The basic principles of Bata Management System as a tool for Corporate Social Responsibility development.

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Abstract: The great success of Tomas Bata the Founder business does not cease to fascinate current businessmen. Tomas Bata the founder was a phenomenal businessman who outdid many world famous businessmen. In spite of that, he is not a fully appreciated personality in our country and his Bata Management System has not been described thoroughly yet. A number of major Czech businessmen are devoted to studying the Bata Management System only privately and perceive it as their hobby. There has not been a publication introduced yet which would describe making use of the Bata Management System in the present. Our research is focused on a direct application of the Bata Management System. The research is based on the historical document analysis and the reports of the witnesses of the day who experienced the Bata Management System by year 1945. The data gained is discussed with professionals of practice and their application is connected with the needs of specific companies.

This paper presents partial results of research focused on Corporate Social Responsibility towards employees. The aim of this sub-research was to determine how Tom as Bata the Founder began to form CSR approach towards his employees and whether it is possible to apply these elements in the current business environment. Regard the fact that there are no detailed sources about function of CSR in Bata Company before 1945, our research is based on an expert analysis of archival documents of the company, on testimony and on phenomenological a biographical research.

Key words: Tomas Bata the founder, Bata Management System, Corporate Social Responsibility, Business philosophy, Employees, Customers,

1 Introduction
Cohen (2010) defines Corporate Social Responsibility (CSR) as: “A way of doing business that is based in ethical principles and structured management controls, and that takes into account social and environmental considerations alongside economic considerations when making business decisions, attempts to create positive impact on all stakeholders.” Important to notice, CSR as a management tool is not only a voluntary approach but manly, it is a strategy. This article focuses on CSR and its impact in employee satisfaction. Mullerat (2011) points out that CSR can increase employee satisfaction, which will result in delivery of higher and better quality service, logically leading into greater business success. He underlines his assumptions by the formula, which says that satisfied employee will positively influence customer satisfaction and repeat business. Allen and Wilbirn (2002) determine the drivers of employee satisfaction in five separate areas: Work, Pay, Promotion, Supervision, Co-workers. Urip (2010) states that the most still perceive CSR activities as: “A sort of discretionary favour granted to the community by business, and that such largesse is only appropriate after the company is well established, growing and profitable.” The author adds that CSR of this type results in a one-off direct benefit to the community and only limited impact in a term of benefit to the company itself. Coombs and Holladay (2011) believe that: “Being socially responsible necessitates a focus on business practices and the outcomes associated with those practices. Those outcomes are not merely financial; rather, outcomes include sensitivity to the impact on stakeholder on a voluntary basis.” Therefore, CSR should be driven by the organization’s vision and purpose. In the term of employee satisfaction, authors describe the fact that talented potential employees as well as current employees might find working with a socially responsible organization intrinsically rewarding. Cook (2008) defines a close relation between employees satisfaction and employees engagement. The author states that:
“Employee engagement is personified by the passion and energy employees have to give of their best to the organization to serve the customer. It is all about the willingness and ability of employees to give sustained discretionary effort to help their organization succeed. Therefore, employee engagement is more a psychological contract than a physical one. Considering these fact, engaged employee is very likely satisfied employee too. Wall (2008) sums CSR up by the statement that: “Corporate social responsibility is no longer an optional part of doing business. Long-term profitability, the most important responsibility of management, can only be assured by taking an active stance on CSR. Business needs to engage in the social and environmental problems of today, to ensure the viability tomorrow.”

Petzhold (2010) finds the basic thought of the concept in “believing “that modern companies should have their duties within the environment, not just to shareholders. In essence, the concept provides long term wealth to the company. CSR considers all stakeholders: Customers, employees, communities, government and environment too. Characterising and understanding CSR as a regulatory phenomenon is an important if somewhat distinct step from much of the discussion surrounding CSR (Sheehy, 2012).

2 Problem Formulation
Currently, only a small group of people focus on the research of Bata Management System. The greatest base for this research is on Tomas Bata University in Zlin. For example Professor Zeleny focuses on the research of the Bata tradition. He shows productive publication and scientific activity on this topic, Mrs. Professor Petříková, docent Gregar or Dr. Lešingrová. In spite of existence of the publication and scientific activity on the topic of Tomas Bata and the Bata Management System etc., there still does not exist any study, which would talk about a direct usage or application of the Bata Management System in the current business environment.

