The challenges of managing across borders in worker cooperatives: Insights from the Mondragon cooperative group

Ignacio Bretos

University of Zaragoza, Spain
Email address: ibretos@unizar.es

Anjel Errasti

University of the Basque Country, Spain
Email address: a.errasti@ehu.eus

The definitive publisher-authenticated version:

Bretos, I., & Errasti, A. (2018). 'The challenges of managing across borders in worker cooperatives: Insights from the Mondragon cooperative group'. *Journal of Co-operative Organization and Management*, 6 (1), 34–42.

Available online at:

https://www.sciencedirect.com/science/article/pii/S2213297X17300538

Abstract: This article explores the challenges that worker cooperatives face when they operate and manage people across borders. Drawing on qualitative research on two Mondragon multinational co-ops based on longitudinal data and in-depth interviews, we address the dilemmas raised by the multinationalization of co-ops through the establishment of subsidiaries abroad, and show the tensions surrounding the 'cooperativization' of foreign subsidiaries, that is to say, the reproduction of the cooperative organizational formula and the transfer of its idiosyncratic policies and practices to foreign subsidiaries. The main finding of the research is that, behind the instrumentalization of various institutional barriers by the managerial technostructure of the parent co-ops to justify the non-cooperativization of foreign subsidiaries, lie factors stemming from headquarters-subsidiary power relations, as well as from core co-op owner-members looking to protect their own interests. Indeed, a clear dissociation has been found between the Mondragon corporate discourse about the promotion of participation and democracy overseas, and the real practices that are operational within the foreign subsidiaries. The article also draws some practical implications for multinational co-ops wishing to extend the cooperative model to their overseas subsidiaries.

Keywords: Cooperatives, MNCs, internationalization, employee voice, human resources, Mondragon

1. Introduction

The latest cyclical crisis of the capitalist system and the growing debate around the hegemony of the investor-owned firm model have prompted renewed attention to worker cooperatives (WCs) as feasible alternative forms of organization in today's globalized economy (Parker, Cheney, Fournier, & Land, 2014). WCs are usually depicted as small-sized member-owned businesses that operate exclusively at the domestic level (Williamson, Imbroscio, & Alperovitz, 2003), and are regarded as the highest expression of workplace democracy since decisions are taken on a 'one member/one vote' basis (Thompson, 2015). However, as mounting empirical evidence demonstrates (e.g., Novkovic & Sena, 2007; McMurtry & Reed, 2009; Siebel, 2016), globalization pressures have pushed many co-ops to go global through the setting-up of subsidiaries, thus turning into multinational companies (MNCs). In this context, a burgeoning literature about multinational co-ops has emerged, chiefly focusing on business issues such as the degree of internationalization (Heyder, Makus, & Theuvsen, 2011; Bijman, Pyykkönen, & Ollila, 2014), strategies followed to access foreign markets (Pérez-Suárez & Espasandín-Bustelo, 2014; Bijman et al., 2014; Pérez-Suárez, Sánchez-Torné, & Espasandín-Bustelo, 2017), enhanced economic performance and competitiveness (Amat & Perramon, 2011; Heyder et al., 2011), or organizational and commercial innovations achieved through global expansion and networking (Juliá, Meliá, & García-Martínez, 2012; Pérez-Suárez & Espasandín-Bustelo, 2014).

By contrast, as claimed by Kasmir (2016), the scholarly literature about multinational co-ops usually lacks a deep, critical account of the contradictions raised by internationalization and tends to neglect day-to-day organizational life and employment practices in foreign subsidiaries and to marginalize workers' experiences. This research is paramount bearing in mind that WCs are people-centered enterprises in which international expansion may entail unique challenges to stay faithful to their hallmark democratic values and worker-centric practices (Bretos & Marcuello, 2017). As noted by Flecha & Ngai (2014: 667), WCs are expected to 'maintain cooperative values and not to negatively affect employment conditions in their newly created subsidiaries; [and] consequently, they are urged to explore alternative forms of organization that can respond to society's economic, social, and democratic needs'. Indeed, several authors have called for exploration of the potential dilemmas involved in the multinationalization of WCs and the tensions surrounding reproduction of the cooperative model and its idiosyncratic practices in foreign subsidiaries (Bretos & Marcuello, 2017; Cheney, Santa Cruz, Peredo, & Nazareno, 2014; Carruthers, Crowell, & Novkovic, 2009).

