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Consequences and limitations of a regeneration process in a large worker-cooperative

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Abstract

Based on a methodology of inductive analysis enriched with deductive perspectives, this research shows the keys to one of the largest cooperative regeneration processes of recent times: the "Process of Reflection on Experience" of one of the most influential cooperative networks in the world: the Mondragon Group. The article examines the development of this process which, occurring in a major co-operative network made up of a considerable number of large co-operatives, is expected to evolve in a different way to those occurring in small and medium-sized co-operatives. Furthermore, the implementation of the regeneration policies adopted in the process is analysed. It takes as a theoretical framework the theses of degeneration and regeneration, as well as new perspectives emerging in the field of cooperative life-cycle theory. The study provides an intricate picture of the evolution and consequences of the regeneration process carried out by this network of cooperatives. On the one hand, it sheds light on the cooperatives' strategies to overcome a state of degeneration. On the other hand, the findings show the particularities of a regeneration process in a large organisation.

Keywords: democracy, participation, dimension, regeneration, Mondragon.

1. Introduction

Democracy is what most of us expect in our country, municipality or region, a system that basically makes us owners and participants in the decisions that are made and that have direct or indirect effects on our lives. Although for many the system still requires profound advances, there is one area in our lives where, generally speaking, democracy and participation are totally excluded: the economic sphere. The vast majority of people spend at least a third of their lives devoting enormous effort to projects that are not theirs and in which they have no right to influence their future, projects in which they are only paid for a part of the value they produce. In short, the main source of people's material sustenance is in most cases profoundly undemocratic. Faced with this reality, there is a certain type of enterprise, which has recently become increasingly important as an oasis of democracy in the economic desert in which we live: the worker cooperative.

Since the first cooperatives were founded in 1844 in England, they have generated a great deal of interest in various social, political and academic circles, mainly due to the communal organisation of their ownership and therefore of decision-making and the distribution of surpluses. However, their reputation was not always the same. From the last quarter of the 19th century until the 1970s, the so-called degeneration thesis became hegemonic in the academic world. They argued on the basis of various empirical studies of worker cooperatives in newly industrialised England that the fate of cooperatives

was to fail economically or, failing that, to degenerate, i.e. to become indistinguishable from capitalist societies (Webb and Webb, 1914; Webb and Webb, 1921). This view will be confronted in the last quarter of the 20th century by the regeneration thesis, which, rejecting the excessive determinism of the former, posed the possibility that cooperatives could avoid or overcome degeneration by means of various strategies (Bernstein, 1976; Batstone, 1983; Cornforth, 1995; Bretos and Errasti, 2017; Bretos et al. 2019). Recently, a new perspective has been added to the analysis of regeneration and degeneration processes in worker cooperatives. Under the name of paradoxical vision, it conceives cooperatives as spaces of constant confrontation between democracy and oligarchy, between regeneration and degeneration. Following his logic, cooperatives would never end up being fully democratic or oligarchic (Hernández, 2006, Storey et al. 2014, Bretos et al. 2019).

The article focuses on an issue that has been very rarely analysed in previous studies on alternative organisations: the strategies that cooperatives put in place to actively overcome a situation of degeneration, as so far, the literature has focused on the analysis of strategies to avoid degeneration. Furthermore, the article uses a large organisation as a case study in order to understand the particularities of this type of process, as previous literature had barely dealt with these cases in a theoretical way. In this way, the main contributions of the article are the following: first, to analyse the strategies to avoid degeneration. Secondly, to raise awareness of the particularities of the regeneration processes occurring in large co-operatives.

Understanding regenerative and degenerative dynamics and the challenges of putting them into practice can be essential in order to maintain and strengthen the transformational nature of the co-operative model. Especially at a time when global economic circumstances are forcing an increasing number of co-operatives to grow in size in order to remain competitive (Webb and Cheney, 2014; Ortega and Uriarte, 2015; Bretos and Marcuello, 2017). Although economically advantageous, size is widely associated with degeneration (Chaves and Sajardo-Moreno, 2004; Cornforth, 2014; Jaumier, 2017; Bretos et al. 2019), therefore, it is imperative to understand how this can be prevented and overcome through an appropriate regeneration process that is presumed to be different from those in small and medium-sized cooperatives (Hernández, 2006; Bretos and Errasti, 2017). In this way, the research presents key knowledge that will serve as a basis for the development of further studies on the subject.