Therefore, our research aims at direct application of the Bata Management System on specific companies in such a way that it is possible to prove the success of putting this system into practice with measureable results. The research areas and questions were set after a direct discussion with companies, which were interested in putting the Bata Management System into their business philosophy. The result of the initial meeting with these companies was that the current business environment shows great interest in the implementation of socially responsible behaviour stemming from the experiences of the Bata Management System.

Historical data analysis is carried out as part of the research. These documents have been preserved from the times of Bata Company operating by the year 1945. It is needed to point out at the beginning of presenting our latest results that there does not exist any historical or current publication or research which would be bringing any compact piece of knowledge about the Baťa CSR by the year 1945 nor about the ways it functioned, sides involved, their impacts on co-workers of the company or the wide public of the Zlin’s area of the day. The goal of this research is to analyse historical documents of Bata Company, by the year 1945 and to describe the CSR of the day on the basis of this analysis and to find possible usage for the current business environment.

The company’s archive, in which the original documents related to the functioning of the company are stored, serves as a basis for the historical documents analysis. It is not an archive which would be owned by Bata Company but a state archive of the Czech Republic.

As mentioned previously, there does not exist any overall historical or latest research or a document describing the CSR of the company by the year 1945. Our research is therefore based on a thorough analysis of the historical data, which formerly served as directives, regulations, public notices, and notes from meetings of the day, historical newspaper articles, photography, personal notes and interviews with witnesses of the day as well as the literature of the day.

The research results bring gradually a complex description of the CSR of Bata Company by the year 1945 and its influence on its co-workers, the citizens of the town of Zlin, development of the town, development of the manager techniques and skills, system of control etc.

The objective of presented research is to find answers to the following research questions:

1. What were the basic elements of CSR care of employees in Bata Company before 1945?
2. Is it possible to apply these elements into the current business environment?
3. What is the opinion of employees before and after the application of selected elements of CSR approach towards the employees?
3 Problem Solution
The objective of the research is to analyse historical documents of Bata Company before 1945 and based on this analysis to identify possible implementation into the current business environment. Within the research we carried out the analysis of historical documents that have been preserved from the period of operation of Bata Company before 1945.

As the basis for the analysis of historical documents we used corporate archive of the company that stores all the archival documents related to the operation of the company. As it was already mentioned, there is no comprehensive historical and modern research and document that would describe CSR in Bata Company before 1945. Therefore, our research is based on a thorough analysis of historical documents, standards, regulations, and minutes of meetings, historical newspapers, photographs, personal notes and testimony of witnesses and the time period literature.

Results of the research sequentially brings a comprehensive description of CSR in the company before 1945 and its influence on the former co-workers, citizens of Zlín, town development, development of managerial techniques and skills, management systems, etc.

3.1 Methodology
The content analysis method is focused on a research of the historical documents of the Baťa Company Inc. related to the town of Zlín development in the first half of the 20th century. The archive documents are stored in the Moravian-country archive with a subsidiary in Zlín. This archive is specialized solely in archive documents related to Bata Company. Documents of daily character which the company used belong among the documents analysed. They are for example: transcripts of company sessions, internal regulations, memos, internal rules, norms, daily press of the day published by Bata Company and personal notes of the witnesses of the day. (Hendl 2005)

The oral history method is a very specific method when it is possible to describe the research problem by means of personal testimony of the witnesses of the day who have a personal experience with the subject of research. (Vaněk, Mücke, Pelikánová, 2007) As part of the studies of the Baťa history we have a unique opportunity to speak with the witnesses of the day who had the opportunity to experience the Bata Management System by year 1945. We are able to describe the Bata Management System by means of the witnesses of the day’s testimonies. Nowadays, there is the possibility to meet witnesses of the day in the Club of Baťa School of Work graduates which works within both the Czech and Slovak Republic and it unites the graduates of the Baťa School of Work for young men and women. Testimonies of the witnesses of the day and the historical data content analysis bring unique and unrepeatable findings to our research. (Vaněk, 2003)

3.2 CSR of Bata Company toward its employees before 1945
The company had a sophisticated system of employees’ care. This system consisted of social, health, cultural and educational areas. Many entrepreneurs are interested to implement certain elements of the Bata Management System into their business strategy and philosophy. However, the system in its whole scope might be elusive. This system evolved sequentially – from basic elements into complexity.

