

# [Chapter from the society, it is their](https://assignbuster.com/chapter-from-the-society-it-is-their/)

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CHAPTER 1KMML AND CORPORATESOCIAL RESPONSIBILITY                        Corporate SocialResponsibility, commonly known as CSR is a management concept where a companyor an organization combines their business with social and environmentalconcerns. The main purpose of CSR is to indentify and improve a company’s impacton social surroundings and indirectly using that to increase the popularity ofthe company or its brand.  Through CSR, acompany strives to achieve a balance of environmental, economic and socialfactors.                        Corporate SocialResponsibility is the continuing commitment by businesses to behave ethicallyand contribute to economic development while improving the quality of life ofthe workforce and their families as well as of the local community and societyat large.

(Richard Holmes and Phil Watts, Making Good Business Sense, Jan 2000).                         The CSR ideologybelieves that as the company or corporate takes in resources, both natural andhuman from the society, it is their duty to give something back.                         A company or a corporation has a set ofdiverse obligations to fulfill.

As the interests of the company’s stakeholdersare different, Corporate Social Responsibility tries to minimize the negativeand maximize the positive effect on the stakeholder’s interests. Dimensionsof CSR                        Dr. Archie B. Carroll, in his article ‘ The Pyramid of Corporate Social Responsibility’ identifies fourareas that make up corporate social responsibility: Legal, Economic, Ethicaland Philanthropic.

·        Legal Responsibilities                        It should be the moralduty of every corporation to run their businesses under the legal frameworkstipulated by the governmental system. This helps to build the corporation’sreputation and brand name.·        EconomicResponsibilities                        Traditionally, the mainmotto of every business is to earn profit. It is also the responsibility of thecompany to be economically profitable, so that it can give something back tothe society. The other main responsibility is to undertake the most efficientmeans for production.

·        EthicalResponsibilities                        TheCompany or corporation can go further than what the legally framework wants itto do. The company’s policies should be backed by a moral code that, in a longrun, would be beneficial to the general public. ·        PhilanthropicResponsibilities                        PhilanthropicResponsibilities include the promotion of welfare of human beings and thespread of goodwill.  India and CSR                        Corporate Social Responsibility in India got ahuge boost after the passing of Companies Act 2013. It introduced severalprovisions which changed how the Indian Corporate did business.

The ideology ofCSR rests in the concept of give and take.                         Clause 135 of New Companies Act, 2013 includes following criteria for Corporate Social Responsibility.•       Net worth – Rs. 500Crore or more OR  •       Turnover – Rs. 1000Crore or more OR •       Net Profit – Rs.

5Crore or moreIf any company during any of thefinancial year fulfills, any of above conditions then it should:•       Constitute a CSRcommittee of Board which shall consist a minimum of three directors, out of whichone shall be independent director.•       At least 2% of theaverage net profit of the immediately preceding three financial years of thecompany shall be used for spending in accordance with the CSR Policy.•       According to theapproach “ Comply or Explain”, Board should explain the reason for not spendingsuch amount if it fails to do so. •       The company shall givepreference to its local area from where it operates, for CSR activities. Benefits of CSR                        Nowadays consumers are increasingly aware abouthow a corporation can become harmful to the society and they are not willing totolerate unethical business practices. Careful implementation of CSR can bebeneficial to the company as its goodwill and brand value increases. Other benefitsof CSR includes·        Increase customerretention·        Save money on energy and operating costs and manage risk·        Developand enhance relationships with customers, suppliers and networks·        Increasecustomer retention·        Generate innovation and learning and enhance your influence·        Provide accessto investment and funding opportunities·        Greater ability to attract talent and retainstaffKMML and CSR                        Keeping this in thebackground, an attempt has been made here to study on the CSR of a leadingPublic Sector Undertaking in Kerala- Kerala Minerals And Metals Limited, Chavara, Kollam.

KMML is an integrated titanium dioxide manufacturing PSU whichfocuses on mining, mineral separation, synthetic rutile, to name a few. The PSUproduces, grade titanium dioxidepigment-grade titanium dioxide pigment, ilmenite, rutile, zircon, syntheticrutile etc. KMML has a reputation of being responsive to social andenvironmental causes and many of the initiatives taken up have made a positivechange to the surrounding area and its people.                        KMMLis located amidst dense population, comprising lower and middle class families, and the smooth functioning of the Plant demands maximum involvement in CSRactivities. The company has made it clear, that its main vision is developmentof the community in all spheres. They intend to achieve their aim by increasingthe participatory and need based initiatives.

Inaccordance to Sec. 135 of the Companies Act, 2013, the Board of Directors of the company constituted aCorporate Social Responsibility Committee consisting of 4 Directors to lookafter the PSU’s CSR programs.                        Throughthe CSR activities KMML tries to generate community goodwill, create socialimpact and visibility. Focus areas The focus areas for CSR activitiesof KMML have been identified and it is the company’s aim to achieve positiveresults in the same. The list prepared is flexible so as to accommodate needsthat might arise in the future.·        Augmenting drinkingwater facility.

·         Education, Vocational training, Scholarshipfor students belonging to SC, ST, OBC and disabled / deserving categories formeritorious achievements .·         Electrification ·         Promotion of Non-conventional Energy sourceslike Solar lighting.·         Irrigation, water & soil conservation.

·         Activities for preservation of theenvironment/ecology.·        Sanitation and PublicHealth.·         Promotion of Yoga, Family Welfare etc. ·         Pollution Control and prevention. ·        Promotion of Sports, Games, Arts and Culture. ·        Promotion of livelihoodof economically weaker.

·        SupplementingDevelopment Programs of Government.·         Construction of Community Centre, Library, Knowledge centre.·        Infrastructuredevelopment like construction and maintenance of Roads, Pathways, Drainages, Bridges etc. ·         Relief to victims of natural calamities.·         Disaster management activities including thoserelated to amelioration and mitigation.

In order to be successful in materializingthe foci areas, the company tries to make sure the works are being done accordingly. Either the company or bodies, that are given authority, carry out the CSRactivities.  KMML is one of the few successful PSUsremaining in the state of Kerala.

They have also identified the key problemsand started working for it. It should be noted that the main beneficiaries ofthe CSR activities should be the local people and its workers. As KMML is, inits core, a Chemical Plant the question of what it will do to restore theenvironment and rehabilitate the affected people around it, is highly relevant.

KMML has the ability to be the torchbearer of CSR and also to lead the way foryoung and upcoming companies.