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1. Executive Summary

The report includes a detailed analysis of Tata Steel designed to inform business strategy direction.

Tata Steel is a global force in the steel industry with steel operations located worldwide, employing over 65,000 people. It offers a diverse portfolio, with an integrated approach from mining through to marketing and is continuously looking for ways to grow and expand. Tata Steel recognises the need for ethical approaches to business and therefore places a significant importance on this as part of its strategy planning (Mukherjee , 2023).

Organisational growth requires adaptability to overcome challenges, devising strategies to identify and address weaknesses and threats a company whilst continuing to operate to its strengths. A strategic review of Tata Steel using a number of tools including SWOT, PESTLE and Porter's Five Forces identified commonality amongst those areas requiring focus for improvement and those affording significant strengths. The explosion within the Chinese market has posed a threat to custom, buyer and supplier power, and exploits weaknesses in the company relating to technology, workforce utilisation and lack of a lean manufacturing approach. Furthermore, climate change has posed a political threat, with financial and reputational consequences for failing to address carbon emissions likely to be significant. Tata however can turn this to its advantage with its commitment to Corporate Social Responsibility evident throughout the review, this being one of the underlying themes amongst many of its strengths, and closely reflected in its vision and mission statements. Limited evidence to support a comprehensive approach to lean manufacturing could be found with only Total Quality Management and Kaizen methods forming the basis of any quality improvement projects, and Just-in-Time manufacture. This therefore forms one of the main recommendations for improvement following this review. Strengthening this approach alongside a continued use of effective strategic review will aid the company to address some of weaknesses identified, support realisation of their carbon neutral goal and enable Tata to continue to grow from strength to strength.

2. Introduction

Ongoing political pressures, climate change and the recent energy crisis has required businesses to devise new ways of working to ensure viability in both current and future markets. This concept of continuous improvement is not new to manufacturing industries, Goldratt recognising in 1984 that continuing with the status quo: 'that's what we know and has worked so far' is a downfall of industry (Goldratt, 2004). Success requires companies to take a more critical approach about what they do and how they operate, understand cause (actions) and effect (results) and begin to challenge and progress current ways of working to improve sustainability both now and in the future (Goldratt, 2004).

Tata Steel, a division of the Tata Group, is a multinational company with operations in over 25 countries. With its base sited in India, Tata steel employs more than 65,000 individuals worldwide, (8,000 in the UK), and is a recognizable force in the steel industry, being the tenth largest in the world, and largest in the United Kingdom. Tata bases a significant degree of importance for growth around collaborative working across countries, organisations, and communities, with increasing investment in overseas expansion occurring alongside significant investment in development both economically and socially in India (Tata Steel, 2019).

3. Strategic Company Review

Organisational growth cannot be achieved by simply devising a strategy and never re-assessing its suitability; adaptability and response to new challenges are key. Undertaking of frequent strategic reviews are an essential part of maintaining a successful business. They not only help to review current objectives and progress towards them, but also allow critical review of said objectives as part of horizon scanning, looking at opportunities to increase value by assessing future market demands and possibilities, and devising changes to facilitate the shift (Goldratt, 2004). This can be achieved using a variety of proven tools, such as SWOT analysis, PESTLE and Porter's 5 forces.

3.1. SWOT Analysis

SWOT Analysis is a useful framework to identify company position in relation to competitors, taking into consideration both internal (strengths and weaknesses) and external (opportunities and threats) forces affecting current position alongside future opportunity. It works well to generate fresh ideas for the current and future industrial climate (Kenton, 2022). See appendix 10.1 for detailed analysis.



Figure 1 - SWOT Analysis

(Lindley, 2023)

- Strengths:
Strengths are areas the company excels in; aspects keeping them ahead of competitors and attracting customers and workforce.
- Weaknesses:
In contrast weaknesses are internal elements critically hindering performance and progress towards objectives and targets; a focus for improvement.
- Opportunities:
Opportunities identify external factors that could solidify or increase the position over competitors.
- Threats:
Threats represent external factors negatively impacting on profitability or growth.

