

The Bata Management System: An Introduction

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Abstract: *The making of footwear, one of the most ancient crafts, has a long history. The manufacturing of shoes represented a handicraft activity until the mid-nineteen century. In the late 1800s and the beginning of the 1900s, the footwear industry adopted the factory system and became increasingly mechanized. One of the most important footwear companies has been the Bata Company. Its economic success was based on the well-known Bata Management System that constituted the subject of a wide range of discussions and debates in the business literature. The aim of our paper is to render in brief the BMS. The methodological approach is literature review. Our paper has shown that BMS represents an effective and efficient management system that includes solid business principles.*

Key words: Bata, management system, footwear industry, company, business

JEL Classification: M1

1. Introduction

The making of footwear, one of the most ancient crafts, has a history of thousands of years. The manufacturing of shoes represented a handicraft activity until the mid-nineteen century, but in the 1750s the first so-called "assembly line" shoe-making was already established in Lynn, Massachusetts, where each shoemaker was "specialized in one task in production process" (Baudisch, 2006, p. 11). In the late 1800s and the beginning of the 1900s, the footwear industry adopted the factory system and became increasingly mechanized. Therefore, the making of footwear evolved into "a major mass production and distribution industry" (Moffett, 1941, p. 29) worldwide.

As mechanization progressed rapidly, footwear companies grew in size. One of the most important has been the Bata Company. Its economic success was based on the well-known Bata Management System (BMS) that constituted the subject of a wide range of discussions and debates in the business literature (Tomaščík, Hart and Strohmandl, 2014; Blahová, 2012; Mládková, 2010; Zelený, 2010; International Labour Office (ILO), 1930).

The aim of our paper is to render in brief the BMS. The methodological approach is literature review. Our paper is divided in three main sections. The next section deals with a short history of the Bata Company. The main features of the BMS are presented in the third section of the paper. The paper ends with conclusions.

2. The Bata Company: a short history

Tomáš Bata, a Czech entrepreneur, was born on the 3rd April 1876 in Zlín, Moravia.

The founder of the Bata Company showed a passion for shoemaking from his early childhood. He used to help his father, a venturesome shoemaker, and even produced by himself shoes for puppets. At the age of 14, his father appointed him the man in charge for all sales. He also sent Tomáš to other surrounding workshops to find out what type of machineries were used.

As his father refused to implement new technologies and to modernize the production process, Tomáš decided to start his own business with his two siblings, Anna and Antonín. They founded and registered T.&A. Bata Shoe Company on the 24th August 1894 in a rented house of Zlín. In spite of the lack of money, they were very enthusiastic and confident in the future of their future. Tomáš assumed leadership of the new company in 1895.

At the end of the XIXth century and the beginning of the XXth century, the Bata Company was among the first shoe manufacturers of the world. In less than ten years after its establishment, by using skilled workers and modern equipment combined with innovation, the company produced around 2,200 pairs of shoes daily. In 1904 and 1913, Tomáš visited the United States of America (USA) in order to study and understand the American system of mass production (Kudzběl, 2006). Influenced by F. W. Taylor and H. Ford, he decided to produce cheap shoes in large quantities for all people (Košíková, 2010).

Despite the difficult conditions of the First World War such as material and manpower shortages, the Bata's production rose up to about two million pairs per year by 1917. Until the war, the production and export of shoes around the world were

dominated by the most developed countries (e.g., United Kingdom, USA, Switzerland) due to their much greater productivity, which was a logical consequence of their managerial and technological advances. However, less developed countries (e.g., France, Spain, the Austro-Hungarian Empire) also succeeded to export shoes especially based on low labor costs. In the war period, the international footwear market suffered substantial changes because the military conflict highly stimulated the demand.

After the First World War, "the footwear industry was vigorously confronted with revolutionary changes and processes similar to those connected with Henry Ford in the automobile industry" (Ševeček and Jemelka, 2013, p. 15). A mechanized industry gradually replaced the manual production of footwear all over the world. In the mid 1920s, the world's biggest exporters were United Kingdom, USA, Germany and Czechoslovakia. In the early 1930s, Czechoslovakia became the world leader exporter in the international footwear market (Schnitzer, 1937). How could a small European country be so successful in a relatively short period of time? It was a simple explanation: the first half of the past century witnessed the transformation of the Bata Company into a big and modern business enterprise. In 1923, Bata "already had 1,800 workers and a daily production capacity of 8,000 pairs; eight years later the workforce was almost 20,000 and the production capacity exceeded 130,000 pairs per day" (Miranda, 2009, p. 9).

In the 1930s, the company started to expand overseas and had established itself as "a major international shoe firm with distribution and production units located in several different continents" (Swainson,

1978, p. 1). Thus, Bata created new companies in France, Austria, Romania, Sweden, Switzerland, Egypt, Belgium, Finland, Luxembourg, Hungary, Italy, Indonesia, Singapore and India. On the other hand, starting from Tomáš Bata's belief that business should serve the public, the company proved to be a socially responsible business organization (Šmida, Hrdinová and Sakaál, 2012). By building housing, schools and hospitals around the factory in its accelerated expansion phase, the company made Zlín an industrial town. The Bata School of Work and Management provided rigorous education and practical training for its employees. Also, Tomáš offered his employees the possibility to participate to profit sharing since 1923. Unfortunately, he died in a plane accident on 12th July 1932. Jan Bata, his uncle, replaced Tomáš as the head of the company.

