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Impact Of CSR On Unemployment Rate In India

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Abstract: Running an Enterprise is not an easy task. In the present world it is a challenge. Any kind of enterprise is always a risky job to do. It binds many things with it. One of the striking factors which binds the enterprise is the capacity to generate employment. From society's point of view, employment is very important. This employment is very important as it runs the financial belly of society. Employment brings financial stability to society. This will help many people in the short run as well as in the long run for short term investments and long run investments. But with the growing population, enterprises find it very difficult to manage employment. The first challenge is to provide employment for all the present individuals. Another challenge is to get the right person for the right job. To build the trust of individuals in the domain of employment, private enterprises have started coming up with the idea of Corporate Social Responsibility. This kind of strategy would not only build a good enterprise but also would help in building society. With this the Enterprises would also build a sound factor of trust amongst the people. This paper discusses about the impact of CSR on Unemployment Rate under Indian conditions.

Keywords: Corporate Social Responsibility, Unemployment Rate.

Introduction: Contribution towards society not only depends on tax paid by the people belonging to that region but also depends on the different financial aid arranged by the administering system for its improvement. In order to bring such financial help from different corners of society, the government decided to bring the policy of CSR i.e., Corporate Social Responsibility. Under this policy, entrepreneurs belonging to different fields can contribute to society by acting as a financial aid. Under this, the work which brings progress is taken for the upliftment of society. Corporate Social Responsibility would help in making the left out work complete. In this

type of policy, entrepreneurs act as no less than angels in bringing their dreams into reality with the help of their network and financial strength.

Literature Review:

I. CSR

1. There are different areas under which the CSR has evolved. Earlier stages of CSR dealt with the making of theoretical aspect of it. As times have changes so is the scope of CSR. People are getting involved in the utility of CSR. They are more interested in understanding the advantages of CSR under grassroot level. Statics form of CSR is getting shifted towards the application part of it. Applying the theoretical aspects to different fields of human involvement has led to bringing out different fields under it [Hishan, Sanil & Ramakrishnan, Suresh & Lim, Boon Keong & Umar, Arslan. (2017).]

2. Making oneself responsible towards the societal and moral upbringing has been found to be a key in running a good company. Under this category social entrepreneurship has found itself to be a major player on the path of success of a company. Because when it comes to corporate social responsibility it has been found that it builds a repo about the organization which other factors do not build as such. It builds different aspects in different fields of the company like sales, performance of the organization, people having trust over company, moral value building, loyalty of employee towards the company. Under the umbrella of CSR business transactions can be done very easily. Whereas the coin is always two sided. There is certain section of the people who think that the CSR is a factor which has been made mandatory in order to exploit the companies. Entrepreneurs are having an opinion that the profits earned by the them belongs to them and they have total right over it [Beerannavar, Chaitra Rangappa,(2010)]

3. There are different kinds of research being dealt in CSR. Need of research in the field of CSR is to understand the impact of CSR on different aspects. There have been mainly Quantitative and Qualitative Research types in which research are being made. Qualitative Research has been always a challenge in the CSR aspect. Qualitative aspect of CSR has been rare to be done. It is very difficult to measure the qualitative aspect of CSR. But under Quantitative aspect the research has been done efficiently. Quantitative Research gives a greater insight of the application of CSR [Du, S., El Akremi, A. & Jia, M (2023)]

4. There are two important terms which help in making an organization's work execute in a well planned manner. These two terms are effectiveness and Efficiency. It has been found that the CSR has emerged as an effective tool is building the trust among the stakeholders. The correlation coefficient between CSR and Efficiency of the firm is found to be greater than 1 [Lee, Jae-Eun and Yang, Young Soo (2023)]

5. One of the most important parameter for measuring the performance of a firm is Productivity. Initiatives with respect to CSR activities has led to the increased level of productivity. Productivity in the form of sales, operations carried out in less time, lessening of grievances etc [Chen CC, Khan A, Hongsuchon T, Ruangjanases A, Chen YT, Sivarak O, Chen SC (2021)]

6. Under the act of CSR, administrative activities are being carried out. These activities are being made mandatory under the governmental level so that the involvement of the entrepreneurs and common man in the public works can be increased [Wirba AV (2023)]

