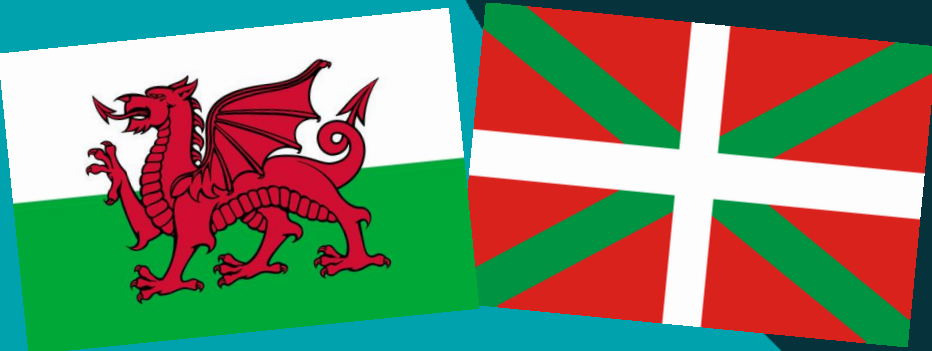


# Experiences Developing Co-operative Identity in Mondragon Enterprises

**Mutual Benefits: Building a  
Co-operation Between Wales  
and the Basque Country**

*Good Practice Exchange*  
Wales Audit Office  
4 December, 2018



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*Introduction:*  
**THE  
MONDRAGON  
CO-OPERATIVE  
EXPERIENCE**

**MONDRAGON**



**HUMANITY  
AT WORK**

Finance  
Industry  
Retail  
Knowledge

# Three key learnings from **MONDRAGON**, a network of worker cooperative enterprises

**BUSINESS AS A FOCUS FOR  
SOCIAL CHANGE**

**BROAD WORKER OWNERSHIP**

**INTERCOOPERATION**

# The Basque Country

## **EUSKADI**

- 2.1 million people
- Manufacturing traditon



# MONDRAGON TODAY

**98 co-ops + 170 affiliated/subsid orgs**  
**> 80,818 people**

Co-operative means  
**WORKER-OWNED**  
not USER-owned

**4 AREAS**

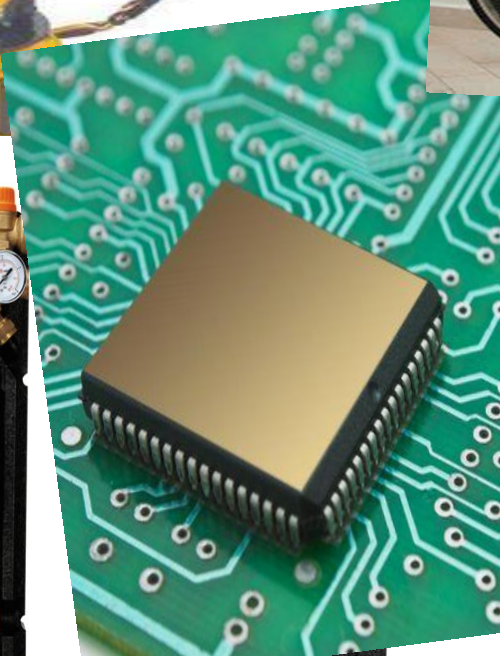
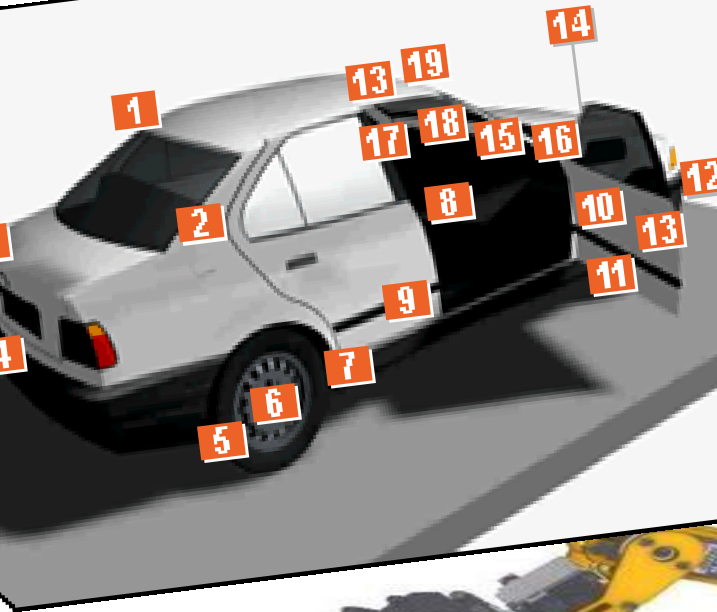
**FINANCE**

**INDUSTRY (Several Divisions)**

**RETAIL**

**KNOWLEDGE**

**TOTAL SALES: € 11.9 Billion**





**LABORAL**  
kutxa



**Mondragon**  
Unibertsitatea



**LAGUN ARO**  
SEGUROS



Not a business project, a **VALUES PROJECT ... IN BUSINESS.**  
Profits? yes, or no Project ... but business as MEANS to an end.