In view of the above discussion, our research aims to shed light on the challenges that WCs face when they operate and manage people across national and cultural boundaries. Drawing on a qualitative study of two multinational co-ops belonging to the well-known Mondragon Cooperative Corporation (MCC), we examine the multinationalization process of these WCs, the dynamics of central control and subsidiary autonomy, and reproduction of the cooperative formula and transfer of its characteristic human resource (HR) practices to foreign subsidiaries. Our findings reveal that multinationalization can lead to the formation of a global labor hierarchy, in which the interests of the co-op members in the headquarters (HQ) prevail over those of an international workforce that is deprived of cooperative membership rights and benefits, and where key business decisions over the fate of overseas factories are centralized in the co-op HQ. What is more, we found evidence of a clear dissociation between the MCC managerial discourse about extension of participation and democracy overseas, on the one hand, and the real decisions and practices that are implemented within the foreign subsidiaries, on the other. In fact, our research illustrates how institutional constraints and issues of power and interests impede not only the conversion of foreign plants into WCs, but also promotion of substantial employee participation, wage solidarity, job security, and other HR practices associated with the cooperative model.

Following this introduction, the next section provides a brief review of the literature about internationalization and human resource management in MNCs. The third section details the research methodology. The fourth reports on the key empirical findings. The final section highlights the main conclusions of the research and draws some practical implications for WCs in the dissemination of cooperative values and practices in their subsidiaries.

2. Literature review

According to the mainstream literature, internationalization has become an indispensable strategy for firms to stay competitive in markets, especially in situations of economic crisis (Lee & Makhija, 2009). A variety of works have analyzed internationalization strategies pursued by firms, foregrounding offshoring among those of most importance and most frequent application (Contractor, Kumar, Kundu, & Pedersen, 2010). As noted by Kedia and Mukherjee (2009: 251), 'offshoring has emerged as an effective strategic practice whereby firms relocate their business functions (that were previously performed in-house) to overseas locations'. However, various authors have pointed to the fact that offshoring usually involves the destruction of employment in the country of origin and a worsening of labor conditions in the host country (Levy, 2005). Williamson et al. (2003) hold that offshoring has a negative impact on labor conditions, weakens local economic stability, and undermines the capacity of democratic self-management in the territories concerned. In this context, some studies have emphasized that it is necessary to deepen our knowledge about the internationalization of alternative forms of organization (e.g. Roberts & Dörrenbächer, 2016).

Meanwhile, one key research line today lies in investigating the configurations and strategies of HRM in MNCs and their subsidiaries, an issue that has been addressed from different conceptual approaches and theoretical perspectives (Edwards, Colling, & Ferner, 2007). Three broad approaches can be distinguished, offering market-based, institutionalist, or political perspectives. The market-based focus is that firms confront strong competitive pressures from product, financial, and labor markets and, to maintain or obtain international competitive advantages, they seek innovative 'best practices' that they then try to share or enforce in their international subsidiaries (Taylor, Beechler, & Napier, 1996). Nonetheless, the universalistic assumption that the transfer of 'best practices' offers better results and competitive advantages irrespective of organizational, industrial, or national context has been widely criticized (e.g., Marchington & Grugulis, 2000).

The second approach focuses on the influence of institutions in the transfer of practices within MNCs. Among other variants, such as the 'culturalist' perspective, several authors have based their work on the neo-institutionalist theory (Scott, 1995) to analyze transfer in MNCs. A crucial concept is 'institutional distance', which refers to the nature of institutional differences at the regulatory, normative, and cognitive levels between the MNC's country of origin and the subsidiary's country of operation (Kostova, 1999). The literature finds that the shorter the institutional distance, the greater will be the 'country-of-origin effect', which 'reflects the fact that MNCs are embedded in the assumptions, practices, and institutions of the national business system from which they emerged' (Quintanilla, Susaeta, & Sánchez-Mangas, 2008: 681). In contrast, a greater institutional distance will involve a greater 'host-country effect', in that the subsidiary's labor practices will be shaped by local isomorphic pulls and more influenced by the host country (Almond et al., 2005). Purely neo-institutionalist approaches have been criticized since they neglect 'questions about power, coalitions, interests, and competing value systems' (Ferner, Almond, & Colling, 2012: 164).