7. Research under the areas of CSR has led to the involvement of different sectors of people. These are Stakeholders, Shareholders. Involvement of Stakeholders in CSR has given new setup for upcoming research in

it. Building theoretical models with respect to shareholders and stakeholders has led many scientists to work on them. One of the bi greatest achievements in this regard is making stakeholders aware of CSR concept. With the program of building awareness program, there has always been a kind of raised awareness among the people [Wickert, C. (2021)]

II. Unemployment Rate:

1. Unemployment is always a problem with respect to any society. There are many factors which deal with unemployment. One of the striking factor for unemployment is population. This rise in population leads to changes in the features of labor market. By changing the features of labor market, the problem of unemployment will rise [Axelrad, H., Malul, M. & Luski, I(2018)]

2. To solve the problems of unemployment there have been many solutions. These solutions are availability of proper training facility, availability of different sectorial jobs which can build different job opportunities, provision of government schemes and subsidiaries from youth point of view. In order to bring the best from human resource, human oriented operations has to be developed in which models has to be developed where human intense programs should be developed, Agriculture oriented operations, more promotion of labor oriented agriculture, More promotion of labor based industrial companies etc [Ms. SHRUTI NAIR (2020)]

3. When it comes to research on unemployment, COVID has been taken as a major event in the field of unemployment. There it can be seen that COVID has brought many changes in employment. Major crisis has been seen under the influence of Covid. This has brought many changes in labor market. Covid is one such learning which will help humanity in understanding how problems like unemployment has to be faced with right attitude. It has made humanity aware that problems will be there. Humans should have right attitude towards the problem so that it can be solved without compromising the ethics of life. Research tells that the covid has impacted employment rate. Due to this the unemployment rate has seen rise. Due to this the worries with respect to security of life, money factor and other things have been a concern for everyone. One of the striking feature of covid is abrupt disburse of labor market in unfavorable direction [Zala, Rikin & Thakkar, Harsh & Zala, Jaynil & Makwana, Yogeshwari. (2023)].

4. There are many factors which affect the unemployment rate. These factors are demographic factors, economic factors, financial factors, educational qualification of an individual, perception of people etc. These factors affect directly and indirectly. One of these factors is the mental strength of an individual. If the mental stature of an individual is strong then it is not thst difficult to handle a situation [Anzhelika Antipova (2021)]

5. Under any factor time plays an important role. For employment, short term employment and long-term unemployment are two types. Short term employment can be handled with tactics prevailing and which fits better in that situation. Whereas to handle long term employment, strategies have to be used. These strategies would help in a long way for unemployment [Dhingra, S., Kondirolli, F (2022)]

6. Scientists study employment so that it can be understood whether there is any relationship between Economic development and employment. In general, the GDP and employment are proportionately related to each other. This positive relationship between GDP and employment is reversed when it comes to unemployment. There is a negative correlation between unemployment and GDP. As unemployment increases, proportionate GDP percentage decreases [Hjazeen, H., Seraj, M. & Ozdeser, H. (2021)]

III. Impact of CSR on Unemployment Rate.

1. CSR is a must for eradicating unemployment, especially with respect to youth. But there are challenges like proper initiation of CSR, funding should be accurate, it should be given to the needy people, services should be available even to the last citizen of the society etc [Mavundla, Simangele. (2018)].

2. CSR can play a crucial role in the field of social responsibilities. Taking care of society with respect to social responsibility can also help in building such a society where all are having equal opportunities. Giving equal chance to all the residents of a society is the actual crux of fighting for unemployment [Moon, Jeremy, and Richard Sochacki (2024)]

Objectives:

1. To study the factors of CSR
2. To Study the Factors affecting Unemployment Rate
3. To Study the impact of CSR on the Unemployment Rate.

Theoretical Framework:

Secondary data is collected based on the available authentic source. The data is subjected to Mann Whitney Test and T test. After these tests the conclusion is made.

