

Report On
Importance of different accounting costing methods for cutting costs of Bata Bangladesh Footwear Production, Retail Stores and Warehouses

By

Rafi Ahmed
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An internship report was submitted to BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration.

Bachelor of Business Administration

BRAC UNIVERSITY

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Rafi Ahmed
Student ID:18304034

Supervisor's Full Name & Signature:

Dr. Md. Kausar Alam
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Md. Kausar Alam
Assistant Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Internship Report Submission

Dear Sir,

It gives me great pleasure to present my Intern level position and share details about “Importance of Different accounting methods for cutting costs of Bata Bangladesh Retail Stores and Go downs” for which I was assigned by your direction. I've done my best to finish the report with the most important information and recommendations in the most compact and thorough way feasible.

I am confident that the report will meet your desires expectation.

Sincerely yours,

Rafi Ahmed
Student ID:18304034
BRAC Business School
BRAC University
Date: January 10, 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between Bata Shoe Company (Bangladesh) Ltd. And Rafi Ahmed (Student ID-18304034) of BRAC Business School of BRAC University, undersigned student at BRAC University to undertake the internship project described in this report based on the assurance of avoiding the unapproved disclosure of any confidential data of the organization.

Acknowledgement

The report titled as “Importance of Different accounting methods for cutting costs of Bata Bangladesh Retail Stores and Warehouses” needed continuous support and advise from my Supervisors (Both from BRAC University and Bata). It was from both the supervisors the support and instructions that has inspired me to prepare an effective and efficient report.

Firstly, I want to show appreciation to my academic supervisor Dr. Md. Kausar Alam. I really honor the effort and how well organized you were throughout the entire Internship report development process work. Moreover, Dr. Md. Arif Hossain Mazumder co-supervisor were always supportive towards preparing my internship report. Whenever I got confused on the Internship report writing issue both the supervisors were supportive and coordinated effort of them helped me to write an effective and efficient report on my internship,

Secondly, I would like to delimitate honor to my supervisor, Mrs. SK. Fatima Bintay Nowsher (Executive, Real Estate) at Bata Shoe Company (Bangladesh) Limited. I feel honored to get a supervisor like her. I appreciate the effort of my supervisor who taught me valuable industry information and learn those things in the time of my internship at Bata Shoe Company (Bangladesh) Limited. Thanks to you for treating me as a colleague and be the member of Bata-Real Estate. I feel lucky that I got a very proactive mentor and thanks for trust on me and understanding my potential skills.

Finally, I express respect to Md. Gias Uddin Biswas (Head of Real Estate-Bata Bangladesh). Thanks for the daily instructions and guidelines. Your instructions and guidelines helped me to adopt with the corporate culture. You have treated me as a part of group member rather than traditional intern. You have taught me about the products the Bata Shoe (Bangladesh) Company offer and functions of Bata-Real Estate. It wouldn't be that much easy to learn the profitability analysis of Bata retail stores and warehouses without your guidance.

Executive Summary

As a mandatory report for completion of the Bachelor of Business Administration (BBA) degree, this report has been prepared after a 3 months internship at Bata Bangladesh on **“Importance of different accounting costing methods for cutting costs of Bata Bangladesh Footwear Production, Retail Stores and Warehouses”** The responsibilities and works assigned for me as the intern of Real-Estate department of Bata Bangladesh is described as well as learnings, advantages, disadvantages received through the internship time. The objective behind preparing this internship report is to perfectly analyze the process and usefulness of cost accounting methods in department of Real Estate-Bata Shoe (Bangladesh) company and its overall influence on organization footwear production, retail stores, warehouses. In this report, I tried to find out the contribution of different cost accounting method and compare the methods with existing cost accounting method to reduce the costs in footwear production, retail stores, warehouses and increase efficiency. Bata being one of the global and leading footwear company having already practicing with proficiency in using cost accounting methods but it’s trying to improve every day and using updated accounting methods in producing and operating in Bangladesh. Bata is an established brand all over the Bangladesh and in different nations too, one of the well-known leading footwear manufacturers in Bangladesh based on its manufacturing capacity, brand value, market share, revenue position. Some predicted figures and amounts are found from the company’s insiders for giving depth view of the cost accounting methods usefulness. In the time of my internship, I suggested in different types of accounting practices to use for cutting the overall costs in manufacturing, overheads, designing in stores. I had got the chance to know how to prepare profitability analysis sheet of the stores and warehouses of Bata Bangladesh but there are some misstatements for analyzing the profitability sheet which I tried to address in this report. A survey from 20 employees is taken to get in depth knowledge about the cost accounting methods used in Bata Bangladesh. Moreover, I found ways to improvement which Bata Bangladesh can emphasize found from the survey. Anyone who wants to know about effective profitability analysis function to gain knowledge might find this report as beneficial.

Table of Contents

Declaration	2
Letter of Transmittal.....	3
Non-Disclosure Agreement	4
Acknowledgement	5
Executive Summary	6
Table of Contents.....	7
List of Tables.....	Error! Bookmark not defined.
List of Figures	Error! Bookmark not defined.
List of Acronyms	9
Glossary	Error! Bookmark not defined.
Chapter 1 [Overview of Internship]	11
1.1 [StudentInformation]	Error! Bookmark not defined.1
1.2 [InternshipInformation]	1Error! Bookmark not defined.
1.3 [Internship Outcomes]	12
Chapter-2 Organization Part.....	15
2.1 Introduction	15
2.2 Overview of the Company.....	19
2.3 Management Practices.....	25
2.4 Marketing Practices.....	28
2.5 Financial Performances and Accounting Practices.....	34

2.6 Operations Management and Information System Practices-----	45
2.7 Industry and competitive Analysis-----	48
2.8 Conclusion-----	52
2.9 Recommendation-----	53
Chapter 3 [Project Part]	53
References	78
Appendix A.	80
Appendix -B-----	81
Appendix - C-----	82

List of Acronyms

BD	Bangladesh
SAP	ERP system
HOD	Head of department
MNC	Multinational Corporation
HR	Human resources
LO	Land Owner
CSR	Corporate social responsibility
UPS	Upper Cutting System
LPS	Lower Cutting System
ABC	Activity Based Costing
JCS	Joint Costing System
PCS	Process Costing System

RSP

Retail Sale Price

SC

Standard Costing

NSP

Net Sale Price

Overview of Internship

1.1 Student Information

Name- Rafi Ahmed

ID-18304034

Program – Bachelor of Business

Administration

Major - Accounting

1.2 Internship Information

1.2.1 Period – 10th Oct,2022- 10th Jan,2022

Company Name – Bata Shoe Company
(Bangladesh) Ltd.

Department – Real Estate of Bata

Address -Tongi, Gazipur, Dhaka

1.2.2 Internship Company supervisor's Information

Name and position – SK. Fatima Bintay Nowsher, Executive -Real Estate of Bata

Bangladesh

Executive – Real Estate

1.2.3 Job Responsibilities

Update the database related to sales, profitability ratio, rent per shop, lease monthly,
Rent per square feet per shop.

Meet with landlords regarding the performance of retail stores, agreement terms, cash
transaction.

Write the agreement letter, Renewal latter, Termination letter.

Make the scanned copy of agreement, certification of deduction of tax, rent file.

Responds to questions arisen from the landlord (land owner) regarding agreement terms,
rent, sales, commission.

1.3 Internship Outcomes

Understanding Ethics and Etiquette at workplace

Expertise and capabilities in communication at workplace

Importance of time management

Gathering knowledge about corporate culture

Skills to solve problems critically

1.3.1 My contribution to the company

Though it's went through few of the process to work as an intern in Bata Bangladesh. Finally, I made the process easier and selected as an intern on Bata Bangladesh. Boss wants to work as a team in Bata Bangladesh to increase the productivity and efficiency. Boss explained the works at Real Estate-Bata Bangladesh like doing agreement drafts, preparing profitability analysis by excel, preparing rent schedule and asked whether I understand those tasks or not. If I had not enough knowledge about using excel functions and doing Microsoft office works at Bata Bangladesh I wouldn't be chosen.

1.I contributed to write and do the agreement which is a deed paper that discusses the terms and conditions of between landlords (Owners of Bata store space) with Bata Bangladesh and makes the agreement process easier by giving knowledge to understand the terms like (Joint venture, Rent, Lease, Profit sharing by phone call to Landlords).

2.I worked on many documents making like (Renewal letter, Termination letter, Advance related letter etc.) that removed workload from them.

3.I got few chances to meet with few of the landlords and managers of store to discuss about the sales analysis and way to increase sales.

4.I worked with boss on cash flow statement and profitability analysis.

5.I worked on many activities offered by real Estate-Bata Bangladesh like visiting the stores, Visiting the factory, Visit the Product and development unit etc. that gave me proper idea about the work at this department.

1.3.2 Benefits to the student-

Experience: In the professional resume and CV internship offer very much detailed knowledge about the industry and works at real life scenario in companies.

Inquiry: Internship offers the chance to explore a person's area of skills and interest to work because an intern works in a company with real life data and scenario that helps to explore a person rather than academic exploration.

Networking: By the internship program working with colleagues, clients and vendors as well as with customers it gives the chance to increase the networking.

Income: The majority of the Companies offer the paid internship opportunity for subsisting a student.

1.3.3 Difficulties (faced during the internship period)-

Not very much relevant work with my major

Asking any query is challenging

Working in a new corporate culture

Communicating with all other departments

Understanding company procedures and few of the critical function

1.2.4 Recommendations (on the Bata Bangladesh for the Future interns)

Be connected with the students-The students should be connected with the department employees so they can help to get a job and increase the connectivity also learn the concepts from them.

Meaningful tasks- The works those are effective for the company's growth and prospects should be given to interns so that they can contribute to the organization growth and make a contribution in the company's influential part.

Skill Development-A three-month internship program gives a student chance to develop his or her skill by working under any organization and that gives the chance to grow the student's capability and skills.

Helping students by companies to grow themselves – The companies should be much more focused towards the interns so that they can adapt with the organization culture and show the skills at work.

Networking and nurturing – The internship not only provide depth knowledge of practical works but it also offers the opportunity to connect with people and increase the network with people who are working in different organizations.

Organization Part

2.1 Introduction



History of Bata Shoe Company

The world-famous businessman Mr. Tomas Bata, who started remarkable change in the footwear industry in 1894, started the Bata footwear manufacturing company in Czechoslovakia at now known as Czech Republic, served as the founding place for this company. Since, then Bata Shoe company has been the world's largest footwear manufacturing company. Bata mainly has manufacturing facilities for shoes, tanneries, engineering facilities, testing lab for quality assurance also product development and research development workshop (Frank and Gody, 2013).

Bata Shoe Company (Bangladesh) Ltd In the year 1962, the Bata Shoe Company started its operation in Bangladesh. The corporation mainly was established in 1972. The largest manufacturing footwear company is tagged to Bata Shoe Company because of its reliable and durable quality. A good looking and better quality of shoe is a must product to make you look good towards in front of people. Bata has a variety of shoes collection for different group of people in more than 70 countries the collections are for men, women, children also for the sports group. Famous brands supplying footwear products like Bata comfit, Marie Claire, Scholl, Nike, Bubble gummers, Weinbrenner, B'First. The Bata shoe company is able to sell its products to different consumer segment with good brand value because of its unique designs and quality, durability, promoting well-known brands of shoes. Bata is operating with good market share not only in Bangladesh but also in other countries with efficiency and effective products for more than 12 decades. The research development unit of Bata working with the concept history of innovation to come up with new shoe materials and use updated technology to produce footwear products those are stylish and comfortable to wear (Hossen and Hossain, 2018).

1. Collected from [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(13\)60318-9/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(13)60318-9/fulltext)
2. Collected from https://www.researchgate.net/profile/Dr_Md_Yeamain_Hossain/publication/325881986

Bata shoe Company (Bangladesh) focuses mostly on the customer satisfaction from the start of its operation of doing business. The company focuses deeply to supply products with higher quality, durability, reliability to satisfy customer to make a global family of happy customers and committed employees. The practice of this company is motivational to the world society for the development of country (Karim , 2007).

Mission

- To help people look and feel well.
- To be the customers destination of choice.
- To attract and retain the best people.
- To remain the most respected footwear company.

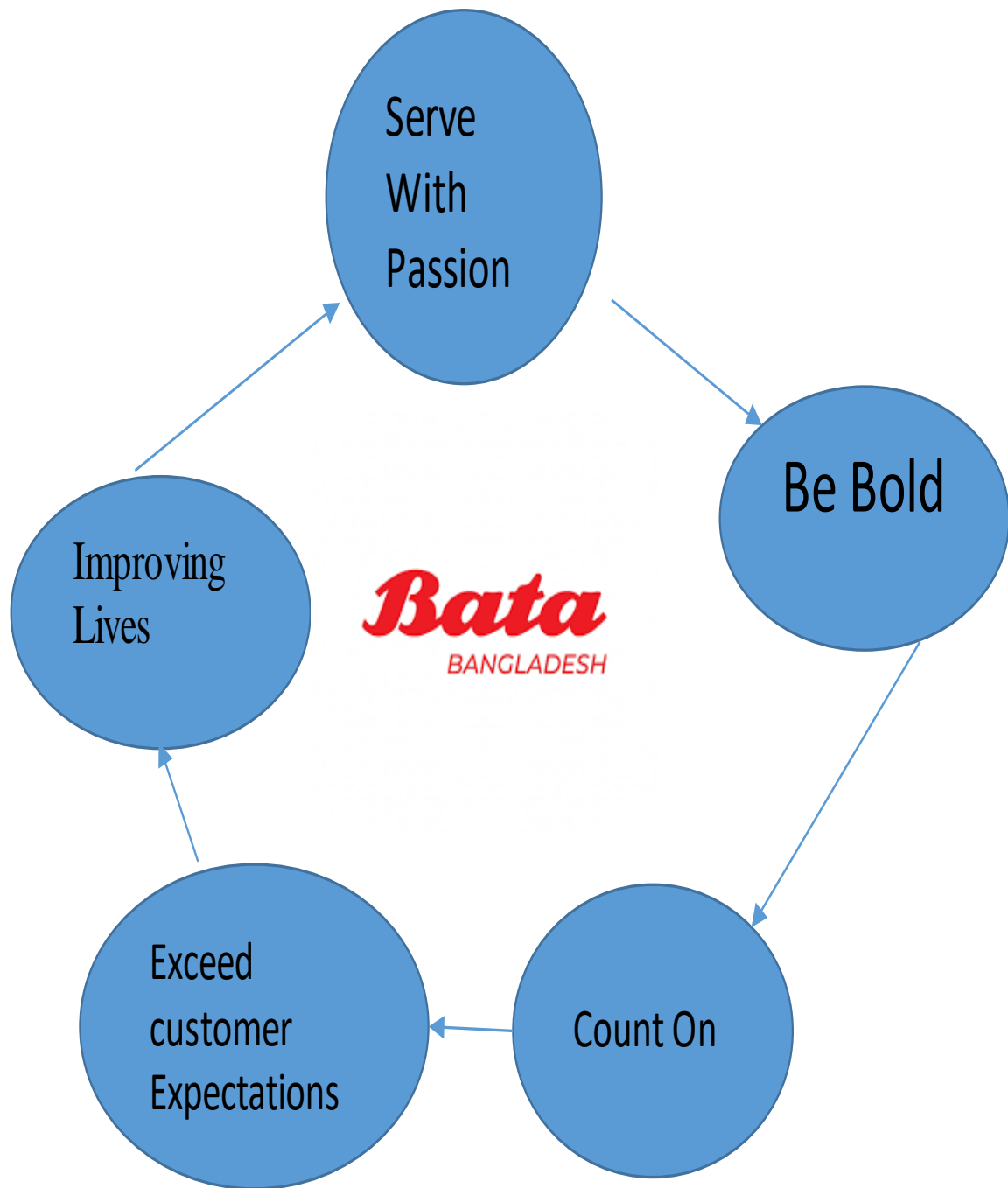
Vision

To make great shoes accessible to everyone.

Values

The Bata Shoe Company focusing on providing higher quality shoes to build a long-lasting relationship and make loyal segment of customers. The Bata has become the number one choice for shoes towards the customers and focusing more on customer's satisfaction to survive in the long run.

