



**THE TIMES 100**

**BUSINESS CASE STUDIES**

## Ethics and sustainability – Tata Steel

Tata Steel is the second largest steel producer in Europe and has its main steelmaking plants in the UK and Holland. It supplies steel and related services to major industries such as construction, vehicle production and packaging. Business ethics means ‘taking the right course’. Acting ethically takes into account all the factors of doing business. These include production, business processes and the company’s behaviour with its customers and the communities in which it operates. It is about doing the right thing in everything the company does. Tata Steel has five core values which define the ethics of the company: integrity, understanding, excellence, unity and responsibility. These values are evident in everything that it does and drive the ethical behaviour of the company. For Tata Steel, taking responsibility for tackling the challenges of sustainability follows naturally from this ethical stance. The Tata Steel definition of sustainability is ‘an enduring and balanced approach to economic activity, environmental responsibility and societal benefit’. Sustainability is about meeting the challenges of ensuring that future generations can enjoy the same kind of lifestyle people enjoy today.



A commitment to ethical behaviour is often shown in the corporate social responsibility (CSR) policy of a business. Businesses are no longer judged solely on their ability to deliver goods and services but also on the manner of delivery and how they impact on society and the environment. Its approach to CSR ensures that Tata Steel can tackle the relevant sustainability challenges and in particular satisfy all its relevant stakeholders. Through saving energy and waste, Tata Steel can work more efficiently and reduce costs. Acting responsibly also benefits its reputation. This enhances the image of Tata Steel as an environmentally-committed and responsible business, giving good PR in a competitive world market.

Steel is one of the best materials to use to ensure sustainability. Steel is a unique material because it is truly recyclable – when steel is recycled it becomes new steel and not an inferior product. It can be re-used over and over again. Steel is the most recycled material on Earth. The impact of making steel can be viewed as an investment in a material which will be used again and again, rather than a one-off, making steel a very ‘green’ material. Sustainability is about much more than CO<sub>2</sub>, but one of the major challenges of sustainability is to reduce CO<sub>2</sub> emissions which may contribute to climate change. Tata Steel is working to reduce these emissions using new technology and practices.

Tata Steel demonstrates ethical and sustainable practice in its own operations. However, it goes further in encouraging its customers and markets to also make decisions based on sound sustainability principles. For example, although tail pipe emissions can be reduced by making cars lighter, materials such as aluminium, magnesium and carbon-fibre reinforced plastics have high environmental costs in manufacturing and they are not as recyclable as steel. The savings made from using them are usually outweighed by the CO<sub>2</sub> used in production. Tata Steel has joined forces with other steel-makers to produce the ‘Future Steel Vehicle’ which showcases the latest advancements in steel technology.



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#### **Questions**

1. What are business ethics?

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2. Describe the meaning of sustainability.

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3. Explain why steel is called a 'green' material in the case study.

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4. Analyse the benefits Tata Steel gains from taking an ethical and sustainable approach to its operations.

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#### **Task**

*Poster* – create a spider diagram showing as many examples of ethical behaviour as you can think of. You may have to carry out some research to help you with this. Some group discussion might also help to identify examples of ethical behaviour.

#### **What have you learned?**

*Washing line* – assign one end of a classroom wall to 'Very important' and the other end to 'Not at all important'. Students should now position themselves on the wall depending on how important they feel behaving in an ethical and sustainable manner is for organisations. Volunteers should explain their position – preferably someone from each end and one from the middle.