Research Methodology:

- a. Sampling Design: Convenience Sampling
- b. Sample Size: 16
- c. Data Type: Secondary Data.
- d. Research Design: Casual Research

Data Collection:

SL.No	Year	Unemployment Rate
1	2006	8.63%
2	2007	8.54%
3	2008	8.35%
4	2009	8.38%
5	2010	8.32%
6	2011	8.17%
7	2012	8.10%
8	2013	8.04%
9	2014	7.98%
10	2015	7.92%
11	2016	7.84%
12	2017	7.73%
13	2018	7.65%
14	2019	6.51%
15	2020	10.20%
16	2021	7.71%

Source: <https://www.macrotrends.net/countries/IND/india/unemployment-rate>

Data Analysis:

a. Non-Parametric Test:

Mann Whitney U Test

I. Dividing Data into two groups

a. Before CSR Policy

SL.No	Year	Unemployment Rate
1	2006	8.63%
2	2007	8.54%
3	2008	8.35%
4	2009	8.38%
5	2010	8.32%
6	2011	8.17%
7	2012	8.10%
8	2013	8.04%

b. After CSR Policy

SL.No	Year	Unemployment Rate
1	2014	7.98%
2	2015	7.92%
3	2016	7.84%
4	2017	7.73%
5	2018	7.65%
6	2019	6.51%
7	2020	10.20%
8	2021	7.71%

II. Arranging in Increasing order and ranking them

SL.No	Unemployment Rate	Ranks
1	6.51%	1
2	7.65%	2
3	7.71%	3
4	7.73%	4
5	7.84%	5
6	7.92%	6
7	7.98%	7
8	8.04%	8
9	8.10%	9
10	8.17%	10
11	8.32%	11
12	8.35%	12
13	8.38%	13
14	8.54%	14
15	8.63%	15
16	10.20%	16

III. Assigning ranks according to each group

a. Before CSR Policy

SL.No	Year	Unemployment Rate	Ranks
1	2006	8.63%	1
2	2007	8.54%	14
3	2008	8.35%	12
4	2009	8.38%	13
5	2010	8.32%	11
6	2011	8.17%	10
7	2012	8.10%	9
8	2013	8.04%	8

b. After CSR Policy

SL.No	Year	Unemployment Rate	Ranks
1	2014	7.98%	7
2	2015	7.92%	6
3	2016	7.84%	5
4	2017	7.73%	4
5	2018	7.65%	2
6	2019	6.51%	1
7	2020	10.20%	16
8	2021	7.71%	3

III. Summation of Ranks

a. Before CSR Policy

SL.No	Year	Unemployment Rate	Ranks
1	2006	8.63%	1
2	2007	8.54%	14
3	2008	8.35%	12
4	2009	8.38%	13
5	2010	8.32%	11
6	2011	8.17%	10
7	2012	8.10%	9
8	2013	8.04%	8
		Total Rank	78

b. After CSR Policy

SL.No	Year	Unemployment Rate	Ranks
1	2014	7.98%	7
2	2015	7.92%	6
3	2016	7.84%	5
4	2017	7.73%	4
5	2018	7.65%	2
6	2019	6.51%	1
7	2020	10.20%	16
8	2021	7.71%	3
		Total Rank	44

$$R_1 = 78$$

$$R_2 = 44$$

$$U_1 = n_1 * n_2 + n_1(n_1+1)/2 - R_1$$

$$U_1 = 8*8 + 36 - 78$$

$$U_1 = 81$$

$$U_2 = n_2 * n_2 + n_2(n_2+1)/2 - R_2$$

$$U_2 = 8*8 + 36 - 44$$

$$U_2 = 64 + 36 - 44$$

$$U_2 = 56$$

As U_1 or U_2 are not equal to 0, there is no difference in the population.

b. Parametric Test:

T Test:

T calculated value for 95% level of Significance and two sample unequal variance = 0.342962

T Table value for 95% level of significance and 2 tailed = 1.860

Findings and Results:

1. There are many factors which are affecting CSR such as availability of funds for program, entrepreneurs' availability, willing of entrepreneurs for CSR etc.
2. There are many factors which affect the Unemployment rate such as demand and supply of labor market, educational qualifications of labor, per capita income etc.
3. From Mann Whitney test it can be concluded that there is no difference in the population before CSR policy initiative and after CSR policy initiative.
4. From the T Test it can be said that there is no difference between two populations.

5. Both the tests confirm that there is not much difference in the population with respect to CSR policy execution.
6. CSR policy has not been implemented to the extent of expectation.

Conclusion and Limitations:

1. It can be concluded that the as CSR policy is not found to be that effective in preventing CSR policy, there is a scope of further research in the field of CSR.
2. There are other factors which have not been taken into consideration for analysis.
3. Other factors being mediated; these factors should be taken for analysis one by one.
4. After One-by-one analysis, there interrelations should be studied.

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