Strengths Supplier reliability = minimised delays Brand trust = ↑market penetration Global presence & portfolio = worldwide income Adaptability in rapidly evolving industry Distribution network = reliable access to current & future markets Workforce investment = highly-skilled employees	Weaknesses European market decline (50% of business) Workforce efficiency & high turnover Technology investment limits efficiency Poor marketing strategies = missed opportunities
Opportunities Early adoption of Industry 4.0 and IoT ahead of competitors = ↑profitability & revenue ↑demand post downturn = opportunity for portfolio diversity & revenue stream Climate change: CSR commitment established ↓shipping costs→ ↓transport delay & ↓spend	Threats ↑competition (Chinese)→ ↓market share & price Political pressure for climate change→↑compliance costs Steel alternative: aluminium/plastic

Table 1 - SWOT Analysis

(Fern Fort University, 2022) (Dutt, 2023) (Mukherjee , 2023) (Shastri, 2021)

3.2. PESTLE Analysis

In contrast to SWOT, PESTLE considers macro-factors affecting a business. It is of particular use when considering global innovation and growth as it can be adjusted to take into consideration macro-economics of the area/location of interest (Wysock, 2015). PESTLE analysis considers set external factors (see below) which can further inform SWOT analysis. See appendix 10.2 for detailed analysis.

P	Political	Government pledges to climate change require decarbonisation & investment in low carbon technology Introduction of Steel procurement task force by UK Government to improve UK position Brexit increased import/export costs & delays
E	Economic	US subprime crisis→European market recession Raw material price supplier power UK energy cost compared to rest of world Industry 4.0 & IoT requires automation investment
S	Social	Renowned ethical business approach→commitment to health, well-being & education Negative events (explosions) due to danger of process→local image damage
T	Technological	Industry 4.0 & IoT require digitalisation & TS behind competitors. R&D need to address to maintain competitiveness & address carbon emissions. Tata E-portal development pioneering→advancement of purchase/selling market
L	Legal	Global status=multiple legal forces Government changes→forward planning challenges Health & safety frameworks→significant consequences when accidents
E	Environment	Regulation around climate change & CO2 emissions→financial & reputation consequences if fail to comply. Tata pledge for carbon-neutral by 2045.

Table 2 - PESTLE Analysis

(Dutt, 2023) (Mukherjee, 2023)

3.3. Porter's Five Forces

Porter's 5 forces revolve around the concept that interest and competition within a company's market is based on five forces, analysis and evaluation of which can assess strengths and weaknesses, current and future position and therefore define strategic direction (Jim Downey, 2007). Forces in relation to Tata Steel are discussed below, and potential risk assigned. (Fern Fort University, 2023)

Competition in the Industry: High

With significant industry growth over the last few years, competition in the current market is high, especially with rapid expansion in the Chinese market. In 2021, China produced 1032.8million tonnes of crude steel compared to 118.2 and 7.2 in India and the UK respectively. According to the 2022 World Steel report, Tata was the 10th largest steel-producing company, generating 30.59million tonnes of steel compared to 119.95 for China Baowu, the number one producer for 2021 (Dr Edwin Basson, 2023). Other competitors include JSW, SAIL and POSCO, the latter recently entering the Indian market, however Tata has strategically attempted to maximise its domestic market impact with expansion into high end-user markets of India, Europe and USA (Mr. Koushik Chatterjee, 2022). Tata's reputation for quality affords significant protection from existing competition, commanding a respectable position in the industry and market (Dr Edwin Basson, 2023). According to 2021-2022 financial reports, production and profits across India and Europe were significantly up on the previous year as a result of investment in expansion and company stability measures (Mr. Koushik Chatterjee, 2022).

New Entrants: Low barriers in place)

Tata has attempted to safeguard itself against new entrants with its expansion operations in domestic Indian markets and internationally. Not only that but the outlay to invest in the steel industry is so significant that this affords a huge degree of protection against new entrants.

Incorporation of ore mining into the business in India also adds to barriers against any threat as it provides benefits in terms of economy of scale that new businesses are not privileged to. Tata's commitment to Corporate Social Responsibility also affords favour to governments, especially in India in relation to expansion plans (Mr. Koushik Chatterjee, 2022).