3. Data collected from <http://lib.buet.ac.bd:8080/xmlui/handle/123456789/2038>



4. Main Ideas to follow by Bata Bangladesh developed by Author.

5. <https://www.batabd.com/>

2.2 Overview of the company

In 1962, Bata started to operate in Bangladesh. At present, Bata has two manufacturing plants in Tongi and Dhamrai of Bangladesh. These two plants are able to produce 160000 pairs of shoes every day. Currently, Bata is able to sell 30 million pairs of shoes sold yearly. The company has daily production capacity of 110000 pairs of shoes with two manufacturing facilities with the updated technological equipment also it has a tannery system that can process 5 million square feet of leather yearly. Focusing on the sustainable environment the tannery has an advanced effluent treatment plant for providing clean and healthy environment for customers, employees, supplier's etc. Bangladesh's regional headquarters are located in Singapore (Hossen and Hossain, 2018).

The company's corporate social responsibility is one of the most prominent parts for the development of external shareholders and the community at large. The CSR activity Bata Company does financial aid to disabled people, sponsorship and donation to tackle environmental issues, scholarship program, charitable contributions etc. Bata always tries to contribute for social development. Moreover, Bata has CSR activities some of which are attached with other nonprofit and philanthropic institutions. In rural areas more than 2000 rural women are receiving assistance from Bata, collaborating with CARE, that's why they can have a chance to launch their own business selling shoes door to door in Chittagong division, Comilla and Rajshahi (Quazi and Rahman et al, 2007).

6. Collected from https://www.researchgate.net/profile/Dr_Md_Yeamin_Hossain/publication/325881986

7. Collected from <https://ro.uow.edu.au/commpapers/2983/>

Bata Shoe Company (Bangladesh) Ltd mainly focuses on meeting the customer's expectation and provide service with footwear products that satisfy the customers need. The history started from Tomas Bata and it's continued to provide better quality products and services to customers for making a global family of happy consumers and committed employees. The journey of Bata is in safe hand about 1500 regular and effective employees made of Bata Bangladesh. All of these employees are committed to the organization and working for the benefits of the Bata Bangladesh. In recent time, more than 200 new designs have recently been designed by Bata Bangladesh for the various segments like men's, women's, children's and for newborn babies (Hasan and Fuad, 2019).

Bata Business

Bata is a kind of business that's unique itself because of its quality and better service. Bata focuses on providing its superior service to its customers whenever they want to buy Bata footwear products whether it's in retail shop or online and wholesale. Bata focuses on making different customer experience so that satisfy the customers need and strong relationship with customers is made.

• Retail

Bata is manufacturing shoes for satisfying customers changing needs and demands. For fulfillment of different demographics people and lifestyles need the Bata has created the Retail store concept. Bata Bangladesh has more than 230 retail stores having over 63 cities of Bangladesh. Effective Retail stores or shops sell products like apparel, shoes and items (like Shocks, Belt, Beg, Shoe color) that go with the footwear products. In retail store Bata has 3 stores concept 1. City Store 2. Family Store 3. Clearance Store.

8. Data collected from <http://dspace.bracu.ac.bd/xmlui/handle/10361/12204>

9. Data collected from http://dspace.bracu.ac.bd/xmlui/bitstream/handle/10361/17100/17104130_BBA.pdf?sequence=1

City store sells footwear products to target with premium products for high profile customers along with the regular segment of customers. The city store sells updated footwear with premium quality along with accessories like Belt, Bags and shoe caring related items like shoe color, Brush, polishing brush. Bata has approximately 70 city stores all over Bangladesh and the city stores offers few of the footwear items that's not sold in family stores of Bata.



Picture: Comilla City Store.

10. Picture collected from Comilla City store Facebook page.

Family store mainly target the mass consumers segment and on the income range of mid-level to below that. In family stores multiple shoes and accessories are offered for selling to target broad amount of consumer group. Bata currently has more than 163 family stores all over Bangladesh. The concept of Family store is good to have in country like Bangladesh because the Bangladesh is a country of developing nation and more of the people have income in middle range and below that.



Picture: Bogura and Comilla Family store.

11. Picture Collected from Bogura and Comilla Family Stores's Facebook page.

Clearance store is also a part of the retail store that sales footwear products of Bata at a huge discounted price. Bata with its two manufacturing plants in Bangladesh 1. Tongi 2. Dhamrai manufactures huge amount of footwear products so it's common to have defected products. Defected products and shoes those are kept more than 12 months in warehouse are sold in this store at a huge discounted price. Clearance store is beneficial for the people of low earnings because they can buy the Bata footwear products at a low price compare to the city and family stores.



Picture: Bata Bangladesh Clearance store's Front View.

12. Picture Collected from Bata Bangladesh Clearance store's Facebook page.

- **Manufacturing**

The initiative of industrialization process from the Tomas Bata's unique commercial idea. The process of making world's leading footwear company was from started and successful because of this way of thinking from Tomas Bata's idea. Bata Shoe organization (BSO) has achieved significant success in manufacturing of athletic footwear, Slush-molded footwear, PVC, DVP (Direct Vulcanization Process), and PVC.

- **Wholesale**

Bata Shoe Company (Bangladesh) Limited has 13 depots all over Bangladesh of those 7 are located in East zone and 6 depots are located in west zone. Depots under East zone cover Dhaka-1, Dhaka-2, Mymensingh, Rajshahi, Dinajpur, Bogra and Ishurdi all are falling under the East zone. On the other hand, Chittagong, Sylhet, Comilla, Khulna, Barishal and Faridpur these are falling under West zone.

Wholesale function mainly operated by Dealers. There are two categories of dealer's exists-1.DSP (Dealer Sales Program) and RWD (Registered Wholesale Dealers).DSP dealer sell the Bata footwears and accessories in the areas where Bata doesn't have any kind of retail shops. So, the DSP dealers sell products in remote areas and small towns.

On the other side, RWD dealer's sell the Bata footwears and accessories along with footwear products from other brands. The similarity between these two dealers exists on the point that they both buy Bata shoes and accessories at commission. They are basically given specific target to achieve. If both of the dealers able to achieve more than the target there are certain incentives available for the dealers from Bata Shoe Company (Bangladesh) Limited.

13. Data collected from <http://www.batabd.com/>

In the whole year, incentives are given to them in three segments that include a quarterly, yearly and monthly. Depending on the performance and growth of Bata dealers are named as VIP, VVIP and VVIP+. Recent data says that east zone contributes more than the west zone.

• Product development and brands

The Bata Shoe Company is known for its high quality and affordable price over than 70 countries. Whether its Canada or Bangladesh the quality remains same and the quality is inspected by High quality control management in every stages of production and the company tries to add value for customers at every stages of supply chain. Bata Shoe Company spent huge amount of time and money on research and develop unit to improve the quality also come with good looking designs. Bata is working every day to come with designs and products that goes with customer preferences, needs, and styles.

• E-Commerce

For establishing itself as the well-known and convenient brand to sell products. Bata has merged itself with Daraz.com to sell their products. Daraz.com acting as the 3rd party to sell Bata footwear's. Products and accessories. Then, it launched -www.batabd.com 26th of February, 2016. Moreover, Bata has its own E-commerce site (Batabd.com) from which they are conducting their business with four other E-commerce vendors named as Kiksha.com, Ajkerdeal, Daraz.com and Bagdoom.

14.Data collected from <http://www.batabd.com//>

15.Data collected from https://cdn.shopify.com/s/files/1/2287/9679/files/Annual_Report_2021.

2.3 Management Practices

In Bata a worldwide process of organizational leadership is followed. As a worldwide company, it must follow specific rules and regulation regarding the recruiting and selection process. In Bata general managers and directors of different departments are chosen internationally. Any individual employee from specific department who exposes strong leadership qualities often chooses as the director or general manager of that department. The employees who perform well in any specific region under Bata can be appointed to serve Bata globally in other countries. As a result, there is a high chance of growth in Bata as an employee and contribute for the organization. The management practice is organized and democratic in every department of Bata for that the company is able to operate with good brand image and proficiency globally.

Moreover, the human resource division is very much collectively focused with selecting the best applicant for each department position. The human resource division remains fair to select any employee whether it's in stores or in corporate office. The employees from Bata is hired from many of the social media sites and websites, linked in. The employees are hired when all of the paperwork is done. The salary of employees paid is competitive based on the other similar companies operating in similar industry.

On the other hand, Real Estate department of Bata Bangladesh is working with collaborative effort to do the agreement of Bata stores, depots, godown in perfect manner. Real Estate department tries to ensure the profitability analysis, Cash flow statement, memorandum, deed etc. are made in an appropriate and right way. The department tries to answer every query and question from the landlords, store manager, supplier so that the parties understand the terms and no confusion exists.

16. Data collected from <http://www.batabd.com//>

Moreover, The Real Estate team goes on visit to analyze the new store condition or existing store condition to understand their performance and whether the (stores, depots, Godowns) maintaining the agreed terms or not. Then, they give fair judgments regarding that (stores, Depots, Godowns) condition.



The picture shows the line up on the management team for the Bata Shoe Company (Bangladesh) Ltd in 2021.

17. Picture Collected from the Annual Report of Bata Bangladesh (2021).

18. https://cdn.shopify.com/s/files/1/2287/9679/files/Annual_Report_2021.

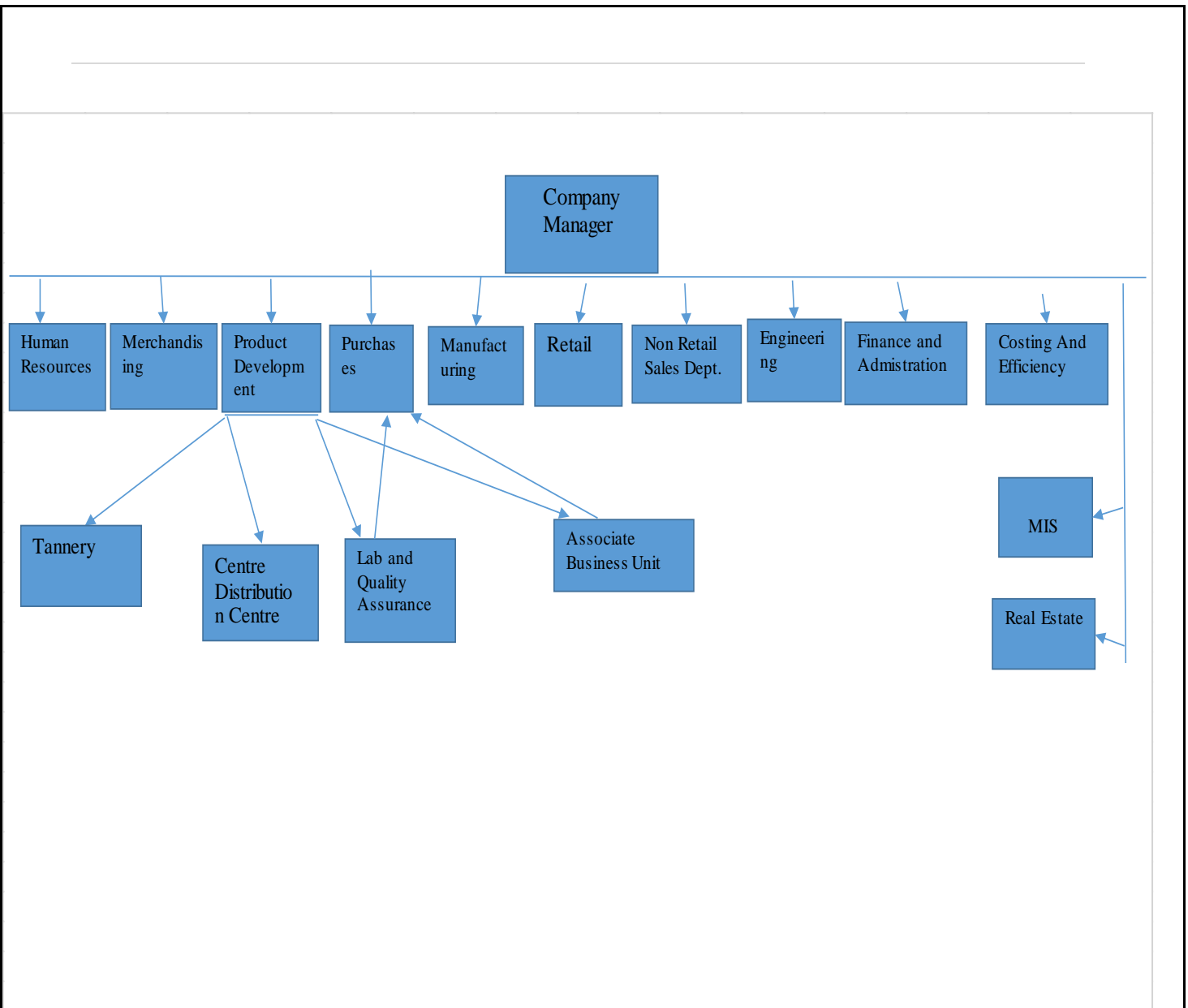


Figure -1: Departments of Bata Bangladesh

19. Developed by Author.

20. https://cdn.shopify.com/s/files/1/2287/9679/files/Annual_Report_2020.

To run the organization effectively the Bata Bangladesh has 12 separate departments working together. The departments are connected to each other for better performance because it's a multi-national company.

2.4 Marketing Practices

One of the well-known marketing concepts is “Marketing mix”. It has four components known as the fundamental core concepts of business 4 Ps. The four Ps are product, price, place and promotion. These 4 concepts are basic concepts and strategy to have for any kind of business. Bata implements every year unique and relevant marketing strategy related to its industry, those become effective and efficient to increase the sales of Bata Shoe Company (Bangladesh) Ltd. The marketing department of Bata Bangladesh working every day to understand the four Ps and implement relevant marketing strategy.

A) Marketing Strategy

Bata Bangladesh manufactures shoes and footwear accessories related to different lifestyles group and attract new also targeted market segments by relevant promotional campaign.

For increasing the distribution efficiency and performance, numbers in the lines, shoes collection and quantity for every store are calculated based on the item specification and store profile.

They identify and eliminate less value adding cost structure to reduce cost also for increasing production efficiency.

Bata do depth analysis of product manufacturing cost to reduce cost and increase the profit margin.

Detail study of customers design and demand also following modern trend to manufacture shoes and footwear accessories.

B) Target customers, targeting and positioning strategy

Product

Bata is a well-known footwear brand with a variety of shoes, sneakers, shocks, accessories and other footwear options for potential clients in the current market. There are many options for Men's including sandals, sneakers, shocks. Bata stores include more women's footwear, children's footwear and many other stylish pair of shoes. Nearly half of the products by Bata Bangladesh are imported and sold by franchises. Moreover, Bata has many international brands footweares in its product line.



Figure -2: Bata Brands

21. Bata Brand data collected from [http // www.batabd.com/](http://www.batabd.com/)

Price

Bata follows the value-based pricing strategy on selling products so that the customers remain happy of what they paying for buying a product from Bata Bangladesh. Bata sets a price and a profit markup based on its quality and value of its products. The high-quality products and premium category is sold to target niche market segment. Bata shoes are seen that they are differently priced accordingly to its location, men, women on the demographic characteristics.

By price

Under	TK.1000
TK.1001	TK.1500
TK.1501	TK.2000
TK.2001	TK.3000
TK.3001	TK.4000
TK.4001	TK.5000
Above	TK.5000

Table – 1 Product Price range

22.Developed by Author.

23.Price range collected from [http// www.batabd.com //](http://www.batabd.com//)

Placement

Bata Bangladesh has more than 230 retail stores over 63 cities of Bangladesh. The retail stores are perfectly positioned in the whole nation. A strong depots network and dealers support making the strategic control of retail stores easier.

The retail stores are established keeping mind of several market segments, life-styles, trends. Physical distribution process starts when the raw materials are collected and supplied to the factory located in Tongi and Dhamrai manufacturing process begins there. After that, the finished goods those are done with the manufacturing process are sent to Tongi's CDC (Central Distribution Center). For the stores or wholesalers and agencies different approaches taken by Bata to effectively operate the operation. The footwear products of stores and agencies are sent to store headquarters the stores and agencies receive from them. On the other hand, products of other stores and businesses are delivered to one of the 13 depots situated all over the country. Bata Bangladesh has franchise stores and outlets too.

The Bata Bangladesh mainly established the stores and godowns based on customers demand, taste, lifestyles, and income segments. This way Bata Bangladesh established two aspects of stores especially in Bangladesh.

• City Stores

Bata has almost 70 city stores all over Bangladesh for selling footwear products to high profile customers along with the regular customers. The city stores have unique collection of footwear products that is not available in family stores. These shops are mainly established in highly crowded area where premium segments of footwear sold with extensive care by Bata Bangladesh.

