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**From Paternalism to Socially Oriented Enterprise: the Partnership of
Nikolskaya Mill Savva Morosov's Son and the New Russia Co.**

The 2nd half of the 19th century was the period of formation under the aegis of the entrepreneurs of social package of measures connected with rendering medical aid, introducing sanitary regulations at the enterprises, workers dwellings, housing, social insurance as well as organization of primary schools, public libraries and leisure time. In final analysis, such actions took the form of many-sided social programs aimed at improvement of living and working conditions.

Savva Morosov started his business in 1797 in Vladimir Province. In 1860 he founded trading house under the name "Savva Morosov and sons", which united several textile mills in the region round the river Klyazma. In 1873 his son Timofei reorganized family business into the Partnership of the Nikolskaya Mill "Savva Morosov's son & Co". By the beginning of the 20th century it evolved into highly integrated enterprise, which become one of the leading firms in Russian textile industry.

The New Russia Company Ltd. was found in 1869 in London. Three months earlier Alexander II approved a contract between the Russian Government and the British engineer John Hughes, a native of Merthyr Tydfil. He assumed the obligation to establish the metallurgical corporation in Ekaterinoslav Province (now Donetsk, Ukraine). It was the first enterprise of such kind in South Russia. On the eve of the 20th century the firm included collieries, blast furnaces, cast shop, rail-manufacturing and bridge-making plants.

Terms and meanings

Russian businessmen named their non-manufacturing social amenities as charity institutions in the framework of the firm. In essence, above-mentioned measures could be defined as *paternalism* or *social policy* in the contemporary scientific meaning. However, there are some important differences from the author's point of view.

Paternalism – regulation of social and labour relations within the firm at the own expense of the employer.

Social policy – long-term and purposeful social programs constantly financed by the firm and fixed in special accounts in its balance sheets.

Governmental regulation

Two main factors played decisive role in shaping social institutions that appeared in the 2nd half of the 19th century in large Russian enterprises:

- 1) Governmental initiative, which took the form of laws,
- 2) Private inventiveness that was supported financially by the owners and by the firms.

In Imperial Russia, there were few laws that induced entrepreneurs to take care of their hired workers. Most of them had not an obligatory character. In 1866, an interim law on medical aid was initiated by the Moscow Governor and then was adopted by the Tsar for Moscow Province. This act poorly stimulated the sluggish local authorities to accept corresponding resolutions within their jurisdiction. Nevertheless, the process dragged out for 20–30 years. To some extent this tardiness could be explained because of delayed industrialization that sped up only by the end of the 19th century.

In the 1880s, two acts were adopted, and subsequently they constituted special paragraphs in the Industry Statute of 1892. These laws dealt with foundation of primary schools for the young workers at the enterprises. Unfortunately, these regulations did not oblige the factory owners to organize schools nor compelled children to visit it.

The acts of 1903 and 1912 positively affected introducing of social insurance in Russian industry. The first law established obligatory material responsibility of the employers in cases of industrial injuries. The second set up associated form of social insurance in case of temporarily disability. By adopting Income Tax Law of 1916, the Government liberated charitable activities, educational, cultural and artistic associations from paying duties the state budget.

Private initiatives

Private initiatives were characterized by great variety of measures demonstrated, first of all, by the large and successful Russian firms. Medical aid, workers housing, social insurance, education and recreation were the main structural elements of long-term social policy. There were many other deeds fulfilled by the firms in places of their location. They helped local administration to solve some vital problems of social infrastructure by granting financial support. It is worthy to mention payments for the settlement's police force, organization of fireguard, sanitary inspection.

Medical aid

The Morosovs' and the Hughes' organized their first hospitals long before the adoption of obligatory local resolutions — in the 1860s and 1870s. On the eve of the 20th century both firms exceeded the health care requirements of the Russian industrial regulations: one bed per 100 workers. Moreover, these private hospitals served not only the

companies workers and employees but also the whole settlement providing low-level fees for the outside persons.

The Morosovs' hospitals

In the beginning of the 20th century the Nikolskaya Mill Partnership had at its disposal 4 hospitals with 350 beds in all. The main building included two surgical and two therapeutic departments, X-ray room, physiotherapy, gynecological department and delivery room, outpatients department and drugstore. The enterprise administration usually invited Moscow dentists and ophthalmologist for two months each year for medical treatment of hired workers.

From 1873 until 1916, the Partnership transferred over 3.7 millions rubles* that amounted to 4% of overall firm's expenditures.

The Hughes' hospitals

Hughes first hospital built in 1873 had at its disposal only 12 beds. By the beginning of the 20th century the small infirmary had developed into four well-equipped buildings with 150 beds, surgical department, X-ray room and drugstore. Twenty-six qualified specialists served the workers. In 1909, medical documents registered 300,000 ambulance visits. The hospital maintenance cost 60–75,000 rubles per year. In 1916 there were already 275 beds.

In the harsh climate, epidemic and infectious diseases were the main problems that faced out medical personnel. In these cases, by the approval of factory management the chief doctor enlarged the number of places in the hospitals. The settlement periodically suffered from typhus and cholera in 1886, 1892, 1902, 1908, and 1910.

Housing

Construction of dwellings for workers was a very difficult task and simultaneously compulsory measure for the employers, whose enterprises were situated in the countryside or in bare steppe. Housing was the most acute aspect in the social activities.

Morosovs provided their workers with free of charge barracks that were built at the expense of the firm. In the beginning of the 20th century in Nikolskoe there were 30 barracks with 3500 rooms, in which lived 14,441 workers in all. As usual, one room was designated for one family but a few took the shelter jointly (less than 4.6%). All the structures had lightening, water pipe, sewerage, heating and ventilation, and they fully answered or even surpassed the sanitary requirements officially confirmed in Russia.