Bata Company before 1945 adopted the principles of „self-government workshop and „profit-sharing“. Each workshop operated as a separate department and it was responsible for its results. Employees had received weekly wages. The wages depended on the quality of output, there was a career system and each employee could use a range of benefits. The most known included Bata houses, further education, personal development, meal allowances, health and social care, laundry, social and cultural facilities, etc.

Bata Company before 1945 established many social, medical, commercial, cultural and leisure facilities and services for both, own employees and their
families and for all citizens and visitors too. Tomas Bata established Hospital and Town spa too. As a part of social services there were established homes for elderly, children homes, catering facilities, dormitories, etc. Complex employees’ care had been ensured by Bata Social Department. Thanks to the company and unlighted thinking of the founder, Zlin had become rich and cultural town and background. There were libraries, theatres, cinemas (the most modern and the largest in Europe at that times) and there were organized numerous cultural events several times a year. These events were primarily intended for employees of the company and the general public too. In the area of education, Bata Company and city of Zlín became very famous. The company develop a perfect education system just in 20 years, which become an inspiration for many foreign educational systems.

3.3 Application of basic principles of the Bata Management System in the current business environment.
The survey covered a total of five medium-sized companies (according to the number of employees, 50-99). We had 425 people participated. Before the start of the project, these people filled in the questionnaire focused on their satisfaction at their workplace. Consequently, we verified our investigation once again after three months period. More accurate results will be available later as the further testing will take its place one year after the project.
Into the current business environment we have implemented seven basic principles of Bata Management System, those which will not increase any costs for participating companies, but may increase the company’s performance and employee satisfaction. These principles are following (Fig. 1):

<table>
<thead>
<tr>
<th>Principles of the Bata Management System</th>
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<tbody>
<tr>
<td>1. We all are co-workers</td>
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<tr>
<td>2. Substitutability</td>
</tr>
<tr>
<td>3. Self-government of departments</td>
</tr>
<tr>
<td>4. Everyday overview of the company situation.</td>
</tr>
<tr>
<td>5. The co-worker takes part in the profit and loss.</td>
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<tr>
<td>6. A co-worker must be able to get to know his salary for every day.</td>
</tr>
<tr>
<td>7. A co-worker must know the possibility how to heighten his salary.</td>
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</tbody>
</table>

Fig. 1 – Overview of selected principles of the Bata Management System

I. We all are co-workers. Each of the cooperating companies started to use newly the term co-workers for their employees. You can never force anybody to be a colleague of someone if there is no mutual liking between him and her. As an employer you can ask everyone to be your co-worker. As part of the company strategy we are directed to one goal and so mutual cooperation is a must.

II. Substitutability-each one of us can be replaced. Every working position in any society must be fully substitutable. This is the way we avoided to be dependent on an individual but we depend on all co-workers who function as a working team.

III. Every department must be autonomous. The Bata Management System was built up on so called autonomy of workshops. Every workshop or department was autonomous and worked on its own. It had its own director or leader who was responsible for the results of its department.

IV. Everyday overview of the company situation. In Bata Company while Tomas Bata was there, it was quite common that he got an exact overview of the company situation onto his desk every day. We are also able to know exact numbers, which represent our current business situation.

V. The co-worker takes part in the profit and loss. All co-workers of Bata Company took part in the profit and loss. Everyone was responsible only for his work, which he was able to compensate financially.

VI. A co-worker must be able to get to know his salary for every day. Inspired by Bata’s transparent system of rewards we created a transparent information system with the usage of which is every co-worker able to see his salary for every worked day in the month.

VII. A co-worker must know the possibility how to heighten his salary or so to say: healthy competition towards a better result. In Bata Company every co-worker knew the possibilities how to heighten their salaries.

3.4 The results of application of selected principles in practice

The principles above were applied into each company individually. Access to policies was different for both – employees and employers. The questionnaire was focused to determine employers and employees would welcome the application of the Bata Management System principles. Each question was specified by the scale
answers. The scale was divided by points. Each company could get up to 100 point for each criterion. Result of 100 points represented 100% support for the implementation of the policy. The following tables and graphs show the difference between the approach of employees and employers. During the pilot study, 86% of interested employees stated that they would appreciate higher level of interest of their employers in the area of CSR. After introducing the principles of the Bata Management System, which should become the basis for the development of CSR in the field of employment policy, employers’ interest significantly raised up. We assume that many people still confuse CSR with the principles of charity and volunteering.

