

# Bata

## Local people should run the operations in each country.

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*Canadian operations* Bata is a shoe manufacturer and retailer. It was originally from Czechoslovakia and moved to the United Kingdom just before the Second World War, before finally settling in Toronto in 1950.

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*Dutch activities* Bata always had a strong presence in Europe. The European operation in the Netherlands was established in 1932; the U.K. and French operations were set up during 1932-34. Bata Nederland reports to a European head office in Paris.

Bata manufactures safety shoes for industrial and military use, as well as socks. It also distributes protective clothing for an American company. From the Netherlands, Bata distributes these product lines all over Europe.

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*Lessons to be drawn* **Financial reporting is centralized.** Financial reporting is standardized with weekly and monthly reports to the Canadian head office.

**Local operations are run by nationals.** As an organization, Bata believes that operations in different countries must be run by locals who are best able to understand their market. Experience has shown that joint Canadian management in a foreign subsidiary is not workable because reporting and authority structures are not clear.

**The best way to bridge cultural differences is through managers with North American experience.** Hiring locals who have experience in North America, and hence a good working knowledge of the English language, solves the problem caused by the various languages spoken in Europe and the differences in doing business on both continents.

**Social costs are high in Europe.** Every aspect of hiring personnel is more costly in Europe compared with Canada.

**Europe is a fragmented market.** Features of the market for shoes, even industrial shoes, are very different in each country in Europe. Each country has technical norms that must be adhered to and taste varies across Europe. Therefore, even if the total European market of 375 million people may appear large, it is composed of a cluster of small markets.

**The European market has a protectionist streak.** The European mentality is fairly protectionist and will always be tempted to favour a local manufacturer. Bata has been very successful in building a strong local image for its operations.