

## HUMAN RESOURCE MANAGEMENT ETHICS AND CORPORATE SOCIAL RESPONSIBILITIES IN NEYVELI LIGNITE CORPORATE LIMITED

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**Abstract:** *This paper seeks to examine the overall Human resource management ethics and corporate social responsibility of the corporate. The purpose of this paper is to identify whether the corporate follow the ethics in their Human resource management. It investigates conceptual and methodological issues in the study of human resource ethics and conduct the survey from 50 employees in NEYVELI LIGNITE CORPORATION LIMITED.*

*The impact of these processes may, however be moderated by a number of factors such as experience and performance of the employees. Percentage analysis has been used for the analysis of data. A major focus of this study was on contributing to the literature relating to the human resource management ethics.*

*The result showed that most of the employees were satisfied with the pay revision and perks & Allowances provided by the corporate.*

**Keywords:** Wage revision, perks, allowances, ethics, corporate social responsibility, designation, generation, power.

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## **Introduction**

India's power market is the fifth largest in the world. The power sector is high on India's priority as it offers tremendous potential for investing companies based on the sheer size of the market and the returns available on investment capital. The power industry is responsible for the production and delivery of electrical energy in sufficient quantities via a power grid. Given the demand for electricity is uniform across all domestic, industrial and commercial operations, power is viewed as a public utility and basic infrastructure.

The electrical power industry is commonly split up into four processes, namely, electricity generation (e.g. power station), electric power transmission, electricity distribution and electricity retailing. In many countries, electric power companies own the whole infrastructure from generating stations to transmission and distribution infrastructure. For this reason, electric power is viewed as a natural monopoly and is thus heavily regulated.

There has been great concern over the past 2 decades about the scarcity of energy resources, and the need to focus on alternative fuel and renewable energy options. Despite environmental concerns, there hasn't been much traction thus far for these 'greener' options. However, there are indications that renewable energy and distributed generation, which have typically been less cost effective, are finally becoming more viable in economic terms. Additionally, a diverse mix of generation sources reduces the risks of electricity price spikes.

Almost 55 per cent of this capacity is based on coal, about 10 per cent on gas, 26 per cent on hydro, approximately 5 per cent on renewable sources, about 3 per cent on nuclear and 1 per cent on diesel. In the past five years, there has been a much greater emphasis on transmission and distribution reforms. The government aims to provide "power to all" by 2012. To achieve that promise, it will have to add as much as 1,00,000 MW of generation capacity, cut AT&C losses substantially to below 20 per cent, rationalize tariffs and ensure that average revenue realization is greater than the cost of production. It will have to continue to push the process of reform and restructuring and ensure greater private participation, in every segment.

## NEYVELI LIGNITE CORPORATION

**Neyveli Lignite Corporation Limited (NLC)** is a government-owned lignite mining and power generating company in India. NLC operates the largest open-pit lignite mines in India, presently mining 24 MT of lignite and has an installed capacity of 2490 MW of electricity per year. It also supplies a large quantity of sweet water to Chennai from the artesian aquifers in the lignite mines. On 11-Apr-2011, it joined the elite group of Navratna Companies. In 1956 NLC was formed as a corporate body.

POWER STATION	CAPACITY (MW)
Thermal power station-I	600
Thermal power station-I Expansion	420
Thermal power station-II	1470

### ON-GOING AND FUTURE PROECTS

**Thermal Power Station-II Expansion:** It has a capacity of 500 MW from two units of 250 MW each linked with Mine-II Expansion. The technology used in this upcoming plant is based on Circulating Fluidized Bed Combustion (CFBC), which is a more environmental friendly technology facilitating low emission level of toxic air pollutants apart from improved process efficiency.

**Thermal Power Plant in Neyveli:** Due to ageing of TPS-I plant, it has been proposed to set up a power plant at Neyveli with a capacity of 2 x 500 MW. Preliminary activities such as preparation of Feasibility Report, Environmental studies, Contour Survey and Soil investigation study are in progress.

**Jayamkondam Mining & Power Project:** 13.5 MTPA Lignite Mine and 2 x 800 MW Thermal Power Station is proposed in Jayamkondam in the State of Tamil Nadu. Geological exploration, hydro- geological studies, Soil investigation, Contour Survey and Pump test have been completed.

**Mine-III & Thermal Plant-III in Neyveli:** A Lignite Mine of capacity 8 MTPA and linked Thermal Plant of capacity 1000 MW is proposed in Neyveli. The report submitted by

M/s. Norwest Corporation, UTAH, USA suggesting alternative mining technologies in respect of Mine-III of 8.0 MTPA capacities is under examination.