Supplier Power: Low

Integrated operations within Tata limits reduces threat from mining giants to obtain the iron-ore required for steel production. In addition, in recognition of the impact it can play in company sustainability and profit margins, Tata Steel, part of the larger Tata Group, has increased its interest and focus into integration, namely backward, vertical and horizontal. They have invested into Tata Sponge, additional global steel plants, for example European steel

giant Corus, and integrated into other industries such as Land Rover-Jaguar and Tetley Tea, all of which increase its global presence and therefore command price debates in their favour, (Economic Times , 2023) (Vidya Hattangadi, 2020).

Buyer Power: Mixed

Quality and brand power associated with Tata still afford a degree of protection from buyer price negotiation. In addition, research and development into new products, such as Tata Steelium and Shaktee, increase 'uniqueness' of the Tata brand and prevent the drive down of prices. The overall buyer power over Tata Steel however is mixed, major consumers such as the automobile industry affording favourable deals in order to maintain custom over competitors (Jim Downey, 2007).

Substitute Threat: High

Substitution poses one of the more significant threats as opportunity to position barriers to protect from this are limited. Increased use of alternative materials such as plastics or aluminium, especially in the automotive industry, to increase efficiency, is of concern. Options such as increased development of in-house alternatives such as reduced-nickel or ferritic-type may minimise the impact (The Indian Express , 2023)

4. Corporate Social Responsibilities

Corporate Social Responsibilities (CSR) is that part of a business concerning itself with ethics of its operation such that its reputation and therefore viability is sustainable over its lifecycle. Organisations have a societal responsibility to consider the impact their operations have on the environment, community, society, economy and workforce, and should demonstrate a continued positive commitment to ethical behaviour (CIPD, 2022). Historically, business' focus is profitability, however as market competition increases, consequences paid to the well-fare of society and environment increase. Accountability for ones actions has moved away from simply respected practice to that of consumer demand, people are increasingly socially conscious and opt for organisations demonstrating commitment to CSR (Victoria Univeristy, 2023). CSR is not new, recognised in India, the base for Tata Steel, as part of the Company Bill 2012, requiring businesses to commit 2% of profits on social activities unrelated to the business (Kaur, 2018). Although not enshrined in UK law, there is acknowledgement in the UK Corporate Governance Code that business responsibility goes above and beyond simply its shareholders; there is a requirement to consider issues relating to health and safety, the environment and reputation, (Pinsent Masons LLP, 2023).

CSR is impacted by both macro- and micro-economics. Macro-economic considers more general aspects which are considered to have significant long-term impacts/effects but are often out of the company's control, typically involving economy and environment e.g. political, demographic and social/cultural forces. Micro-economics revolve around consumers, suppliers, competitors and the public, (Mageplaza, 2021). An understanding of these influences should have a significant impact on a company's strategic policies and direction and therefore are incorporated into SWOT and PESTLE analyses as above.

Tata has long embedded CSR into its strategic direction, and has a robust CSR policy in place. Dedication to social responsibility is one of the company's strengths, commitment to quality and CSR making Tata one of the most worldwide trusted brands, aiding its penetration into new potentially lucrative markets. Tata's dedication to CSR is so strong that it is embedded in the company's overall vision "Our Conduct: providing a safe workplace, respecting the environment, caring for our communities and demonstrating high ethical standards", (Tata Steel, 2019), in line with the philosophy of its founder. As such, CSR forms one of its strategic objectives.



Figure 2 - Tata Strategic Objectives

(Tata Steel, 2021)

Strategic framework

Two components are central to Tata Steel's sustainability strategy: Accountable (attributable) and Sustainable impact (effective).

The first component refers to our principles that sustainable development at Tata Steel must be embedded, committed and transparent.

The second component reflects our focus. This is based on the themes People & society, Environment & community, Carbon Reduction & sustainability and Customers & value.

