

Organizational trajectories in growing cooperatives: Insights from a longitudinal process study of the Mondragon eco-system

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

Resurgence of interest in the internal changes and organizational trajectories experienced by member-based organizations



Cooperatives have attracted prominent attention, with several authors bringing back longstanding debates on degeneration and regeneration

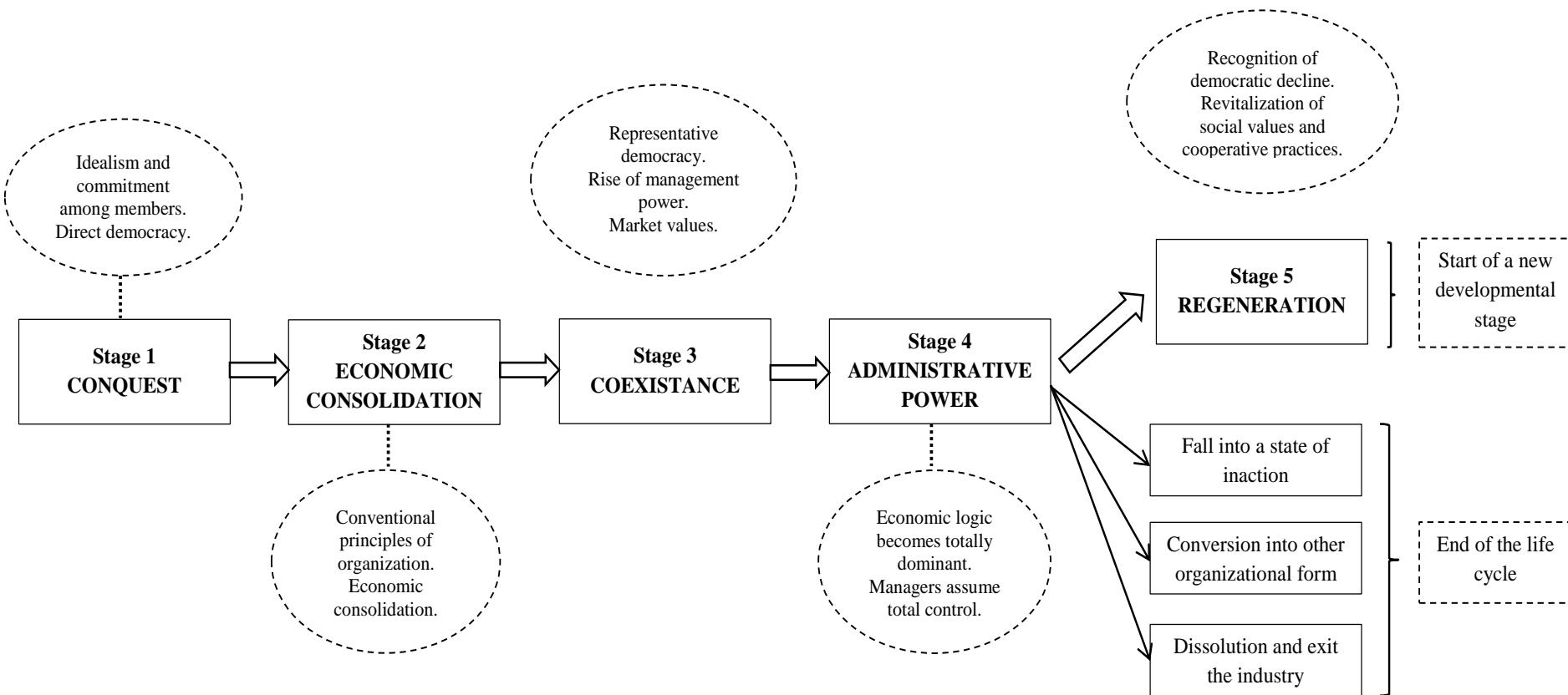
We still lack a comprehensive understanding of the various degenerative and regenerative tendencies that take place within cooperatives, particularly within those that operate on a global scale.

Diefenbach (2018): *“How and why some cooperatives are successful in keeping their character as democratic organizations over many years is somewhat underexplored”*



Research objective: to examine the life cycle of Mondragon multinational cooperatives

2. Theoretical framework: The cooperative life cycle theory



Source: Based on Meister (1984)

3. Methodology

In-depth, **longitudinal case study** informed by a '**process view**' – '*how and why things emerge, develop, grow, or terminate over time*' (Langley et al. 2013)

Research site

Mondragon: about 30 industrial coops are multinationals. The study particularly focuses on three industrial cooperatives

Data collection

Archival sources

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

In-depth interviews

- Informants: managers, representatives of the cooperative governing bodies; rank-and-file worker members; and salaried employees

4. Findings: Degeneration pressures

Degeneration pressures at the constitutional level



- Transformation of Mondragon multinationals into 'coopitalist' hybrids → Annexation of capitalist subsidiaries in which cooperative membership rights are restricted for workers

Degeneration pressures at the cultural level



- Lack of commitment to the cooperative culture and values among the worker members.
- Prevalence of a managerial rhetoric that privilege conventional business goals such as competitiveness, growth and efficiency

Degeneration pressures at the organizational level



- Greater power in the hands of a technocratic management at the expense of workers' control and participation
- Introduction of dominant managerial programs (TQM, lean manufacturing), which have promoted managerially driven forms of participation that are confined to the work area

4. Findings: Development of regeneration initiatives

Since the mid-2000s, Mondragon multinational co-ops have been immersed in a process of self-reflection geared to restore essential cooperative aspects, including democratic governance, community and social transformation, and cooperative training and education

Main regeneration initiatives

Reinforcement
of broad-based
participation at
the shop-floor
and strategic
management
levels

Reactivation of
cooperative
goals (social
transformation
and community
development)

Updating and
institutionaliza-
tion of
cooperative
education and
training

Cooperativizati
on of capitalist
subsidiaries

4. Findings: Development of regeneration initiatives

Reinforcement of broad-based participation

Reconfiguration of participatory systems at the shop-floor level (e.g., labor-management meetings). Greater involvement of workers in the design of the strategic plans

Reactivation of cooperative and social goals

Continuous work between MCC's Social Transformation and the cooperatives to promote practices that generate positive social change (e.g., collaboration with NGOs)

Cooperative education and training

New training courses in the cooperative culture for members of the governing bodies and workers (Otalora, the Mondragon Management and Cooperative Development Centre)

Cooperativization of capitalist subsidiaries

Transformation of capitalist subsidiaries into cooperatives in Spain and diffusion of the cooperative model's management practices to several foreign subsidiaries

5. Conclusions

This article was motivated by recent calls to empirically document the evolution of cooperatives and shed light on the dynamics that lead these organizations to degenerate and regenerate

Cooperatives that are confronted with a 'grow-or-die' dichotomy have to cope with unique degenerative pressures, which substantially diverge from those faced by small, local cooperatives

However, multinational cooperatives are not passive actors, completely subject to isomorphic pressures → they can mobilize resources to revitalize cooperative values and practices.

Our findings yield an intricate picture that contradicts the highly deterministic and simplistic view of the degeneration thesis. They also provide a better understanding of cooperative regeneration.

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