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Classifying the degree of cooperative multinationality: Case study of a French multinational cooperative

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Abstract

In recent decades, the largest European worker cooperatives, and those that are the most emblematic in their countries, have been transformed into multinational companies. This article examines workers'-cooperative multinationality by providing a classifying tool based on the interaction between control rights and return rights held by foreign employees in the subsidiaries of multinational cooperatives. We illustrate our matrix of cooperative multinationality by classifying an internationalized historical cooperative, Up Group (formerly Chèque Déjeuner, SCOP). In the last few decades, the French cooperative Up has become a hybrid multinational player in the employee benefits industry by setting up capitalist subsidiaries both in France and overseas. The case study also reports on Up's innovative attempt to produce a global cooperative or a more democratic multinational enterprise through converting subsidiaries' employees into associates.

KEYWORDS

cooperatives, labor relations, multinational enterprises, subsidiaries, Up Group

JEL CLASSIFICATION

F23, J54, M16

1 | INTRODUCTION

Recent decades have witnessed the rapid growth of multinational companies (MNCs). Although traditional investor-owned MNCs remain the major source of foreign direct investment and focus of research, other types of enterprises have also engaged in international businesses (Carruthers et al., 2009; Zanfei, 2012). This is the case of worker cooperatives: enterprises that are fully employee-owned and managed. Beginning in the 1990s, to compete with MNCs, some of these cooperatives adopted a strategy of international growth and began acquiring and setting up subsidiary businesses around the world (Clamp, 2002). The establishment of capitalist foreign subsidiaries has transformed these cooperatives into dual-model MNCs consisting of a cooperative core at headquarters and capitalist subsidiaries overseas (Bretos & Errasti, 2017). This paradoxical trend of some traditional cooperatives, characterized by embracing democratic processes of decision-making and pursuing both economic and social goals, has generated much controversy amongst scholars, commentators, and practitioners. Some authors have detected a sign of cooperative degeneration in this situation of limiting the membership rights of foreign workers (Basterretxea et al., 2019; Errasti, 2015; Paranque & Willmott, 2014). Conversely, other authors suggest that the emergence of these alternative forms of multinational organizations is "an organization to come" (Spicer et al., 2009) and could contribute to building a more participative and sustainable model of MNC (Bretos & Errasti, 2017; Cheney et al., 2014). In any case, it depends on how able internationalized cooperatives are to successfully transfer their core cooperative practices to their foreign subsidiaries.

In this article, we present a classifying framework that analyzes the uniqueness of multinational workers' cooperatives, including their particular organizational features as well as the risks and challenges that they faced in the course of their international expansion. At the core of this framework is our argument that the international growth of cooperatives entails an incremental process combining two basic aspects. On the one hand, there is the overseas expansion of business activities, like any other MNCs—an aspect which has been extensively analyzed by international business literature (Dunning, 2001; Johanson & Vahlne, 1977, etc.). On the other hand, there is the overseas expansion of the cooperative model—an aspect which has scarcely been studied in the literature at all. Our model focuses on the second pattern, i.e., on the organizational configuration of foreign subsidiaries, where core cooperative practices, such as decision-making power, ownership and participation in profits, might be transferred in an incremental and gradual process, determining cycles of degeneration or regeneration of cooperative principles (Bretos et al., 2018).

We apply our cooperative multinationality-classifying model to an internationalized French cooperative: the Up Group (formerly Groupe Chèque Déjeuner and henceforth in this paper, Up). Up, originally a small meal-voucher issuer, has become a multinational player in the employee benefits industry by setting up capitalist subsidiaries both in France and overseas. We analyze the Up project Roots and Wings which was meant to transform the group into a global cooperative, by endowing all its capitalist subsidiaries in France and abroad with equal cooperative-ownership and decision-making rights; that is, to boldly go where no other worker cooperative multinational had gone before. The research on Up, the second largest French cooperative in worker-members terms, throws particular light on the alternatives and limitations in the transfer of the cooperative model's practices to subsidiaries and has strong potentialities for addressing the aims of this study. Our research makes a twofold contribution to international business and cooperative literature. First, this article contributes by providing a new classifying tool based on the interaction between control rights and return rights in the subsidiaries of multinational cooperatives. The taxonomies of multinational companies found in the international business literature (e.g. Aggarwal et al., 2011), are useful to classify the international business activities of the cooperatives, but they do not offer a tool to address the multi-dimensional aspect of cooperative multinationalization and its evolutionary character (Siedlok et al., 2021). In particular, with the typology presented, the paper expands and hones recent discussions on alternative international organizations (Bretos et al., 2020; Zanfei, 2012) and it enhances understanding of the phenomenon of cooperative multinationals by delineating its key variants, return rights and control rights. Our matrix also aims to clarify and organize the plethora of terms around cooperative internationalization (Flecha & Ngai, 2014; Luzarraga & Irizar, 2012), as well as guide theory development and empirical testing.

Second, following recent calls for more case studies (Bretos et al., 2019; Cheney et al., 2014), we advance knowledge in international cooperative business by analyzing an under-researched case of an internationalized worker cooperative and its headquarters–subsidiaries relationship. Despite their active role in international operations and their potential to address important societal and organizational issues, cooperatives remain under-researched in the field of international business, as seminal theoretical frameworks analyzing MNCs have been based on traditional, investor-owned MNCs (e.g., Dunning, 1993). This case study includes the explanation of a unique experiment of extension of the cooperative model to subsidiaries that has never been tried before. In addition to generating fresh insights, stimulating reflection and fostering debate, our theoretical and empirical analysis is intended to contribute to an appreciation of how the transfer of core cooperative practices from the cooperative headquarters to its subsidiaries conditions the organization and structures of ownership and governance in subsidiaries and therefore in the whole firm's multinational system.

The article has been organized as follows: following this introduction, there is a brief review of the literature on MNC classifications, followed by the presentation of our model. The sections that follow feature the methodology of the empirical study that was carried out. The final sections contain a discussion of the main results obtained and concluding remarks, which also touch upon the limitations of this work and a brief proposal for further lines of research.

2 | THEORETICAL FRAMEWORK

2.1 | Classifying MNCs

The terms multinational company, multinational enterprise and transnational corporation are widely—and often interchangeably—used by scholars of international business to mean businesses that extend beyond the country in which they were founded to establish operations in foreign countries (Dunning, 1993). The rise of MNCs has become a prominent feature of the recent decades and has shaped the global economy (Dicken, 2011). Even many small- and medium-sized enterprises, including worker cooperatives, have become multinational in their operations, vision, and strategies.

Transnationality at firm level is defined by the United Nations Conference on Trade and Development as the extent to which an MNC, capitalist, state owned, or cooperative, engages in value-creating activities across national borders (UNTAD, 2021). Faced with accelerated global competition, managers often take the decision to expand a firm's transnationality in order to enable the firm to effectively compete with rivals on a global scale , generally with the ultimate purpose of making a profit (Dicken, 2011). For non-financial companies, the annual World

Investment Report (WIR) publishes the transnationality index, an average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. Increasing transnationality has become a feature not only of the world's leading firms in recent years, as shown in the transnationality index of top 100 transnational enterprises composed by the most famous global brands (UNTAD, 2021), but also of many internationationalized cooperatives (Bretos et al., 2019).