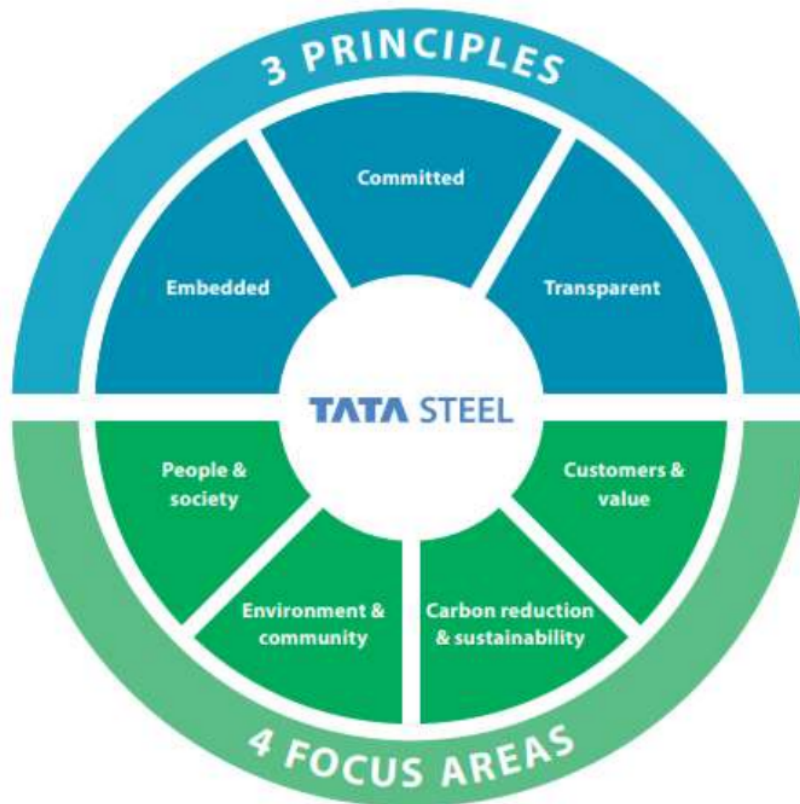


Figure 3 - Tata Steel Strategic Framework

(Tata Steel Nederland, 2022)

Government and agency engagement is key to successful implementation of its policies, none more so than in India where its programmes to develop education, health and environmental impact are unmatched, (Kaur, 2018).

Commitment to environmental management is reflected in a number of its policies, including climate change, sustainability and environmental, and is likely to afford strategic advantage over its competitors. An inevitable part of steel production processes is carbon dioxide emission; a known environmental pollutant both with respect to climate change and health. As such recent Government pledges to reduce Carbon emissions as part of the Climate

Change Act 2008 has put significant pressures on Tata to focus on decarbonisation. However, despite increased costs this incurs, Tata have been pro-actively reducing energy consumption for the last four decades, and have pledged to transform production processes, reducing 30% of Co2 emissions by 2030 and achieving carbon-neutral status by 2045. All sites operate and are audited under ISO 14001 (Environmental Management Systems), and undertake monitoring of risks such as noise, water and air quality, (Kaur, 2018)

Community and workforce education and well-fare are of paramount importance to Tata. Commitment to education has long been a strength, operating a number of scholarship and training programmes developing a strong workforce that is highly-skilled and importantly understands and is committed to its vision and CSR approach. In India, Tata has built educational establishments in less educated areas to provide access to rural women and children. A number of initiatives to utilise, employ and up-skill the local inhabitants has significantly improved the rural community. A focus on healthcare both for its workforce in terms of proving health benefits, and the local communities with projects such as the building of hospitals and medical training has revolutionised well-being, along with investment in a number of social, physical and mental focused groups and activities, (Kaur, 2018). Working with its customer to ensure efficient use of steel to increase value-chain sustainability is also a focus. (Tata Steel Nederland, 2022)

Tata's commitment to CSR is of recognised value to the company, with increasing consumer and political focus affording it a degree of protection from incoming threats. It has not only paid attention to ethical behaviour in its policies but importantly has proven its commitment with its actions thus far towards key targets. This has been recognised across the global industry, with a number of sustainability accolades including most recently Sustainability Champions 2022 awarded by World Steel (Sarvesh Kumar, 2019).