The article is organised as follows: the next section sets out the foundations of the most prominent theories on cooperative degeneration and regeneration to date; section three describes the methodology used; the fourth explains the results and their interpretation; and the final section sets out the conclusions of the study.

2. Literature review

Worker cooperatives have long been viewed from a rather pessimistic perspective by academics. This view has been supported by the so-called degeneration thesis which still persists today with a certain hegemony (Webb and Webb, 1921; Meister, 1984; Storey et al., 2014; Paranque and Willmott, 2014; Bretos and Errasti, 2017). What this suggests is that worker cooperatives are doomed to one of two things: economic failure or degeneration, i.e. their conversion into a capitalist enterprise, either through the

acquisition of the capitalist legal form or by simply becoming indistinguishable from it. Webb and Webb (1914, 1921) mentioned as the main degenerative tendencies the low participation of workers, the concentration of power in a few hands, the superimposition of profit-making on the satisfaction of social objectives and the increase of wage earners in proportion to the number of worker-members.

The origin of the degeneration thesis is to be found in the criticisms of worker cooperatives made by Marx and various socialists at the end of the 19th century. Their criticism focused not so much on the worker cooperative as such, but on the conditions under which its activity was carried out. They argued that the capitalist system and its dynamics exerted such pressure on them that they would be forced to "adapt" to its forms of management or fail (Luxemburg, 2015). However, the degeneration thesis took on a new nuance with the research of Potter and Webb (1914, 1921). These two authors concluded that the main factor of degeneration was internal. They argued that worker control led to indiscipline, lack of market knowledge and reluctance to invest in innovation. Authors such as Miyazaki (1984) or Meister (1974, 1984) would later enrich this thesis with their own research.

From the 1970s onwards, voices were raised that questioned the validity of this thesis. The main criticisms are directed at the insistent determinism they profess, suggesting that co-operatives are not totally conditioned by external and internal pressures and that, although their autonomy is constrained, they still have the capacity to maintain their principles and values over time. This view falls within the so-called regeneration thesis (Bernstein, 1976; Batstone, 1983; Cornforth, 1995; Bretos and Errasti, 2017; Bretos et al. 2019). Among the different regenerative practices that can be carried out are the reinforcement of worker participation in decisions related to daily work, as well as in strategic decisions; the cooperativisation of capitalist subsidiaries; the recovery of social discourses that emphasise democracy, social transformation and community development; and the upgrading and institutionalisation of cooperative education and training (Bretos et al.; 2019).

A more recent literature (Hernandez, 2006; Ng and Ng, 2009; Storey et al. 2014; Narvaiza et al. 2017) has proposed a different way of understanding these processes in what they have called the paradoxical perspective. The theory argues that regeneration does not occur in the absolutist way posited by the above-mentioned researchers, homogeneously overcoming all degenerated organisational structures, cultures and dynamics and opening a new cycle in which all cooperative values are fully restored (Batstone 1983, Cornforth 1995). Conversely, they argue that these processes tend to occur more partially, and may temporally coincide with other degenerative processes (Hernández, 2006; Storey et al. 2014). This would be due to the hybrid nature of co-operatives, i.e. the need to satisfy both economic and social ends simultaneously, which leads to a constant struggle between their commercial and social sides. Some authors suggest that the sense of dissatisfaction with the balance between the two logics can be very useful in ensuring a relentless search for it (Cornforth 1995; Storey et al. 2014: 19). Recent studies argue that the perspective is particularly interesting when it comes to understanding regenerative processes in the context of large cooperatives, where they are presumed to occur in a more complex way than in small and medium-sized cooperatives (Hernández, 2006; Bretos and Errasti, 2017).

While previous literature has paid much attention to degeneration processes, two issues deserve further consideration. First, despite the abundance of studies on degeneration, most have focused almost exclusively on strategies to prevent degeneration, leaving a large gap regarding what to do when degeneration has already occurred. This research contributes to the literature by analysing one cooperative organisation's strategy to overcome its state of degeneration. Second, the literature so far has mainly focused on cases of small and medium-sized domestic cooperatives, where regeneration, like degeneration, is informal in nature (Ng and Ng, 2009; Bretos et al. 2019). In contrast, in large internationalised cooperatives these processes are presumed to involve greater complexity (Ng and Ng, 2009; Bretos and Marcuello, 2017; Narvaiza et al. 2017). Unlike the previous ones, the previous literature on these cases is scarce and fundamentally theoretical, so we have little knowledge about how they occur in practice. This research is fundamental if we take into account that cooperatives are under pressure to grow in order to remain competitive or expand their capacity for social impact.