* 1 pound = 9.6 rubles

The average cost of the old barracks constructed before the 1890s was equal 178 rubles per worker, and it gave a rise to the wages up to 23%. The new one cost 450 rubles and it gave 35% rise.

At the beginning, Hughes workers lived in the numerous small and narrow cabins that were destroyed in the 1890s. By the end of the 19th century the New Russia Company had organized several settlements, which numbered 797 family houses and 60 barrack-hostels for unmarried workers. Each family house was divided into two or four individual apartments. The minor part of them was free of charge, and for the others including comfortable houses with gardens a graduated, cheap rent was to be paid. The Company managed to provide residential quarters with pipe water and sewerage only by 1915.

Social insurance

Imperial Russia was a country low-income population, and that was why the entrepreneurs had to solve living conditions problems independently.

Usually the full package of social insurance included various allowances and benefits, almshouses and day nurseries. A range of services varied from firm to firm, and only few enterprises provided the full package. Some employers, presumably foreigners, preferred to pay higher wages to get rid of responsibility on some workers existence problems.

The Nikolskaya Mill Partnership and the New Russia Company set up the most significant industrial disability benefit long before the adoption of all-Russia laws of 1903 and 1912. Both firms delivered cheap food for the workers supplying them with farm produce from its own economies attached to the firm. Products were sold in factory shops and open-air markets. The firms supported cooperative store founded by the Consumers societies.

The Nikolskaya Mill Partnership provided a full package of social insurance. In 1873 a capital of charity sums was found for payment of allowances and benefits, for maintenance of orphanage, schools, nurseries and almshouse. From 1873 to 1916 more than 5 million rubles were transferred to the charity capital from net profit and partly from reserve capital. In all, it constituted approximately 5% of gross income. Industrial disability benefits were paid off the so-called penalty capital that was composed of fine deductions from workers wages. The first almshouse and day nursery were organized in the 1880s. By the beginning of the 20th century they evolved into large, well-equipped and comfortable amenities.

The social package of the New Russia Company was not as diversified as in the Nikolskaya Mill. Nevertheless Hughes provided widows of died injured workers by allowances from five to 25 rubles per month. The Company practiced payment of

extraordinary grants, but overall sums were too modest in comparison to the Nikolskaya Mill Partnership. The New Russia Company insured its workers against death and disablement at one of the oldest Russian insurance company still in the end of the 19th century.

Education

Primary education and secondary technical training were the most important aspects of the social policy conducted by the Morosovs and the Hughes. Creation of qualified and intelligent workers became the duty of the interested employers because primary and not to say secondary education was not obligatory in Imperial Russia. The entrepreneurs added to official school programs supplementary disciplines: history, geography, geometry, physics, drawing and foreign languages. Moreover, they ran industrial schools and Sunday technical classes for adult workers.

The first primary schools appeared in Nikolskoe in 1864 and in Hughesovka in 1876. In the beginning of the 20th century the Morosovs Partnership had 3 educational institutions with more extensive program in the central one, while the New Russia Company had one main college and seven branches in the outlying districts, including specialized English school for the employees children. The Nikolskaya school was the largest and the most equipped, which trained more than 52% of all pupils in the district, that is 1956. The Hughes main school was the best too and the biggest in the settlement (1446 pupils). Education at the Nikolskaya Mill Partnership was free of charge, while in the New Russia Company pupils paid 5 rubles a year except orphans and widows children.

Leisure time

Leisure time activities became one of important elements in improving workers living conditions. As a rule, it included foundation of libraries, laying out recreation parks, opening of teashops and tearooms, organization of workers brass bands, chorus groups, cinema, theater performances and sports.

The Morosovs succeed in each field. However, foundation of a theatre was the culmination of their activities. The first open-air summer theatre appeared as early as 1897 by the initiative of the one of the founders of the Moscow Art Theatre Savva Morosov. The last one, Winter Theatre, was opened in 1912. The Morosovs usually invited famous Russian actors and opera singers to Nikolskoe, for example, Sobinov and Shalyapin.

The Hughes paid more attention to the libraries and teashops in order to divert workers from alcohol beverages. In this sense, the erection of an Orthodox Cathedral became the highest point of the activities. The church that could contain five thousands peoples was built for money given by the Company's workers, the firm's financial contribution and local

inhabitants payments. In all, it cost 100 thousands rubles. Concerts and performances were usually organized in the large and luminous hall of the main college.

In final analysis, leisure time activities improved significantly living conditions of the working class in large industrial enterprises.

Conclusion

The Nikolskaya Mill Partnership and the New Russia Company were town organizing centers providing facilities available to city dwellers. In the Soviet time, these settlements acquired town status. Nikolskoe was renamed into Orehovo-Zuevo, while Hughosovka converted into Donetsk.

The social activities of Russian entrepreneurs were characterized by wide range of services in many fields of human being. Initially, truly paternalistic features distinguished starting steps especially in case of the Morosovs who personally supported their first institutions. Gradually occasional individual actions of the employer evolved into long-term systematic and many-sided policy financed by the firm. During 43 years the Morosovs transferred 9.8% of net profit on social needs, or 7% of gross income. I should say that it is very high level of deductions. Simultaneously they personally granted considerable sums on social needs (approximately 1.5 million rubles).

Historical evidences collected from archives allow defining quantities and qualities criteria of socially oriented enterprise. As far as quantities data are concerned, it would be correctly to fix a level, for example, of 4% of all non-industrial expenditures. As to qualities indices, it would be necessary to determine scope and range of measures, its combination and duration.