5. Discussion on Lean Manufacturing

To continue to compete in the steel industry, Tata must seek opportunities to increase the value of its operations, producing steel at a competitive price whilst still maintaining quality, a key strength of its business. This is globally addressed by implementing lean manufacturing (LM), a concept first pioneered by the automotive industry, Toyota Motor Company (Kumar, 2014). LM is based around the idea that all activities that do not add value, waste, should be eliminated from processes in order to produce the quantity required, of the right quality, at the right time as defined by the customer (Sinha, 2013). Recognised forms of waste include (Sinha, 2013):

- Overproduction: earlier and more than required
- Inventory: storing more raw materials/finished products than needed
- Mistakes/quality defects: negative results associated with the process
- Waiting: time lost
- Excess transport: unnecessary movement of materials
- Wasted movement: poor organisation/processes, under-utilizes employees

LM incorporates a process of quality improvement, focusing on reducing or removing unavoidable waste to streamline and improve the overall production process. It uses a number of established tools such as Just-in-Time, Value Stream Mapping, 5S, Kaizen, Total Quality Management (TQM) and Poka-Yoke (Paulina Rewers, 2016)

Application of LM in the steel industry is inherently challenging due to the continuous nature of operations, producing high volumes of a limited product range using bulky machines and processes that involve prolonged design and set-up (Kumar, 2014). This is the case in Tata with limited application of LM evident in its operation, especially within the UK. A review of methods employed revealed use of Kaizen and TQM, both of which focus on continuous quality improvement, along with Just-in-Time.

TQM incorporates an incremental approach to improvement, involving all levels of employees in an attempt to improve the processes, products and work environment, (Tata Steel, 2008). Similarly, Kaizen involves all employees across the organization in a continuous search for generation of ideas of how to improve production processes, or work organisation to remove waste (Sinha, 2013). Tata has employed these methods as part of strategy development, development of defined methodologies for daily activities to ensure efficient execution, and use of root cause analysis tools to identify failures or improvement opportunities. Employment of PDCA (plan, do, check, act) and Pareto tools as part of TQM and Kaizen has identified improvements to the Capital Asset Management Framework and inefficiencies in daily meetings, resulting in introduction of daily stand-up meetings (DSUM) which prevent loss of workforce time through idle non-work-related activity.

Tata UK also operates a Just-in-Time system where order loading and activity is based on a “pull” from the customer following implementation of a generic hot-roll coil (one specification fills multiple orders) and a reliable well-designed flow through the production units to the warehouse. This allows commitment to a 2-week lead-time on key specifications, generating a competitive advantage over other manufacturers.

6. Recommendation for Management Team

A review of strategies employed by Tata Steel support the existence of a successful organisation, committed to company growth with an ethical approach. It has shown commitment to its founder's vision across the years, in an industry faced with number challenges, both from increased competition and social responsibilities. Effective use of strategic review tools has enabled Tata to identify opportunities to expand and develop globally, utilising its strengths as a company to achieve this goal. The challenges faced however will not go away, and volatility of the steel industry, especially with the increase in the Chinese market, remains a serious concern. This coupled with the current slow- down in the global economy, likely to reduce the demand in steel from some of its highest users like the automotive industry, will put strain on the industry. In addition, a reduction in investment in mining industries on which Tata relies could be very damaging in the long term. Tata needs to therefore continue to seek opportunities to secure its long-term viability and one of those will be to focus on the use of LM methods to make the company as efficient as possible. With efficiency of workforce a known weakness of Tata operation, introduction of Single Minute Exchange of Die and Standardization could offer a solution, analysing where the shortfall lies, providing efficiency over operations changeover both from an internal (downtime) and external (pre/post stoppage) perspective. Better planning and communication between teams would ensure the most efficient operation. Standardisation, ensuring uniformity over operator task execution, including time taken could optimize use of employees. Continued use of established TQM techniques, especially quality improvement tools such as PDCA are likely to be instrumental in delivering improvements going forward especially projects relating to carbon net-zero, developing and testing technologies to achieve this goal critical, along with new, meaningful KPIs relating to CO2 emissions. A focus on retention of skilled workforce to undertake and implement these improvement strategies is essential to maintain high levels of service and quality to customers, secure customers in the future, continue the company's industry-leading dedication to CSR and ultimately company sustainability.