3. Empirical Context: Tensions and Transformation in the Mondragon Cooperative Experience

The Mondragon group can be considered as one of the best cases for the study of large-scale regeneration in worker cooperatives. It is a confederation of around a hundred worker cooperatives based in the Basque city of the same name. Its cooperatives are mainly medium and large-sized, making it the largest business group in the Autonomous Community in terms of both turnover and employment. However, if we focus on its cooperative nature, we could consider it the largest worker cooperative group in the world (Surroca et al. 2006). Mondragón, which was born at the dawn of Franco's autarkic economy, had to adapt from the 1990s onwards to the international opening of the Spanish market, forcing its professionalisation and internationalisation (Webb and Cheney, 2014).

Internationalisation ensured their economic sustainability (Flecha and Ngai, 2014), however, it also brought with it some very serious degenerative dynamics: on the one hand, the subsidiaries that the cooperatives opened abroad were set up as capitalist companies in which workers did not enjoy the same rights as most of their counterparts in the parent companies. On the other hand, the need to adapt to the demanding rules of the global market in which they were immersed, pushed cooperatives to adopt capitalist management models that would promote a system of shallow participation in daily work (Bretos et al. 2019), a wider range of wages and the prevalence of economic objectives over social ones (Heras and Basterretxea, 2016). The situation led most Mondragon cooperatives into a degenerative cycle characterised, among other things, by a widespread loss of identity (Altuna and Urteaga, 2014). Over the last two decades, with the aim of reversing this regenerative trend, the group and its co-operatives undertook various regeneration projects that have included the incorporation of new management systems, the updating of co-operative education programmes and the co-operativisation of subsidiaries. The cornerstone of this new phase was the Process of Reflection on Experience (hereafter PRSE), a regenerative project undertaken by the co-operative group, which will be analysed below.

4. Methodology and data

4.1. Methodological approach

The analysis of a topic such as this requires the use of a qualitative methodology. The fact that regeneration in large worker cooperatives has been so scarcely dealt with in the literature (Bretos et al. 2019), makes inductive analysis the most appropriate for this case (Eisenhard, 1989). At the same time, this has been combined with a deductive methodology that has allowed us to contrast the results with the literature on degenerative and regenerative processes in small and medium-sized cooperatives (Orton, 1997). This combination has been considered the most appropriate for the case described as it allows for the consideration and contrast of the literature together with the creativity required for theory building (Glick, 1994).

4.2. Data collection techniques

In order to carry out the research, several sources of information were used: on the one hand, between 2019 and 2022, a total of 62 semi-structured interviews were conducted by two researchers with members of the Mondragon group. The average duration of the interviews was 110 minutes and the topics addressed in them revolved around CSR and its results, participation, education and social transformation, issues such as the relationship between size and participation or mechanisms that generate greater worker participation in the management of organisations. The interviews were conducted physically and electronically in cafés, bars, libraries or in the cooperatives themselves. To avoid organisational silence (Morrison and Milliken, 2000), interviewees were assured full confidentiality and anonymity, and the entire interview was used exclusively for scientific purposes. The interviewees were selected mainly because of their membership in certain large cooperatives highlighted by previous literature for their regenerative initiatives. They were identified using techniques such as snowball sampling (Patton, 2002). Among the interviewees, we can distinguish those belonging to 6 cooperatives of the group and those belonging to bodies of the Corporation. The latter include members of Otalora (management and cooperative development centre), the Corporation's General Services, the Mondragon Permanent Council (the group's governing body), members of LANKI (Institute of Cooperative Studies), MIK (Technological Centre for Business Management) and the Department of Industrial Production and Mechanical Engineering, the latter three belonging to the University of Mondragon. Otalora and LANKI, together with the Corporation's Permanent Council, were the bodies most involved in the organisation and development of the PRSE, as will be explained below, these two institutions coordinated all the participants throughout the different stages of the PRSE. In the case of LANKI, they were the compilers and synthesisers of all the contributions that were made, and it was they who drafted the final report. These qualities make the two aforementioned institutions essential actors in understanding the regeneration process under study.