- HUMAN DIGNITY, BASIC EQUALITY
- HARD WORK. (Work transforms...)
- COMMUNITY, SOLIDARITY, MUTUAL RESPONSIBILITY + INDIVIDUAL ACCOUNTABILITY
- COOPERATION, SHARED WEALTH



*Values in business... or  
values project fails*



# STAGES, history of Mondragon

1. BIRTH AND EXPANSION, **1941 – 1975** (1956, 1959)
2. CRISIS & RESTRUCTURING, **1975 – 1987**
3. ECONOMIC CONSOLIDATION... RE-GROUPING  
(sectors) ... INTERNATIONALIZATION ... CO-OP  
IDENTITY REVITALIZATION, **1987 – 2008**
4. CRISIS (+Fagor Home App) ... RECOVERY ...  
ONGOING INTERNATIONALIZATION ... EXPANDING  
CO-OP IDENTITY REVITALIZATION, **2008 – present**

# THEMES throughout

- ▶ **EDUCATION:** technical & social; formal & informal; children & adults
- ▶ **INTERCOOPERATION:** creating institutions / policy IN COMMON (*finance, social security, R&D, education*) + coop-to-coop biz synergies)
- ▶ **BALANCE BUSINESS & SOCIAL PRIORITIES:** Business ups & downs, crises, global competition → adaptation, business seriousness: business failure = no social, cooperative project
- ▶ **CHALLENGES:** co-op identity, quality of work and technology, internationalizaion



# INTERCOOPERATION

**Cooperation among co-ops = Strength in Numbers**

**Mutual rights / obligations →**

**Do things together that are more difficult or impossible to do alone**

# Intercooperation: 2 purposes, 2 kinds

**TWO PURPOSES:** (1) competitiveness and (2) solidarity

**TWO KINDS:**

- 1) *Create institutions / policies IN COMMON*** *to provide essential services not readily available to co-ops in the market. All co-ops contribute, all benefit.*
- 2) *Co-op-to-co-op SYNERGIES***. *Facilitates firms working together, looking for economies of scale, synergies, support (new business, new technology, internationalization, etc.)*

WHILE MAINTAINING THE **AUTONOMY** OF INDIVIDUAL CO-OPS. Each Co-op is sovereign. Decides to be “remain” or “leave”.

## Institutions in Common

- ▶ **Bank** (Laboral Kutxa Caja Laboral. CDFO, then co-op bank)
- ▶ **Venture Capital Fund** (Mondragon Inversiones)
- ▶ **Social Security** (Lagun Aro, health insurance/pensions)
- ▶ **University, Vocational schls, Continuing/adult ed/training**
- ▶ **Central Departments** (Strategy, Internationalization, Finance, Innovation & New Business, HR, etc.)
- ▶ **Divisional management / coordination**

## Policy in Common

- ▶ **No Layoffs / Member Transfer** (re-employment not un-employment)
- ▶ **Profit-pooling (Divisions)**

## Co-op to Co-op business synergies

- ▶ Danobat Group – 5 co-op division, **manufacture advanced machine tools**
- ▶ MISE Energy Services, 4 co-op effort, **energy consultancy**
- ▶ Ategi – 25+ co-ops, telecomm, informatics, etc. **purchasing**
- ▶ Osarten, dozens of co-ops: **health, safety, well-being**
- ▶ Edergarden – 2 co-op Alliance for **treating toxic soil**
- ▶ Many etc.

**MONDRAGON**  
Structure

**COOP CONGRESS**  
PRESIDENT  
Standing Committee

Indiv. co-ops

Groups & divisions

Central Dpts.  
(Int'l, Strat Pl, Fin, Nw Biz)

*President (CEO)*  
**GENERAL COUNCIL**

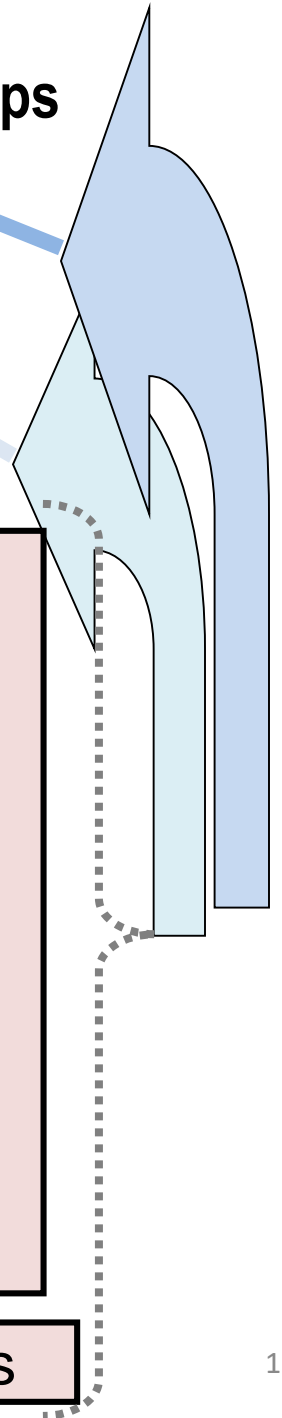
**FINANCE AREA**

**INDUSTRIAL AREA**

- Automotive Components Division
- Industrial Components Division
- Construction Division
- Industrial Equipment Division
- Home Products Division
- Engineering and Capital Goods
- Machine Tools + several other divisions