## **SUPPORTING ARGUMENT**

To evaluate the Human resource management ethics and corporate social responsibility of the corporate by analyzing the feedback obtained from the employees of Neyveli Lignite Corporation limited. The following factors have obtained various mean scores. They are as follows. Recent wage revision has resolves all the issues (2.62), Present compensation package is better compared to previous package (1.88), motivation level has increased due to wage revision (2.24), Annual increment is adequate (1.94), Weightage had been given to performance also (2.76), Anomaly problem is within tolerance limit (2.48), Gratuity of Rupees ten lakh is adequate (2.34), Linking performance appraisal and PRP is meaningful (3.2), Night shift allowance has been a motivating factor (2.54). (Appendix – I)

## **ANALYSING THE COMPETITIVE ENVIRONMENT**

The biggest competitor is the NTPC along with several private players lie Tata power, reliance powers and others. But being a public sector it has an advantage and it has a huge surplus of capital or expansion, which means no need to go to public or money as all other private players does. Being a public sector it has a responsibility towards the people to fulfill the CSR.

Here we see that the firm stands among the top 5 electricity producer in India. The net profit of the firm is good. Looking to the assets, it has huge assets base which a good sign. The firm is only one which is producing electricity through lignite and its R&D is based upon Russian technology.

But a matter of worry is that lignite is available in scarce and firm has to switch over to other method of producing electricity. In this direction the firm has opened few more Greenfield plant in different state to cater the need or the hour.

## **ANALYZING THE FIRM**

### **VISION**

To emerge as a leading mining and power company, continue to be a socially responsible company and strive or operational excellence in mining and exploration.

## **MISSION**

Strive towards greater cost competitiveness and work towards continued financial strengths.

## **STRATEGIES**

Continually imbibe best practices from the best Indian and international organizations engaged in power generation and mining.

Be a preferred employer by offering attractive avenues of career growth and excellent work environment and by developing human resources to match international standards. Play an active role in society and be sensitive to emerging environmental issues.

## **PERFORMANCE ANALYSIS**

### **PRODUCTION ANALYSIS**

In the year 2010-2011, the lignite production is 208 lakh ton than compared to previous year 205 lakh ton. In power generation it has produced 17657 million units than compared to last year 15760 million units. Interestingly or the past few years it has performed better than the projected.

### **FINANCIAL ANALYSIS**

The sales have increased to 3949 crore from 4121crore in last year 2009-2010. Similarly total income stands at 4926 crore, which is greater than last year 4690 crore. The earnings per share remained same as previous year at Rs.7.44.

### **ORGANIZATIONAL ANALYSIS**

The firm is much respected in terms of CSR; it has provided a township in neyveli which has on a award or the most green township in India. Also the firm has provided other facility to the employees lie hospital, water etc.

### **STRUCTURE OF THE FIRM**

The firm is listed in Bombay stock exchange and follows a vertical structure which suited for large organization.

## **LEADERSHIP**

Since it is public sector bureaucratic is followed. But people with leadership quality are promoted and extra emphasis is given.

## **PEOPLE**

The people in the organization belong from varied location. People are highly diversified and qualified. The people here get job through national level competitive examination.

## **CULTURE**

The culture is diversified and an organizational culture is followed. People are very co-operative and they mingle together with each other. There is no collapse of ideology between the employees.

## **TECHNOLOGY**

The firm has the up to the mark technology to match the competitors. It has collaboration with Russia to match the competition. It also pays huge money in consultancy and automation.

## **BUSINESS PROCESS**

It has several strategic partners like GE; also it has partner with Indonesia coal firm which provide it with coal. It maintains healthy relationship with state government and other department of governing authority.

## **SWOT ANALYSIS**

### **STRENGTH**

It has the strength of capital and technology.

### **WEAKNESS**

It has to manage a huge employee base and keep them satisfied; safety is a concern and large number of union's presence.

## **OPPORTUNITY**

There is untapped scope in renewal source and the firm has started the work in this field.

## **THREAT**

The entry of private and foreign players into the Indian power sector was a major threat.

## **FINDINGS**

- 10% of the respondents are belonging to the designation AEE
- 10% of the respondents are belonging to the designation SEE
- 10% of the respondents are belonging to the designation CM
- 10% of the respondents are belonging to the Basic pay drawn between 30-40
- 10% of the respondents are belonging to the Basic pay drawn between 40-50
- 10% of the respondents are belonging to the Basic pay drawn between 60-70
- Majority of the employees agreed that wage revision has resolved all the issues.
- Majority of the employees agreed that present compensation package is better compared to previous package.
- Majority of the employees agreed that the annual increment @ 3% per annum is just and adequate.
- Majority of the employees agreed that the motivation level of employees has increased consequent to wage revision.
- Majority of the employees agreed that Due weightage had been given to performance of the employees.
- Majority of the employees agreed that Existence of anomaly problem is within tolerance limit.
- Majority of the employees agreed that the night shift allowance has been a motivating factor to the employees.
- Majority of the employees agreed that the ceiling of gratuity of Rupees Ten Lakhs is just and adequate.
- Majority of the employees agreed that linking performance appraisal with PRP is meaningful and motivating factor.