7. Company Vision and Mission Statement

Vision:	<i>'We aspire to be the global steel industry benchmark for Value Creation and Corporate Citizenship'</i>
Mission	<i>Tata Steel strives to strengthen industrial base through effective utilisation of staff and materials. The means envisaged to achieve this are cutting-edge technology and high productivity, consistent with modern management practices.</i> <i>Tata Steel recognises that while honesty and integrity are essential ingredients of a strong and stable enterprise, profitability provides the main spark for economic activity.</i> <i>Overall, the Company seeks to scale the heights of excellence in all it does in an atmosphere free from fear, and thereby reaffirms its faith in democratic values.</i>

Table 3 - Company Mission & Vision Statements

(Tata Steel, 2023)

Tata aims to be sustainable in every aspect of its business, from protection against competitors to commitment to social and ethical behaviour. As such, vision and mission statements are firmly incorporated in their organisational strategy, which aims to identify industrial trends and any associated opportunities or threats that may destabilize the company as demonstrated below.



Figure 4 - Tata Steel Strategic Planning

(Tata Steel, 2022)

Tata's global recognition as a leader in the steel industry re-enforces their company objectives as ones that are based on a solid foundation, meeting the needs of and being accountable to itself, and its stakeholders; workforce, shareholders, the public and both the local and global environment. In order to realise its vision, Tata identifies five key areas of focus; people, products, conduct, policies and innovation, recognising the part they play in sustainability.

Tata understands the pivotal part its workforce plays in company success; from management down to operators, there is a strong investment in training to create a workforce proud to work for Tata and aligned with its vision. An understanding of the need to invest in employee training and health and safety makes Tata Steel an attractive company to work for, affording a highly-skilled workforce able to deliver on the company's mandate however retention is a problem.

To secure custom now and in the future, Tata invests heavily in its customers, dedicating time to understand needs and wants. Production processes, products and infrastructure can be developed to ensure they remain supplier of choice. To achieve this, Tata also recognises the need to be innovative, both in technology and products manufactured. A continued focus on innovative technology, something which the company lacks behind on, is essential to successfully meet their pledge to eliminate carbon emissions. Responsible conduct, ensuring positive contributions to economic growth, well-fare of society and the environment as part of its business operation is associated strongly with Tata's brand, and continues to incur customer loyalty and political favour. Such objectives are enshrined in the company's code of conduct, something which Tata places importance on. Company direction, expectation and operational policies are clearly defined, providing visibility and uniformity to its operations and expectations (Tata Steel, 2019).

Tata's vision and mission statements align clearly with the company's values and direction, and are cemented in their operations. It is not these statements but a continued focus on achieving and reviewing its objectives in line with these values and global influence that is essential to maintaining its viability in a challenging climate.

8. Conclusions

The fact that Tata Steel has been a force in the steel industry for 116 years is tantamount to the success of a continued review of strategic operations. Despite several challenges to the industry over recent years, including new entrants to the industry, political pressures such as climate change, and global economic pressures including COVID-19 and BREXIT, the company has continued to grow and expand. In amongst its strengths however, a strategic review of the company has identified a number of areas for improvement which are needed to ensure Tata regains its financial security, as although the financial reports show a positive trajectory, the company is still in debt (Dutt, 2023).

In the current climate, focus for the next few decades is likely to be on sustainability with a need to fully demonstrate emissions to customers. The company now needs to leverage new technologies, and invest time in lean manufacturing to address its shortfalls and identify areas for improvement to maintain the momentum that it has demonstrated over the last few years. It is vital however that in committing resource to addressing its weaknesses and potential threats, Tata does not lose sight of its operating strengths, continuing to further develop these and remain the trusted brand that people know and respect. Its commitment to CSR has afforded significant advantages over its competitors, and this is likely to be a strong asset for years to come, especially with regards to carbon emissions. Proving this commitment and seeing it through will be a theme of the next two decades in steel and the companies that get it right will be those most likely to succeed.