On the other hand, various archival sources have been used to enrich and deeply contextualise the case (Yin, 2013). Of particular note are the group's internal magazines, the archives provided by the interviewees themselves, internal studies, interviews published on the subject and, of course, previous literature on Mondragón, which has been thoroughly analysed.

4.3. Analysis of the data

The analysis of the information gathered was carried out with the help of the Atlas.ti software programme, for which it was first necessary to transcribe all the interviews carried out and then to code the relevant quotes. Once this was done, the programme helped to look for patterns and coincidences in the answers of the interviewees. At the same time, the general lines of action adopted in the process have been compared with the subsequent actions carried out after the process.

5. Results

The main results of the research are presented below. The first section introduces the Process of Reflection on the Meaning of the Mondragon Experience, focusing on the role of the different agents involved, the methodology and stages adopted and the dimensions identified to carry out the process of cooperative regeneration. The second analyses the impact of size on the development of the process and the implementation of its lines of action.

5.1. Process of Reflection on the Meaning of the Mondragon Cooperative Experience

In 2005, Mondragon began a process of reflection (officially the Process of Reflection on the Meaning of the Experience) which lasted two years. The main aim of this process was to reverse the degenerative tendencies and identity confusion generated by the enormous growth the group had experienced in recent decades:

There was a certain identity crisis, as if the cooperative soul felt weakened, the direction, the purpose, that which was previously clear. Then social transformation and community commitment, things that were clear before... we were forgetting the principles. (#1)

The group's social department and the LANKI research institute of the University of Mondragon led the process. This was a milestone in the history of the group for two reasons: on the one hand, because of the number of people who took part in the PRSE, which amounted to almost 1,400, including members of practically all the cooperatives in the group. On the other hand, because of the very theme of the process, which focused on the social issue, leaving the economic issue to one side.

Due to the size of the Mondragon group and the number of participants, the PRSE required a great deal of organisation and coordination. It had to be structured in different stages, which, in turn, had to be previously defined in terms of content and participants. It was necessary to synthesise a multitude of opinions and reflections, which required that these syntheses were subsequently returned to the participants for ratification. In addition, the approval of the conclusions had to wait until the corresponding annual congress of the Corporation was held. All of this considerably lengthened the reflection process.

5.1.1. Methodology, first stages and dimensions identified for cooperative regeneration

The PRSE has its precedent in the Congress held in May 2003, in which the Corporation's Standing Committee questioned the future of the co-operative group with respect to its original mission. Consequently, at the end of the congress, it called for a process of reflection on these questions, to which the majority of those attending the congress agreed.

As a first step, the presidents of all the co-operatives met to reflect on the situation and make initial observations:

1. There was a noticeable loss of cooperative identity among the members of the cooperatives, and this was related to the overall growth and expansion of the group.
2. There was a need to update cooperativism and turn it into a brand of value.
3. There was a need to place people as the central asset of the model, which meant encouraging their participation at all levels of the organisation.
4. The need for a social transformation focused on democratising society.

LANKI will analyse these preliminary observations and conclude that Mondragon must undertake two main lines of action in this respect:

1. Re-create a shared sense of belonging in the people who are members.
2. Launch an in-depth debate on the participation and involvement of members in decision-making processes.

This first reflective stage helped to define the three areas in which the debate would later be structured: worker participation and involvement, social transformation and co-operative education.

5.1.2. Final stages and diagnosis of the PRSE

The second stage was developed through forums and debates in which the members of the various bodies of all the cooperatives, from the governing councillors to the social councillors, were invited to participate. The PRSE would bring together the perspectives of more than 1,300 people who, in the 134 sessions that were held, collectively constructed the story of the group's situation and possible solutions to it. The whole process was supervised and facilitated by 20 members of the group's permanent council and 8 members of LANKI, who were in charge of collecting and systematising the information and producing a final report. The discussion sessions were held in the different governing bodies of each cooperative, taking place in the cooperatives to which the bodies belonged and articulated by the cooperatives themselves. Each of the sessions lasted around 3 hours and were structured into a first part of contextualisation and a second part of presentation of the three areas of debate. Each of the areas of debate was approached from the following two questions:

A. What do we want to maintain?

B. What do we want to alter or improve?

The LANKI team would collect the opinions of the attendees and classify them in each of the aforementioned areas. They would then produce a report summarising and synthesising all the opinions gathered, which would later be sent back to the cooperatives to be ratified. Based on these reports, an extensive and detailed qualitative and quantitative diagnosis was drawn up, representing the attendees' view of the state of affairs from various perspectives and certain recommendations as a conclusion to the above (Table 1). The diagnosis ratified the importance of the three areas of debate chosen. Among the three, participation would be the most prominent among the participants.

