concept of *Zakat*, which is derived from Sharī'ah law. Preliminarily, this study recognises the lack of published academic resources and related literature, both in English and Arabic languages, in Saudi Arabia on topics covered in this thesis, especially on corporate social concepts. This study will mainly be limited to primary sources of Saudi Arabian and Australian company law, and secondary sources which will use publicly available and accessible data. The further research will consider the issues of transparency and accountability of corporations with a focus on the legal responsibilities of businesses to realise their CSR obligations should be regulated by specific Saudi authorisation in order to receive a globally and national development from practicing CSR. Researcher should consider the diversity of the business activities and the ability of corporations to commit to their obligations for honest financial reporting on social and environmental matters will be discussed in future.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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According to ISO 26000, State Has Duties and Responsibilities to Respect, Protect, and Fulfil Human Rights as well as Corporations. Part of These Responsibilities to Face Challenges Relating to Any Certain Circumstances and Environments to Avoid the Risk of Human Rights Abuse.

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