However, this is not the only generally-agreed classification system for the degree of transnationality, and a number of authors have developed alternative typologies of MNCs according to different criteria. Among the best-known and most widely-cited of these are, in chronological order: (a) Perlmutter's (1969) threefold typology of managerial mindsets, divided into home country-oriented (ethnocentric), host country-oriented (polycentric), and world-oriented (geocentric); (b) Caves's (1982) threefold typology of multiplant MNCs as horizontal, vertical and diversified; (c) Hedlund's (1993) dichotomy, which distinguishes the hierarchical and the heterarchical MNCs; (d) Bartlett & Ghoshal's (1989) fourfold typology of MNC organizational structure as multinational, international, transnational and global; (e) Dunning's (1993) fourfold typology of the rationale for foreign direct investments as market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking; (f) Rugman's (2003) fourfold typology of MNC strategic orientation as home-regional, bi-regional, host-regional and global. (There could be many other typologies of MNCs which consider foreign market entry modes, control modes, industry strategies, subsidiary behavior and so on (Aggarwal et al., 2010), but these categorizations go beyond the scope of this study.)

These taxonomies of multinational companies are useful to classify the international business activities of the cooperatives, but they do not offer a tool to address the multi-dimensional aspect of cooperative multinationalization and its evolutionary character.

2.2 | Multinationals or cooperatives?

In recent decades, the largest European worker cooperatives, and those that are the most emblematic in their countries, have been transformed into multinational companies. In the Mondragon cooperatives, more than 20 industrial cooperatives control around 141 foreign subsidiaries in 37 countries. According to the Mondragon group's annual report "the average staff of the industrial divisions is estimated at 37,809, of which 14,144 are in production facilities of cooperatives abroad", that is, 37% of the workforce (Mondragon, 2022). Another Basque cooperative, Irizar, has 3,000 workers and has 13 production plants in five countries (Irizar, 2020). The two largest French SCOPs (Société Coopérative de Production) have also followed the path of multinationalization: Up Group owns over 50 subsidiaries in 28 different countries (Up, 2022) and Acome, which has 2,000 workers, generates half its turnover in its plants in China (2), Brazil, and Morocco (Acome, 2022). Historical cooperatives from the Italian Emilia-Romagna have also pursued strategies of international expansion: Sacmi, which has 4,575 employees, has branches in 13 countries (Sacmi, 2022), and Cefla, which has 1,860 workers, has seven subsidiaries around the world (Cefla, 2022). Nowadays, these internationalized enterprises are more than just worker cooperatives.

There is not a generally agreed term among scholars for worker cooperatives engaged in international business activities. Some of the terms that can be found in cooperative literature are "international cooperative group" (Matray & Poulnot, 2016), "global cooperatives" and "multi-located cooperatives" (Luzarraga & Irizar, 2012), "multinational cooperative holdings" (Bakaikoa et al., 2004), "multinational or transnational cooperatives" (Bretos et al., 2019) or

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"internationalized cooperatives" (Clamp, 2002; Flecha & Ngai, 2014). These terms suggest that the entire multinational system of these firms is organized as a cooperative organization. However, in practice, as shown by the same literature, in these worker cooperative enterprises, it is only the parent company which is a cooperative, while the subsidiaries are affiliated companies with wage labor rather than worker-owners in their own right. To capture the organizational and governance duality of these organizations the term 'coopitalist multinational hybrids' has been proposed (Errasti, 2015).

These coopitalist hybrids, consisting of a cooperative core at home and capitalist subsidiaries overseas, represent a new strand of the classic degeneration problem of cooperative members becoming a diminishing privileged minority (Pencavel, 2012; Webb & Webb, 1921). Some authors suggest that the degeneration might be a transitory stage, since cooperatives may be able to successfully manage the tensions arising from internationalization and to regenerate by transferring cooperative principles to overseas operations (Bretos et al., 2020; Flecha & Ngai, 2014). And according to Siedlok et al. (2021), cooperatives can transfer, over time, cooperative practices to overseas subsidiaries in an incremental and gradual process. Indeed, there may be "cycles of degeneration and regeneration of cooperative principles responding to stakeholders and market pressures" (Siedlok et al., 2021, p. 4). In a similar vein, Vanek (2007, p. 303) suggests the possibility "to create new democratic firms from the offspring capitalist subsidiaries, which actually resemble alien species of capitalist dependency and exploitation, rather than forms of the economic democracy". Vanek proposes a model of maturation, following the growing process of human species through adolescence to maturity, which could culminate in a cooperative model similar to that of the parent cooperative companies.

2.3 | Classifying multinational cooperatives

In this paper, we propose a classification of multinational cooperatives according to the characteristics of overseas subsidiaries based on the cooperative core principles. Our objective in developing a classification system for the degree of cooperative multinationality is to create a scheme that can encompass the dimensions of cooperative multinationality while at the same time representing its evolutionary character. This classification system shows the extent to which the core cooperative practices have been transferred to the foreign subsidiaries and how cooperatives can transform the degenerative patterns of the capitalist subsidiaries into creative and productive spaces where new democratic practices can be introduced.

Drawing on employee participation theory (Ben Ner & Jones, 1992; Vanek, 1975) and taking into account empirical and practical evidence on cooperative multinationalization (Bretos et al., 2019; Errasti et al., 2017), our classification scheme for cooperative multinationality encapsulates two defining characteristics: *return rights* and *control rights* held by foreign employees. This reasonably simple design—a necessary attribute for classification systems—allows us to distinguish different schemes based on the extent of employee participation in control and return rights, and view them as different degrees of employee ownership. In legal and economic terms, ownership of an asset may be considered as a package of rights to financial returns from the asset and/or to control use of the asset and it could also be considered a prerequisite for economic democracy.

We combined the *return* and *control* dimensions, as shown in Figure 1., to create our simple matrix of cooperative multinationality. We describe five archetypes, both in theory and in practice, that go from the traditional coopitalist multinational to the global cooperative. However, alongside