Table 1. Diagnosis of the PRSE

	Proposed lines of action
Participation	<ol style="list-style-type: none"> 1. Develop a sense of belonging among members to encourage greater involvement. 2. Improve the operability of the representative bodies (Governing Council and Social Council). Involve members beyond the elected representatives in these bodies. 3. Encourage participatory formulas in the subsidiaries, as well as reducing the high proportion of employees through the cooperativisation of subsidiaries. 4. Enhancing participation in the workplace, which would require a de-hierarchisation of governance structures and a reorganisation into autonomous work teams. The need to develop and implement a management model based on cooperative values and principles was highlighted. 5. Improve internal communication. 6. Need to continue to work and promote inter-cooperation beyond financial collaboration.
Education	<ol style="list-style-type: none"> 1. Restore the weight and centrality that it has lost since the expansion. 2. Provide a sufficient knowledge base that is complemented by coherent day-to-day behaviour. 3. Develop co-operative education on the ideological, philosophical and political aspects of co-operativism. 4. Systematisation of education, making it cyclical and permanent. 5. To provide co-operative education for the members of the Governing, Social and Management Boards. 6. Extend education to all members of co-operatives. With special emphasis on new members.
T. Social	<ol style="list-style-type: none"> 1. Overcome fragmentation and move towards social investment planning. 2. Promote the cooperative formula in social projects. 3. Cooperate more with social movements.

Source: own elaboration based on data from Azkarraga (2005), T.U. Lankide (2006) and Azkarraga et al. (2012).

The PRSE would take place between 2005 and 2006, taking shape with the approval of the diagnosis and its recommendations at the 10th congress of the cooperative group in 2007, the latter being considered as priority lines of action for the Mondragon Group.

5.2. Impact of size on the PRSE

5.2.1. During the process

One of the main difficulties faced by the PRSE in particular and Mondragon in general was the management of a huge number of people. Between 2005 and 2006, around

81,000 people were members of the Mondragon Group. As the aim of the PRSE was to recover the values and principles of Mondragon, it was essential that it should be a participatory process, making part of the methodology of the process one of the principles it was intended to recover. Despite the more than 1,300 people that were mobilised, these only represented 1.6% of all the members of the organisation, which shows a clear limitation of the process. Nevertheless, as shown above, the coordination of such a large number of people required the considerable organisational effort shown above.

On the other hand, the number of people in an organisation had a negative impact on issues of great relevance for a regeneration process, such as commitment and sense of belonging. This is how one of the participants in the PRSE put it:

When I joined there were a hundred and something of us and I joined just when a lot of people joined at the same time but we were a hundred and something and we all knew each other (...) but now I walk down the corridor and I don't know anyone (...) the relationship has become very diluted (...) the feeling of belonging has long been lost (...) that perspective was also given to me by being president, you realise that first me, then me and then the cooperative, but first I demand from the cooperative before I demand from myself that's how it is, there is no feeling of belonging. (#2)

Another co-operative member related this lack of a sense of belonging and commitment to the diversity of backgrounds of the members:

Some time ago, in the Cooperative the members were only from Gernika, then came those from the surrounding villages and as we grew... (...) now people come from Bilbao, from the Left Bank, from Vitoria, from anywhere and they are members of Maier, they come every day to work and in the end what that does is diversify. As there are so many people and there is so little contact, the feeling of belonging is lost (#3).

The geographical factor not only affects the feeling of belonging internally, limiting the involvement of partners in regeneration projects, but also at the corporate level, where its effect is much more significant:

In general with all of Mondragon that happens a lot, if you are not constantly going to Otálora, there with the gurus, you don't have that feeling... yes, I belong to Mondragon... but you don't have that feeling there of corporation, of cooperativism... it is very far away, Mondragon is very far away, the Mondragon concept is very far away... it is something very ethereal (#2)

Historically, Mondragon has taken the geographical question very seriously, understanding it as a factor of cohesion among its members. From the 1970s until 1991, all the cooperatives were grouped together based on their districts, so that they were organised around the same social community. After the third Mondragon Congress,

however, the county groups ceased to exist and the cooperatives were then structured into sectoral divisions according to their economic specialisation. The change caused a lot of resistance and even led to the departure of some of them from the project. In the meantime, a way found by some former county groups to continue their association was to set up business groups, the Fagor, Ulma or Danobat groups being some of the most notable examples. The importance of the geographical factor is reflected precisely in the greater sense of belonging that some interviewees show towards their business group with respect to Mondragon.

