



## AN ETHICAL MANUFACTURING: AN OVERALL VIEW WITH CASE STUDY OF INDIA'S MOST ETHICAL COMPANY - TATA STEEL LIMITED

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### ABSTRACT

*This paper is brief discussion of the topic ethical manufacturing with a case study of Tata Steel Ltd Company. This paper explains the importance of ethics in the field of manufacturing by explaining various benefits that can be enjoyed with ethical manufacturing. Ethical manufacturing is essential for achieving success and sustainability in this competitive market. Tata steel Ltd has recognized as world's most ethical company for the year 2018 for sixth time due to using ethics in the field of manufacturing or ethical manufacturing. This company has made large capital investments for pollution control and for reducing wastage of resources. This company has obtained large market share and market image due to ethical manufacturing done by them. This paper explains that how ethical manufacturing (an important part of ethical business) helps Tata Steel Ltd. in achieving success and sustainability.*

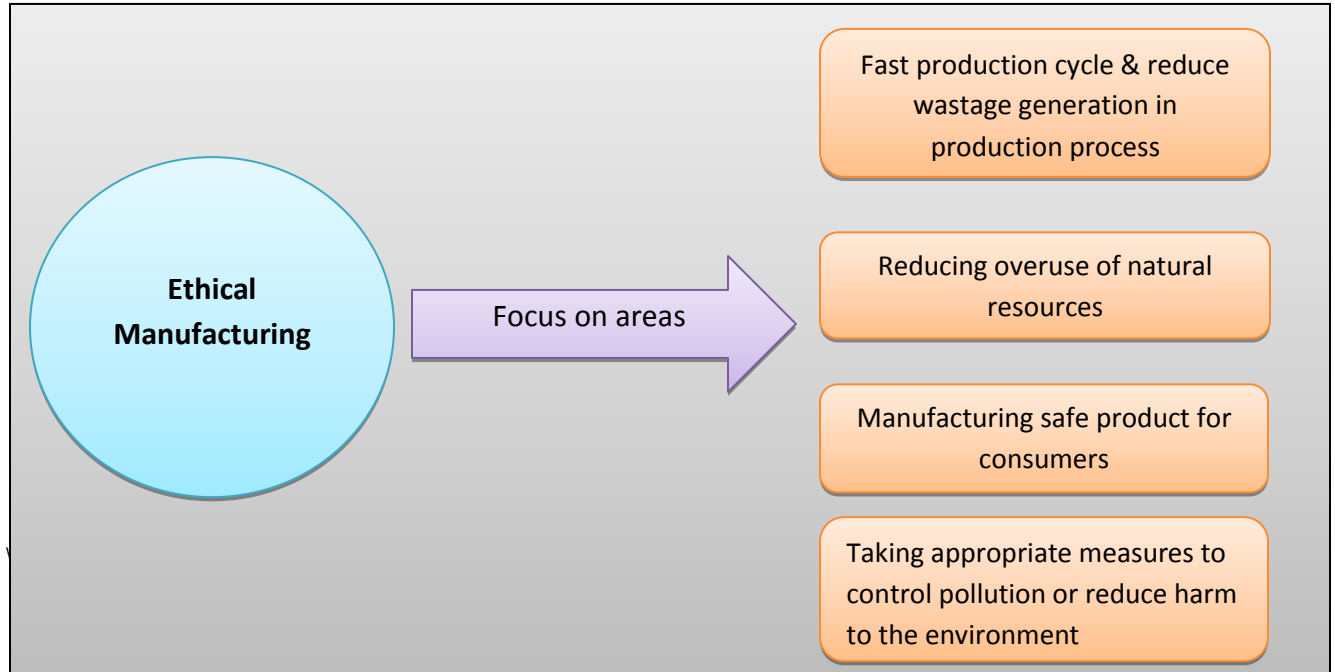
**Keywords:-** Ethical Manufacturing, Tata Steel Ltd, Competitive advantage, pollution control, reducing wastage of resources

## **Introduction**

Today in the era of globalization, in order to survive companies have to comply with rules, regulations, policies framed by the government & have to follow the business ethics essentially. Business ethics are moral principles or code of conduct that guides the way a business deal with consumer, workers, investors and other shareholders. Thus every company must use fair trade principles & frame their policies which are consistent with the environment and with rights of the stakeholders. Acting in an ethical way (do not involve in involves practices which are harmful for society or for stakeholders) leads to many advantages such as improved market image, gaining consumer trust and loyalty, avoid legal problems, gaining competitive advantage, positive work environment. Business ethics are applied in every sphere of the business either it is manufacturing, sales, marketing or accounting. When a business applies ethics in its manufacturing activities it is termed as ethical manufacturing.