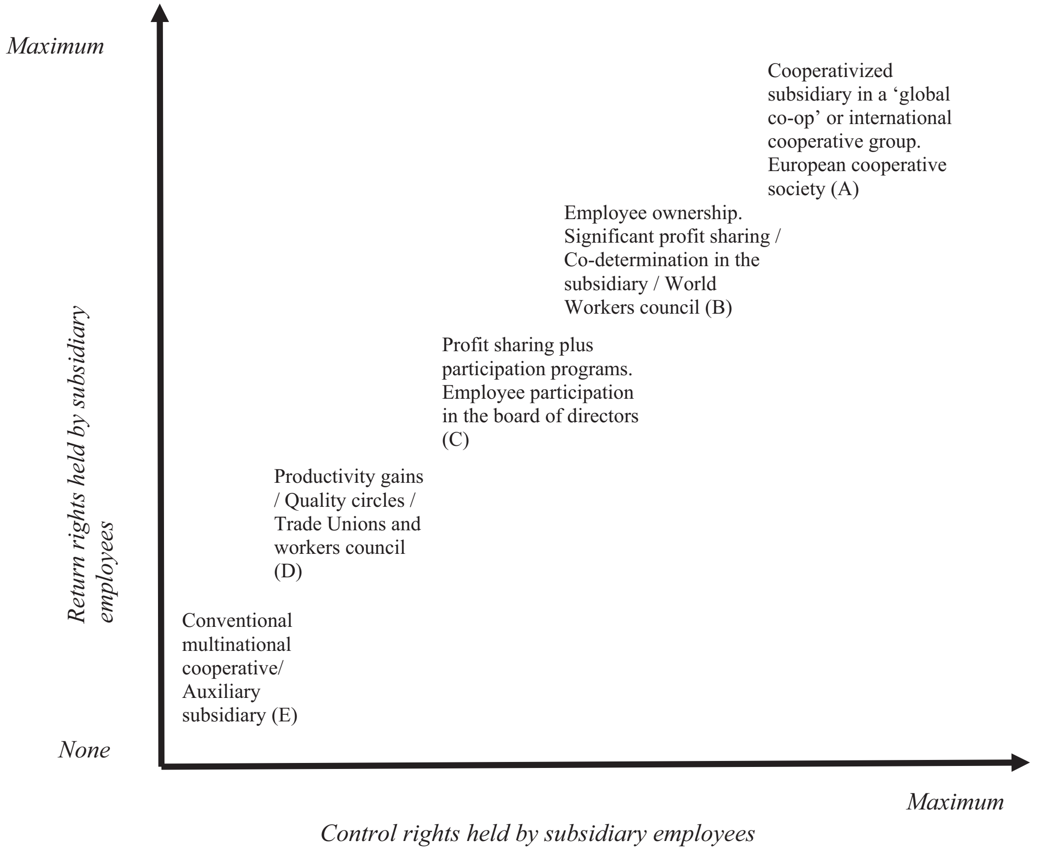

FIGURE 1 Typology of employee ownership in subsidiaries according to control and return rights.

these categories, there could be many arrangements, depending on the combination of return and control rights dimensions.

A cooperative where workers in its subsidiaries have no return or control rights is defined as a *traditional multinational cooperative* (E). An example of a subsidiary in which employees receive a fixed wage and have no formal machinery for participation in decision-making is the typical auxiliary subsidiary in global production chains (Errasti et al., 2017).

A cooperative that offers productivity bonuses (an extra payment made to workers for being more productive or yielding more favorable results than normal) and where there is some kind of participation in control such as quality circles, autonomous work groups, work teams, work councils, or trade union representation (Chica & Ruiz-Roqueñi, 2022) is referred to as a *minimally developed multinational cooperative* (D). If a cooperative parent company offers subsidiary-employees profit sharing and participation programs (e.g., joint consultation schemes, employee participation in the board of directors) it is defined as a *moderately developed multinational cooperative* (C). A cooperative that is engaged in foreign employee ownership programs with significant profit sharing and co-determination schemes in the subsidiary, with, for example, European Work Council programs, is defined as a *highly developed multinational cooperative* (B).

We classify firms as *global cooperatives* or *democratic multinational cooperatives* (A) if they are organized as a cooperative both at headquarters and subsidiaries, or alternatively, if employees of the parent company and the subsidiaries enjoy majority control and return rights. According

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to Böök (1992), an international cooperative group, a multinational cooperative organization or global cooperative can come about as a result of a democratic agreement involving all the cooperative organizations in the various countries involved. Another possible way would be for workers from different countries to work for the same cooperative—e.g., the European cooperative society is an optional legal form that aims to facilitate cooperatives' cross-border and trans-national activities (European Union, 2020). Thus, it is likely that global cooperatives are closer to network or federative MNCs, in which decision-making power and resources are shared across autonomous but interconnected units that are coordinated through informal mechanisms and normative integration (Hedlund, 1993; Kostova et al., 2016). This is in contrast to hierarchical forms of MNC organization structures based on centralization and formalization (Levy & Reiche, 2018).

3 | METHOD AND DATA

To illustrate how the matrix of cooperative multinationality can work in practice, this study reports on an exploratory, qualitative and explanatory case study based on the 'contemporary case studies' (Yin, 2013). The research is based on an in-depth analysis of Up's headquarters and its subsidiaries, Up Romania and Up Spain. This approach is considered the most appropriate in a context-dependent, complex, and understudied phenomenon (Patton, 2002), as is the transfer of cooperative models to subsidiaries in multinational companies. We selected the French cooperative for several reasons: it was celebrated as one of the most emblematic employee-owned firms in France, it had a genuine cooperative model combined with a strong trade union tradition, it was very active in multinational expansion and, since 2014, it was immersed in a process of converting each worker of the cooperative into an associate. The choice of the Spanish and Romanian subsidiaries was mainly motivated by the fact that these, apart from being the most developed foreign subsidiaries in terms of human resources and labor relations policies, were where the first steps had been taken in extending the cooperative model.

The quantitative data and archival information come from company documentation such as strategic plans, management policies, executive meeting agendas, videos, annual reports, statutes and regulations governing the internal regime, industry reports, conference documents, press releases, as well as from journalistic and the few academic articles (written with the participation of the managers of the cooperative). The qualitative data were obtained through 25 face-to-face interviews conducted at both the parent company and subsidiaries between 2016 and 2019. The longitudinal approach adopted allowed us to follow the evolution of the strategies proposed by the parent company for the subsidiaries. The interviewees constituted a representative and reliable pool of parent company and subsidiary managers, members and workers. Using the snowball sampling method (Patton, 2002) our first sources nominated other potential data sources that would be able to participate in the research study. In any case, we considered their role in the policy-making and in the strategies implementation processes. Nine interviews were conducted at Up's parent company in Genevilliers (France) with managers from the executive committee, worker owner-members, representatives of the board of directors, workers' council, and the European works council. We conducted sixteen interviews at Up's affiliated companies in Madrid (Spain) and Bucharest (Romania) with the CEOs of the subsidiaries, managers, workers, and union representatives. Moreover, we also organized two focus groups at each subsidiary with 19 participants. For the selection of the groups, we were looking for a variety of types of informants to represent the various interests at stake (Glesne, 2016). Finally, during the pandemic (2020–21), to follow up the latest news from the parent company and subsidiaries, we kept in contact through video calls and emails with some of our informants.

We chose the Spanish and Romanian subsidiaries because they are two of the largest and most relevant subsidiaries of the Up Group, with 90 and 130 employees, respectively. These were described by our parent company informants as the reference subsidiaries for advancing the transfer of cooperative practices. In addition, Spain and Romania represent different institutional settings for analyzing the barriers involved in the global diffusion of Up's cooperative system. Spain has one of Europe's most developed cooperative entrepreneurship ecosystems, while in contrast, Romania encounters a negative perception of cooperatives owing to a long history of co-optation by the Romanian communist regime (Lambru & Petrescu, 2014).

The interviews were based on a semi-structured script, and the questions were thematically arranged. The first interviews focused on the company and subsidiaries' background, internationalization, governance, human resources, and labor relations at the parent company and subsidiaries. As the study advanced, the interviews became more structured and theme-based (Yin, 2011). So to avoid organizational silence, we assured the informants that the purpose of the research was purely academic, and assured them that any information they provided their statements would be treated confidentially (Morrison & Milliken, 2000). Each interview lasted about 60–170 minutes. In 2021, we considered that enough data had been collected to draw necessary conclusions (and that any further data collection would not produce value-added insights) (Yin, 2013). We agree with Glesne (2016) that despite of possible methodological biases due to possible subjective perceptions on both the researchers' and the interviewees' part, interviews constitute a valid strategy to describe the social reality of organizations to provide scientific knowledge about how it can be transformed.

