

Mondragon Corporation

Mondragon Co-operative Corporation



Type	Worker cooperative federation
Founded	1956
Founder	José María Arizmendiarieta
Headquarters	Mondragón, Basque Country, Spain
Area served	International
Key people	Iñigo Ucin (president of the General Council)
Revenue	€ 12,110 billion (2015) ^[1]
Total assets	€ 24,725 billion (2014) ^[2]
Number of employees	74,335 (2015) ^[3]
Divisions	Finance, Industry, Retail, Knowledge
Website	mondragon-corporation.com

Mondragón Corporation is an extraordinary 80,000-person grouping of worker-owned cooperatives based in Spain's Basque region that is teaching the world how to move the ideas of worker-ownership and cooperation into high gear and large scale. The first Mondragón cooperatives date from the mid-1950s, and the overall effort has evolved over the years into a federation of 110 cooperatives, 147 subsidiary companies, eight foundations and a benefit society with total assets of 35.8 billion euros and total revenues of 14 billion euros.

Each year, it also teaches some 10,000 students in its education centers and has roughly 2,000 researchers working at 15 research centers, the University of Mondragón, and within its industrial cooperatives. It also actively educates its workers about cooperatives' principles, with around 3,000 people a year participating in its Cooperative Training program and 400 in its Leadership and Team Work program. Mondragón has been justly cited as a leading example of what can be done through cooperative organization. It has evolved a highly participatory decision-making structure, and a top-to-bottom compensation structure in a highly advanced economic institution that challenges economic practices throughout the corporate capitalist world: In the vast majority of its cooperatives, the ratio of compensation between top executives and the lowest-paid members is between three to one and six to one; in a few of the larger cooperatives it can be as high as around nine to one. Comparable private corporations often operate with top-to-median compensation ratios of 250 to one or 300 to one or higher.

The **Mondragon Corporation** is a [corporation](#) and [federation](#) of [worker cooperatives](#) based in the [Basque](#) region of [Spain](#). It was founded in the town of [Mondragon](#) in 1956 by graduates of a local technical college. Its first product was [paraffin heaters](#). It is the tenth-largest Spanish company in terms of [asset turnover](#) and the leading business group in the [Basque Country](#). At the end of 2014, it employed 74,117 people in 257 companies and organizations in four areas of activity: finance, industry, retail and knowledge.^[3] By 2015, 74,335 people were employed.

Mondragon [cooperatives](#) operate in accordance with the [Statement on the Co-operative Identity](#) maintained by the [International Co-operative Alliance](#).

The **Statement on the Co-operative Identity**, promulgated by the [International Co-operative Alliance](#) (ICA), defines and guides co-operatives worldwide. It contains the definition of a [co-operative](#) as a special form of [organization](#), the values of co-operatives, and the currently accepted cooperative principles (the [Rochdale Principles](#)) that direct their behavior and operation. The *Statement* with the latest revision of the cooperative principles was adopted by [ICA](#) in 1995.

According to the *Statement*, a co-operative is defined as "an [autonomous association](#) of persons united voluntarily to meet their common [economic](#), [social](#), and [cultural](#) needs and aspirations through a jointly owned and democratically controlled [enterprise](#)." Co-operatives "are based on the values of [self-help](#), [self-responsibility](#), [democracy](#), [equality](#), [equity](#) and [solidarity](#). In the tradition of co-operative founders, co-operative members believe in the ethical values of [honesty](#), [openness](#), [social responsibility](#) and [caring for others](#)."

History

In 1941, a young Catholic priest, [José María Arizmendiarieta](#) settled in Mondragón, a town with a population of 7,000 that had not yet recovered from the poverty, hunger, exile, and tension of the [Spanish Civil War](#).^[4] In 1943, Arizmendiarieta established a technical college which became a training ground for managers, engineers and skilled labour for local companies, and primarily for the co-operatives.^[5] Arizmendiarieta spent a number of years educating young people about a form of [humanism](#) based on solidarity and participation, in harmony with [Catholic social teaching](#), and the importance of acquiring the necessary technical knowledge before creating the first [co-operative](#). In 1955, he selected five young people to set up the first company of the co-operative and industrial beginning of the Mondragon Corporation. The company was called Talleres Ulgor, an acronym derived from the surnames of Usatorre, Larrañaga, Gorroñoigoitia, Ormaechea, and Ortubay, known today as "[Fagor Electrodomésticos](#)".^[6]