Ethical manufacturing is a subset of ethical business which ensures that the manufacturing activities are not damaging to the consumer, worker or the environment. Ethical manufacturing is basically carrying out manufacturing activities which are not harmful for the society or for the environment. Ethical manufacturing is doing manufacturing activities with best possible technology that results in reduced wastages, reduced pollution and providing safe & quality product to the consumer by using quality raw material in manufacturing process. In the present time, some companies use unethical way of manufacturing to achieve cost economy and efficiency. But sometime efficiency & cost is achieved at the cost of quality by using various tools such as inferior material, hazardous or unsafe working conditions, wastage of natural resources etc. But use of all these tools leads to increased employee turnover, defective products, and poor market image and inviting legal issues. So to achieve sustainability, ethical manufacturing is necessary.

Ethical manufacturing focus on these major areas:-



Ethical manufacturing involves:

- Sourcing fair trade material
- Manufacturing of safe products for consumers
- Values workers' rights
- Reduce harmful effect to the environment
- To take appropriate corrective measures to reduce wastage of natural resources & to control pollution caused by the company's manufacturing process.

### **Components Of Ethical Manufacturing: -**

Ethical manufacturing has three components explained below:-

- 1) **Ethical Production:** -An ethical production being vital part of ethical manufacturing involves that the production process used by the company is safe, efficient and focus on the health of consumers & workers. For an ethical production, the company must use quality material; provide safe working condition& appropriate compensation etc.

- 2) **Ethical Energy**:- An ethical manufacturing has another component: Ethical energy. Which means manufacturing process of the company ensures that the production process of the company is energy efficient and safe for the environment. Ethical energy involves
- i) Use of alternative best technologies in order to reduce the energy being utilized during production process
  - ii) Use of environmental friendly energy
  - iii) Reducing the wastage of energy to minimum possible extent.
- 3) **Ethical Products**: - ethical product is the major component of an ethical manufacturing An ethical product is a product which is safe for the consumer, made with quality material & eco-friendly way and not harmful for the consumer. An ethical product a part of ethical manufacturing means business must use superior material, best technology to produce safe & quality products for the consumers.

### **Case Study Of India's Most Ethical Company:- Tata Steel Limited**

Tata Steel Ltd. is multinational company having its headquarter in Mumbai & subsidiary of Tata Group. Tata Steel Ltd. is India's one of the largest steel manufacturing company which has created its large market share in the whole world. Tata Steel Ltd has won many awards due to its ethical behavior in the business. It has been recognized by Ethisphere Institute as the “**World's most ethical company for the year 2018**” for the sixth time. Tata Steel Ltd. Has also won “**Best in class for manufacturing award**”. The company has taken various steps for carrying out ethical manufacturing in India. These steps are discussed below:-

- ❖ Tata Steel Ltd. Has taken appropriate measures for environment protection by adopting BAT (best available technology) and designing pollution control infrastructure for discharge and emission within statutory limits.
- ❖ Efficient Waste Management:- the company generates approximately 700kg of various wastes in the process of producing one tons of crude steel. 83.16% of the total waste is utilized either through recycling and reuse in the company's own processes or they are sold as raw material to other industries. The remaining waste is sent for safe land filling.

- ❖ Cost Benefit Analysis:- The cost benefit analysis of Tata Steel Ltd's waste utilization has shown that in financial year 2004-05, the company saved around 108 crores through waste utilization.
- ❖ Tata Steel Ltd. Supplies carbon friendly steel products to its customers to reduce their carbon footprints.
- ❖ At Jamshedpur Steel Works- The company has made large capital investment in Air Pollution Control Equipment (AICE) for its new and existing plants to reduce dust and CO<sub>2</sub> level.
- ❖ A new 8MGD efficient treatment plant is being setup to reduce the water consumption in the company under the Zero Effluent Discharge Project.
- ❖ Tata Steel Ltd. Has made investment to ensure ambient air quality monitoring and effluent treatment.
- ❖ Bio- diversity assessment and management processes have been introduced with International Union For Conservation of Nature (IUCN).

Thus Tata Steel Ltd has made large investments to reduce harm to the environment caused by their business. The company also successful in efficient waste management, supplying eco-friendly products to the society and taking appropriate corrective measures to control pollution and reduced wastage of natural resources. Tata Steel Ltd. Values the ethics of business and ethical manufacturing has enabled them to be India's most ethical company.

### **Conclusion:-**

Ethical manufacturing has been considered as mode to achieve sustainability and availing various benefits such as supply of safe & quality products while taking steps to reduce harm to environment leads to increased profitability, gaining consumers trust & loyalty, creating market image, capturing more market share, gaining competitive advantage and avoiding legal problems. Tata Steel Ltd is involves in ethical manufacturing and enjoying larger market share. Thus to survive in this competitive market, companies has to follow ethics in every field of the business- mainly in the field of manufacturing. This will leads to provide benefit to the Environment & Society, the Stakeholders, and the business also.

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