Lastly, the micro-political perspective places emphasis on how actors use different resources and mechanisms to protect or further their own interests (Edwards et al., 2007). This view consequently holds that transfer of organizational practices in MNCs is shaped by the interplay of interests and the deployment of power resources by various actors. The literature suggests that if subsidiaries have power resources stemming from their local embeddedness, they will be able to resist or negotiate the transfer from the HQ (Ferner, Almond, & Colling, 2005). Additionally, the HQ also has mechanisms to exert control over subsidiaries and transfer practices in a standardized fashion, neutralizing their possible resistance, as well as to overcome institutional hurdles within the host country (Ferner et al., 2004). This intertwines with the possibility of different actors in the MNC having conflicting interests regarding the transfer of a particular practice. Accordingly, the MNC has been conceptualized as a 'contested terrain' (Edwards & Belanger, 2009) with a plethora of struggles for control and autonomy, and conflicts in the transfer of policies and practices. Several authors have underlined that the analysis of the dynamics of parent–subsidiary power relations and of the influence of organizational groups' self-interests in MNCs (Geppert & Dörrenbächer, 2014) should be developed further, particularly where the cross-national diffusion of employment practices is concerned (Ferner et al., 2012).

Although this literature may serve as a general framework for our study, research on these aspects in the case of WCs has been extremely limited. The Mondragon Group case is one of the few exceptions in that the literature has, to a degree, studied some of these aspects. Nevertheless, as recent studies hold (Heras, 2014; Azkarraga, Cheney, & Udaondo, 2012), MCC tends to be studied from an idealized point of view, without critical assessment of the real tensions and contradictions. This means that the literature usually highlights MCC as a reference in the combination of global business success with the utilization of democratic methods, where the internationalization strategy has strengthened its competitiveness whilst creating employment in the Basque Country and abroad (e.g. Luzarraga & Irizar, 2012). In contrast, a few studies go deeper into the analysis of the employment relations in Mondragon's foreign subsidiaries, concluding that there is not a trace of the Basque parent companies' cooperative model to be found in them (e.g., Errasti 2015; Errasti, Bretos, & Etxezarreta, 2016). However, these studies are silent as to why the mother organizations cannot, or do not wish to, reproduce the cooperative model in capitalist subsidiaries. Meanwhile, some scholars have examined the successful conversion of domestic subsidiaries into cooperatives within MCC's area of operations (Burgués, 2014; Bretos & Errasti, 2016, 2017), but provide no further elucidation as to why all the Group's foreign subsidiaries still continue to be non-cooperative firms. Lastly, some studies have analyzed the implementation of certain characteristic policies of the cooperative model in some foreign subsidiaries and conclude, perhaps from an excessively idealistic viewpoint, that the MCC cooperatives have been able to reproduce the cooperative model and its distinguishing policies in the capitalist subsidiaries (Luzarraga, 2008; Luzarraga & Irizar, 2012; Flecha & Ngai, 2014). In fact, these studies overlook tough political questions about the influence of power relations and conflicting interests in the management of human resources within multinational WCs.

In consequence, we argue that it is necessary to conduct a deeper, more critical analysis of the cooperative multinationalization process, and of the tensions surrounding implementation of the cooperative organizational formula in foreign subsidiaries and the transfer to them of this model's idiosyncratic worker-centric policies and practices.

3. Methodology

3.1. Research design and case study

To approach these issues, we carried out a qualitative empirical study on the Mondragon Group, which is widely recognized as the world's most famous and successful worker-owned corporation and the poster child for the worldwide cooperative movement (Thompson, 2015). As a matter of fact, the World Cooperative Monitor elaborated by the International Co-operative Alliance places MCC at the top of the largest industrial cooperative enterprises in the world (International Co-operative Alliance, 2017). Created 60 years ago in the Basque Country (Spain) as a local community experience, the Mondragon group has experienced impressive growth in the last decades, particularly with the international expansion of many of its industrial co-ops since the early 1990s. Today, MCC consists of 261 organizations operating in the very diverse sub-sectors of financing, retail, manufacturing, and education-knowledge. The whole group has a total turnover of €11,399 million and a workforce of 74,335 people. About 30 industrial co-ops (out of a total of 68) are multinational companies that control 128 productive subsidiaries abroad, all of which are non-cooperative firms. About 13,000 people work in these overseas production settlements, accounting for nearly 40% of the MCC Industrial Division's total employment (Mondragon, 2016).