• Family Stores

The Bata is known as the largest family-owned Shop Company and it has approximately 163 family shops all over Bangladesh. Family stores are mainly made to target the mass consumers segment from middle-level income to below that also have huge shoes and other accessories to offer. In the Bata family stores different brands of shoes and accessories are sold under Bata umbrella.

Promotion

Bata didn't focus on aggressive marketing campaign to promote its brand because its retail stores are located in a perfect manner the stores are itself promoting its brand. On the other hand, Bata serving as the cricket team of Bangladesh as official gear sponsor. However, Bata has taken few effective promotional campaigns in Bangladesh:

- “Surprisingly Bata” is the slogan of the company.

- TVC

- Promotional activity at social media.

- Fashion exhibition and promotional activity against competitors.

- E-flyers on the web, show cards, x-banners.

- Providing vouchers to loyal segment of customers and BATA club is one of the top performing promotional activity of Bata.

Some of the promotional Activity taken by Bata Bangladesh-



Figure-3- Promotional Activity of Bata Bangladesh

24.. Data collected from <http://www.batabd.com/>

2.5 Financial Performance and Accounting Practices

Current Ratio			
2018	2019	2020	2021
2.01	2.34	2.00	1.90

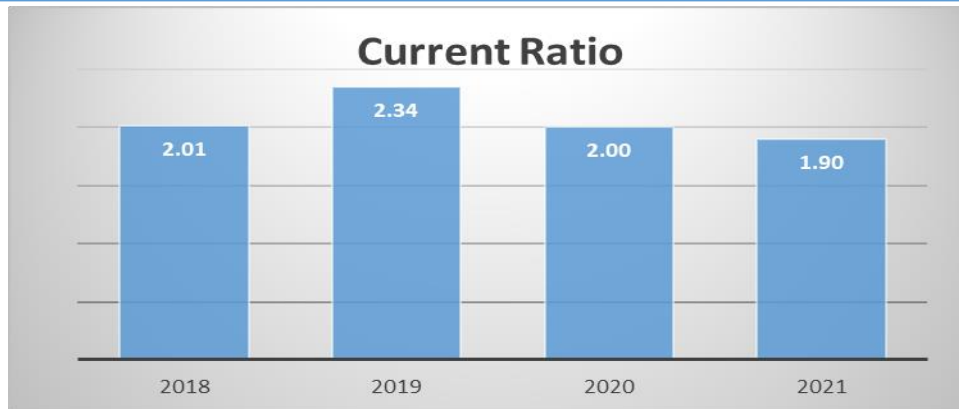


Table-2: Current Ratio of Bata Bangladesh

Figure-4: Current Ratio

25. The Estimated ratios are developed by author based on the Annual report Data.

Current ratio defines whether the company is capable of paying its current liabilities like (accounts payable, salary payable, rent payable, current tax liabilities, creditors for goods, creditors for other expenses.) from its current assets amount. Coming to Bata Shoe company, the more current assets it has compare to its current liabilities the company can pay of its current liabilities faster. From the chart it has been seen that the from 2018-2021 the current ratio has followed a decreasing trend that means they have less ability to pay of its current liabilities in recent years.

Quick Ratio				
Year	Current Assets	Inventories	Current Liabilities	Quick Ratio
2018	7,517,113,217	3,780,770,110	3,732,078,883	1.001142587
2019	6,213,961,203	3,318,861,957	2,650,101,609	1.092448394
2020	3,702,087,640	2,888,579,146	1,849,700,661	0.439805484
2021	3,656,613,789	2,773,817,825	1,925,099,854	0.458571519

Table-3: Quick Ratio Analysis

26.. The Estimated ratios are developed by author based on the Annual report Data.

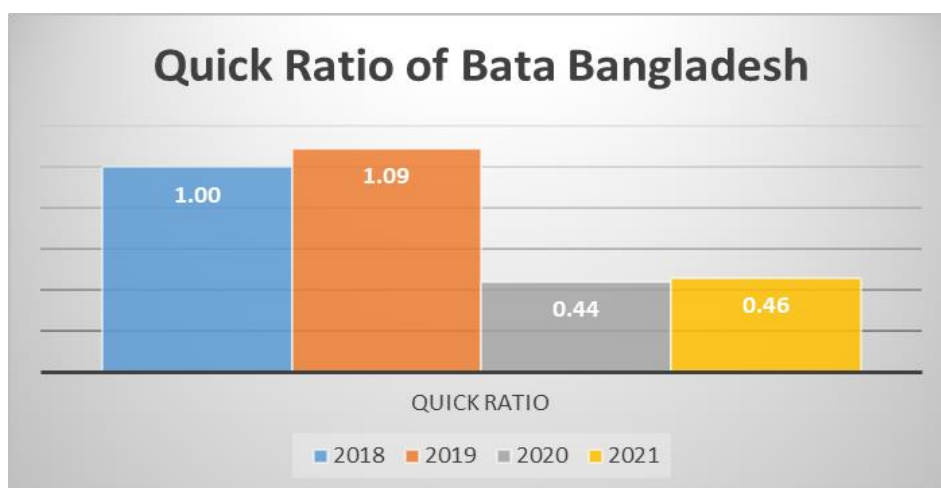


Figure -5: Quick Ratio

27. The Estimated ratios are developed by author based on the Annual report Data.

Quick Ratio depicts whether the company has the ability to pay its current liabilities from current assets that amount which can be easily transferred as cash. Quick assets are all the current assets minus Inventories or current assets with inventory because inventory is not easily convertible to cash.

Focusing on Bata shoe Company (Bangladesh) they manufacture basically footwear products so they can have inventory in the forms like raw materials, Work in process inventory, finished goods inventory. More the company has inventory in one of these forms the cash is held in inventory it decreases the ability of paying of current liabilities for Bata Shoe company. From the table it has been seen that from 2018 to 2021 quick ratio is following a decreasing trend that is suggesting Bata Shoe company (Bangladesh) has less ability to pay its current liabilities like (salaries payable, rent payable, Utilities payable, borrowing from goods supplier) from previous years. So, they need to borrow short term loan with high interest to pay of its current liabilities.

Year	Net profit Margin	Total Asset Turnover	Financial Leverage
2018	10.44	1.08	0.99
2019	5.76	0.94	1.80
2020	-26.08	0.77	1.80
2021	-0.88	1.20	1.90

Table-4: Net Profit Margin, Total Assets Turnover, Financial Leverage of Bata

28. The Estimated ratios are developed by author based on the Annual report Data.

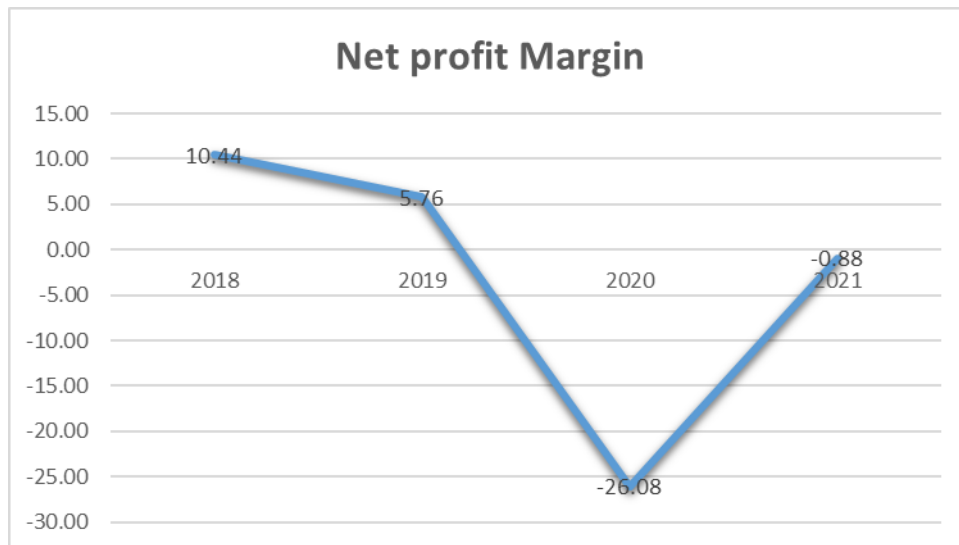


Figure-6: Net profit Margin Scenario of Bata Bangladesh

29.Developed by Author.

Net Profit Margin Analysis

Net profit margin analyses the profitability of particular company to its sales. Net profit margin determines how much its profit after sales and all other expenses compare to its sales amount. The more the net profit margin company has it has good chance of survive well in the future and it indicates that the business or company is operating its business effectively. From the table of Bata Shoe, it has seen that 2018-2021 the Net profit margin is following a downward slopping trend that indicates they are performing not up to the mark in recent years so the performance needs to be improved by the company management and proper manufacturing, utilization of resources to improve the profit amount.

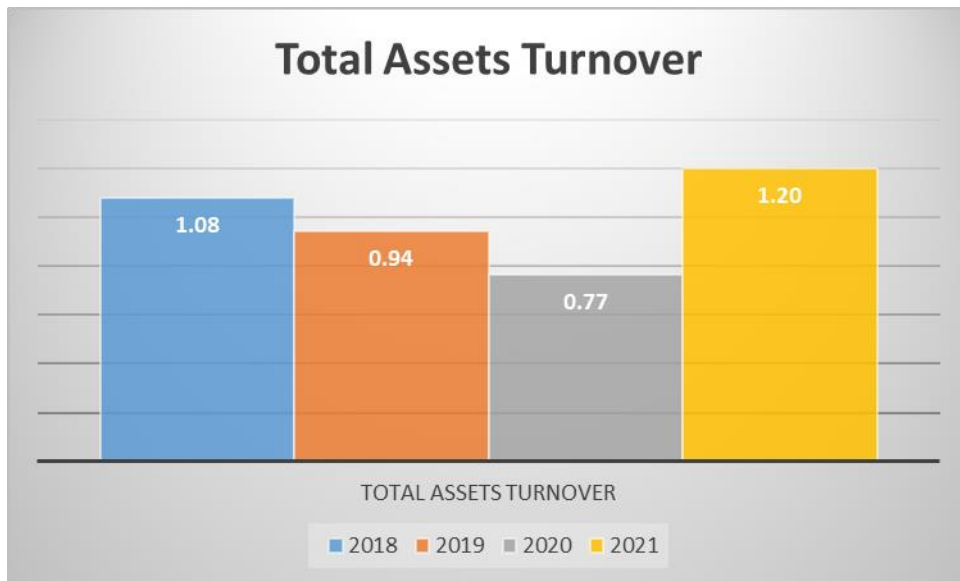


Figure- 7: Total Assets Turnover Scenario of Bata Shoe Company (2018-2019)

30. The Estimated ratios are developed by author based on the Annual report Data.

Total Asset Turnover Analysis -Total asset turnover ratio evaluates the efficiency of getting sales or revenues from the company's assets.

From the given table of Bata Shoe (Bangladesh) Company its seen that the Turnover of Total assets in year 2018-2021 following a slightly increasing trend that means the Bata Shoe company efficiently using its assets to come up with higher revenues or sales.



Figure-8: Financial Leverage of Bata Shoe Company (Bangladesh)

31.Developed by Author.

32. Ratio Analysis developed by the Author.

Financial Leverage Analysis

Financial leverage means whether the company has the ability to cover fixed financing cost like interest expense, tax payment, preferred dividend from operating income or earnings before interest and tax. The concept financial leverage opportunity exists when company has operating leverage of more than 1. From the data of Bata Shoe Company its seen that 2018-2021 the company has more than one as a financial leverage except year 2018 that suggests on the point that company is effectively able to cover its fixed financing costs from the operating income.

Year	Total Debt	Total Shareholders Equity	Debt to Equity Ratio
2018	4048803883	4,748,467,822	0.85
2019	4100845750	4,988,369,281	0.82
2020	2939003720	3,665,389,293	0.80
2021	2987979931	3,451,876,395	0.87

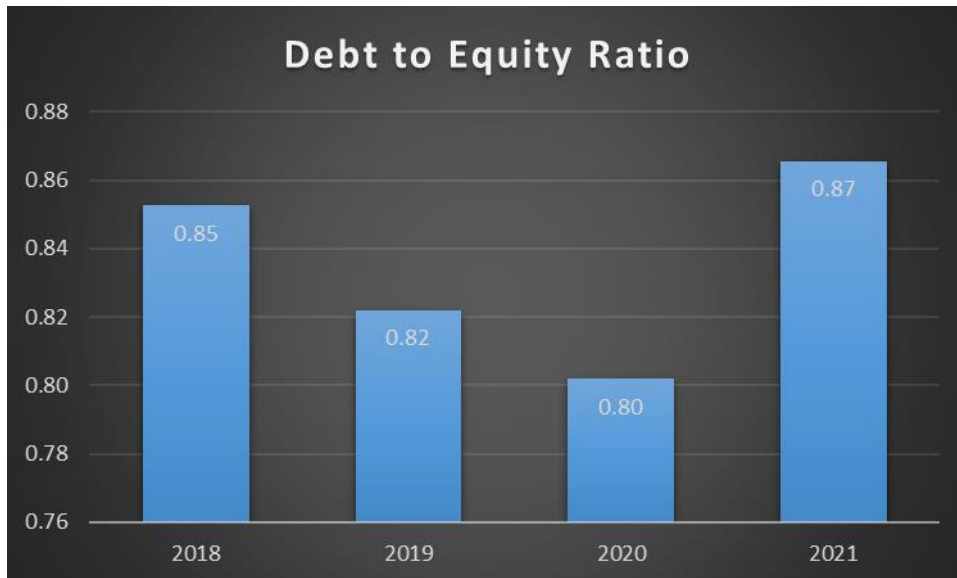


Table-5: Debt to Equity Ratio Analysis

32.Developed by Author

Debt to equity ratio evaluates how much the company has debt amount compare on the equity. The less the companies have debts that suggests there is less problem of paying interest and less solvency crisis. Bata Shoe company (Bangladesh) the data suggests that the company has higher number of debts in year 2018-2021 that means there can be high amount of interest obligation and solvency problem also the company would need to borrow money for long term with high interest to pay the interest expense and loan amount.

Year	Total Debt	Total Assets	Debt to asset ratio
2018	4048803883	8,797,271,705	0.46
2019	4100845750	9,089,215,031	0.45
2020	2939003720	6,633,876,632	0.44
2021	2987979931	6,439,856,326	0.46

33. Ratio Analysis developed by the Author.

34. The Estimated ratios are developed by author based on the Annual report Data.

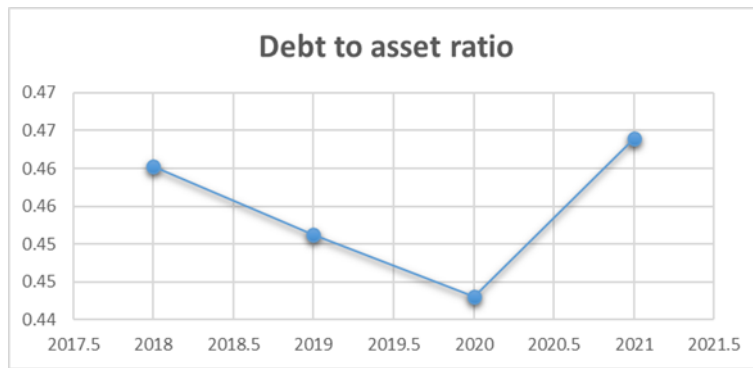


Table-6: Debt to Assets Ratio Analysis

35.Developed by Author.

The debt to asset ratio evaluates the amount of debts the company has comparing on the assets the company holds. The debt to assets ratio of Bata shoe from year 2018-2021 is under (0.44-0.46) so, its suggesting that the company has high amount of debts compare to its assets that indicates they are not efficient enough to manage the debts of the company and it should be reduced in recent years by the company following strategic planning by the top management.

