

Employee participation practices across organizational and institutional divides: The case of worker-owned multinationals

Ignacio Bretos
Anjel Errasti
Carmen Marcuello
Millán Díaz-Foncea

University of Zaragoza – University of the Basque Country

Structure of the presentation

- **Introduction**
- **Theoretical framework**
- **Methodology**
- **Findings**
- **Conclusions**

1. Introduction

An increasing range of organizations that are not simply capitalist firms driven by shareholder value have expanded beyond their national boundaries in the last decades



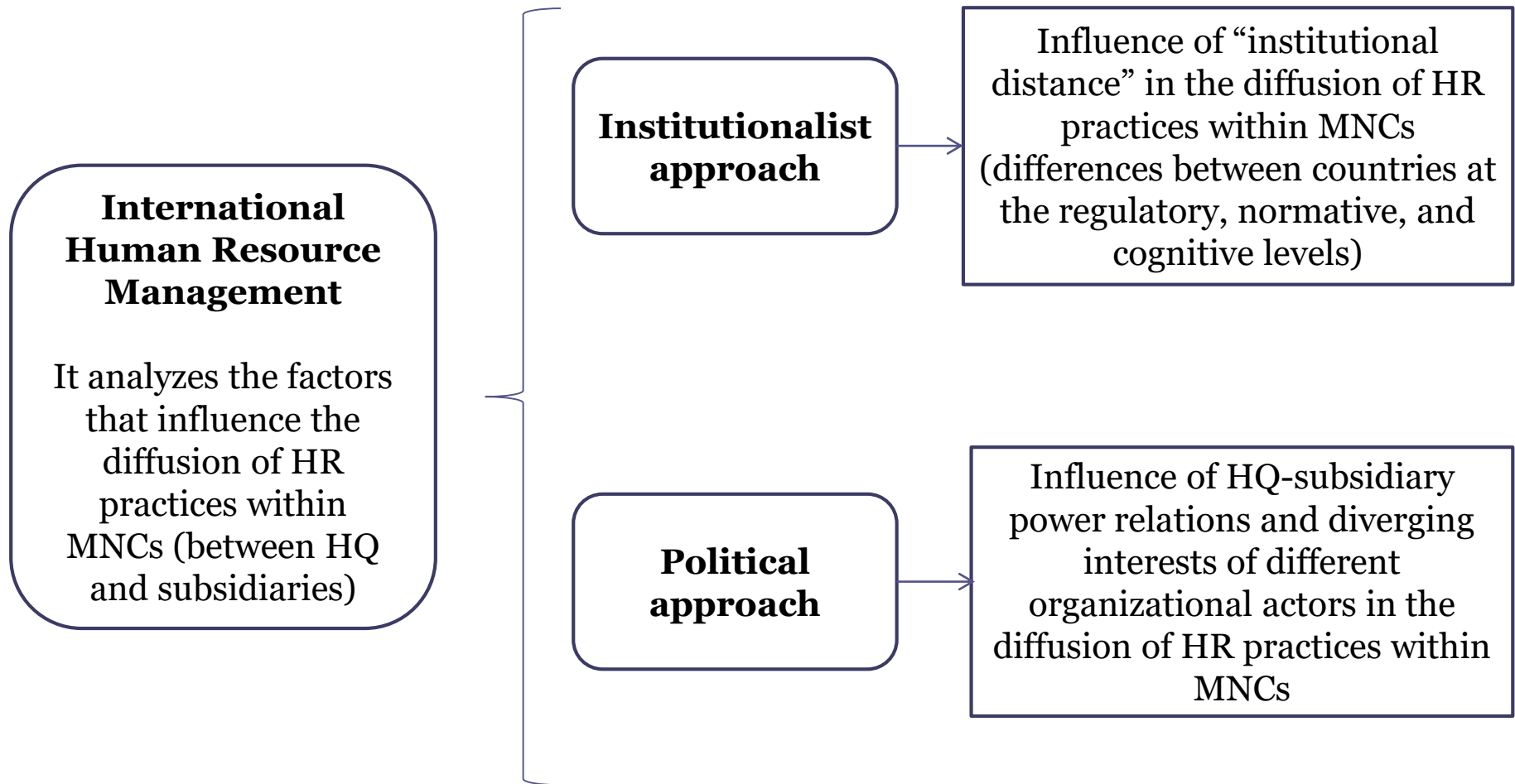
Cooperatives have not escaped this phenomenon: many of them have turned into multinational companies

Bretos, Marcuello & Díaz-Foncea (2018)'s analysis of the internationalization of the 300 largest co-ops in the world (ICA data)

Goal: to analyse the challenges faced by multinational worker cooperatives to transfer the cooperative model's HR practices to their foreign subsidiaries.

- Core practices that distinguish WCs: employee participation in ownership, profit sharing, and general management (Markey et al. 2010)
- Other HRM practices: job security, extended training, teamwork, information dissemination, and pay equity (Martin et al. 2016).