The data analysis carried out involved a continuous dialogue between theory and the empirical material, combining inductive and deductive steps (Klag & Langley, 2013). In the first step, the interviews were transcribed and reviewed thoroughly to identify initial concepts and emerging patterns through an open-coding process. In the second step, our data was compared with our theoretical framework to determine which headquarterst́ practices were thoroughly transferred and which were circumvented or only partially transferred. In the third step, we focused on how members and foreign workers perceived the resulting pattern of practice transfer.

4 | RESEARCH FINDINGS. THE INTERNATIONAL EXPANSION OF A UNIONIZED WORKER COOPERATIVE

For the case studied, we begin by providing a brief introduction of the cooperative, in which we address the main characteristics of its ownership and governance structures. Next, we present the contours of its internationalization process and main organizational practices in subsidiaries' employment relationships. Finally, we address the issue of cooperativization of local and foreign subsidiaries analyzing the 'Roots and Wings' project with the aim of fleshing out the relevant background and orientation for our assessment of Up's business and cooperative multinationality.

4.1 | Up's genuine cooperative model

Up was founded in Paris in 1964 as "Chèque-coopératif pour la restauration" by a group of trade unions led by Force Ouvrière's union leader Georges Rino. Up was initially dedicated to producing, selling and refunding meal vouchers with the aim of enabling workers throughout France to have a decent meal during their workday. The model of the meal voucher is based on an equitable repartition of the meal costs between employees and employers (which has some tax exemptions from the government) and at the same time supporting small restaurants. According to Up's founder, the cooperative constituted a radical alternative to the inequality and exploitative labor relations under the capitalist enterprise model (Rino & Baron, 1987).

Since the beginning, Up's parent company has been owned and managed by member-shareholders (workers and managers alike) with no outside stockholders. Sovereignty (and therefore major strategic decision-making) resides in the cooperative's general assembly, which comprises all the cooperative-members, workers and managers alike, and is based on the principle of one member, one vote. The general assembly elects the board of directors, which in turn designates the president, the CEO and the executive committee. The board of directors is made up of fifteen directors: twelve are cooperative members elected directly by the general assembly and three others, who are external, are representatives from the historical unions that founded the cooperative (CGT, FO, CFDT). Regarding the distribution of profits, 45% is distributed equally among all members, while another 45% is reinvested in the development of the firm, and yet another 6% goes to remunerate the shares and the rest goes to a solidarity fund to help members who find themselves in difficult circumstances.

As well as employee share-ownership, profit sharing, and employee participation in decision making—derived from the cooperative governance structure of the company—the Up parent company's labor relation model is characterized by the high rate of union membership, since 70% of employees and almost all of the managers and representatives of the governing bodies are unionized. Furthermore, the principles of horizontality and solidarity are represented in Up's human resource management policies, e.g., transparency and information sharing, teamwork, job security, extensive training in both technical and cooperative skills, and pay equity.

Employee–management communication and information sharing are encouraged in the cooperative. For instance, there are several communications channels, such as workers' suggestion systems, internal newsletters, monthly meetings where the Board's minutes are explained, breakfasts with the President in small groups (20 people), a number of internal newspapers and info websites on "life at Up", workshops, etc. Teamwork and employee participation in work management are actively encouraged and workers enjoy a high degree of autonomy in making decisions in their area of responsibility. Job security is almost guaranteed: once each candidate has completed a one-year training process and the General Assembly has ratified their membership of the cooperative, the dismissal of a partner is very unusual. The possibilities of promotion and career development at Up are extensive, mostly connected with the great growth experienced by the company. Indeed, every worker has a specific training program for his or her career development. Around 85% of staff at headquarters participate in continuous training programs annually, while the average in France is around 50%. The aim of the continuous training is to improve both technical and social skills, and particular emphasis is placed on cooperative values and practice. A 37.5-hour working week was established in 1981 and this was reduced to 35 hours in 1986 (the standard workweek in France was 39 hours until the year 2000, when it was reduced to 35 hours). In addition, the members enjoy a family-friendly work environment. Finally, Up limits managerial salaries to a maximum of 14 times that of the lowest-paid cooperative member; this is an exceptionally equitable differential compared with the 2020 average CEO-to-worker pay ratio of 101:1 in the CAC 40 (France) or 254:1 in the United States (Observatoire des multinationals, 2020). As a result of this pay solidarity, the lower wages are higher than the market average, and the highest wages are far lower than those of the competition. In addition, members' income has significantly increased during past decades, through the generous profit-distribution from its activities in France and overseas.

In summary, Up, with its extraordinary good working conditions, represents one of these "best places to work", in the words of different Up informants, where members are very committed to participating in the cooperative project based on a unique model of social economy and trade union tradition. Actually, it is one of the most famous SCOPs in France (Robert, 2012), and has often been visited by politicians of the left (such as Hollande and Melenchon) during presidential campaigns, and by national trade union leaders and other social agents.

4.2 | Up's internationalization: from a small worker cooperative to a multinational company

In the 1980s, Up extensively diversified its product portfolio in the employee benefits industry, expanding the meal-voucher model to various other types of vouchers, such as gift vouchers, home services vouchers, cultural vouchers and social vouchers. It also extended its activities to other business services, such as the legal and paralegal aid management systems. In the 1990s, under the direction of Jacques Landriot, who took over from the founder Georges Rino as the second President and CEO, the company engaged in an accelerated local and international expansion strategy in response to growing market pressures. According to Up members, the objective of the international growth was to conquer foreign markets, achieve scale so as to be able to compete against the large multinationals Accor and Sodexo (leaders in their industry), and to diversify risks (changes in national legislation on tax deductions for employee benefits significantly affect the company's results and viability). Ultimately, the objective has been to secure the viability and continuity of the company—and at the same time safeguard and maintain worker members' job numbers and income, as stated by an Up manager:

> We decided to grow to ensure the continued existence of the company (*la pérennité de l'entreprise*), our jobs and security. We internationalised due to a need to grow to compete against the large multinationals in our industry and diversify risk, given that our activity based on employee benefits can be greatly affected by changes in national legislation. (Up headquarters senior manager and member of the board of directors, 2018)

And indeed, Up has grown significantly during recent decades through firm acquisitions both in France and abroad. At the beginning, entry into some countries was made through the trade union and cooperative movement. In 1990, Up established a joint venture with the Italian cooperative group Camst, which specializes in commercial and collective catering. In 1992, it established another joint venture with some Spanish trade unions after the acquisition of a part of Cheque Gourmet. Gradually, Up became the only shareholder of the company which in 2021 had some 90 workers (14.1 million euros in sales and a market share of around 30%). Up continued its international expansion through the acquisition of subsidiaries not far from France (Morocco, Portugal Germany, and Turkey). The Romanian subsidiary was acquired in 2002 and in 2021 had 130 employees (16.7 million euros in sales and a market share of around 25%), making it one of the largest subsidiaries in Europe. More recently, in 2015 the company decided to go global and acquired several companies in Brazil, Mexico and other countries in the Americas, as well as continuing to invest in other European countries. After years of intense international expansion, and only through investing their own resources (i.e. without taking out any bank loans), Up now has more than 50 subsidiaries in 28 countries all over the world. Up serves 1.1 million clients (which include companies and public and social actors), and 26 million employees use Up's services and products. As a result of this growth, Up is the largest worker cooperative in France in terms of employees (and the second in terms of worker-members). In market terms Up sales account for 56.6 million euros, being the third global player in the sector behind Accor and Sodexo, with a market share in France of around 31%. The subsidiaries sales represent almost 70% of the group. Table 1,2 shows the distribution of employment in Up Group across its geographical areas of operation.