Year	Sales	Total Assets	Total Assets Turnover Ratio
2018	9,521,394,148	8,797,271,705	1.08
2019	8,573,497,561	9,089,215,031	0.94
2020	5,084,505,532	6,633,876,632	0.77
2021	7,744,936,100	6,439,856,326	1.20

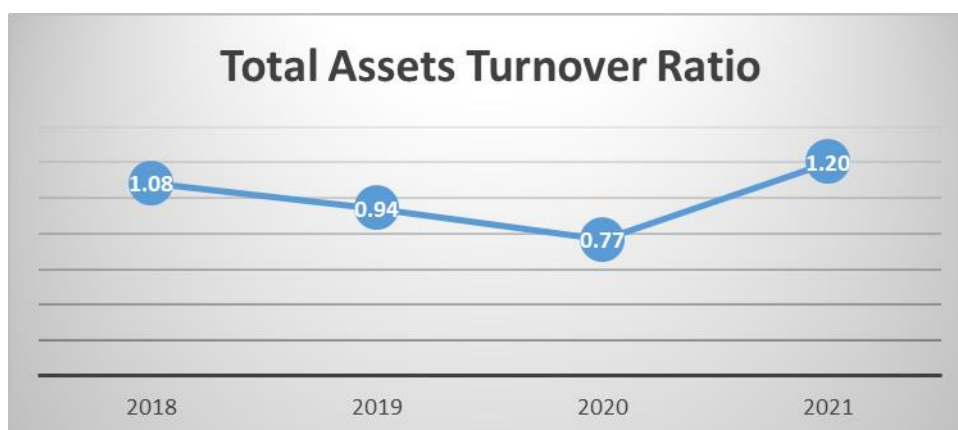


Table-7: Total Assets Turnover Analysis

36.Developed by Author based on the Annual report of Bata Bangladesh.

Total assets turnover ratio evaluates how much sales the company has comparing on the assets the company holds. More the sales the company has comparing on the assets the more the company efficient to utilize resources and assets to generate sales. From the data of Bata shoe its seen in recent years the company has higher amount of sales compare to its assets. That suggests that they are effectively utilizing resources and assets to generate sales that's why total assets turnover ratio is following an increasing trend.

Year	COGS	Inventories	Inventory Turnover Ratio
2018	5,315,095,446	3,780,770,110	1.41
2019	4,751,406,505	3,318,861,957	1.43
2020	3,819,862,861	2,888,579,146	1.32
2021	4,926,836,295	2,773,817,825	1.78



Table-8 Inventory Turnover Ratio Analysis

37. Ratio Analysis developed by the Author.

38. The Estimated ratios are developed by author based on the Annual report Data.

39. Table developed by Author.

The inventory turnover ratio evaluates how much amount of cost of goods sold the company spent comparing on the total inventory. From the table of Bata Shoe data its seen that inventory turnover ratio is following an increasing trend that suggests that they are not performing well to cut down the cost of goods sold compare to its inventory amount that's not a good sign for the company.

The company should find way to reduce the cost of goods sold (manufacturing cost).

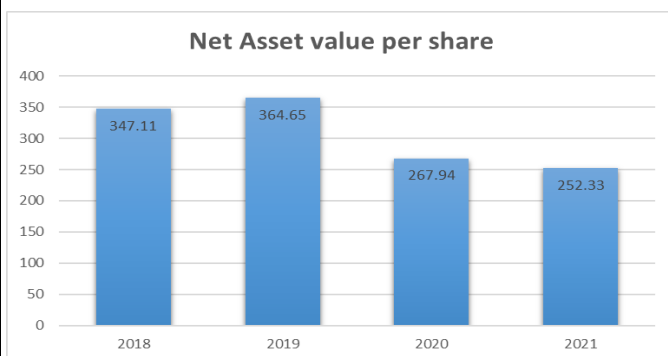
Year	Gross Profit	Sales	Gross Profit Margin
2018	4,206,298,702	9,521,394,148	44.18
2019	3,822,091,056	8,573,497,561	44.58
2020	1,264,642,671	5,084,505,532	24.87
2021	2,818,099,805	7,744,936,100	36.39



Table- 9: Gross Profit Margin Analysis

40.Developed by Author.

Gross profit margin defines how much gross profit is occurring from the sales amount. More the gross profit margin its good sign for the company and that suggest the COGS is lower. From the table data of Bata shoe company, it's following a slightly increasing trend that is suggesting its performing well in this area to lower the COGS to generate gross profit margin compare to the sales amount.



Year	EPS	Yearly	Net Asset value per share
2018	72.79	2018	347.11
2019	36.11	2019	364.65
2020	-96.94	2020	267.94
2021	-5.01	2021	252.33

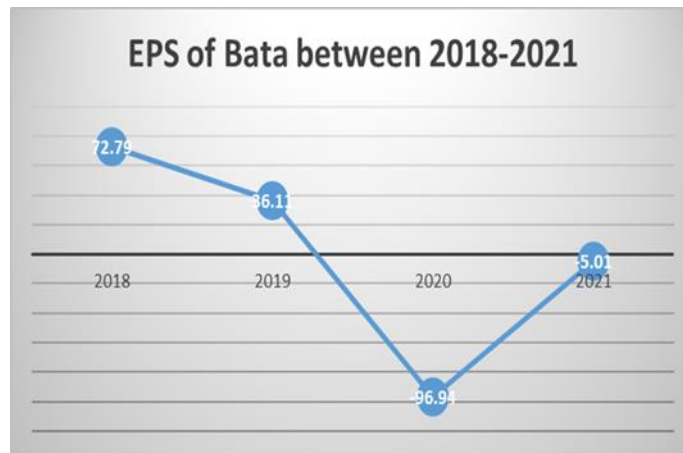


Figure- 9: Earnings Per Share and Net Asset Value Per Share Scenario of Bata Bangladesh.

41. Ratio Analysis developed by the Author.

Earnings Per Share Analysis

Earnings per share means how much shareholders are earning per share from Net profit of any particular company. The positive value of EPS indicates the company is generating good amount of sales and the costs are covered from the sales amount efficiently.

From the table of Bata Shoe company (Bangladesh) its seen that in year 2018-2021 its following downward trend with large margin that means they are not performing well in this area of EPS for the shareholders.

Net Asset Value Per Share Analysis

Net asset value per share means the earnings of per share on total assets amount the company holds. The positive value is a good indicator in this aspect. From the data of Bata Shoe company its seen that it has positive value of Net asset value per share so that suggests they are performing well in this area.

2.5.2 Accounting Practices

Bata shoe (Bangladesh) Limited's accounting statements have been prepared on a going concern basis in accordance with the Companies Act of 1994, the Securities and Exchange Rules of 1987, relevant instructions issued by the Bangladesh Securities and Exchange Commission, the Financial Reporting Act of 2015, and other applicable Bangladesh legislation. These financial statements are prepared in line with IFRSs, which need different names and structure than the Companies Act of 1994 and the Securities and Exchange Rules of 1987. Management, on the other hand, believes that the titles and structure of IFRSs provide a more engaging presentation to shareholders, hence those standards have been implemented. The Board of Directors approved the publishing of these financial information during its 255th meeting on April 25, 2022. Accounting principles and financial statement estimation with the exception of Tongi land, which was revalued in 1979, the financial statement was generated on a historical cost basis. Cash flows from operating activities have been reported using the direct method, as required by the Securities and Exchange Rules of 1987.

Data from the prior period is contrasted to data from the current period in the financial statements. Profit or loss is calculated on a straight-line basis for each component of property, plant, and equipment during its projected useful life. Depreciation begins when a piece of property, plant, or machinery is purchased. In the month of disposal, no depreciation is applied on equipment acquired throughout the year. Every reporting date provides an opportunity to review depreciation methodologies, useable lifetimes, and residual value declarations.

42. Data found from Real Estate Department of Bata Bangladesh.

43. Data found from Costing and Finance Department of Bata Bangladesh.

2.6 Operations Management and Information System Practices

Operation Management

The retail businesses are broken down into a number of market segments and customer types. One must first comprehend Operation of Bata in order to effectively understand Operations Management. A group of resources that collaborate to deliver goods or services is called operation management.

When the factory receives the raw materials and the manufacturing process starts at the Tongi and Dhamrai factory, the physical distribution technique starts. The finished products are then delivered to the factory at Tongi's CDC (Central Distribution Center). There is a different strategy for own agency and stores vs wholesalers and distributors. While the supplies for other businesses are transferred to one of the 13 nationwide depots, the supplies for stores and agencies are sent straight to the store headquarters. Through a network of exclusive, franchised stores, BB manages its retail operation.

If the desired product is in stock, the online selling items are shipped from the closest Bata shoe store. Many other shoe companies and businesses use this strategy, which is how Bata conducts its business.

Information System Practices

The Bata shoe company ltd. has its own method of business management. Both physically and digitally, they collect a variety of data. They collect customer data while offering clients items. They use the market and the internet to acquire information about suppliers. It's basically a manual procedure to complete.

44. Data collected from Management and Information System Department of Bata Bangladesh.

-
- In addition, the information on the Bata Bangladesh website is quite helpful for learning about the demographics, interests, and purchase habits of clients. The gathering of point of sale (POS) data, which is handled by Bata Club, is also crucial.
 - However, Bata Bangladesh has its own database to keep records of the management team factory workers, and sales staff. They keep it in a system of their own.
 - One of the useful systems used by Bata to receive, process, and retain information is BRP, or Bata resource planning. The system is used for numerous objectives in the organization and Practice in terms of quality management, scheduling, resource allocation, and operations management. The management of Bata Bangladesh uses the intra-organizational website MyBatabd.com to exchange and process decisions within the business.

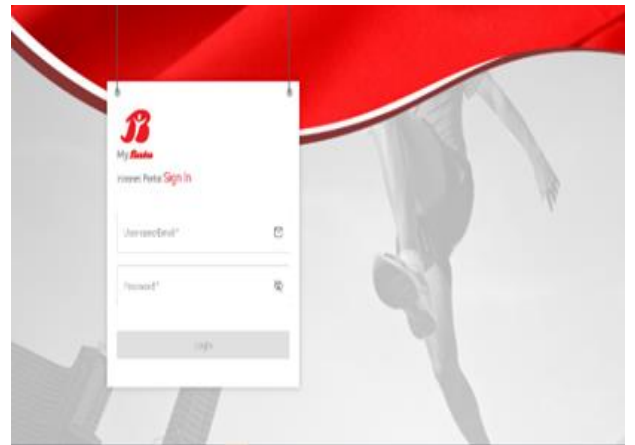
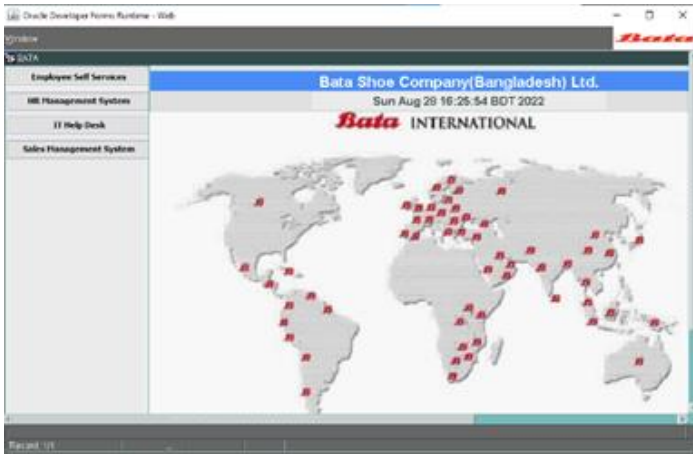


Figure -10: Information system practices

46. Information collected from <http://www.batabd.com/>

47. Picture collected from BRP system access for Bata corporate office employees.

2.7 Industry and Competitive Analysis

- **Threat of New Entrants**

Since local shoe companies Lotto, Apex, Bay, Crescent, and Jennys have already entered the market with high hopes and excellent management, the threat of new entrants in Bangladesh is substantial because so many other types of shoe businesses are developing. Additionally, other border rivals like India have already established a presence in the shoe market, particularly in the women's category.

Among the other global shoe manufacturers are Nike, Reebok, Adidas, and Woodland. Other domestic businesses like Bay, Pegasus, Homeland, etc. are also present. Additionally, the online shoe business is expanding rapidly thanks to the internet. Bata must put variety ahead of its well-known dependability.

- **Suppliers' bargaining power**

Suppliers have limited bargaining power. There are numerous providers operating in Bangladesh. Moreover, the upcoming and other shoe companies buy in such enormous amounts, suppliers are continuously trying to match their requests, even if it means raising costs and expanding quantity. Suppliers are becoming more adaptable as the sector grows in size. Given that brand recognition is not often a pressing concern in the shoe sector, the threat of suppliers forward integrating is important.

- **Buyers' bargaining power**

Buyers' buying power is increasing as more new shoe companies emerge with optimistic future plans, altering fashion trends, and an emphasis on quality. People want durable footwear in addition to stylish styles. Companies must thus follow the trend in order to satisfy their customers. The entry of global corporations such as Nike and Reebok does not help matters. As a result, one must assume that the shoe industry is becoming more competitive. Even a well-known brand such as Bata, which has over 35 years of commercial history in Bangladesh, should not be underestimated. As a result, they must be aware of the problem and take necessary action.

- **Threat of substitutes**

It is challenging to think of many footwear alternatives. It's uncommon to see someone wandering at least sandal shoes these days. At least they are wearing sandals. As a result, the threat of a replacement is not as great.

48. Porter's Five Forces for Bata Bangladesh Developed by Bata Bangladesh.

49. Data related to competitive Analysis for Bata Bangladesh from [http://www.scholarsarticle66.com//6475774/Bata Analysis](http://www.scholarsarticle66.com//6475774/Bata%20Analysis)

- **Rivalry in the Industry**

Despite Bata's considerable market share and vast knowledge of the industry, competition is developing on a daily basis. Bata's only cause of concern during the decade was independent dealers with little overhead costs who regularly marketed high-end, low-cost, or inferior shoes. However, because national and international companies, as well as independent vendors, are now active in Bangladesh, the situation has considerably changed. As a result, the rivalry has intensified significantly. Bata Bangladesh must address both current threats and new enemies who are significantly better organized than its former adversaries



Figure-11: Competitors of Bata Bangladesh

50. Bata Brands found from <http://www.batabd.com/>

51. Figure Developed by Author.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ▪ Good brand image ▪ Higher quality products ▪ Different designable and lifestyle products ▪ Affordable Prices to products ▪ Good supplier and distribution network also have modern production facility 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ▪ Inadequate promotional activities ▪ At the moment, Bata manages all retail operations traditionally. This leads to time consuming process to complete and errors to happen. ▪ Failing to understand current demand, trend, fashion. ▪ Due to the high manufacturing and overhead cost the price is less competitive in the market. ▪ VAT, high rent for landlords and leasing, high interest expense, tax payment
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ▪ Customers prefer distinctive products options. They prefer to shop where every family member can get their choice products. ▪ Expansion of the shoe care customer's segment. ▪ To attain competitive pricing use outsourcing and do horizontal also vertical integration. ▪ Global franchise opportunities with companies like Adidas, Nike, Power, Hush puppies. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ▪ The distribution and supply of finished goods and the availability of raw resources are both depending on political instability. ▪ Not having proper inspection of footwear products in stores, depots, God owns that causes products to get damaged. <ul style="list-style-type: none"> ▪ Competitors are having high-quality products and attractive designs already on the market. ▪ The main market leaders are doing shoe smuggling and several retailers are selling those in Elephant Road stores in Dhaka. They may sell for a lower price than well-known brands like Adidas, Nike, Hush puppies, Bata since they don't have to spend high amount of money on establishment, production, quality, and advertising. ▪ Rapid market expansion strategy by competitive companies.

Figure- 12: SWOT Analysis

52.Developed by Author.

53 Data found from https://www.academia.edu/download/30985576/Research_Journal_Cover_Sep08.pdf#page=121

2.8 CONCLUSION

Based on our investigation of Bata Shoe Company Bangladesh Ltd., we discovered that their key shortcomings include a lack of development in response to rapidly evolving market demands, a lack of promotional efforts, and a worsening trend in quality. Bata's strengths, on the other hand, are its distribution network and vertical integration. From a strategic marketing standpoint, we can see that Bata is almost entirely doing well in its industry. There are only a few characteristics of Bata that are absent. Based on these findings, the approaches proposed would assist Bata Shoe Company Bangladesh Ltd. in thriving in the face of imminent tough rivalry in the shoe market. Since its inception in Bangladesh, the company has been able to operate successfully. It has been named Bangladesh's top revenue-generating firm in the leather and footwear categories for the previous four years, as well as Bangladesh's Super brands. Bata was named the Best Employer Brand at the World HRD Congress in 2019. Even after nearly 60 years of operation in Bangladesh, the company remains the country's biggest footwear brand. However, in recent years, foreign brands such as Lotto and Woodland have begun to expand in the Bangladeshi market. The Bata has a concern on Product development because few of the market share has been taken by foreign brand and local brands due to lack of new footwear in the markets. Bata can focus on developing new footwear products that can satisfy new trends, new fashion, new demand and customize segment of customers. Bata Bangladesh paying high amount of money on research to compete with new brands as Bata believes that design is the key part of the product to attract customers and add value to customers. Bata is focusing to be competitive on price than other competitors in the market so the company focusing more on eliminate any value chain activity that is not adding sufficient value to the customers. The concerning issue, local firms such as Walker and Apex are always seeking to establish themselves in this sector. Bata will be able to compete with these domestic and foreign brands in the future while maintaining its monopoly on the market? We'll just have to wait and see.