We studied the multinational co-ops Fagor Ederlan (henceforth, Ederlan) and Fagor Electrodomesticos (henceforth, Fagor) in particular detail. The automotive supplier Ederlan is one of MCC's cutting-edge companies and one of the most active co-ops in terms of extension of the cooperative model to its subsidiaries. The firm employs almost 3,600 workers at the 19 plants it runs in Spain, China, Brazil, and Slovakia. The household manufacturer Fagor, meanwhile, came to employ almost 11,000 workers at its 18 plants spread between Spain, France, China, Poland, Morocco, and Italy before it entered into liquidation at the end of 2013. It is worth noting that the research on Fagor presented in this article was concluded in 2012 and does not, therefore, cover the events surrounding the cooperative's closure (for a detailed study of Fagor's bankruptcy, see Errasti, Bretos, & Nunez, 2017). Notwithstanding, this analysis has strong potentialities for addressing the aims of this study. Fagor has constituted the Group's historical reference. It was one of the first co-ops to develop an internationalization strategy, which was later followed by other industrial cooperatives including Ederlan. In addition, the study of Fagor throws special light on the tensions aroused if transference of the cooperative model's practices to subsidiaries is contemplated; tensions similar to those facing other multinational cooperatives today.

Our research followed the 'contemporary case study' methodology (Yin, 2013). This approach is particularly suitable for our case, as it enables entry into a study area in which extant research is limited (Eisenhardt & Graebner, 2007) and, further, provides great potential both for contextualizing and for producing causal explanations in the broad field of international business (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011), where it has been extensively employed. This methodology is specifically apt for highlighting HR management in subsidiaries, above all in the case of Mondragon, where the subsidiaries have been described by some authors as 'black boxes' (Errasti, 2015). In addition, it is also suitable for studying the power dynamics in parent-subsidiary relations and examining how the interests of the different actors and organizational groups influence the political process that shapes diffusion of policies and practices in MNCs (Ferner et al., 2004).

3.2. Data sources and analysis

Various techniques were utilized to collect the data. We had access to a range of internal documentation furnished by both co-ops, dating from the early 1990s onwards (strategic plans and management plans, statutes, regulations governing the internal regime, annual reports, and suchlike). We also consulted material gathered on their web pages, from in-house magazines, items from media archives, and published interviews. Additionally, we conducted 75 semi-structured interviews, with an average length of 90 minutes. In Ederlan we held 23 interviews with worker-members, salaried and temporary workers, managers, members of the Governing Council, and union representatives. Interviews were conducted at the domestic plants, Fagor Ederlan Auto-Parts Kunshan (China), and Fagor Ederlan Slovensko (Slovakia). Although we did not have the opportunity to visit Fagor Ederlan Brasileira, this subsidiary was extensively discussed in our interviews since it was one of the pilot experiences in MCC that experimented with the introduction of cooperative practices overseas. Meanwhile, in Fagor we carried out 52 interviews with worker-members, temporary workers, managers, union representatives, members of the standing committee of Mondragon, and representatives of the Governing Council and the Social Council. Interviews were conducted at the domestic plants, as well as at the plants of Fagor-Mastercook in Poland and of Fagor-Brandt in France.

Interviews with managers focused on the internationalization strategy, management of human resources at foreign subsidiaries, and extension of the cooperative model overseas. We also raised questions about foreign plants' autonomy and policy discretion, the role of expatriates in introducing the HQ's practices, and local response to transfer. Interviews with the workers focused on governance and employment relations issues within the co-ops, and the challenges they perceived if foreign subsidiaries turn into cooperatives. The key focus of the interviews with union representatives was industrial relations and working conditions. We also raised questions about workers' identity within the companies, their views about the parent co-ops and expatriates, and willingness to work under the WC formula. Bearing in mind the importance of selecting appropriate sites in which to conduct interviews, given that 'locations are a part of the many ways that participants' roles, identities, and power are constituted in the interview experience' (Elwood & Martin, 2000: 654), we conducted interviews in different places. The interviews with top managers took place in the plants indicated above, where we visited shop floors and other workplaces. Most of the interviews with people who did not hold manager posts, however, were conducted away from possible institutional constraints of the organization, in different spaces such as cafeterias, universities or associations, thereby obviating 'organizational silence' and favoring the securing of critical veracious information (Morrison & Milliken, 2000).

Data analysis followed common prescriptions for qualitative content analysis, which can be defined as a 'research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns' (Hsieh & Shannon, 2005: 1278). This process was iterative rather than linear, as it involved moving among the data, the emerging patterns and the relevant literature until the data were refined into adequate conceptual themes (Eisenhardt & Graebner, 2007). Moreover, to enhance the reliability and validity of the research, methodological and data triangulation protocols were adopted (Denzin, 1978). Methodological triangulation involved comparing data collected through different methods. Thus, interviewees' accounts were checked against data contained in secondary sources such as press releases and annual reports. Data triangulation involved contrasting the information provided by respondents from different hierarchical ranks. For example, managers' interpretations about employee participation were contrasted with the experiences shared by the workers. Similarly, given the multi-locational character of the MNC, we also compared the narratives of interviewees from different units, that is, the HQ and subsidiary units (Welch et al., 2011). These triangulation techniques are essential to investigate Mondragon, since the organizational rhetoric found in corporate statements and managerial discourses is largely decoupled from the day-to-day practices that take place within the co-ops (Heras & Basterretxea, 2016; Heras, 2014).