The transformation of Up into a multinational holding company was not in contradiction with the desire to perpetuate the company in its original territory and expansion has always been implemented after validation by the members. Nowadays, the company is organized as a group and has adopted a centralized corporate model, whereby major decisions regarding headquarters' and subsidiaries' business strategy, product, finance, R&D, and so on, are primarily decided at headquarters. The company's headquarters are located in the Parisian conurbation, and the cooperative's executive management and board of directors are composed exclusively of French nationals, who are all cooperative members. Subsidiaries are affiliated companies, mostly 100 % owned by the cooperative. French managers and directors compose the majority of the board of directors of the subsidiaries, and although in many cases the general managers of the subsidiaries are natives, they are always work under the supervision of the regional managers, who are mostly French nationals.

The company has established four demographic control regions: America, North West Europe, Mediterranean Europe and Eurasia. The financial, budgetary, and risk control mechanisms of its subsidiaries allow central monitoring of the performance of the subsidiaries. In addition, a centralized human resource management department has been established. Although the subsidiaries have more autonomy in the area of human resources and (largely) marketing, they always need to follow guidelines established by the parent company.

4.3 | Human resource management in Up's foreign subsidiaries

Workers in Up's subsidiaries are not cooperative members. They are wage labor, without ownership rights and decision-making authority in their companies, unlike the cooperative members of the parent company. However, human resource management and labor relations based on the recognition of trade unions in subsidiaries are quite advanced.

Regarding labor relations, since the foundation of Up, trade unions have always had a prominent role in the parent company and also in the governance of the international group. Up encourages members and subsidiary employees to join trade unions as part of its identity and culture. In the Spanish and Romanian subsidiaries, more than a half of the workforce is unionized, which is significantly above the average for each country. Additionally, trade unions play an active role in the subsidiaries' human resource management policies. For instance, between 2012 and 2017, the French group reached approximately 60 agreements with unions in foreign subsidiaries on training, compensation, health and safety, and diversity and equality (Up, 2018).

Another remarkable aspect of the labor relations is the constitution of the European Working Council (EWC) in 2014. Through the EWC, Up has been promoting information and consultation rights for workers representatives from the parent company and European subsidiaries. The EWC has been the main channel for subsidiary workers to participate in the governance of the

TABLE 1 Interviews details.

Location	Semi-structured interviews (recorded)	Extra interview data
Up Co-op Headquarters (Gennevilliers)	Nine in-house interviews • Member of the board of directors #1 • Member of the board of directors #2 • Member of the board of directors #3 • Member of the board of directors #4 • Global human resource manager • Employee #1 (member-owner) • Employee #2 (member-owner) • Employee #3 (member-owner) • Employee #4 (Union rep and Works council member and member-owner)	26 published interviews with Up members (videotaped online or published on paper) • 14 managers and members of the governing bodies (members-owners) • 12 employees (members-owners)
Up Spain (Madrid)	Eight interviews • Up Spain's CEO (expatriate) • Human resource manager • Human resource assistant • Marketing manager • Finance manager • Employee #1 • Employee #2 • Employee #3 (Union rep and Works council member)	2 focus groups with 10 participants (not recorded) • Focus group #1 (4 managers) • Focus group #2 (6 employees)
Up Romania (Bucharest)	Eight interviews • Up Romania's CEO • HR manager • Innovation manager • Marketing manager • Legal operations manager • Customer relationship manager • Employee #1 • Employee # 2 (Union rep and Works council member)	2 focus groups with 9 participants (not recorded) • Focus group #1 (4 managers) • Focus group #2 (5 employees)

TABLE 2 Distribution of employment in Up Group.

Geographical area	2014	%	2021	%
Up Headquarters (parent co-op)	356 member-owners	15%	710 member-owners	24%
France (excluding Up parent co-op members)	727 employees	30%	452 employees	14%
North-Western Europe	352 employees	15%	148 employees	5 %
Mediterranean Europe	264 employees	11%	251 employees	8 %
Eurasia	282 employees	12%	692 employees	24%
America	374 employees	17%	728 employees	25%
Total number of subsidiaries	27 subsidiaries		35 subsidiaries	
Countries	14 countries		22 countries	
Up Group total number of employees	2,355		2,951	

Source: Up's annual reports and internal documents.

multinational group. It has ensured transparency about headquarters' plans regarding group decisions and strategy, as well as developing communication channels between subsidiaries and headquarters and amongst subsidiaries. Currently, the EWC only comprises six European countries.

Besides, in Up Spain and Up Romania, several human resource policies reflect the parent cooperative model, such as, for example: employee–management communication and information sharing, teamwork, job security, training, and some compensation practices. Even if subsidiaries do not have the same levels of transparency and communication as at headquarters, Spanish and Romanian employees have several procedures for information sharing and employee voice. Information sharing meetings between employees and managers (mostly regarding production issues), are held quite frequently, and there is a horizontal organizational structure, based on teamwork and autonomy. Local human resource managers at Up Spain and Up Romania also enjoy job security, for the most part: in these two subsidiaries, no more than 10% of employees are on temporary contracts. For instance, Up did not make any reductions in the workforce during the 2007 crisis and in the course of product digitalization, Up opted to reassign the redundant workers from the voucher printers within the company after putting them through intensive training programs. Accordingly, between 2016 and 2018, for example, 100% of Up Spain workers participated in training programs, while at the Romanian subsidiary the figure was slightly lower (85%). The extensive training opportunities increase the employees' opportunities for promotion and career development. In Up Spain and Up Romania the wages are not very different from those offered by major competitors in their local industry. However, Up subsidiaries offer profit-sharing schemes, as we are going to see in the next section, and many other social benefits and perks, such as catering, learning, leisure, and sport vouchers. Up supports employees' well-being through emotional salary (psychological well-being, family-friendly work environment, and opportunities for self-development)—in fact, this is what Up's business's know-how is about and what it offers to its customers.

In summary, our research showed that managers at Up's subsidiaries in Spain and Romania Up had great concern for workers' personal and professional development, and most of the workers felt that they enjoyed good working conditions and were valued, and they praised their company as a great place to work, as the zero voluntary staff turnover seemed to indicate. Nevertheless, they were aware that they were not members of the cooperative and did not have the same conditions as their colleagues (owner-members) in the parent company.

In summary, the HR practices adopted by Up at its headquarters and subsidiaries reflect a great concern for workers' personal and professional development. Our study shows that many workers at Up's subsidiaries in Spain and Romania seem committed to the group and believe that they have better working conditions than counterparts in their country; the HR manager of Spain praises Up as "the best place to work, as the zero voluntary staff turnover seemed to indicate". For example, the company did not apply adjustment plans during the 2007 global financial crisis when there was a significant decline in some subsidiary activities. Moreover, despite many jobs being threatened following digitalization of several products, Up opted for relocation of employees within the company.