2.9 Recommendations

- To encourage high number of purchases in the expanding shoe market, provide sales discounts and free samples also customize footwear product options.
- Lower the price of footwears by cut down manufacturing cost.
- There should be more commercials promotion and advertisement.
- Should raise awareness of this kind of footwear product among potential segment of customers.
- To compete, add additional design, color, trendy footwear products.
- Combine with regional businesses and increase segmentation.

Project part

3.1 Introduction to the project

In the modern time, data is one of the powerful tools as a weapon in the world. Moreover, the whole world and countries are spending millions of moneys for collecting data to get updated about the people, research, knowledge, experiment etc. The organizations who have relevant and powerful data are doing well ahead of their competitors in the industry. Information technology has huge impact of the different parts of the society like Government organizations, education center, corporate sector, research institutions, accounting area. A well- designed structured Accounting Information System as a powerful management tool to achieve the strategic planning of any particular organization. Because of proper data collection in modern era, it has great implications to the supplier, shareholders, creditors, stakeholders (Sajady and Hussein et al, 2012). The using different accounting costing methods are very important to cut down costs and achieve organization's objective. For Bata Bangladesh, having few problems with using accounting methods and that should be improved so that the costs of production, Stores and Go downs decreases. In Bata Bangladesh, there is significant problem to use the different costing methods. Though, few of the costing methods are hard to use by the organization due to the methods complexity and shortage of enough skilled management. Bata Bangladesh, can go for accounting costing methods which can reduce errors and specifically reduce costs at manufacturing, retail

store operating, go down maintenance. The company can use Activity Based costing, Job costing system, Process Costing, Sales value at split of method, Physical measure method, Net Realized value method, Weighted Average method. The importance of using these methods are very much important to reduce errors and cut down the inappropriate costs, increase the accountability, achieve organizations goal. The significance of these methods will be further shown with comparative examples of Bata Bangladesh data.

3.1.1 Literature Review

The importance of cost accounting methods has uses not only in corporate organization it has uses in government organizations, non-profit organizations, education center, clubs. It plays significant role to find out the errors and give a way to cut down costs also opportunity to find out new production opportunity to go for (Jaysinski and Meredith, 2015).

The study related to 5 pharmaceuticals company found that they comparatively have higher ratio of product costs to production cost, discretionary cost because there is absence of activity-based management and not having proper method of counting costs with details and evidence. Moreover, costs in production of pharmaceutical items relatively found as high because unavailability of proper cost accounting concept and absence of proper management team who have depth knowledge costs recording also how to use them (Khan and Ibrahim et al, 2019).

It is articulated by (Eijk,2020), In the competitive world the companies are wanting to be ahead of their competitors with low price products. Though, it's very much hard to achieve but proper recording of costing can certainly give the opportunity to reduce the manufacturing cost variance and find the ways to be ahead of competitors by (quality products at lower price, increase accountability, decrease overhead cost, increase the work flow of organization, produce quality products).

It is stated by (Bukh and Nikolaj, 2020), recording the costs related to transaction helps for the company in aspects of where money is being spent, how much profit it is earning, where money is being spent, how cost in particular item adding value to the organization. Cost accounting aims to report, analysis and helps to improvement of internal cost control's structure and efficiency.

54. Data from <https://www.sciencedirect.com/science/article/pii/S0959652615007696>

55.Data from https://www.academia.edu/download/86284482/359_20Cost_20Accounting_20Practices_20in_20Bangladesh

Cost accounting is a business activity in which you record, analyzes, summarizes and comprehend the money spent by a company on a process, product or service. It can assist a business in cost control and strategic planning to increase cost efficiency. Cost accounting assists management in determining where to minimize costs and where to increase costs. Cost accounting assists management in forecasting the cost and selling price of a product or service, which aids in the formulation of business policies. Using cost value as a guide, management can devise cost-cutting measures with the goal of maximizing profitability. Cost accounting procedures aid in determining a product's or service's total per-unit cost([Fadzil and Rababah , 2012](#)).

Cost accounting approaches, which evaluates a company's production costs, is divided into several major styles and cost allocation procedure. However, they both have significant advantages and disadvantages. Cost accounting was originated in manufacturing organizations, but it has now spread to banking and retail institutions. In contrast to general or financial accounting, the cost accounting method is a firm-specific, internally oriented approach used to predict cost control, inventory, and profitability. When it comes to cost subdivision and inventory assessment, cost accounting can be far more flexible and specific.

Unfortunately, as auditing complexity grows, it becomes more expensive, and its usefulness is limited to the competence and accuracy of a firm's practitioners ([Drury, 2012](#)).

3.1.2 Objectives

- Understanding the process of how different costing method impacting to the product cost, store rent, energy cost, depreciation, advertising cost to be effective and target focused.
- How recording costs related data prominent to decision making and add value to achieve customers satisfaction.
- Finding what pros and cons the different costing method has, is there any update or change needed to costing methods of Bata Bangladesh.

3.1.3 Significance

The significance of the study depicts about the effects of different costing methods used by Bata Bangladesh in decision making of the organization. The paper illustrates how crucial is accurate costing method to use and relevant data collection with proper evidence helping to the operation of Bata Bangladesh. In Bata Bangladesh using the proper costing method (like Activity based costing, process costing system, Joint cost, Net realized value method, Hybrid costing method, Sales Value at split of

method) increases accountability, reduce cost, add appropriate value to the organization. As a result, the concept of cost is prominent part of the organization to competitive in footwear industry by Bata Bangladesh. Bata Bangladesh has a separate costing department who works related to record manufacturing costs of footwear products by Bata. There is also a Business intelligent team who work directly with top management to consult on the costs issues of the organization and be helpful in strategic decision making. One of the significances of this study and using different costing method is that it can save time and money by using appropriate costing method. Appropriate costing method can be very much helpful to increase productivity, improve data management, rapid process of analyzing organization growth, From the given study, the functions of cost management and cost reduction ways can be known by Bata Bangladesh and will give a helpful path for management to follow appropriate costing method.

3.2 Methodology

Methods of research used

The research is done on exploratory research and method is used both the qualitative method. As, the recording of relevant cost whether it is product cost or other costs is prominent to the success of the organization. I found on the point that using both of the qualitative is very prominent in supporting to prepare this report. Data is collected from both primary and secondary sources.

As, I have made 3 months internship program at Bata Bangladesh I got the chance to know about the insight information of the company. Furthermore, I have interviewed 20 management employees of the organization who are working on contributing on footwear industry. The using appropriate and accurate costing method at Bata Shoe company (Bangladesh) ltd main topic of my research study. I have studied about the costing system of Bata, which is essential concept to follow by Bata Bangladesh to help other departments and contribute to decision making of the organization.

For making the report, I had worked with secondary data collected from the internet. Most of the Data has been collected from Bata Bangladesh Website and published news articles, published writings, Annual report of Bata Bangladesh on the concept of importance of using appropriate costing method for the organization which can cut down the excessive costs of Stores, manufacturing and warehouses. Moreover, few of the Data has been collected from the competitor's webpage those are used to write report for better understanding the importance best costing method to use for the Bata Bangladesh.

For that its necessary for me to collect data on the costing related issue like (product cost, depreciation cost, rent cost, overhead cost etc.). Since, Real Estate department is responsible for analysis the profit and connect with the agreement issue to different part of Bata Bangladesh it will hamper other departments too if recording of data not recorded properly with effective method. As an important concept of costing to the organization if proper method is not followed it can hamper the profit and performance so it is very much

interesting topic to focus on. This research will help the management team and organization, other scholar to cut down costs also give a path to follow appropriate costing method.

Data those are insightful related to operation, business practices, marketing and decision making are being taken by interviewing employees of Bata. **To find out the appropriate costing method to use by Bata Bangladesh to reduce costs the cost amounts and profit amount are calculated using different costing method by estimated amount.** The main data from Bata Bangladesh is highly confidential and can not be totally opened or disclosed at any situation to outside organization part.

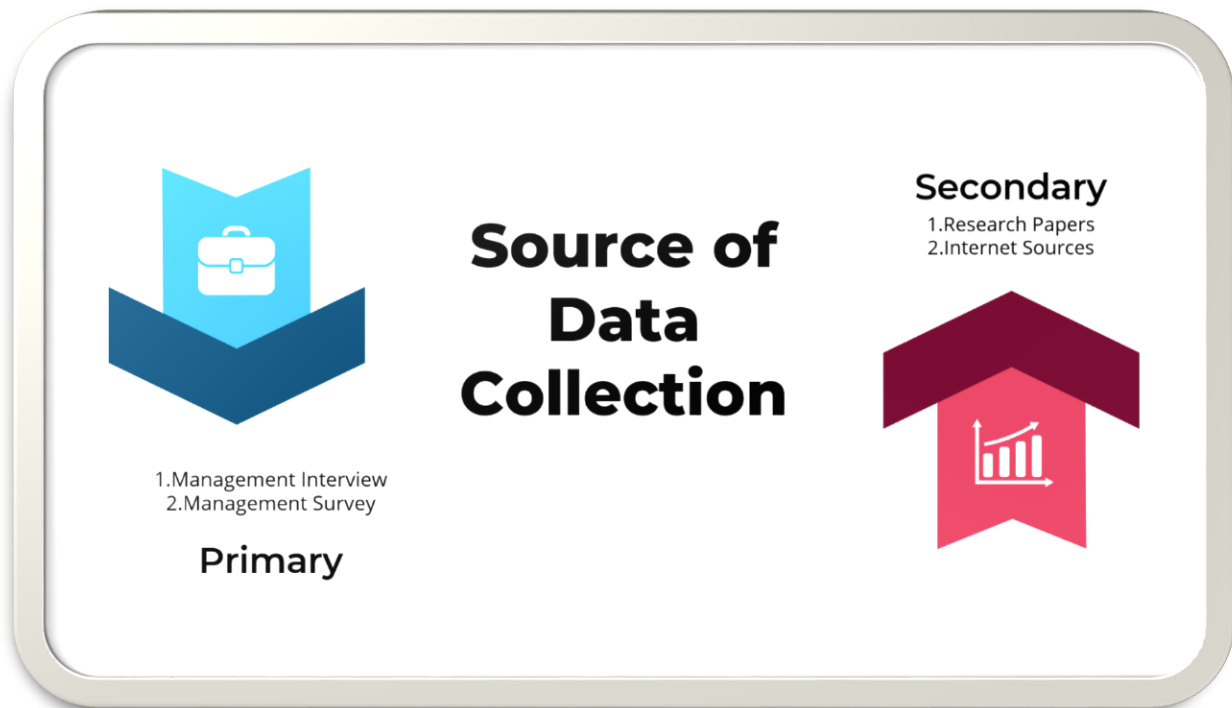


Figure-13: Methods of Data collection

56. Figure Developed by Author.

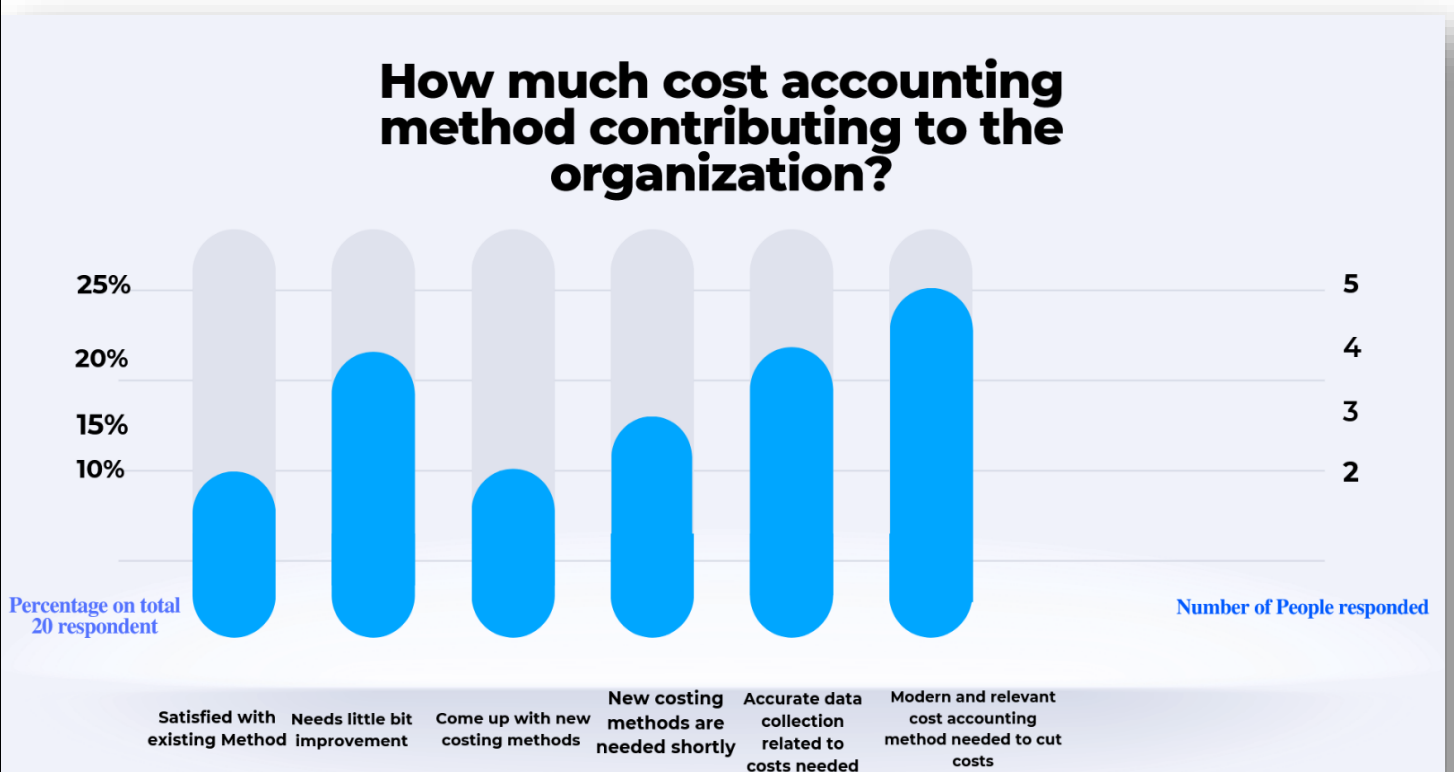
In this report two types of data are collected primary and secondary. The top management of Bata Shoe company (Bangladesh) is the major source of data collection. For the depth knowledge on the issue, I spoke with higher management team of Bata Bangladesh most who work in cost analysis and strategic decision making of Bata Bangladesh. For the report its very much important to take interview from the people who experience the methods of costing because they are the people who are work in hand with it and regularly do the tasks related to that.

Moreover, I asked the management team about how they record the costs related to production, retail stores and go downs by Google form so that I can gather the actual scenario of all costs. Primary data was collected by a five-point likert scale, with ranging from 1 to 5 for levels of effective method to not effective method.

Research papers and internet sources are the major sources of data collection for my report.

3.3 Findings and Analysis

Distributing questionnaires to Bata's top management. I have received 20 responded from the company's upper management team. Finally, the end result is given below:



How much Cost accounting method contributing to the Bata Shoe Company (Bangladesh) ?

Question	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1. Are you satisfied with the existing cost accounting method ?					
2. Do the existing Cost Accounting methods need little bit improvement?					
3. Do the organization needs to find new costing method ?					
4. Do the organization needs new costing method as early as possible ?					
5. Do the organization needs accurate data collection related to costs for proper recording of Bata ?					
6. Do the organization needs modern and relevant cost accounting method to reduce the costs ?					

Figure-14: Scenario of Interview taken from Top management of Bata Bangladesh

58. Figure is developed based on the Interview taken from top management of Bata.

59. Questionnaires developed by Author.

- According to the interview and questions 5 people responded that modern and relevant cost accounting methods needed for Bata Bangladesh as it can decrease different costs and increase the accountability of the organization in terms of costs. On the other side, 4 people from the organization responded that accurate recording of data needed to increase productivity and decrease the errors and 3 people responded that new costing methods are needed as fast as possible because few of the errors occurring to record cost for manufacturing, Retail stores, Go downs.