The table below represents the score of which the owners and managers of the companies assigned to the proposed principles, the score corresponds to the following scale (Fig. 2):

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>I Agree</td>
</tr>
<tr>
<td>0</td>
<td>I Disagree</td>
</tr>
</tbody>
</table>

Fig. 2 – Point Scale

The following table (Fig. 3) shows that most entrepreneurs, owners of companies and managers agree with the introduction of the principles of Bata Management System into their business strategies. Scoring of individual companies ranged from 65 to 91. Each principles of the Bata Management System are marked in the left column of the first numbers I to VII. and conform to the principles introduced in Chapter 3.3.

<table>
<thead>
<tr>
<th>Principles</th>
<th>Company 1</th>
<th>Company 2</th>
<th>Company 3</th>
<th>Company 4</th>
<th>Company 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>78</td>
<td>82</td>
<td>65</td>
<td>74</td>
<td>84</td>
</tr>
<tr>
<td>II</td>
<td>89</td>
<td>84</td>
<td>86</td>
<td>87</td>
<td>84</td>
</tr>
<tr>
<td>III</td>
<td>76</td>
<td>82</td>
<td>86</td>
<td>82</td>
<td>69</td>
</tr>
<tr>
<td>IV</td>
<td>74</td>
<td>78</td>
<td>84</td>
<td>82</td>
<td>86</td>
</tr>
<tr>
<td>V</td>
<td>50</td>
<td>89</td>
<td>86</td>
<td>84</td>
<td>91</td>
</tr>
<tr>
<td>VI</td>
<td>72</td>
<td>72</td>
<td>76</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>VII</td>
<td>70</td>
<td>84</td>
<td>84</td>
<td>80</td>
<td>79</td>
</tr>
</tbody>
</table>

Fig. 3 – Results from the perspective of employers and managers of the companies

Attitude of employers toward the proposed principles:

The following graph shows the point values in graphical form (Fig. 4):

Fig. 4 – Graphic illustration of the opinions of managers and entrepreneurs

From the perspective of employees there is an interesting fact that in the early part of the research have shown interest in CSR by the employers towards them as but later agreed to establish certain principles of the Bata Management System less than employers themselves. Expressions on certain principles of the Bata Management System bordered with an answer that does not agree with its implementation. These values were measured mainly at the principles, which implementation was associated with increasing performance and responsibility of employees (Fig. 5).

Fig. 5 – Employees’ score

The following graph shows the point value in graphical form:

Fig. 6 – Graphic illustration of the opinions of employees
4 Conclusion
Based on the charts above, we conclude that the employees perceive selected principles more sceptically than the employers. As already mentioned, we assume that this fact is due to misconceptions about CSR, which is still perceived as a charity. The employers would welcome the transparency that brings those principles. Based on the application of those principles it is continually possible to watch which employees has done more work and for what they are responsible.
All of the principles above (marked I to VII) were applied to selected companies individually. We measured the employee’s satisfaction and performance of each company. This measurement will be performed again at regular intervals in order to monitor the impact that the implementation of the principles deliver.

The answers to the research questions in this pilot study are following:
The first question is: “What were the basic elements of CSR care of employees in the Bata Company before 1945?” The question was answered by extensive historical research, which described the various elements in the Bata Management System in details. The research focused on the basic elements of care to the entire and complex system, sophisticated procedures, which have been used in Bata Company.

Based on the preliminary research, we found out that these elements can be applied in the current business environment, but the application itself must be always adapted to the specific circumstances of any individual company.

The third question: „What is the opinion of employees before and after the application of selected elements of CSR approach toward employees?” The answer we determined is that there are differences before and after implementation. Before the implementation, employees had a great interest to improve their working position and status. After further learning of the principles, they were not too supportive for the changes. Their perceptions on the implementation of the principles were very borderlines. This reality is due to fact that employees would appreciate greater benefits and care, but do not like going through changes or they are unwilling to work more, more responsibly and more transparently. On the contrary, at the preliminary research the employers were not interested in changing their attitude towards their employees. After presenting the concrete steps, these principles were gladly accepted. The research also showed that employers are willing to increase company benefits and care of employees in exchange of higher responsibility and transparency. Specific research results – the effect on profit of the company and employee satisfaction will be known after subsequent measurements after a certain time. Currently, the research continues, so that all applied principles will be adhered.

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