> Up offers employee benefits, products and services, and talent management consultancy services to other companies, which is our flagship service today. But we follow these practices ourselves with our employees; if not, it would not make sense. In addition to salary increases or professional promises, we focus on vital issues to encourage motivation and pride of belonging: emotional salary, a good work environment, flexibility and conciliation, support policies for families, extensive training, employee reward programs, growth and possibility of promotion, and talent management consultancy. (HR manager of Up Spain, 2018)

> During the crisis and now during the digitalization process, where many jobs could be lost, we see that the group and the managers are supporting the workers by giving them the opportunity to relocate to other jobs. (Worker at Up Romania, 2018)

4.4 | Roots and Wings: the project aimed at transforming subsidiaries into cooperatives

During the General Assembly of 2013, before retiring from Up, Jacques Landriot—who had been CEO and Chairman of Up for the previous 14 years—declared that the cooperative should work on alternatives in order to associate every employee, local or international, to the companies of the Up Group. In 2014, Up's General Assembly, led by the new CEO and Chairman, Catherine Coupet, launched the Roots and Wings project, with 75% of the valid votes "authorizing the board to lead a study on the ways to associate the largest number of employees with the company's social capital" (Up, 2016a, 2016b). In fact, after decades of tremendous growth through the acquisition and constitution of capitalist subsidiaries in France and abroad, in 2013, only 350 out of a total workforce of 2,300 were Up worker-members: that is, around 15%. The objective of the new project was for the members to strengthen and extend the group's cooperative model through the cooperativization of capitalist subsidiaries, and ultimately transforming every employee of the group's subsidiaries, both local and international, into an owner-member of Up. The cooperative intended to become "the iconic ambassador of the social economy in the world" (Up, 2016a). Many of the interviewees expressed the same degree of enthusiasm when referring to the project:

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> In market terms, we have to differentiate. We have subsidiaries with high technology and we are looking for a model that is different from the capitalist one. We want to try and prove our differences to capitalism. (Up member, 2016)

> The merger of three subsidiaries in the cooperative is the first step. Other subsidiaries will follow. We believe in the cooperative model. We are militants of the cooperative movement (member of the board of directors of Up, 2016)

The video recorded for the 2015 annual report comprises more supporting testimonies of Up members (Up, 2016b):

> It was totally obvious that all the group affiliates should become part of the cooperative.

> No matter how people join the group, we are all driving towards George Rino's 1964 founding vision.

In 2015, Up's general assembly approved the merger by absorption of three of its French subsidiaries: Cadhoc, Rev & Sens, and Le Chèque Domicile, which shared the same premises as the parent company—"proof that collective interest took precedence over private interest" (Up, 2016b, 2017b). Within a year, 250 new members-owners were integrated into the cooperative, increasing the membership number to 664, which represented 70% of the French workforce, but no more than 21% of the group's global employment (Up, 2017a.

> Given their strategic, historical, and cultural proximity, we followed the principle of a merger by absorption within the cooperative: 88% of the members agreed with this decision, and almost 100% of the subsidiary workers. The merger of three subsidiaries into the cooperative strengthened our cooperative model. (Member of the board of directors of Up, 2018)

As part of the integration of the new companies, several actions were conceived for old and new members, such as training groups, meetings with board members and mentors to accompany the new members. In spite of the idyllic picture portrayed by Up of the integration process (see Matray & Poulnot (2016) for more details about the merger by absorption process), it didn't take long for tensions to arise among the members. If implementing a merger by absorption in a conventional company is always complex, it is all the more so when it takes place in a context where a cooperative parent company absorbs three of its capitalist subsidiaries. Among the many problems generated by the integration, it is particularly worth mentioning the ones at the human level, as we will see below.

Regarding the case of foreign subsidiaries, the first time Up introduced profit-distribution schemes in some foreign subsidiaries was in 2016. For instance, Up Romania established a 5% profit-distribution among employees and Up Spain fixed a 6% on a positive deviation above the minimum profit level required by the parent company. During the next year, the cooperative continued to implement the bundle of above-mentioned collaborative human resources practices in the subsidiaries, but there were no relevant changes in foreign employees' labor relations (Up, 2018).

In the meantime, Catherine Coupet, the CEO of the group, kept sending messages about the transformation of the subsidiaries into the cooperative: "Moving from a cooperative of 300 people to a cooperative group of 5,000 people is a challenge. We want to reinvent the cooperative of tomorrow (…). We have a role to play, we are looked at from the outside and I hope that we will live up to the expectations" (Fusions & Acquisitions Magazine, 2017).

The Roots and Wings project was envisioned to advance the expansion of the cooperative model to include the remaining French and international subsidiaries by 2018, but there were no significant institutional or labor relations advances to "export a unique economic model across the world" that year.

Indeed, managers and members of the parent company argued that the different social, cultural, legal, financial, and governance features of each country where the subsidiaries were located made it very difficult to go ahead with the original project to associate the largest number of employees to the cooperative, and they therefore decided to adjust the goals. According to an Up manager and member of the board of directors:

> For the other non-cooperativised French subsidiaries and the international subsidiaries, we want to give the practice priority, rather than the structural and technical aspects. The reason lies in the social, cultural, legal, financial, and governance specificities of each country in which the subsidiaries are located… However, first, we want to settle a social base for all the workers and subsidiaries over the world, then we want to transmit our culture, which is quite complex (Member of the board of directors of Up, 2018)

Aware of the specific circumstances of each subsidiary, Up designed a series of common, exportable basic principles and commitments to be applied by its foreign subsidiaries in order to bring them closer to the cooperative management model of the French parent company (see Table 3).

Participatory governance (P1 and C1.1 and C1.2) was encouraged by the development of the EWC and the support in other actions such as gender equality and social dialogue in the subsidiaries. In the words of a cooperative manager:

> For example, we bought a bank in Mexico in 2018 with a completely different culture and legal context. We want to organize it through our model of relations with the trade unions and our values from the social and solidarity economy. (Member of the board of directors of Up, 2019)

Corporate social responsibility has always been at the forefront of the company. Since its creation, the Up group has acted as a socially committed economic player in the heart of the territories where it operates. Lately, by joining the United Nations Global Compact, Up has encompassed the fight against global warming and climate change in its strategic project, and encourages its subsidiaries to carry out substantive actions, valuing the committed initiatives of its employees. The company supports philanthropic actions in its subsidiaries, where workers decide which philanthropic project to support and finance (P2), and dedicate a high visibility to these projects in their webpages and press releases (Up, 2021b).

TABLE 3 Up's principles and commitments in introducing the cooperative model in the foreign subsidiaries.

Principles	Commitments
Facilitate participatory governance (P1)	• Regular information and information-sharing with employees on the group's and the subsidiary's strategy, objectives and results (C1.1) • Encourage employee representation and engagement in the company so as to foster social dialogue (C1.2)
Fully embrace social responsibility (P2)	• Carry out actions for the greater good (C2.1) • Maintain balanced relationship with partners (C2.2)
Develop a cooperative management system (P3)	• Mobilize and unite the staff so that they feel empowered to get involved in the company (C3.1)
Think of the company as a source of personal fulfilment (P4)	• Think of work as an enabling factor for individuals to evolve (C4.1) • Foster equality and diversity and encourage collective living (C4.2) • Ensure financial and social protection of employees and their families (C4.3)
Create wealth to ensure our development and share it in keeping with the values of the Group (P5)	• In keeping with the values of the Group, share the wealth produced collectively (C5.1) • Ensure the sustainability of the company (C5.2)

Source: Up Group (2018). Numbers were not include in the original figure.