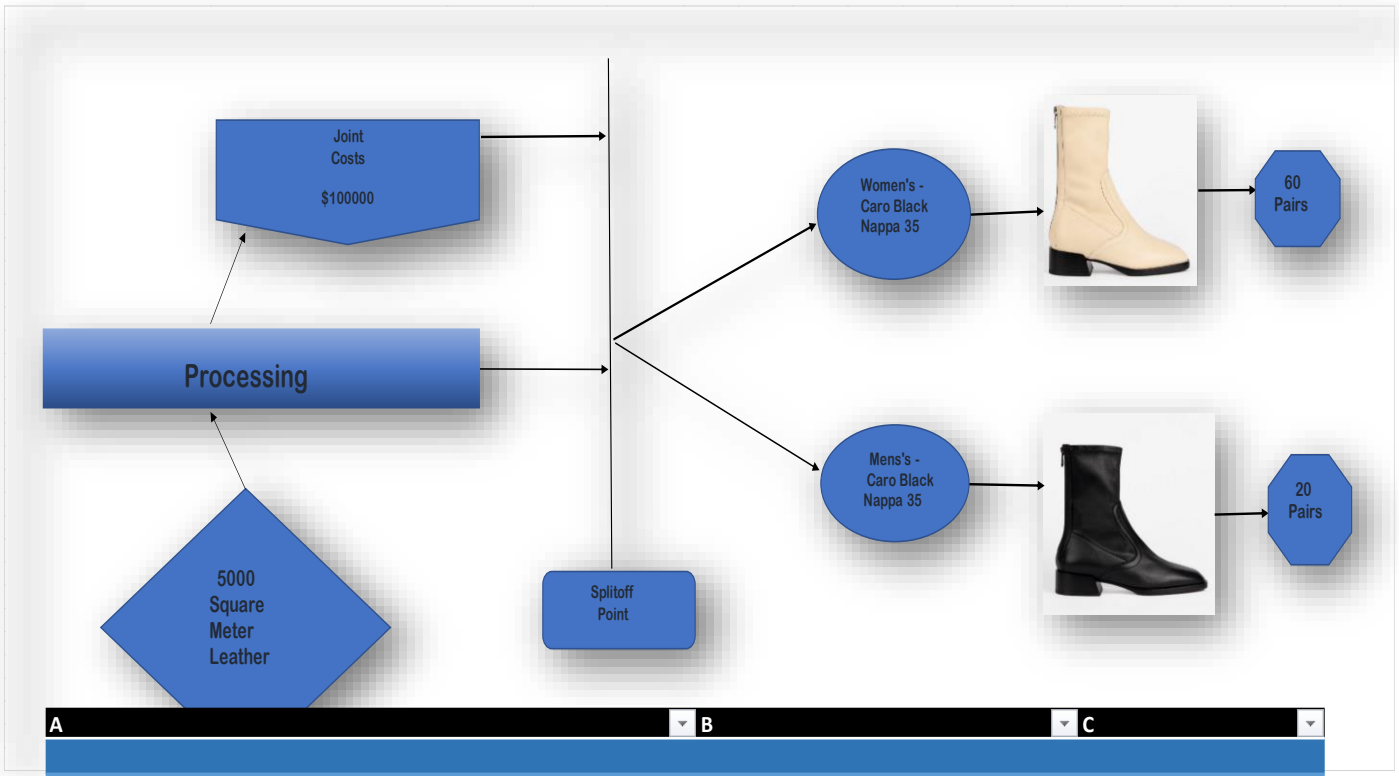
Manufacturing Costs of One pair of Medicure Female Sandal by Bata Bangladesh					
Details		TK	TK	TK	
Upper Cutting Wages					
Upper Cutting Finishing					
Bottom Wages Cutting					
Bottom Wages Finishing					
Screen Wages					
Sewing Wages					
Conveyor Wages					
ABU Wages					
Depreciation(Fixed Asset)					
Non SPM Wages					
Standard cost					
(+) Vat					
Total Costs of Manufacturing Per pair					
Manufacturing Costs of One pair of Male Formal Shoes by Bata Bangladesh					
Details		TK	TK	TK	
Rubber					
Leather					
Upper Cutting Wages					
Upper Cutting Finishing					
Bottom Wages Cutting					
Bottom Wages Finishing					
Screen Wages					
Sewing Wages					
Conveyor Wages					
ABU Wages					
Depreciation(Fixed Asset)					
Non SPM Wages					
Standard cost					
(+) Vat					
Total Costs of Manufacturing Per pair					

Moreover, 2 people said that coming up with new costing method would be appropriate to use as new costing method can save costs in efficient manner now a days and 4 people said that existing methods just needed few modifications that can help the organization to earn profit and contribute for the decision making of the organization. On the other hand, 2 people are already satisfied with the existing cost methods and they think there is not that much errors in the existing cost recording methods.

Costs of Retail Store By Bata Bangladesh			
Details	TK.	TK.	TK.
Store Remuneration			
Store Manager's Salary			
Full time Amount			
Commission			
Health and Benefits			
Others			
Occupancy Cost			
Minimum Rent			
Property and Business taxes			
Energy Cost			
Shared Cost			
Depreciation (Fixed Asset)			
Other Variable Cost			
Other Fixed Cost			
Selling and Handling Costs			
Advertising			
Freight			
Merchants Association			
Other Costs			
Total Overhead and Administrative Expenses			
Allocated Overhead Fixed			
Allocated Overhead Variable			
Administrative Expenses			
Total Costs of store			
Financial Costs			
Interest paid to loan			
Total costs of Store			

Costs of Go down by Bata Bangladesh			
Details	TK.	TK.	TK.
Warehouse manager's Salary			
Health and benefit of Warehouse manager's			
Commission			
Rent or Lease Amount			
Property and Business taxes			
Energy Cost			
Shared Cost			
Depreciation (Fixed Asset)			
Other Variable Cost			
Other Fixed Cost			
Administrative Expenses			

Table-10: Costs Related to manufacture Footwear Products by Bata Bangladesh



A	B	C
Joint Costs Allocation		
Joint Costs(Costs of 5000 Square meter Leather)	\$100,000	
	Women's Caro Black	Men's Caro Black
Beginning Inventory (Shoes)	0	0
Production (Shoes)	60	20
Sales (Shoes)	50	16
Ending Inventory	10	4
Selling Price per Shoes (comission for stores willget discount) \$	2,500.00	\$ 2,000.00

Using Simple Cost Allocation Base	
Income Statement (Womens Caro Black)	Amount
Net Sales (with 50 pair of shoes sold)	\$ 125,000.00
(-) Joint Costs/COGS	(\$50,000)
Gross Profit	<u>\$ 75,000.00</u>

Using (Activity Based Costing based on the resources and cost actually occurred)	
Income Statement (Womens Caro Black)	Amount
Net Sales (with 50 pair of shoes sold)	\$ 125,000.00
(-) Joint Costs/COGS (75 % actually Joint Cost occurred for Women's Caro Black)	(\$75,000)
Gross Profit	<u>\$ 50,000.00</u>

Using Simple Cost Allocation Base	
Income Statement (Mens Caro Black)	Amount
Net Sales (with 16 pair of shoes sold)	\$ 32,000.00
(-) Joint Costs/COGS	(\$50,000)
Gross Profit	\$ (18,000.00)
Using (Activity Based Costing based on the resources and Cost actually occurred)	
Income Statement (Mens Caro Black)	Amount
Net Sales (with 16 pair of shoes sold)	\$ 32,000.00
(-) Joint Costs/COGS (25 % actually Joint cost uccured for Men's	(\$25,000)
Gross Profit	\$ 7,000.00

Income Statement	Amount
Net Sales (with 50 and 16 pairs of shoes sold)	\$ 157,000.00
(-) Joint Costs/COGS	(\$100,000)
Gross Profit	\$ 57,000.00

Income Statement	Amount
Net Sales (with 60 and 20 pairs of shoes sold)	\$ 190,000.00
(-) Joint Costs/COGS	(\$100,000)
Gross Profit	\$ 90,000.00

Finished Goods in warehouse	Quantity	Price at r	Amount
Women's Caro Black	10	2500	25000
Men's Caro Black	6	2000	12000
Total			37000

Table-11: Costs allocation of Two Products of Bata by Simple method and Joint Costing System.

62.Developed by Author

. According to the study, it is found that joint costs system is appropriate for allocating inventory and Cost of Goods sold because it makes proper documentation of costs, profit calculation, find sales price etc. Moreover, Joint costs allocation give proper specification of costs to meet the organization guidelines and get insurance claim on damage products by insurance companies. On the other hand, regulated products costs are calculated by joint cost system in effective manner to meet the guideline (For example, Utilities companies like electricity, water supply etc.) are using this costing system. From the given table data, it has been seen that there has been miscalculation of Cost of goods sold under simple costing method where organization basically uses broad averaging of costs rather than how much resources has been consumed for manufacturing a product. So, there has been high amount of costs allocated for the “Men’s Caro Black shoes” which is affecting its profit in showing that the product having negative value gross profit. On the other hand, joint costs allocation showing the costs in term of resources consumed on perfect manner that’s why profit is showing positive value. For those Joint costs allocation playing good role for calculating the profit, sales price, COGS for Bata Bangladesh.

Manufacturing Costs of One pair of Scholl Spice sandle for Women(Using simple costing Method				Taka	Taka	Taka
Detail						
Upper Cutting Wages						50
Upper Cutting Finishing						40
Bottom Wages Cutting						45
Bottom Wages Finishing						25
Screen wages						35
Sewing Wages						37
Conveyor Wages						80
ABU Wages						70
Depreciation (Fixed Asset)						40
Non SPM Wages						50
Raw materials						
Polystar						40
Wooland						50
Rubber						45
Foam						25
Leather						50
Total Raw materials Cost						210
Standard Cost						682
(+) Vat 15%						102.3
Total Cost						784.3

Following the Previous costing method (Profit amount of Bata Bangladesh)

2018	2019	2020	2021
995,729,511	554,541,459	-1,322,979,988	-106,196,517

Following the Previous costing method (Cost of Goods sold)

2018	2019	2020	2021
5,315,095,446	4,751,406,505	3,819,862,861	4,926,836,295

Following the previous costing method(Cash amount of Bata Bangladesh)

2018	2019	2020	2021
803,217,953	711,089,617	125,919,383	622,781,937

Assumed 100000 pair of Scholl spice sandle for women's are produced and per pair saved amount is (784.3-687.53=96.77)

Following the new Costing Method (Profit Amount of Bata Bangladesh)

2018	2019	2020	2021
1,005,406,511	564,218,459	-1,313,302,988	-96,519,517

Following the new costing method (Cost of Goods sold)

2018	2019	2020	2021
5,305,418,446	4,741,729,505	3,810,185,861	4,917,159,295

Following the new costing method(Cash amount of Bata Bangladesh)

2018	2019	2020	2021
812,894,953	720,766,617	135,596,383	632,458,937

Manufacturing Costs of One pair of Scholl Spice sandle for Women (Using ABC Costing and Joint Costing System)	Taka	Taka	Taka
Detail			
Upper Cutting Wages (Per minute 2.5 Tk. And 19 minutes nedded =19*2.5)			
Upper Cutting Finishing (Per minute 1.9 TK. 20 minutes needed =20*1.9)			47.5
Bottom Wages Cutting (Per minute 2.20 TK. 20 minutes needed =20*2.20)			38
Bottom Wages Finishing (Per minute 2.5 TK. 10 minutes needed = 10*2.5)			44
Screen wages (Per minute 3.5 TK. 9.5 minutes needed = 9.5 *3.5)			25
Sewing Wages (Per minute 3.7 TK. 9 minutes needed = 9 *3.7)			33.25
Conveyor Wages (Per minute 7.98 Tk. 10 minutes needed = 10*7.98)			33.3
ABU Wages (Per minute 10 TK. 7 minutes needed = 10 * 7)			79.8
Depreciation (Fixed Asset) (Using Joint cost the 100000 is depreciation amount)			70
(This depreciation amount will be divided by 2500 pairs of shoes)			32
(This 2500 pairs include 1250 pairs of Female medicure sandle and 1250 pairs formal shoes)			
(Depreciation amount for medicure female sandle =100000*.40/1250) (40 % Depreciation For Female Sandle)			
Raw materials			
Polystar (For 100 TK. Polystar between Men's Formal Shoe and Female medicure Shoe manufactruing)			40
(40% Used for Female medicure Shoe manufactruring)			
Wooland (45% Used for Female medicure Shoe manufactruring)			45
Rubber (50% Used for Female medicure Shoe manufactruring)			50
Foam (30 % Used for female medicure Shoe Manufacturing)			30
Leather (30% Used for Male formal Shoe manufacturing)			30
Total Raw materials Cost			195
Standard Cost			597.85
(+) Vat 15%			89.678
Total Cost			687.53

Table -12: Manufacturing Costs of Scholl Spice Sandal for Women by Simple Costing method and Activity Based Costing Also Joint Costing.

63.Developed by Author.

• According to the study, it is found that ABC costing is more accurate and has more specific breakdowns of the costs also that assigns costs based on the cost driver usage rate. Though, it's more complex and harder to implement but gives better idea of the costs and specific costs figure. Activity Based Costing perfect costing method for costs estimation and better prediction of cutting down costs also that increases the responsibility of cut down costs and better uses of resources. In the given data it has been seen that Total costs of producing Scholl spice sandal under (simple method or Traditional method) is 784.3 so the profit margin =1599-784.3=814.7 TK. Per pair and profit margin percentage = 50.95% also COGS percentage =49.05% but in jointly costing of Joint costs and ABC costing it is seen that total costs of producing this product are 687.53 so the profit margin =1599-687.53=911.47 TK. Per pair and profit margin percentage = 57% also COGS percentage =43%. That indicates there is more proper way of documentation under ABC and Joint costs system. In this two-method combined gives more accurate and relevant accounting information rather than traditional method. Bata Bangladesh has very prominent potential to use this method to reach the organization goal and cut down costs of activity that are not adding

Manufacturing Costs of One pair of Men's Formal Shoe (Using simple costing Method) ▾	Taka ▾	Taka ▾	Taka ▾
Detail			
Upper Cutting Wages			60
Upper Cutting Finishing			50
Bottom Wages Cutting			50
Bottom Wages Finishing			30
Screen wages			50
Sewing Wages			37
Conveyor Wages			90
ABU Wages			70
Depreciation (Fixed Asset)			50
Non SPM Wages			55
Raw materials			
Polystar			50
Wooland			70
Rubber			60
Foam			50
Leather			90
Total Raw materials Cost			320
Standard Cost			862
(+) Vat 15%			129.3
Total Cost			991.3

sufficient value to the customer segments. To sum up, it is seen that the ABC and Joint costing system combinedly increases the profit amount year 2018 -2021 and increases the cash amount, decreases the cost of goods sold of Bata Bangladesh.

Manufacturing Costs of One pair of Men's Shoe (Using Joint Costs and Activity Based Costing)			
Detail	Taka	Taka2	Taka3
Upper Cutting Wages (Per minute 5 Tk. And 11 minutes nedded =11*5)			55
Upper Cutting Finishing (Per minute 4.9 TK. 10 minutes needed =10*4.9)			49
Bottom Wages Cutting (Per minute 10TK. 5 minutes needed =5*10)			50
Bottom Wages Finishing (Per minute 15 TK. 1.98 minutes needed = 15*1.98)			29.7
Screen wages (Per minute 10 TK.4.98 minutes needed = 9.5 *3.5)			49.8
Sewing Wages (Per minute 3.7 TK. 10 minutes needed = 10 *3.7)			37
Conveyor Wages (Per minute 8.5 Tk. 10 minutes needed = 10*8.5)			85
ABU Wages (Per minute 10 TK. 6.65 minutes needed = 10 * 6.65)			66.5
Depreciation (Fixed Asset) (Using Joint cost the 100000 is depreciation amount)			48
(This depreciation amount will be divided by 2500 pairs of shoes)			
(This 2500 pairs include 1250 pairs of Female medicure sandle and 1250 pairs formal shoes)			
(Depreciation amount for Men's Formal Shoes =100000*.60/1250) (40 % Depreciation For Female Sandle)			
Non SPM Wages (Per minute 10 TK. 5 Minutes needed)			50
Raw materials			
Polystar (For 100 TK. Polystar between Men's Formal Shoe and Female medicure Shoe manufactruing)			60
(60% Used for Men's Formal Shoes manufactruring)			
Wooland (55% Used for Men's Shoe manufactruring)			55
Rubber (50% Used for Men's Formal Shoe manufactruring)			50
Foam (70 % Used for Male's Shoe Manufacturing)			70
Leather (70% Used for Male Shoe manufactruring)			70
Total Raw materials Cost			<u>305</u>
Standard Cost			825
(+) Vat 15%			123.75
Total Cost			<u>948.75</u>

2018	2019	2020	2021
995,729,511	554,541,459	-1,322,979,988	-106,196,517
Following the Previous costing method (Cost of Goods sold)			
2018	2019	2020	2021
5,315,095,446	4,751,406,505	3,819,862,861	4,926,836,295
Following the previous costing method(Cash amount of Bata Bangladesh)			
2018	2019	2020	2021
803,217,953	711,089,617	125,919,383	622,781,937
Assumed 150000 pair of men's formal shoes are produced and per pair saved amount is (991.3-948.75=42.55)			
Following the new Costing Method (Profit Amount of Bata Bangladesh)			
2018	2019	2020	2021
1,002,112,011	560,923,959	-1,316,597,488	-99,814,017
Following the new costing method (Cost of Goods sold)			
2018	2019	2020	2021
5,308,712,946	4,745,024,005	3,813,480,361	4,920,453,795
Following the new costing method(Cash amount of Bata Bangladesh)			
2018	2019	2020	2021
809,600,453	717,472,117	132,301,883	629,164,437

Table -13: Manufacturing Costs of one pair of Men's Formal Shoe by simple and Activity Based costing, Joint Cost allocation.