**RETAIL & ALLIED AREA**

**KNOWLEDGE AREA: Educ, Training & Research Centers**



# BUILDING COOPERATIVE IDENTITY – Cooperative Ownership Education, Training and Organiz. Change

## LANKI – The Institute of Co-operative Research

1.- We offer education, training & org change services, which vary by:

- a. **Format**: in-person, online or blended
- b. **Duration**: from 8 hours to 1,500 hours
- c. **Kind of “student” / participant**: co-op members (frontline and management), young entrepreneurs, recent university graduates, working professionals, social and solidarity economy promoters, members of co-op elected bodies.
- d. **Collaborators**: municipal, provincial and Basque government agencies, Mondragon headquarters departments



2.- Program/process design is tailored to the characteristics and objectives of the group or organization involved.

3.- We focus on these content areas:

- ▶ Co-operative Enterprise Identity and Culture
- ▶ Social economy / cooperative enterprise as a response to social and economic challenges
- ▶ Co-operative Enterprise governance and participación
- ▶ Intercooperation
- ▶ Co-operatives and Social Transformation
- ▶ Co-operative Social Entrepreneurship
- ▶ Co-operative Enterprise management

**2**

## **Education and Training Products and Services**

*Some are university degree programs, but, equally or more important...*

- ▶ **Applied focus:** meet the practical objectives of students and co-ops, not bureaucratic-academic requirements of ministries of education → more flexibility, less bureaucracy
- ▶ **Life-long learning**, continuing education... in the cooperative, social and solidarity economies
- ▶ **LANKI** was created for these purposes ... especially to help co-ops ***build / innovate co-operative identity while competing successfully in the market***

- i. **BASIC COURSE IN CO-OPERATIVE ENTERPRISE:** In-person, 8 hours, for new members of Mondragon co-ops.
  
- ii. **EXPERT COURSE IN CO-OPERATIVE CULTURE DEVELOPMENT :** In-person, 250 hours, for members of co-ops' elected bodies and co-op managers who seek to be co-op advocate-leaders. The course final project consists of an applied proposal to build cooperative culture, identity and practice in the participant's co-op.

- iii. **EXPERT CERTIFICATE COURSE IN SOCIAL, CO-OPERATIVE ENTREPRENEURSHIP & SOCIAL ECONOMY:** In-person 650 hours, for social entrepreneurs. Aim is to create enterprises with social transformation goals that also link with networks of local social organizations. A tutor accompanies entrepreneurs in the process of creating collective businesses
  
- iv. **MASTERS IN SOCIAL ECONOMY AND CO-OPERATIVE ENTERPRISE:** Accredited degree, online, 1,500 hours for people interested in developing co-operative and social economy management competencies, recent university graduates, but especially professionals actively working in social economy organizations, NGOs or public sector agencies. Two tracks: profesional or research.

- v. EXPERT DIPLOMA IN MANAGEMENT AND SOCIAL DEVELOPMENT IN THE SOLIDARITY ECONOMY:** In-person course, 750 hours, for leaders and developers of initiatives in the social and solidarity economy in Latin America. Its objective is to build individual and collective capacities in social relations, management and the promotion of gender equality as they relate to participants' initiatives. The design and initial implementation of participants' final projects for the course are tutored by experts in co-operative management.

**3**

**Co-operative  
innovation, identity  
and culture  
development:**

***Tailored Projects***

Advanced machine tool manufacturing co-operative, 220 worker-members

- **Objective**: collaborate with the enterprise in building a long-term process for cooperative innovation: strengthening co-operative identity and culture and integrating these fully into the company's daily functioning as a business.
- **Phases**:
  - 1) **LEADERSHIP & LAUNCH**. Creation of two teams: Development Team (senior execs + elected co-op officials) and Feedback Team (cross-section). Establish specific objectives, gain full commitment
  - 2) **DESIGN**: Collaborative design of Project component processes (below)
  - 3) **TRAINING / REFLECTION**: Joint implementation of a participatory training + reflection process for work force in small groups. Identification of challenges and approaches to them to develop.
  - 4) **ORGANIZATIONAL CHANGE**: Joint development of communication, training, participation, governance initiatives identified previous phase
  - 5) **REVIEW**: Review/adjustment of initiatives



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**Eskerrik asko**  
Thanks and  
**Diolch yn fawr**