At the level of our group, we do have a close relationship, decisions are often taken jointly and although we are different (...) we have more of a group culture ourselves... (#4).

This feeling and geographical remoteness is reflected in the impact of the projects promoted by the corporation, such as the PRSE. Some members argued a lack of connection between the process and their cooperative to justify their disengagement from it.

We did phase one, but we didn't do phase two... we weren't very convinced by it, and that's why one of the reasons for doing something internal was also because it didn't leave us... then there were many complaints, there was no follow-up, there was no continuity, it was a reflection... but we didn't know how to give it continuity... it was my turn with the previous president... right at the time of the change... and no... the truth is that one of the complaints people made was... if we have done it, it's all very well, but then what good has it done us in the future? (#5)

It is also noteworthy that shortly after the end of the PRSE, all the business groups analysed launched their own regeneration processes, justifying it with the need for processes that were more adapted to their reality, with the involvement in them being demonstrably greater, since in most cases they have been maintained until the present day.

5.2.2. During the implementation of the conclusions

The approval of the diagnostic report and the consideration of its recommendations as priority lines of action marked a turning point in terms of the consequences it had. Despite the low proportional participation and the disengagement of some cooperatives from the process, one of the most relevant consequences of the size of the organisation was the scalability of the measures adopted and the amount of resources made available to the process. One of the most notable consequences of this was the implementation of a general Cooperative Education plan.

Education was described by the PRSE as the foundation stone of the movement, central to cooperative success. As a result, co-operative education was the area most favoured in terms of practical measures following the EPRS. The main line of action proposed

was the design and implementation of a new model of co-operative education. Several co-operative education programmes were initiated, aimed at the members of each governing body, but also at new members. The programmes, which continue to this day, last between 8 and 16 hours and belong to a stage informally defined as the "first phase", characterised by a reflective approach aimed at raising participants' awareness of their role in their co-operative and, in turn, its role in society. The subsequent "second and third phases" have been followed by only a few co-operatives in the group, particularly the larger ones. They have an "ad hoc" design and are based on the specific needs of each co-operative.

After the first three years, about 90% of the co-operatives sent all their social councillors, presidents and directors to these courses. In addition to the above, a 250-hour Expert Course in Co-operative Development was implemented, designed for the training of co-operative managers and taught at the University of Mondragon. The course has turned out to be the postgraduate programme with the highest number of graduates from the University.

The lines of action approved after the PRSE envisaged grassroots members as people who could receive co-operative training. In subsequent years, many of them received such training, but, as one of the interviewees recounted, they have not attended any similar course since:

"It has not been my turn (to receive co-operative training), around me, there are people who have. As far as I can remember, it was a one-off case, which went out and stayed there, and as far as I know it has not happened again". (#6)

Another area where size had a positive impact was that of Social Transformation. It was clear from the PRSE that the most appropriate way to generate real social change in the territory was to join forces, and the size of the group facilitated this enormously.

(Thanks to the size) you can gather more resources and generate a great impact (...). If everyone manages their funds independently you can't have ambition or set out a strategy, because then you don't have enough money to carry it out. (#7)

The Bagara Herrigintzan association was created with the aim of driving social change in the Alto Deba region (the region where the cooperative group is based) through the cooperativisation of social initiatives and coordination with existing ones. This association came to an end in 2009, handing over to Debagoiena Entzuten Lankidetza Sarea, which was the predecessor of the current Debagoiena 2030, an ambitious project for social and community transformation led by social agents from the region, public institutions, the University of Mondragón and various cooperatives. The organisation's potential is extraordinary, as it has made it possible to propose solutions to major challenges in the region, such as energy transformation, mobility, food and inclusion, among others.

However, the limitations are also palpable, as the organisation only covers the Alto Deba region and barely twenty cooperatives participate in it. The rest of the territories where many of the group's cooperatives are based have not developed any mechanism of this kind.