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10. Appendix

10.1 SWOT Analysis

Strengths:

- Supplier reliability: Issues with supply chains causing delays are minimised with TATA with time spent shoring up raw material suppliers. In India the entire operation from mine/ore extraction to finished product is under the control of TATA. This enables efficiency of operation, maintenance of costs and control over quality.
- Brand trust: commitment to quality and corporate social responsibilities have made TATA one of the most trusted brands both across Europe and worldwide. This aids penetration into new potentially lucrative markets.
- Global presence and market portfolio: worldwide operations with strong presence in Europe and Asia-Pacific. It has a diverse and innovative portfolio including flat steel, automation, agriculture, construction, meaning income from a variety of worldwide markets. The development of a robust distributor and dealer set-up with investment in training and culture further strengthens the sales market of the portfolio
- Demonstrated an ability to adapt within a rapidly evolving industry and increasing global pressures.
- Strength of the distribution network results in reliable access to its current and future potential markets
- Workforce investment: focus on development and training generates a highly-skilled workforce that is committed to achieving success.

(Dutt, 2023) (Mukherjee , 2023) (Shastri, 2021)

Weaknesses:

- The decline in the European market has impacted on TATA steel's revenue, with Europe responsible for more than fifty percent of the business.
- Workforce efficiency is poor in TATA steel and therefore limits it's productivity. Despite the investment in education, loyalty is lacking with a high workforce turnover meaning increasing time spent training new employees.
- Investment in technology is lagging behind that of other competitors, limiting efficiency of operations
- Despite diverse portfolio and good sales teams, the forecasting is sub-optimal resulting in missed opportunities for TATA and opportunities for competitors. To counter this, inventory is higher, but this is not cost-effective. This is compounded by poor marketing strategies failing to promote the uniqueness of the TATA products further opening up opportunities for competitors.

(Dutt, 2023) (Mukherjee , 2023) (Shastri, 2021)

Opportunities:

Opportunities identify those external factors that could solidify or increase the position over competitors.

- Investment in technology and digitalization in line with Industry 4.0 is a recognized need by TATA, being predicted to significantly increase the profitability and revenue for the steel industry. Early adoption of these avenues ahead of its competitors would give TATA the competitive edge.
- An increase in the demand for steel and change in consumer requirements following the economic downturn will provide opportunity for TATA to further diversify its portfolio meaning an opportunity for new revenue streams
- Although initially considered as a threat, the increase in minimising the impact of climate change will provide an opportunity over its competitors with TATAs established and proven commitment to its social responsibilities.
- A reduction in shipping costs for distribution of raw materials and finished products will reduce transportation outlay. This will either directly increase profits as a results of less spend or could result in an increased market share as a result of reducing costs for customers.

(Dutt, 2023) (Mukherjee , 2023) (Shastri, 2021)

Threats:

Threats represent those external factors that negatively impact on the company's profitability or growth.

- Increased competition from other steel manufacturers' could significantly reduce the market share and also drive down the cost of steel. The exponential increase in the Chinese manufacturing industry will hasten this.
- Political pressures and government commitment to climate change, particularly in the UK increase compliance costs.
- Increase in push for steel alternatives such as plastics and aluminium by the automotive industry

(Dutt, 2023) (Mukherjee , 2023) (Shastri, 2021)

10.2. PESTLE Analysis

Political:

- Recent Government pledges to reduce Carbon emissions as part of the Climate Change Act 2008 has put significant pressures on TATA steel UK to focus on decarbonisation. This will require significant investment in low carbon technologies as the costs to polluting industries will skyrocket as a result of fair carbon pricing. Despite the government stepping in to compensate industries having to reduce emissions, this still requires further attention, (Bailey, 2021). Despite this TATA have in line with their CSR stance, declared to be carbon neutral by 2045
- Steel Procurement task force has been set up by the government to look at incentivising the buying of British steel to solidify and cement the UK's position, (Bailey, 2021).
- The impact of Brexit on import and export have resulted on increased costs as a result of poorly negotiated EU export quotas, along with an increase in delays affecting both production and delivery.

(Dutt, 2023) (Mukherjee , 2023)

Economics:

- As a global company, TATA steel was negatively impacted by the US subprime crisis as a result of recession in its main European markets. In addition, the reliance of the steel industry on its raw materials, namely iron-ore, puts it at the mercy of the availability and therefore price of the raw material. The Indian plants are less affected by such issues with the mining of the raw material being part of Tata's business operation, however plants in Europe, including the UK are less fortunate.
- Even prior to the recent crisis with regards to the cost-of-living, the UK steel industry was in disparity with Europe with costs over 60% higher than its counterparts, as a result of domestic favourability. From a competitive standpoint, this puts the UK at a disadvantage. The government has pledged to review network costs and provide relief for high industry carbon/energy users, however there is an industry pressure to create a policy to generate investment and provide sustainability, (Bailey, 2021) (The Financial Times LTD, 2023)
- Industry 4.0 and Internet of Things is increasing the drive towards automation and the need to review current processes employed.