Up also decided to focus on the spreading of the "cooperative culture, values and practices" across the subsidiaries through the organization of "values workshops" (P3 and 3.1). The redefined project also aimed to establish a social base responding to specific social needs in the subsidiaries (P4). For instance, according to an Up manager, "Up financed retirement pensions for employees in Eastern European subsidiaries or funded health insurance programs in Latin American branches" (C4.3). Up reinforced other Human Resource policies, such as championing recruitment and gender equality (C4.2). The profit distribution programs in the subsidiaries (P5) continued to spread to more subsidiaries, "in some cases, like in Mexico, in line with the labor law, but in other cases, voluntarily", as mentioned by an Up manager.

In summary, the new principles and commitments focused on developing the social responsibility initiatives undertaken by the Up Group, as well as on efforts to promote a cooperative culture and values across their subsidiaries. However, these would not bring advances in terms of bringing the foreign subsidiary workers nearer to the cooperative model through their participation in ownership or other kind of affiliation. After the first cooperativization experience in three of the 13 French subsidiaries, the perspective to once again open up the membership and ownership rights to a significantly large number of employees, both French and international, was not accepted by an increasing number of members:

> It is difficult to develop cooperative ideas and values in a society where individualism is one of the main values. We have intensified training with the old and new members in the headquarters about cooperative values and principles in recent years -but there is resistance to change. (Member of Up HR Department, 2019)

Workers from Spain, and Romania also did not hear more about the possibility of being converted into associates. Since 2018, employees and managers in the subsidiaries have not been provided with any more information about the transformation of subsidiaries or ownership programmes in the *Des Racines et Des Ailes* framework. With these substantial changes in the group's discourse and strategy, the original enthusiasm of managers, worker-members, and subsidiaries' workers, regarding the cooperative transformation, diminished. A middle manager at a subsidiary expressed the emotion shared by many of the interviewees:

> I do not think we are going to be converted into a cooperative. In fact, in the last two years, no one has mentioned it again. Now we are discussing about work practices and social benefits, but not about cooperative transformation anymore… Many workers' expectations have been disappointed. (Middle manager of Up Romania, 2019)

Indeed, 2018 marked a turning point in the company. The level of unease and tension among the members at the parent company kept increasing, and, together with other factors, this eventually led to an organizational crisis. In the midst of the headquarters' organizational crisis, the Roots and Wings project disappeared. There was a kind of organizational silence regarding the transformation of foreign subsidiaries' employees into associates, and the subsidiaries received no further information about it.

According to our informants, Up's organizational crisis was the result of a mixed cluster of causes: members' discontent with the management, the low profitability of some foreign direct investments and huge losses in one subsidiary due to the dishonest behavior of the local managers, management style clashes, or pending judicial matters—a year later, Up, together with three other companies in the sector, was ordered by the French Competition Authority to pay a fine of EUR 45 million, after they had been found to be operating a cartel. However, in line with our research, the impact of the integration of the new members of the three French subsidiaries on the parent company has to be highlighted. The culture clash produced by the integration into the firm of new members with no cooperative tradition, and the conflicts created among employees by the elimination of a number of posts which had become triplicated due to the merging of the companies, were remarkable. Last but not least was the discontent of some old-timers, members who had seen their profit sharing diminish due to the increase in membership and the distribution of the same quantity of profits:

> There was great discontent among the partners. For example, many members didn't understand the implications of the project to transform the French subsidiaries into cooperatives until they realized that their annual bonus had been cut considerably. Members were flabbergasted at the 2017 and the 2018 General Assemblies. (Up trade union representative, 2019)

Eventually, members' discomfort and the divisive atmosphere culminated in a clash at the top levels of the company's governance. In 2019, Youssef Achour became the Up's new president and CEO after beating the former president Catherine Coupet in the General Assembly elections for the new board of directors. The team of the new president received 80% of votes compared to 20% for Catherine Coupet's team. The confrontation between the two sides during the years 2018–19 produced a high turnover of managers at headquarters: before the elections, some managers who did not sympathize with the former president's team left, and after the elections, others who refused to work with the new board—e.g. the former president, the director of the Up foundation and other members of the board and executive committee—were offered a golden handshake to leave the cooperative. Equally remarkable is the fact that at headquarters there was a massive turnover in the human resources department, which had four different heads of department in only two years.

The new president and CEO brought in new strategies to the cooperative group. All reference to the Roots and Wings project and to the extension of the cooperative model to other subsidiaries in France or overseas disappeared from the cooperative's discourse, reports, and social media. The new president emphasized the need to return to pragmatism based on a "culture of performance, both financial and extra-financial, to foster all management activities over time" (Up, 2021a). Other interviewees corroborated the change in strategy:

> We will continue working on the creation of a common social platform for all the group's foreign subsidiaries. But the project *Des Racines et Des Ailes* is in standby mode. Now, the priority is to find the competitiveness of the group. It is necessary to recover the economic performance of the group activities and its subsidiaries. There will be more managers from the headquarters in the subsidiaries. (Member of Up's board of directors, 2019)

> *Des Racines et des Ailes* project is not the top priority. We have to focus on the digitalisation of our products and the competitiveness of the group. (Up Spain's CEO, headquarters expatriate, 2019)

> We are working on the 'social base' for all the workers and developing the competences of the EWC. (…) We were too optimistic about converting the subsidiaries into cooperatives. (Up member and member of the EWC, 2019)

Then, with the arrival of the COVID-19 pandemic and the extraordinary circumstances that accompanied it, the entire Roots and Wings project became a faded remnant of the past. As a last remark, Up's total workforce decreased from 3,541 employees in 2020 to 2,951 in 2021, after Up restructured its workforce in France and overseas (Up, 2022). Trouble continued in paradise.

5 DISCUSSION AND CONCLUSION

The purpose of this article is to provide a theoretical, empirical and interpretive contribution to the field of worker cooperative internationalization. The classification introduced and its application to the international organizational architecture of the case studied summarizes the alternatives of cross-border transfer of the core cooperative practices to subsidiaries in an evolutionary scheme. It should be regarded as a preliminary framework intended to help empirical studies.

Up's transnationality index of 60% (Up, 2019) is around the 62% average ratio of the Top 100 MNC (UNCTAD, 2020) and it shows the significance of the overseas business for the French cooperative. For a cooperative however, the percentage of members with respect to the total workforce is more revealing, and in Upt's case is only 19% (Up, 2019). Regarding the taxonomies of multinational companies presented in the theoretical framework, according to Caves's (1982) threefold typology of multiplant MNCs, Up's strategy could be defined as horizontal, i.e. maintaining the whole production process in both home and host countries with headquarters in the home country. According to Dunning's (1993) fourfold typology of the rationale for foreign direct investments, Up is a market-seeking MNC which invests in foreign markets to promote or exploit new markets. According to Rugman's (2003) fourfold typology of MNC strategic orientation, it should be considered as home-region oriented, as at least 50% of its sales are concentrated in its European home market.