Apart from the limitations described above, the hyper-competitiveness to which most of the cooperatives are exposed and which forced them to grow in size has been one of the most limiting factors in the application of the lines of action approved as a result of the EPRS. This is most reflected in the area of participation and democratic governance.

One of the most noteworthy and urgent measures in this regard was the development of a new Corporate Management Model (CMM) which, unlike the previous one, was based on cooperative principles and values. The project was launched immediately after the end of the PRSE, even before the final approval of the report in 2007, which would explain why it was ready to be implemented that same year. However, it did not have a very long life, as it soon fell into disuse.

Nowadays, in general, management models are no longer in fashion (...) measurements are no longer taken. Each co-operative has its own model, which is an adaptation of that model. Now it is your customer who evaluates you. Mercedes, BMW, Renault... these types of management models are fine as a concept but they are not used as a reference... (#1)

As the interviewee notes, the CRM, one of the building blocks established in the EPRS to widen participation in the workplace, is not used by the individual cooperatives, which have not developed any other system that would de-hierarchise production management or provide workers with greater autonomy.

One of the LANKI members acknowledged this lack of participation in the workplace as a paradox:

The worker-member has a direct capacity to influence strategic decision-making and this is happening at the same time, as they do not participate in workplace decisions. (#8)

The line of action of the EPRS, which proposed to involve workers in decision-making beyond their membership of a representative body, is also notable for its lack of translation into practice. On the other hand, there has been a certain amount of backward movement, generated by the collapse of Fagor Electrodomésticos and the subsequent collective reflection that followed, in which it was pointed out that there was a need to develop governance mechanisms that would enable co-operatives to be faster and more competitive.

Now the market is so fast... the Governing Council or the management have no weapons, what happened with Fagor Electrodomésticos... we need to be more dynamic, so as part of this dynamism you have to give permission for them to change the advances according to certain criteria, so now the normal member...

at least before they used to say, well, at least I vote my salary, now they say I get it... they talk a lot in the third person here, they give it to me... (#9)

With regard to the reduction of the high proportion of wage earners contemplated in the EPRP, the main action was the cooperativisation of some domestic subsidiaries. However, the results of these processes were limited for several reasons: there was a noticeable lack of participation and involvement of the workers of these plants in management and control, which could be a reflection of an inadequate transmission of cooperative principles and values. The most important limitation, however, could be pointed out in the fact that cooperativisations only took place in some domestic subsidiaries, with an excuse of the complexity of carrying them out in those based abroad. The conclusions of the PRSE also called for the promotion of more participatory formulas in capitalist subsidiaries. Although the implementation of policies similar to those of the parent companies in certain subsidiaries (job security, job training, wage equality) can be observed, their application has not been homogeneous, being conditioned by the demands of the market and the resources of each of the territories in which the subsidiaries are based.

6. Discussion and conclusions

This article was motivated by the need to shed light on the strategies used by cooperatives to overcome states of degeneration. The study analyses the characteristics of these processes in large, internationalised cooperatives, where previous literature has barely made empirical inroads (Webb and Cheney 2012; Elorza and Garmendia 2021). The research reveals how size developed and what impact it had on the so-called "Process of Reflection on Experience". The analysis of this process is divided into two parts: the first part analyses the causes, the agents that participated, the methodologies used and the stages of the process; and the second part analyses the impact of the size of the organisation in developing the process and translating its lines of action into practice.

Previous literature had dealt extensively with the study of cooperative strategies to avoid degeneration, but had hardly dealt with the question of how to overcome it once it has happened. The few studies on regeneration had focused on small organisations, addressing cases in large organisations almost exclusively from a theoretical perspective, assuming on the one hand that size increases the degeneration of organisations and, on the other, that it significantly complicates regeneration processes (Chaves and Sajardo-Moreno, 2004; Hernández, 2006; Cornforth, 2014; Bretos and Errasti, 2017; Jaumier, 2017; Bretos et al. 2019). This research describes and analyses one of the most interesting regeneration processes of recent decades in the world's largest network of industrial worker cooperatives. The study empirically demonstrates that regeneration processes in large organisations are significantly more complex and exposed to multiple internal and external pressures. This complexity is due to, among other things, three main factors: large membership, geographical dispersion and exposure to a highly competitive market. Each of these in turn generates a series of

constraints that explain the complexity of these organisations. These include, among others, cultural diversity, the difficulties of transmitting information, the complexity of management, the high cost of meetings and the need to maintain high levels of efficiency and speed in decision-making. All these factors greatly condition the regeneration process, requiring its formal structuring and a high degree of coordination between all participants. In contrast to the cases of small and medium-sized cooperatives, individual leaders play a considerably less relevant role. Even so, it is remarkable that the PRSE was promoted from the top, which shows the importance of quality leadership, in this case collective leadership, in the management of democratic organisations (Bennis and Nanus 2008; Narvaiza et al. 2017).