- Majority of the employees agreed that recent enhancement of perks & allowance order has resolved all the issues.

## **CORPORATE SOCIAL RESPONSIBILITY**

### **MEDICAL SERVICES**

The Company maintains a sophisticated 369 bedded General Hospital for providing quality medical treatment and occupational health services to the employees and their dependants apart from the other inhabitants of the Township. The General Hospital is operating an exclusive out-patient services unit wherein medical consultation services are offered free of cost to the general public.

NLC during the year 2009-10 through its hospital has taken the following measures for the benefit of the general public from peripheral villages and society at large:

- Formation of Crisis Counselling Centre to provide emotional support to the persons having suicidal thoughts.
- Conducted Brain Fever Immunisation Camp jointly with the State Health Department and NLC Health Department.
- Conducted Diabetic Retinopathy Screening Camp in association with Aravind Eye Hospital, Puducherry benefiting more than 3700 persons.
- Conducted health awareness campaign during the Book Fair and Safety week celebrations, in coordination with NGOs, facilitating free Blood grouping/Sugar Check, HIV identification, etc.
- Provided medical support for the elderly people residing in Elders Village at Thamaraiikulam, Cuddalore District, maintained by the Help Age India.

### **EDUCATION**

Neyveli finds a place in Nation's educational map because of high quality educational facilities being provided to the wards of employees and to the wards of employees and to the children from the neighbouring villages. In all, there are 33 schools including 13 schools run by NLC with grant-in-aid from the State Government and one college, catering to the student population of around 30,000 located in Neyveli Campus. The Company also plays a positive role in encouraging sports activities among the students of schools and college by providing

coaching and infrastructure facilities which has resulted in many students from Neyveli winning several awards in State and National level competitions.

The Company continued to provide scholarships as financial support to the wards of employees, under two categories, one under Merit Scholarship Scheme and another Scheme for SC/ST Students.

### **SOCIAL WELFARE**

NLC is always aware of its social responsibilities. It has provided infrastructure facilities for running the Sneha Opportunity School, a day-care centre engaged in providing individual attention to train mentally challenged children. The activities in this school include yoga, games, sports, vocational courses like arts, crafts, weaving, carpentry, gardening, screen printing, doll making, etc. The individual attention towards behaviour modification enables them to be normal and the activities make them self-reliant and fit to survive and earn their livelihood.

### **NLC A PLASTIC FREE ZONE:**

NLC township administration department continues to make laudable efforts for making neyveli a clean and green town. One such measure is banning the use of non-degradable plastic items, such as carry bags and use & throws plastic items. During the month of October 2009 this ban was implemented. Before implementing, sufficient steps were taken to educate the general public, school children and traders on the ill effects of these plastic items. This effort has already started showing desirable results and the polythene carry bags and plastic items strewn along the road sides and blockage in the sewerage system due to carry bags have come down drastically

### **CONCLUSION**

HUMAN RESOURCE MANAGEMENT is a major factor for the successful running of the corporate. Ethics in managing human resource leads to the development of the company.

With the analysis of this case writing it was concluded that the human resource management ethics had been followed by the **NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI**. The recent wage revision and perks & allowances are up to the satisfactory level of the employees with reference to the DPE guidelines.

The corporate is fulfilling the social responsibility to the society through various programs such as medical services, education, developing infrastructure etc.

Hence the management is motivating the employees through various compensation packages to maintain ethics in human resource management.

#### APPENDIX – I

S.NO	STATEMENT	MEAN	MIN.	MAX.	STD.DEV.
1	Recent wage revision has resolved all the issues.	2.62	1	5	1.2373
2	Present compensation package is better compared to previous package.	1.88	1	5	0.7691
3	Motivation level of employees has increased consequent to wage revision.	2.24	1	4	0.95473
4	Annual increment @ 3% per annum is just and adequate.	1.94	1	4	0.67898
5	Due weightage had been given to performance of the employees.	2.76	1	5	1.14698
6	Recent wage revision has given due weightage to experience and performance of the employees.	3.04	1	5	1.154
7	Existence of anomaly problem is within tolerance limit.	2.48	1	5	0.88169
8	The Mines/Thermal allowance is adequate.	2.42	1	5	1.15627
9	The Service area allowance is satisfactory to the employees.	2.68	1	5	1.10901
10	The Operation monitoring allowance has fulfilled the requirements of the employees.	2.7	1	5	1.15907
11	The night shift allowance has been a motivating factor to the employees.	2.54	1	5	1.15837
12	The ceiling of gratuity of Rupees Ten Lakhs is just and adequate.	2.34	1	5	1.13012
13	Linking performance appraisal with PRP is meaningful and motivating factor.	3.2	1	5	1.28708

14	Recent enhancement of perks & allowance order has resolved all the issues.	3	1	5	1.10096
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**Source: Primary Data**