(Dutt, 2023) (Mukherjee , 2023)

Social:

- Tata steel is renowned for its ethical business approach, demonstrating continuous commitment to improving health, well-being and education. This is especially evident in India where significant investment into social-economic growth has been made.
- Despite this, there have been a number of negative events that have clouded the social-economic status of Tata steel over recent years, especially in the UK plants, which highlight the danger and the volatility of the steel making industries. Serious incidents such as explosions within the plant affecting not only operators but also residents have damaged the local image.

(Dutt, 2023) (Mukherjee , 2023)

Technological:

- Industry 4.0 and IoT is driving industry towards maximising digitalisation. Although seen to be behind its competitors with regards to investment in forward-thinking technology Tata Steel recognize the need for change, with a dedicated Research and Development department to address such issues. This is not only needed to retain its status in the competition market but also in response to changing environmental needs as stated below, with investment in technology to generate ultra-low carbon steel a necessity. In 2000 the development of 'E-portal" system by Tata steel significantly advanced the electronic purchase/selling market, now the biggest in the world.

(Dutt, 2023) (Mukherjee , 2023)

Environment:

- An inevitable part of the production process for steel is the emission of carbon dioxide; a known environmental pollutant both with respect to climate change and health. In fact, residents of local UK plants however still raise concerns over the current emission of gasses into the immediate environment in which they live. As previously mentioned as part of the SWOT analysis, there is a worldwide push to reduce CO2 emissions, none more than in the UK, with serious financial consequence for those who do not seek an approach to improve compliance. In line with Tata's commitment to CSR, Tata steel Europe have pledged to address this, with transformation of production processes reducing 30% of Co2 emissions by 2030 with the aim of achieving carbon-neutral status by 2045.

(Dutt, 2023) (Mukherjee , 2023)

Legal:

- Being a worldwide company, Tata Steel is subject to a number of international legal forces. Government instability and changes in political power present challenges to forward planning.
- Tata place a significant level of importance on Health and Safety, operating under their Environmental Health and Safety framework. Despite this, serious incidents still occur, such as the explosion mentioned above, resulted in a death, a stark reminder of the danger involved in the industry.

(Dutt, 2023) (Mukherjee , 2023)

FINAL GRADE

GENERAL COMMENTS

Instructor

72/100

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GRADING FORM: CSG-RUBIC

DAVID THOMAS

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RESEARCH-INFORMED LITERATURE



Excellent research used to support points and research for Tata status in the market place. Extensive list of referenced sources but no separate Bibliography. Citations used to identify sources throughout but sentence structure needs to improve with use of citations as part of sentence instead majority are at end of paragraph.

7

KNOWLEDGE AND UNDERSTANDING



Excellent knowledge of company with competitive business interests used to establish current position against data for China, Indian, etc. on a global scale. Discusses Porter's 5 forces, CSR, SWOT and PESTEL to identify influences.

22

ANALYSIS



Excellent knowledge of strategic issues and potential for future opportunities highlighted in SWOT and PESTEL analysis but could have identified 'Green Steel' as a direct macro level influence from EU intended to reduce import of cheap steel from China / India by 2030 as part of the Net Zero Agenda. Excellent analysis of strengths and weaknesses and external influencing factors in PESTEL. Very good identification of CSR and Lean manufacturing but a more in-depth analysis would benefit explanation of microlevel management of plant when linking strategy to mission and vision statement.

14

PRACTICAL APPLICATION AND DEP.



Excellent use of research and knowledge to identify fluctuation in steel industry and potential complications where production is expected to drop inline with demand from automotive industry, etc.

22

SKILLS FOR PROFESSIONAL PRAC.



Excellent layout and details. Improve use of citations in sentence structure. Report lacks depth for Lean manufacturing processes.

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