64.Developed by Author.

• According to the study, it is found that ABC costing is more accurate costing method and has more specified narration of the costs also that assigns costs-based o usage rate of the resources. Though, it's much more complex and difficult to use but gives better idea of the costs and specific costs amount. Activity Based Costing appropriate costing method for costs estimation and gives the opportunity to cut down costs and better uses of resources. In the given data it has been seen that Total costs of producing Men's Formal Shoe (simple method or Traditional method) is 991.3 so the profit margin =1899-991.3=907.7 TK. Per pair and profit margin percentage = 47.8% also COGS percentage =52.20% but in jointly costing of Joint costs and ABC costing it is seen that total costs of producing this product are 948.75 so the profit margin =1899-948.75=950.25 TK. Per pair and profit margin percentage = 50.04% also COGS percentage =49.96%. That shows that there is more proper way of evidences of costs under ABC and Joint costs system. In this two-method jointly used gives more error free and effective accounting information rather than traditional method. Bata Bangladesh has high prospect to use this method to achieve the organization goal and decreasing costs of activity that are not adding sufficient value to the customer

	Potuakhali Family -1 Store			
Profitability Analysis (Using Broad Average or Simple Method) ▾	Existing Year ▾	Year-1 (Forecasted ▾	Year-2 (Forecasted ▾	Year-3 (Forecasted ▾
Detail				
Pairs Sold	12065	15000	15800	17000
Total Turnover Including Vat	8445500	18000000	19750000	22100000
Total Turnover Excluding Vat	7178675	15300000	16787500	18785000
Turnover on Footwear (95%)	6819741.25	14535000	15948125	17845750
Turnover Non-Footwear Items (5%)	358933.75	765000	839375	939250
Cost of Goods sold (40%,38%,37%,40%)	2871470	5814000	6211375	7514000
Gross Profit	4307205	9486000	10576125	11271000
Store Remuneration				
Minimum Rent	1104000	1500000	1500000	1500000
Property and Business Taxes	6500	15000	20000	25000
Energy Cost	135000	200000	206000	205000
Shared Cost	50000	60000	60000	60000
Depreciation (Existing) (Using Straight Line Method of 10%)	100000	100000	100000	100000
Depreciation (New) (Using Straight Line Method of 10%)		50000	50000	50000
Other Variable Costs	160000	200000	200000	200000
Other Fixed Costs				
Occupancy Costs				
Advertising	100000	400000	400000	400000
Freight	0	0	0	0
Merchants Association	0	0	0	0
Other costs	180000	180000	180000	180000
Selling and Handling Costs	250000	800000	800000	800000
Total Store Expenses	2085500	3505000	3516000	3520000
Allocated Overhead Fixed	93400	200000	210000	220000
Allocated Overhead Variable	250000	500000	510000	520000
Operating Profit(Profit before interest and tax)	1878305	5281000	6340125	7011000
Financial costs	240000	600000	650000	670000
Profit before tax	1638305	4681000	5690125	6341000
Profit After tax	1392559.25	3978850	4836606.25	5389850

segments. In the end, it can be opined that the ABC and Joint costing system combinedly increases the profit amount year 2018 -2021 and increases the cash amount, decreases the cost of goods sold of Bata Bangladesh.

Potuakhali Family-1 Store				
Profitability Analysis (Joint Cost allocation based on accurate allocation based and Using ABC costing) ▾	Existing Year ▾	Year-1 (Forecasted) ▾	Year-2 (Forecast) ▾	Year-3 (Forecast) ▾
Detail				
Pairs Sold	12065	15000	15800	17000
Total Turnover Including Vat	8445500	18000000	19750000	22100000
Total Turnover Excluding Vat	7178675	15300000	16787500	18785000
Turnover on Footwear (95%)	6819741.25	14535000	15948125	17845750
Turnover Non-Footwear Items (5%)	358933.75	765000	839375	939250
Cost of Goods sold (40%,38%,37%,40%)	2871470	5814000	6211375	7514000
Gross Profit	4307205	9486000	10576125	11271000
Store Remuneration				
Minimum Rent (Per month 92000 and 125000)	1104000	1500000	1500000	1500000
Property and Business Taxes	6500	15000	20000	25000
Energy Cost (Per unit price is 7.13 TK.) (Unit consumed 18900,28000,28800,28740)	134757	199647.13	205344	204916.2
Shared Cost (will be beared by two stores) ((100000*45%) (100000*50%) (100000*48%) (100000*55%)	45000	50000	48000	55000
Depreciation (Existing) (Reducing Balance Method at 10%) (Fixed asset amount 1000000 in existing year)	100000	90000	81000	72900
Depreciation (New) (Reducing Balance Method at 10%) (Asset Amount 500000)		50000	45000	40500
Other Variable Costs (100 Per unit 1600 , 2000, 2000, 2000)	1600	200000	200000	200000
Other Fixed Costs				
Occupancy Costs				
Advertising (Will be divided by two stores of Potuakhali on the Bill Boards and posters expenses) (45%)	90000	360000	360000	360000
Freight	0	0	0	0
Merchants Association	0	0	0	0
Other costs	180000	180000	180000	180000
Selling and Handling Costs	250000	800000	800000	800000
Total Store Expenses	1911857	3444647.13	3439344	3438316.2
Allocated Overhead Fixed (Rate 48%)	96000	192000	201600	201600
Allocated Overhead Variable (Rate 47.5%)	237500	475000	484500	494000
Operating Profit(Profit before interest and tax)	2061848	5374352.87	6450681	7137083.8
Financial costs	240000	600000	650000	670000
Profit before tax	1821848	4774352.87	5800681	6467083.8
Profit After tax	1548570.8	4058199.94	4930578.85	5497021.23

Table -14: Profitability Analysis of Bata Store by Simple Costing method, Activity Based Costing, Joint cost allocation.

- From the given table, it has been seen that different methods of costing have been used by Bata Bangladesh to determine the profit amount. First of all, simple method of costing has been used by Bata Bangladesh where relevant costs to stores are looking inaccurate and falsify in some cost items that made the profit amount less compare to other costing method. On the other hand, when Bata Bangladesh uses ABC Costing and Joint costing system combinedly the costs become more specific and accurate also reduces the overall costs (in terms of usage rate, percentage shared cost, unit price etc.). Using the ABC and Joint costing system initially looks difficult to implement but it works well for the organization to increase accountability and to reduce irrelevant costs for the organization. Bata Bangladesh can use skillful employees who can use ABC and Joint costing system to reduce the stores overall costs and increase profitability. In the end, it can be opined that the ABC and Joint costing system combinedly increases the profit amount year 2018 -2021 and increases the cash amount, decreases the cost of goods sold of Bata Bangladesh.

Potuakali Family -1 Store Warehouse Costs		Forecasted		
Warehouse Costs By Simple Method	Existing Yea	Year-1	Year-2	Year-3
Detail				
Warehouse Managers Salary	480000	480000	480000	480000
Health and Benefit	20000	30000	35000	37000
Rent	360000	480000	480000	480000
Energy Cost	120000	144000	168000	168300
Shared Cost	20000	25000	27000	30000
Depreciation (Existing) (By straight line method)	10000	10000	10000	10000
Allocated O/H Fixed	20000	20000	20000	20000
Allocated O/H Variable	30000	33000	40000	42000
Total Cost	1060000	1222000	1260000	1267300

Potuakali Family -1 Store Warehouse Costs		Forecasted			
Warehouse Costs by Joint cost Allocation and ABC costing	Existing Yea	Year-1	Year-2	Year-3	
Detail					
Warehouse Managers Salary (Per month 40000)	480000	480000	480000	480000	
Health and Benefit	20000	30000	35000	37000	
Rent (Per month 30000 and 40000)	360000	480000	480000	480000	
Energy Cost (7.13 Per unit - Existing Year 16800 , Year-1 20100, Year-23500)	120000	144000	168000	168300	
Shared Cost (between 2 warehouse of potuakhali rate 45%)	18000	22500	24300	27000	
Depreciation (Existing) (Using Reducing declining method)	10000	9000	8100	7290	
Allocated O/H Fixed	20000	20000	20000	20000	
Allocated O/H Variable (at a variable rate of 10 (3000,3300,4000,4100))	30000	33000	40000	41000	
Total Cost	1058000	1218500	1255400	1260590	

Table -15: Preparing Warehouse costs by Simple costing method, ABC costing, Joint Costing.

66.Developed by Author.

- In the given table, it shows the warehouse costs of one Bata family store that is indicating that the Bata Bangladesh uses few of the costing methods to determine the costs of warehouses. Firstly, by using simple costing method the costs of warehouses seem to be not accurate and misguided so that affecting the overall costs of warehouses to be high amount. On the other hand, when Bata Bangladesh uses the ABC costing and Joint costing combinedly the total costs of warehouse go down because these two costing method are accurate and efficient to determine the costs compare to simple costing method. So, it can be opined that the Bata Bangladesh can use ABC and joint costing system to reduce total costs of warehouses also to make error free costs statement. In conclusion, that has to be said the ABC and Joint costing system combinedly increases the profit amount year 2018 -2021 and increases the cash amount, decreases the cost of goods sold of Bata Bangladesh.

Sales Value at Split off Point Method

A	B	C	D
Panel-A Allocation of Joint costs Using Sales Value at Splitoff Method	Bata Jackpot Lace-up Formal Shoe	Bata Bolyn Ladies Loafer	Total
Sales Value of total production at splitoff point (60000 pairs * 2078 per pair, 40000 pairs * 1924 per pair)	124680000	76960000	201640000
Weighting	0.62	0.38	
Joint Costs allocated (.62*100820000 , .38*100820000)	62508400	38311600	100820000
Joint production cost per pair (62508400 ÷ 60000, 38311600 ÷ 40000)	1041.81	957.79	
Panel- B Product- Line Income Statement using Sales Value at Split off Method for December 2022			
Revenue (40000 * 2078 , 28000 * 1924)	83120000	53872000	136992000
Cost of goods sold (Joint Costs) :			
Production costs (0.62 * 100820000 , 0.38 * 100820000)	62508400	38311600	100820000
Deduct ending inventory (20000 pairs * 1041.81 per pair, 12000 pairs * 957.79 per pair)	<u>20836200</u>	<u>11493480</u>	<u>32329680</u>
COGS (Joint Costs)	<u>41672200</u>	<u>26818120</u>	<u>68490320</u>
Gross margin	<u>41560000</u>	<u>26936000</u>	<u>68496000</u>
Gross margin percentage (41560000 ÷ 83120000, 26936000 ÷ 53872000)	50%	50%	50%

Physical Measure Method

A	B	C	D
Panel-A Allocation of Joint costs Using Physical -Measure Method	Bata Jackpot Lace-up Formal Shoe	Bata Bolyn Ladies Loafer	Total
Physical measure of total production (Pairs of shoes)	60000	40000	100000
Weighting (60000 Pairs ÷ 100000, 40000 ÷ 100000)	0.6	0.4	
Joint Costs allocated (.60*100820000 , .40*100820000)	60492000.00	40328000.00	100820000.00
	62508400	38311600	100820000
Joint production cost per pair (60492000 ÷ 60000, 40328000 ÷ 40000)	1008.2	1008.2	
Panel- B Product- Line Income Statement using Physical-Measure Method for December 2022			
Revenue (40000 * 2078 , 28000 * 1924)	83120000	53872000	136992000
Cost of goods sold (Joint Costs) :			
Production costs (0.60 * 100820000 , 0.40 * 100820000)	60492000	40328000	100820000
Deduct ending inventory (20000 pairs * 1008.2 per pair, 12000 pairs * 1008.2 per pair)	<u>20164000</u>	<u>12098400</u>	<u>32262400</u>
COGS (Joint Costs)	<u>40328000</u>	<u>28229600</u>	<u>68557600</u>
Gross margin	<u>40328000</u>	<u>0</u>	<u>40328000</u>
Gross margin percentage (40328000 ÷ 83120000, 0 ÷ 53872000, 40328000 ÷ 136992000)	50%	0%	29.44%

Table – 16: Joint Costs allocation by Sales Value at Split off Point Method and Physical Measure Method.

67.Developed by Author.

Sales Value at Split off Point Method

According to the study, it is found that Sales value at split off point method works well when jointly two or more products can be produced from similar raw materials. In Bata Bangladesh few of the footwear products uses the similar raw materials like leather, rubber, cotton, foam etc. so the sales value at split off point method can be useful for them to determine the Joint production costs of footwear products. Moreover, Sales value at split of method is very much easy to calculate and Joint production costs are counted to the individual products revenue also it is easy to compare to other similar products. In the given data , Bata Bangladesh using the sales value at split off point method to determine the costs of two footwear products one for man and another one for woman the company can find this costing method useful as Bata Bangladesh jointly produces few similar products and the method gives easy path to compare the Joint production costs with other similar products easily also can give the opportunity to reduce the production costs (low amount of materials used jointly, low amount of overhead costs , Productivity increases, less wages needed).

Physical Measure Method

According to the study, it is found out that the physical measure method works effectively when two or more products produced together and can be determined by quantity, pounds, gallons, pairs etc. then this method works perfectly to allocate joint costs. As, there are different department in Bata Bangladesh like Manufacturing, Costing, Local Sourcing department who works on to know how many shoes pair manufactured and having as inventory they can find this method helpful because by measuring the how many pairs of shoes manufactured these departments can easily find out the joint production cost. In the table, its clearly shown about the way for Bata Bangladesh to use the Physical measure method by counting the pairs produced to find out the joint costs of production. The managers from different department of Bata Bangladesh can find this as a helpful costing method to determine the joint production costs as it is much more error free method and accurate.

From the Study the main ideas to follow for reducing costs in Bata retail stores, warehouses and footwear manufacturing.

<p style="text-align: center;">Retail Stores</p> <ol style="list-style-type: none"> 1. Leasing out unnecessary space which are not adding value to the customers. 2. Online shops in the area where stores are having losses due to high rent and establishment or fixed cost. 3. Open more Franchisee outlets to reduce rent costs. 4. Focusing on using eco-friendly electronic machines to reduce energy costs. 5. Recycled bags and packet to be used to reduce the cost. 	<p style="text-align: center;">Warehouses</p> <ol style="list-style-type: none"> 1. Consider leasing out extra space for warehouses. 2. Do outsourcing of footwear products rather than keeping them in warehouses as an inventory. 3. Do proper shelf system to identify every footwear product easily and use every space sharply so that no space remains empty. 4. Assigning nearly one warehouse for 2 or 3 stores so that overall rent costs of warehouses by Bata go down.
<p style="text-align: center;">Footwear Production</p> <ol style="list-style-type: none"> 1. Utilize the production facility the Bata Bangladesh has to reduce overhead costs and other costs. 2. Do outsourcing of specific shoes which has higher production cost manufactured in own facility due to high price of raw materials, overheads etc. 3. Keeping the raw materials in the appropriate temperature so that wastes percentage of raw materials go down. 4. Do processing of leather by own facility to reduce the material costs. 	<p style="text-align: center;">Proper Guidelines</p> <ol style="list-style-type: none"> 1. Proper Documentation of every costs. 2. Do Auditing in perfect manner to reduce costs and increase accountability. 3. Hire Skill management people who has enough knowledge of different accounting costing method to reduce costs by using them.