In the first 15 years many co-operatives were established, thanks to the [autarky](#) of the market and the awakening of the [Spanish economy](#). During these years, also with the encouragement of Don José María,^[70] the [Caja Laboral](#) (1959) and the Social Welfare Body Lagun Aro (1966) were set up that were to play a key role. The first local group was created, Ularco. In 1969, [Eroski](#) was founded by merging ten small local [consumer co-operatives](#).^[71]

During the next 20 years, from 1970 to 1990, the dynamic continued, with a strong increase in new co-operatives promoted by Caja Laboral's Business Division, the promotion of co-operative associations, the formation of local groups, and the founding of the [Ikerlan Research Centre](#) in 1974.^[8] When Spain was scheduled to join the [European Economic Community](#) in 1986, it was decided in 1984 to set up the "Mondragon Co-operative Group", the forerunner to the current corporation. In-service training for managers was strengthened by creating Otalora, dedicated to training and to dissemination of co-operatives. The Group consisted of 23,130 workers at the end of 1990.^[9] On the international stage, the aim was to respond to growing [globalisation](#), expanding abroad by setting up production plants in a number of countries. The first was the Copreci plant in [Mexico](#) in 1990, followed by many others: up to 73 by the end of 2008, and 122 at the end of 2013. The goals were to increase competitiveness and market share, bring component supply closer to customers' plants, especially in the [automotive](#) and [domestic appliance](#) sectors, and to strengthen employment in the Basque Country by promoting exports of co-operatives' products by means of new platforms.^[10]

In October 2009, the [United Steelworkers](#) announced an agreement with Mondragon to create [worker cooperatives](#) in the United States.^[11] On March 26, 2012, the USW, Mondragon, and the Ohio Employee Ownership Center (OEOC) announced its detailed union co-op model.^[12] The industry component ended 2012 with a new record €4 billion in international sales, beating sales figures from before the [financial crisis of 2007-2008](#). Mondragon opened 11 new production subsidiaries. International sales that year accounted for 69% of all sales, a 26% increase from 2009 to 2012, and with 14,000 employees abroad. Mondragon's share in the [BRIC](#) markets increased to 20% compared to the previous year.^[13] In 2013, international sales grew by 6.7% and accounted for 71.1% of total sales.^[14]

Business Culture

Mondragon co-operatives are united by a [humanist](#) concept of business, a philosophy of participation and solidarity, and a shared business culture. The culture is rooted in a shared mission and a number of principles, corporate values and business policies.^[18] Over the years, these links have been embodied in a series of operating rules approved on a majority basis by the Co-operative Congresses, which regulate the activity of the Governing Bodies of the Corporation (Standing Committee, General Council), the Grassroots Co-operatives and the Divisions they belong to, from the organisational, institutional and economic points of view as well as in terms of assets.^[19]

This framework of business culture has been structured based on a common culture derived from the 10 Basic [Co-operative Principles](#), in which Mondragon is rooted: Open Admission, Democratic Organisation, the Sovereignty of Labour, Instrumental and Subordinate Nature of Capital, Participatory Management, Payment Solidarity, Inter-cooperation, Social Transformation, Universality and Education.^[20] This philosophy is complemented by four corporate values: *Co-operation*, acting as owners and protagonists; *Participation*, which takes shape as a commitment to management; *Social Responsibility*, by means of the distribution of wealth based on solidarity; and *Innovation*, focusing on constant renewal in all areas.^[21]

This business culture translates into compliance with a number of Basic Objectives (Customer Focus, Development, Innovation, Profitability, People in Co-operation and Involvement in the Community) and General Policies approved by the Co-operative Congress, which are taken on board at all the corporation's organisational levels and incorporated into the four-year strategic plans and the annual business plans of the individual co-operatives, divisions, and the corporation as a whole.^[22]