2. Theoretical framework



3. Methodology

Research method

Qualitative case study approach: it is especially suited to shed light on complex social phenomena about which prior research is limited

Empirical setting

Two multinational cooperatives of the Mondragon Corporation and their subsidiaries in China, Brazil, Slovakia, Poland and France

Data collection

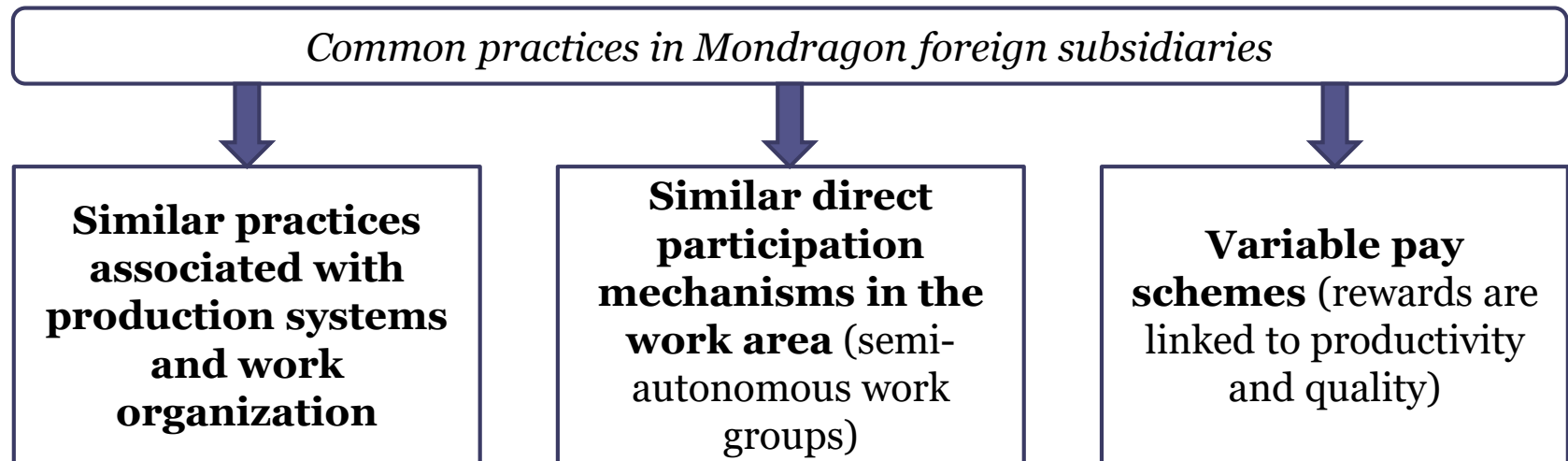
Archival sources

- Internal documentation (strategic plans, annual reports, RSC reports, etc.)
- Publicly available information (press releases, webpages, etc.)

In-depth interviews in the Mondragon cooperative HQ and the foreign subsidiaries

Managers, representatives of the cooperative governing bodies; worker members; union representatives, and salaried employees

4. Findings



By contrast, there are **marked differences** among the foreign subsidiaries **as regards job security, training, internal promotion, pay equity, and collective employee voice.**

- These differences are shaped by the institutional distance between the Basque Country and other recipient countries, as well as by the power resources of each foreign subsidiary (e.g., power of trade unions)

4. Findings

No Mondragon foreign subsidiary has been converted into a cooperative or introduced comprehensively the core cooperative practices (worker participation in ownership, profit sharing, and strategic management)

Institutional barriers

- Lack of a legislation on worker cooperatives in some countries where Mondragon cooperatives are located.
- Lack of a cooperative tradition and culture among the workers of foreign subsidiaries.

Power relations and interests

The co-op worker-members are reluctant to lose control over their business group by promoting the cooperativization of foreign subsidiaries. They believe that it might be detrimental for the viability of the Basque plants and jeopardize their jobs.

4. Findings

Some representative quotes from co-op worker-members

The outcomes and decisions of a subsidiary affect us and the whole group, so it is necessary to maintain some control. Let me put it another way: they [foreign subsidiaries] could decide to leave the group and strike out on their own, or take other decisions that go against our interests.

Their labor culture clashes with our cooperative values and our way of understanding work relations here (...). I don't think its transformation [of the Chinese subsidiary] into a cooperative is likely to be successful (...). This is a risky scenario; it could endanger our jobs.

5. Conclusions

This research contributes to broadening the horizons of the International Human Resource Management (IHRM) literature beyond the hegemonic analysis of capitalist MNCs

IHRM policies and practices are particularly important in multinational cooperatives, given their worker-centric nature

Institutional barriers are an important part of the story in understanding why the core of the cooperative model is not transferred overseas

However, the cooperativization of foreign subsidiaries is critically constrained by HQ-subsidary power relations as well as by core co-op owner-members looking to protect their own interests

Employee participation practices across organizational and institutional divides: The case of worker-owned multinationals

Ignacio Bretos
Anjel Errasti
Carmen Marcuello
Millán Díaz-Foncea

University of Zaragoza – University of the Basque Country