The World War II abruptly interrupted the increase of footwear exports, especially from Europe. The 1950s attested the recovery of the global footwear industry. However, hard times came for Bata family as Communist governments from Eastern and Central Europe nationalized the company. T. J. Bata, the founder's son, decided to move to Canada where he set up the Bata Shoe Company of Canada. In the late 1980s, Bata Company became "the largest manufacturer and retailer of footwear in the world" (Bowal and Macleod, 2012, p. 47). Today, Bata remains one of the leading global companies in the footwear industry and sells its products in more than 70 countries.

3. The Bata Management System

Tomáš Bata succeeded not only in establishing a prosperous company, but also

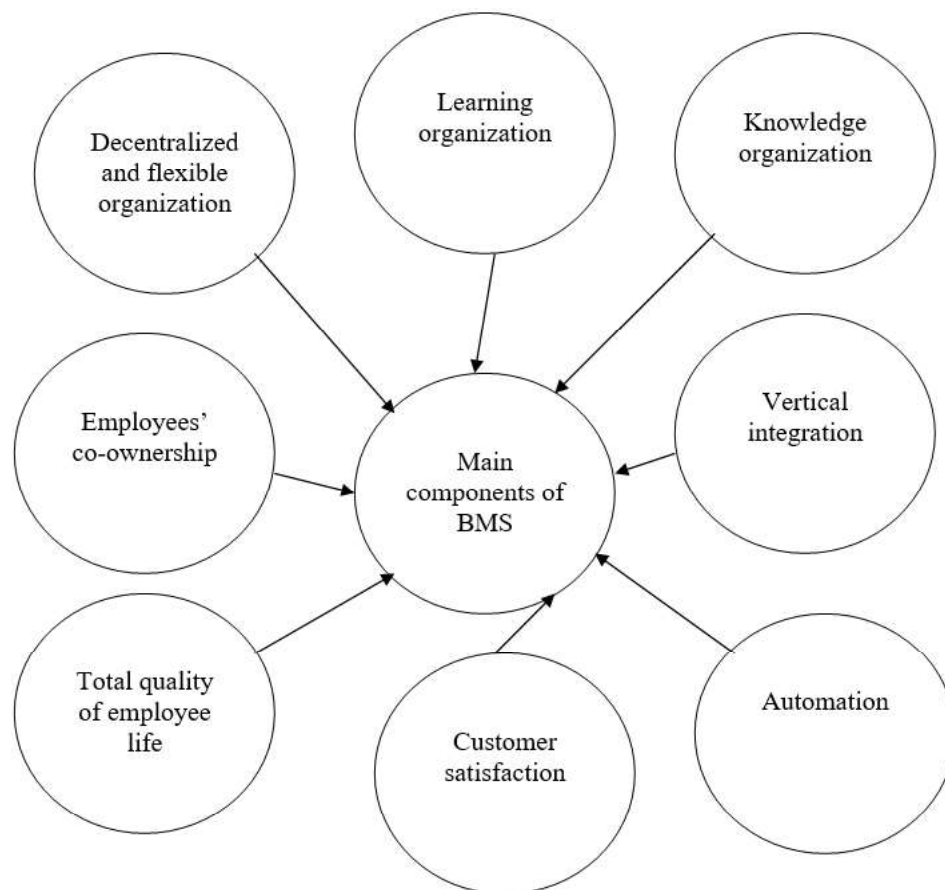
in creating, implementing and developing a viable management system within the business world. In the first half of the past century, the footwear industry was characterized by:

- the spread of machineries that had revolutionized the handcrafts tradition;
- the standardization of tools and working methods;
- the rationalization of production process (Tomašík, Hart and Strohmandl, 2014);

- the complex organization of the industry.

The BMS was based on “direct management executed by the owner of the company who decided on both important and small problems and officially did not delegate” (Mládková, 2010, p. 175) and integrated several main components (Zelený, 1988) into a whole functional system (Scheme 1).

Scheme 1. The main components of BMS



These main components provided the framework that enabled Bata to build and implement a his management system. The BMS encompassed ten leading principles (Table 1).

Table 1. The ten leading principles of Bata Company

No.	Dimension	Realization
1.	World class	Global benchmarking
2.	Cooperation	Partnerships and alliances
3.	Self-government	Private corporation
4.	Participation	Profit sharing
5.	Co-ownership	Employee capitalization
6.	Self-management	Shop autonomy, internal markets
7.	Co-entrepreneurship	Customer, internal and external
8.	Competition	Internal benchmarking
9.	Service to the public	Purpose of business
10.	Synergy	Balanced system of all dimensions

Source: Zelený, 2010, p. 107

Without any doubt, Bata put at the core of his management system the concept of efficiency (ILO, 1930), but he never forgot that his aim was to serve the society within the company operated (Žižlavská, 2010). In fact, all the above mentioned ten principles emphasized that the Bata Company constituted a living organization that was able to learn, adapt and change when the internal and external environment required.

In essence, the BMS comprised sound principles of business. It proved to be a highly competitive management system that allowed Bata Company to dominate the global footwear industry.

Conclusions

Since its foundation, the Bata Company has demonstrated a remarkable capacity to face the numerous challenges within the global business environment. The key factor of its success was its management system, created by the founder of the company.

In the last decade, the BMS has become an increasing debated topic in the business literature. Our paper has shown that BMS represents an effective and efficient management system that includes solid business principles.

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