The research reveals the main advantage of size in such a process, the scalability of its results. The PRSE affected more than 80,000 members to a greater or lesser extent; however, as shown above, the impact was remarkably uneven across the different areas it covered. The area that benefited most was education. A new Co-operative Education Model was developed and training programmes were designed for all members of the Governing Councils, Boards of Directors, Social Councils and the social base. The size of the network and its organisation meant that between 2007 and 2011, 6,000 people attended these co-operative education courses. Scalability also had a positive impact in the area of social transformation, thanks to the size and number of co-operatives that form part of the group, it was possible to set up a territorial transformation organisation in which more than 25 co-operatives collaborate, unifying and strategically planning a very large budget.

In the same way, the research also reveals the main disadvantages of size. The main one was the difficulty of involving a high proportion of co-operatives and members in the process due to the lack of a sense of ownership by members of the corporation or of the co-operative itself. As has been shown, some co-operatives disengaged from the process in order to initiate their own regeneration processes, this being one of the major limitations to the scalability potential that the size of the group provided. On the other hand, the hyper-competitive market to which most cooperatives are exposed requires them to be constrained to very specific production systems and speeds. In this respect, the main area affected was that of participation and democratic governance through, firstly, the fall into disuse of the Corporate Management Model developed as a result of the PRSE and, secondly, the loss of decision-making capacity of the grassroots members. In this sense, the fact that the lines of action related to participation have been the least implemented would support the latter perspective and reveal what Azkarraga and colleagues (2012) sensed: the most important principle of Mondragon and underlying all the others is that of economic profitability. The relevance of this principle would be justified because its absence would bring about the end of the social transformation, in the broadest sense, that cooperativism generates: job creation, wealth creation and distribution, democratisation of the enterprise, allocation of certain funds to the community, education, etc. Consequently, initiating a process of change from management systems which, despite not being participative, ensure profitability, to

others, which, although they may be more desirable from a social point of view, do not offer the same economic certainties, is a risk that Mondragon in general and the group's co-operatives in particular are not prepared to take for the time being.

Beyond that, the research reveals the great organisational capacity of a supra-cooperative structure such as Mondragon's, capable of mobilising not only the members and the majority of the members of the bodies of all the cooperatives, but also the academic world thanks to its partnership with the University of Mondragon. Endorsing the importance of deep and fluid inter-cooperation and how valuable can be to create networks with a high degree of diversity.

Overall, the conclusion is that the theories of degeneration, which due to their absolute determinism clash with the intricate reality of the cooperatives analysed, are inoperative, since, as can be seen, the PRSE clearly served for the regeneration of at least certain areas of the organisation. At the same time, it is also worth noting the proven inappropriateness of the theory of regeneration for the analysis of large regenerative processes, since the diversity of geographical, cultural and economic circumstances mentioned above make up a sufficiently complex reality to prevent an absolute regeneration of all its organisational structures and practices, as can be seen in the results. In this sense, the paradoxical vision seems much more appropriate to understand this type of phenomena, as it allows us to understand the coexistence of regenerative and degenerative processes in the same organisation. Understanding this situation not as a contingency, but as an undefined phenomenon and even consubstantial to hybrid organisations such as Mondragon.

6.1. Practical implications, limitations and future lines of research

The study exposes the peculiarities of the regenerative processes promoted and managed by networks of democratic organisations; however, there are still many unknowns that need to be clarified in order to find solutions to the dimensional reality of an increasing number of cooperatives. In this sense, one of the priority questions to be answered is how to combine the large size of these organisations and their great need for competitiveness and flexibility with democratic and participatory governance. To this end, it is essential to investigate democratic organisations with these characteristics, particularly the functioning of their governance systems, and to analyse and propose new organisational formulas that they can incorporate.

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