More interesting for our study are the typologies that classify MNCs according to organizational features. According to Bartlett & Ghoshal's (1989) fourfold typology, Up could be considered a transnational company in its aim to meet local needs and also benefit from integrating globally. Up tries to work as a network, with each subsidiary given responsibility for developing its capabilities. However, Up's organizational architecture largely relies on central control and coordination, with major decisions over business strategy, expansion, product, finance, R&D, and so on, being centralized at the headquarters. At the same time, Up also attempts to secure some benefits from decentralization. In particular, subsidiaries enjoy a relatively high degree of autonomy in commercial and HR areas. According to Perlmutter's (1969) threefold typology of managerial mindsets, Up would be considered an ethnocentric multinational, i.e. like that of a mother country towards its colonies. Our analysis found that headquarters–subsidiaries' relationships in Up strongly respond to cooperators' interests of promoting business performance and securing their jobs and financial returns. According to Hedlund's (1993) dichotomy, Up represents the hierarchical MNC based on pyramidal organizational levels, more than the heterarchical organization with a complex adaptive system of governance, many centers and a mix of organizing principles, that are likely to resemble global cooperatives (Böök, 1992).

However, these taxonomies do not offer a multidimensional view, and its evolutionary character, of the multinational cooperatives. To classify the international business activities of the cooperatives, we contribute a typology of employee ownership in subsidiaries according to control and return rights, which demonstrates how variants of multinational cooperatives may differ, and hence helps to organize complex networks of concepts and relationships.

Although Up's Roots and Wings project to turn Up into a worker-owned-and-governed *global cooperative* (A, in our taxonomy) was fascinating, in the end, they failed to live up to expectations. On the one hand, the project was a unique experiment, unlike any which had been carried out by any other multinational worker cooperative (Bretos et al., 2019). It triggered a debate among members on how to create a new international business model based on the cooperative principles of democracy and participation, and it instituted a cycle of regeneration (Bretos & Errasti, 2017; Siedlok et al., 2021) of its original democratic principles and a re-engagement with the social and solidarity economy movement after a period of extraordinary international expansion and business development. Finally, it at least also achieved the cooperativization of three capitalist subsidiaries in France, which deserves to be recognized, given the internal tensions and external institutional challenges involved in processes of radical organizational change towards workplace democratization (King & Land, 2018). On the other hand, Up's Roots and Wings project failed insofar as its attempt to associate every employee, local or international, to the companies of the Up Group and to develop more democratic structures and practices within the multinational group and particularly in the subsidiaries, was minimized and finally rejected, in contrast with the maturation process suggested by Vanek (2007). Certainly, Up's international organization is not based on the cooperative principles of shared ownership and democratic decision-making that the category of *global cooperative* would encompass.

We categorize Up as a *moderately developed multinational cooperative* (C, in our taxonomy). The cooperative parent company offers employees at the subsidiaries an array of collaborative human resources practices in the subsidiaries—such as profit-sharing, employee participation in decision-making, information sharing, job security, extensive training, and pay equity—which have been associated with cooperative firms, (e.g., Basterretxea et al., 2019; Storey et al., 2014). Furthermore, the development of co-determination schemes in the European subsidiaries, through the European Work Council programs, including subsidiaries where there was no trade union representation previously, is also remarkable, since it significantly contrasts with the inaction of other cooperatives controlling capitalist subsidiaries, such as Mondragon (Errasti et al., 2017).

Nevertheless, Up is not engaged in the foreign employee-ownership programs with significant profit-sharing that would make it a *highly developed multinational cooperative*. There is a clear pattern in the cooperative practices transferred to subsidiaries. The transfer practices that involve significant return rights and control rights, which are the main characteristics of workers' cooperatives, have been avoided, as is the case with employee-ownership, and minimized: the difference between the parent company members' level of participation in profits (45% of all the profits of the group) versus the 5% level of participation in profits of the foreign employees their own company is revealing. Meanwhile, the other practices—which could be called soft cooperative practices (Bretos et al., 2019)—are largely transferred, promoted, and publicized, something that we could refer to as "co-op washing". In our view, the lack of ownership programs in the Spanish and Romanian subsidiaries shows the limits of Up's current model of cooperative internationalization. Employee ownership, accompanied by different profit-sharing- and stock-based schemes (Poutsma et al., 2012), are the building blocks for advancing in the development of innovative models of multinational cooperatives such as the *global multinational cooperative*.

Our study concurs with research about multinational cooperatives that has highlighted the success of the internationalization strategies in business terms (Flecha & Ngai, 2014; Luzarraga and Irizar, 2007) and the great contradiction that the creation of capitalist subsidiaries generates in such organizations (Bretos et al., 2019; Cheney et al., 2014). The transformation of Up into a multinational company has resulted in a dual hybrid system organization—said by some to be coopitalist or neocooperativism (Errasti, 2015). The parent company is a cooperative center which owns and controls a capitalist periphery made up of the local and foreign subsidiaries, in which wage labor, despite their privileged working conditions, do not enjoy the rights of cooperative membership. Indeed, the evidence collected on Up's international structures of ownership and governance is rather consistent with the cooperative degeneration thesis (Basterretxea et al., 2019; Kasmir, 2016). Up's member-owners have not been able to overcome what is an undeniable colonial relationship: there is an extraction underway whereby capitalist workers from a center of power extract value from the creativity and work of periphery workers; not a good optic for a worker cooperative. In the cases where cooperatives have been converted into multinationals, the consequence is what Sidney Webb and Beatrice Webb (1921, pp. 463–4) predicted a century ago for British cooperatives: "they have ceased to be democracies of producers themselves managing their own work; and have become, in effect, associations of capitalists on a small scale… making profit for themselves by the employment at wages of workers outside their association".

Going beyond degeneration argumentations, it is our aim to stimulate debate on the possibilities for alternative models to MNC by reflecting on the transformative potential of workers' cooperatives as alternative organizations in the international business arena (Cheney et al., 2014; Flecha & Ngai, 2014). We argue that worker-owned-and-governed global cooperatives deploying principles and practices that emphasize self-management, equity and emancipation have the potential to challenge the capitalist logic and hierarchical power relations embodied by shareholder-owned MNCs and to work towards a "domination-free world" (Barros, 2010, 167). Democratic business experiences such as Up, with its unique cooperative model mingled with trade union participation, and projects such as "Roots and Wings", which attempt to overcome the domination relation between the parent company and the subsidiaries and their employees, foreshadow new models of democratic multinational enterprises to come (Spicer et al., 2009).

Finally, despite the evident limits of presenting only a single case to contrast our classification model, our typology paper offers coordinates for more empirical research, which would allow a comparison of the advances made in the transfer of cooperative practices of different cases. More research is also needed to gain further insight into the obstacles and the incentives for cooperatives to expand across borders and rely more on democratic, local control. The failure of the cooperativization of subsidiaries overseas cannot be justified only by institutional factors related to the lack of cooperative regulatory and cultural institutions in the host countries (Kostova et al., 2016), such as the management of the multinationalized cooperatives suggested in this case and in other cases such as the Mondragon cooperatives (Bretos et al., 2019; Kasmir, 2016). The organizational crisis experienced by Up is a clear sign that power and politics matter equally. For cooperatives and researchers alike, there is still quite a long way to go along the rocky road that may lead to the global cooperative.

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