3.4 Summary and Conclusion

From the above research it is found that the Bata Bangladesh is performing well in the sector of Footwear manufacturing in Bangladesh. Bata is trying to develop its cost accounting method so that price of footwear products goes down and the company becomes competitive compare to other competitors in the market. At present, the company is using few of the costing method those have become effective to determine costs and be profitable but as market has huge competition from rivals it is high time to use and develop updated cost accounting method that is more specific with cost information and give the opportunity to reduce irrelevant costs. From this study, it is found that using the traditional or simple costing method has high amount of costs due to error and falsify amount but if the Bata Bangladesh uses Activity Based Costing, Joint Costing System, Sales value at split off method, Physical measure method. Then, the company can reduce its store, Warehouse, manufacturing cost that can certainly make the organization more effective in decision making and be competitive compare to other competitors. To Sum up, it can be opined that Bata Bangladesh can adopt accurate cost accounting method based on its data type that can help the organization to reduce its store, manufacturing, warehouse costs.

3.5 Recommendation

Do Proper Documentation of any costs related to Store, Warehouse, Manufacturing

It is seen that proper documentation of anything works well as the evidence to prove for any kind of organization private, public, NGO etc. For Bata Bangladesh the company should focus on making proper documentation of its costs, sales, other transaction so that these documentation by paper and electrically work as the evidence to show whenever needed. This documentation can work effectively as the evidence root level to use for determining the profit and costs of stores, manufacturing, warehouse. So, the company should focus on making proper documentation so that those work well as the evidence for different decision making.

Using Appropriate Cost Accounting Method that suits to particular kind of Data

It is not possible that one costing method will effectively work for every store, warehouse, manufacturing. So, the top management should strategically define which costing method works best for which criteria. Then, the company should use the appropriate costing method for stores, warehouse, manufacturing. It is found that using unrelated costing method come up with too much inaccurate data and information. So, Bata Bangladesh should look into that area so that they are using the different cost accounting method effectively.

Hiring Skilled employees to implement the updated cost accounting method

It is impossible to use the appropriate cost accounting method without the skilled employees who will work practically on costing issue. It is seen that without proper knowledge on the Cost accounting method its hard to understand how to use the cost accounting method. A few of the method (like ABC costing and Sales value at split off method) very much difficult to use and using it in inappropriate manner can result misleading information. Though, the cost accounting methods are hard to use but skilled employees can use these methods effectively.

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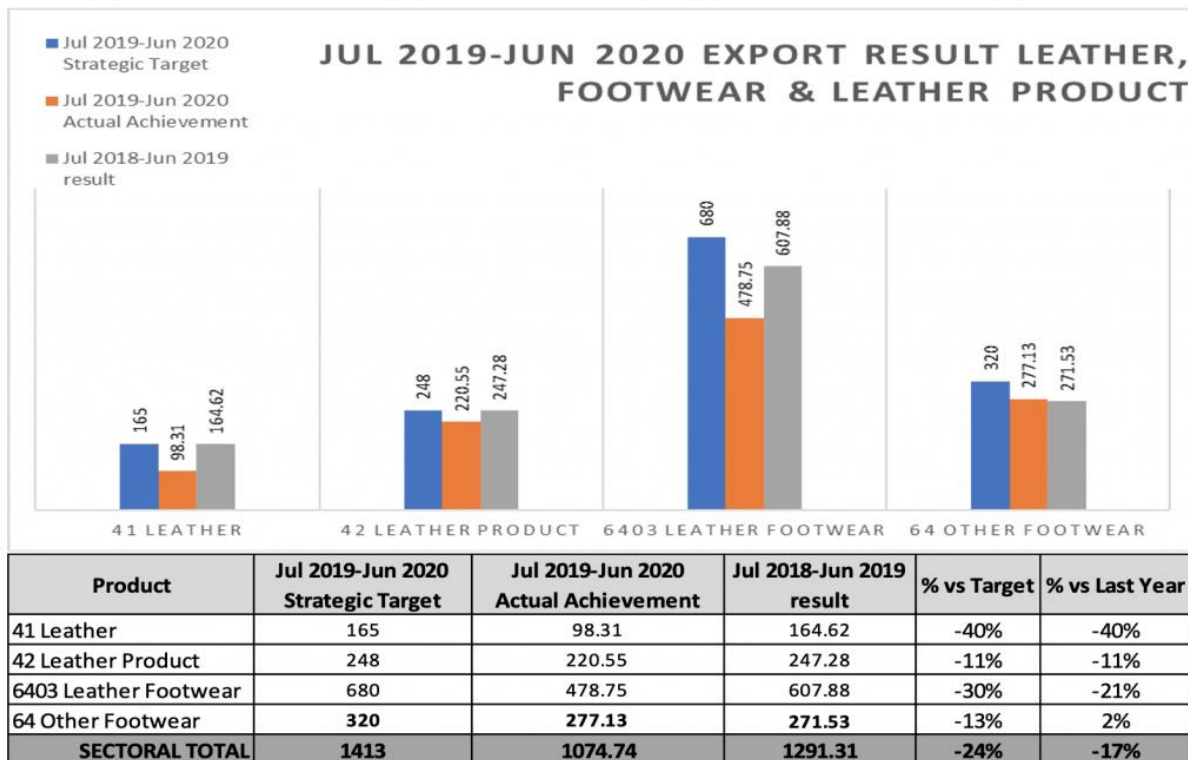
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Appendix-A



Data Published on The Daily Star Newspaper context of the Footwear Exports by Bangladesh Footwear Companies.

Note: In recent years the Footwear Exports have significantly increased due low labor and materials cost.

Appendix-B



Tools and Raw Materials

- **Tack Hammer:** Long headed hammer for accurate hammering.
- **Lasting Stand:** To hold plastic last.
- **Lasting Pliers:** Pliers used while lasting process.
- **Shoemaking Pincers:** Used to remove nails.
- **Cut Leather Shears:** Leather cutting blades/ scissor.
- **Scratch Awls:** Point making and piercing tools.
- **Three-Prong Thonging Chisel:** Chisel used for removing excess.
- **Stitching Awl:** To sew the parts of shoe.
- **Glover's Needles:** Long and thick needle used for stitching leather.
- **Adhesive:** To stick the parts of shoes.
- **Tanned Soling Leather:** Leather used for making shoe.
- **Waxed Braided Cord:** Thread used for stitching.
- **Scissor's:** To cut the thread.
- **Metal Nails:** To fasten the leather to plastic last.
- **Shoe Last:** Foot shaped solid piece made of plastic or wood.

CLASSIFICATION OF OPERATION

COMPANY: BATA SHOE COMPANY (BD) LIMITED
 DEPARTMENT NO: 405 - MANIPULATION

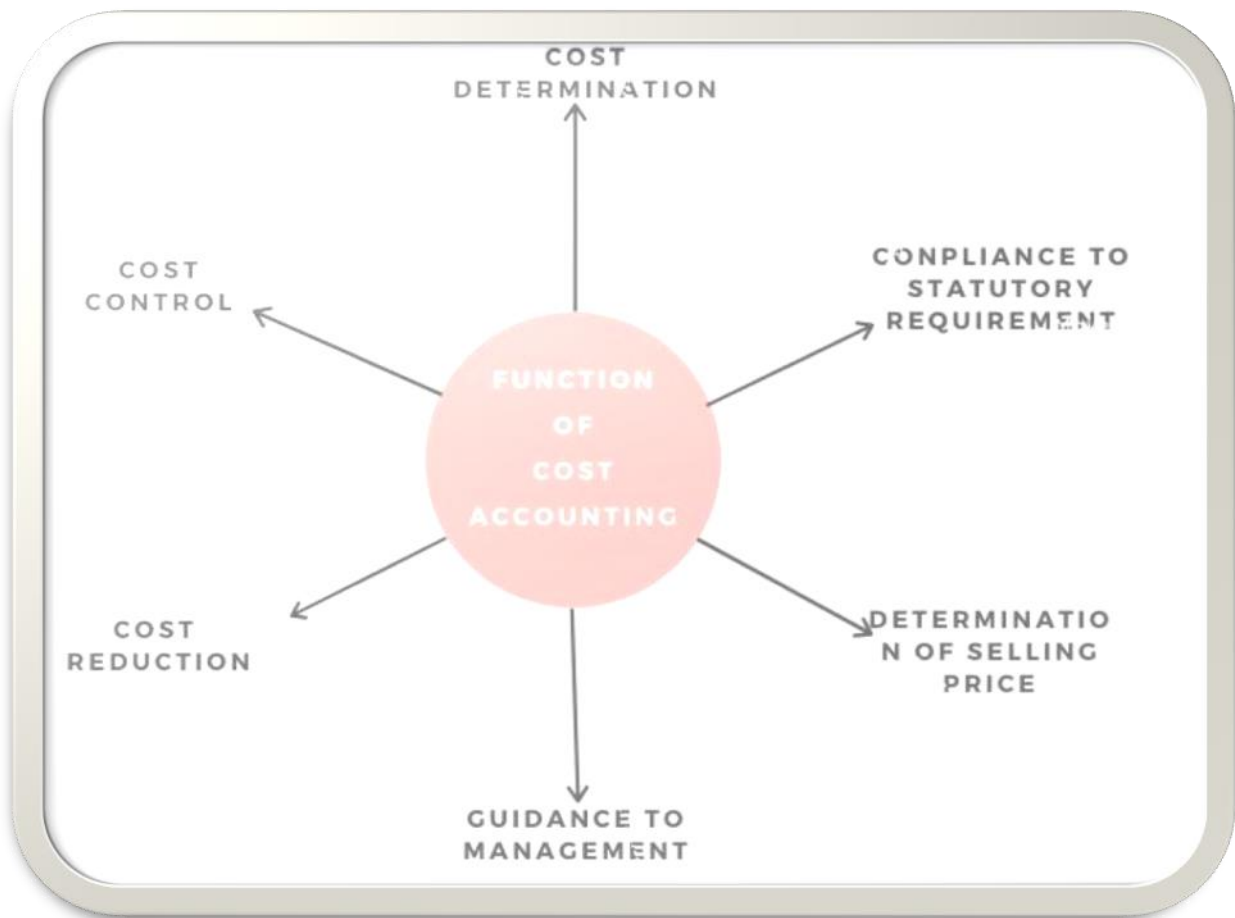
OPERATION NUMBER	OPERATION DESCRIPTION	CLASS	REMARKS
001	Upper cutting-suede, calf, kid	01	
002	Upper cutting-kips, sides	02	
003	Upper cutting-split suede	02	
004	Upper cutting-nubuck, printed	03	
005	Upper cutting - small parts	07	
006	Cutting linings - men's	07	
007	Cut lining - women's	04	
008	Cutting leather socks, heelpad	07	
009	Stamping lining	09	
011	Perforating	09	
012	Prepare & soft upper	09	
013	Tracing Textile	01	
014	Packing Textile (Folding) Mat.	04	
015	Cut upper	03	
016	Cut linings/innerlinings	04	
017	Cut sock	04	
018	Cutting felt platforms	04	
019	Cutting toepuff, heelpads	05	
020	Cut side stays, eyelet pieces/vel	05	
021	Cut Bottom Filling	06	
022	Mark upper/opening	09	
023	Embossing	09	
024	Sewing Raised Moccasin	07	
025	Cut upper (Man Made)	03	
026	Feeding U.S.M.C conveyor	07	
027	Arranging & Carrying/loading	10	
028	Splitting	09	
029	Colouring Upper By Spray Gun	08	
030	Dying edges-Manually	10	
031	Skiving edges-Manually	07	
032	Cutting Straps-By Scissors/weggle	10	
033	Cutting Straps-By Chopper	10	
034	DECO. * * STRAP CUT BY	10	
035	Apply CH	10	

Scanned By Camera Scanner

Data on Materials Used for the Manufacturing of Footwear Products.

Note: Different Products related to manufacture footwear products often vary with Raw materials.

Appendix-C



Data Related to the Importance of Cost accounting.



How much cost Accounting method contributing to the Bata Shoe Company (Bangladesh) ltd ?

As, a part of the Internship report topic

"Importance of different

accounting costing methods for cutting costs of Bata Bangladesh Footwear Production, Retail Stores and Warehouses " it is requested to fill up this form.

rafi.ahmed@g.bracu.ac.bd [Switch account](#)



* Required

Email *

Your email

1.Are you as an employee of Bata Bangladesh satisfied with existing cost accounting method ?

- Agree
- Strongly Agree
- Undecided
- Disagree
- Strongly Disagree
- Other: _____

2.Do the existing cost accounting methods needs little bit improvement ?

- Agree
- Strongly Agree
- Undecided
- Disagree
- Strongly Disagree
- Other: _____

3. Do the organization need to find a new costing method ?

- Agree
 - Strongly Agree
 - Undecided
 - Disagree
 - Strongly Disagree
 - Other: _____
-

4. Do the organization need a new costing method as fast as possible?

- Agree
 - Strongly Agree
 - Undecided
 - Disagree
 - Strongly Disagree
 - Other: _____
-

5. Do the organization need accurate data collection related to costs for proper recording of Bata Bangladesh's Data?

- Agree
- Strongly Agree
- Undecided
- Disagree
- Strongly Disagree
- Other: _____

6. Do the organization need modern and relevant cost accounting methods to reduce the costs of Bata Bangladesh?

- Agree
- Strongly Agree
- Undecided
- Disagree
- Strongly Disagree
- Other: _____

A copy of your responses will be emailed to the address you provided.

Submit

Clear form

Question developed in Google form to collect information from 20 top management employees.

Timestamp	1.Are you as an employee of Bata Bangladesh satisfied with existing cost accounting method ?	2.Do the existing cost accounting methods needs little bit improvement ?
1/11/2023 22:06:31	Agree	Undecided
1/12/2023 0:08:34	Undecided	Undecided
1/12/2023 0:10:41	Disagree	Undecided
1/12/2023 0:15:46	Disagree	Undecided
1/12/2023 1:03:27	Disagree	Agree
1/12/2023 8:55:35	Disagree	Undecided
1/12/2023 11:02:54	Undecided	Agree
1/12/2023 14:00:46	Undecided	Undecided
1/12/2023 14:03:10	Undecided	Agree
1/12/2023 14:30:41	Disagree	Undecided
1/12/2023 21:42:45	Disagree	Undecided
1/12/2023 21:49:21	Undecided	Undecided
1/12/2023 22:01:58	Undecided	Agree
1/12/2023 22:16:18	Disagree	Disagree
1/12/2023 22:28:43	Agree	Undecided
1/12/2023 22:34:36	Undecided	Disagree
1/13/2023 1:07:41	Disagree	Disagree
1/13/2023 10:18:15	Undecided	Undecided
1/13/2023 19:09:08	Undecided	Undecided

3.Do the organization needs to find new costing method ?	4.Do the organization needs new costing method as fast as possible?	5.Do the organization needs accurate data collection related to costs for proper recording of Bata Bangladesh's Data?
Disagree	Agree	Disagree
Undecided	Undecided	Disagree
Undecided	Disagree	Agree
Undecided	Undecided	Disagree
Undecided	Disagree	Disagree
Agree	Agree	Agree
Disagree	Disagree	Disagree
Undecided	Disagree	Disagree
Disagree	Disagree	Disagree
Undecided	Disagree	Agree
Agree	Agree	Strongly Disagree
Disagree	Disagree	Agree
Undecided	Disagree	Strongly Disagree
Undecided	Disagree	
Undecided	Undecided	Strongly Disagree
Undecided	Undecided	Undecided
Disagree	Undecided	Undecided
Disagree	Disagree	Disagree
Undecided	Undecided	Disagree

6.Do the organization needs modern and relevant cost accounting method to reduce the costs of Bata Bangladesh.?	Email Address
Agree	fahad.bashar@bata.com
Strongly Disagree	tamalnandilm@bata.com
Undecided	nadimhossain@bata.com
Disagree	samiulhasan@bata.com
Disagree	sojtdas@bata.com
Agree	anikaislam@bata.com
Strongly Disagree	shirajummunira@bata.com
Undecided	fatimanowsher@bata.com
Agree	giasuddin@bata.com
Strongly Disagree	ratulkhan@bata.com
Undecided	alaminkhan@bata.com
Undecided	muntasirahmed@bata.com
Undecided	jehadkhanjamil@bata.com
Agree	saadkhanfahim@bata.com
Undecided	hasanmurad@bata.com
Strongly Disagree	humayunkabir@bata.com
Strongly Disagree	sadekkhan@bata.com
Agree	tistiakahmed@bata.com
Strongly Disagree	tamilkhan@bata.com

Answer from 20 top management employees.

Note: Answers may vary from one employee to another.