Following criteria of trustworthiness to ensure that the reporting of findings provided in the next section is as consistent as possible with the lived experiences of the research participants, we extensively rely on illustrative quotations drawn from the interviewees' narratives (Elo et al., 2014).

4. Empirical findings

4.1. The multinationalization of Mondragon cooperatives: from local co-ops to 'coopitalist' hybrids

The Mondragon experience came about in the Basque Country following the setting up of Fagor (previously called Ulgor) in 1956, around which a whole number of cooperatives were created, including Ederlan in 1963. Inspired by the priest Arizmendiarrieta's Catholic social doctrine, these cooperatives started out as small democratic organizations, with strong roots in the territory and a powerful sense of community, around the concept of a *human work community* based on the notion that all the workers were partners, financiers, and co-owners of the enterprise. The Mondragon experience has, however, undergone an extraordinary transformation since then, especially over the last decades as the globalization of markets has left its mark. Growing competitive pressure has generated profound structural changes focused on achieving greater economic efficiency and competitiveness (Heras, 2014), unleashing a process of 'hybridization' which was underpinned by a dual conflicting logic straddling social purposes and commercialization requirements, thereby setting off new dilemmas and paradoxes in these organizations. This is reflected in the reshaping of the MCC experience under the concept of *humanity at work*, whose new mission 'combines the core goals of a business organization competing on international markets with the use of democratic methods in its business organization, the creation of jobs, the human and professional development of its workers and a pledge to development with its social environment' (Mondragon, 2013). As a worker-member of Ederlan recalled:

> There was a huge change from the end of the 80s, start of the 90s, onwards. We were already a big group, but we only operated at a national level. Lots of foreign multinationals started to arrive, though, using much more innovative and competitive processes than ours. Important changes were needed for us to adapt to the new rules of the game; and then came internationalization, which quite definitely marked a turning point.

One of the most drastic factors to influence this transformation was the intense internationalization strategy pursued by many industrial cooperatives since the 90s aimed at maintaining their competitiveness and safeguarding the jobs of cooperative members in the Basque plants. As a top manager from Ederlan put it:

> Many of the Mondragon cooperatives are in highly globalized competitive sectors. At the end of the day, if we want to survive in these sectors (…) we must follow our customers and be present in the main world markets (…). Internationalization has been fundamental for keeping cooperative employment in our plants and, further, we have also created jobs and wealth abroad, even during these last years of crisis.

The international expansion of MCC is rooted in the model known as 'multi-localization', an expansionist strategy that is creative, because the new activity opened up abroad does not involve the closure of any pre-existing activity. Consequently, unlike the offshoring model practiced by many capitalist multinationals, the Mondragon cooperatives have expanded following their customers in search of new emerging markets, without that meaning the closure of plants and the destruction of jobs in the Basque Country. As a Fagor manager pointed out:

> Fagor became a multinational to be able to compete with the multinationals that were entering Spain. We carried out an internationalization strategy to preserve jobs and the viability of the cooperative. Our strategy was based on multi-localization, and not on offshoring, to gain access to new markets.

In general terms, this strategy furnished the Mondragon cooperatives with extraordinary economic results, whilst favoring the creation of employment both in the Basque Country and abroad, and it has enabled them to cope with the crisis satisfactorily. Employment increased in the whole Fagor Ederlan Group from 1,312 workers in 1999, when internationalization had scarcely taken off, to almost 3,600 workers in 2015. Similarly, in the Basque plants the number of workers rose from 1,452 to 1,641 between 2003 and 2008. Notwithstanding, it must be said that this pattern was not so evident with the crisis that hit Fagor. While the multi-localization strategy provided Fagor with extraordinary results for years, to a point where it employed over 11,000 workers in 2006, before its collapse in 2013 only 5,500 workers remained – 1,900 of whom were in the Basque Country.

Nonetheless, the fundamental contradiction lies in the fact that internationalization was based on the setting-up – through acquisition, greenfield investment, or joint ventures – of capitalist subsidiaries within national territory and, especially, abroad. The workers in these subsidiaries are salaried and have no stakes in the capital, the distribution of profit, election of the governing bodies, nor in the daily management of the firm, as the cooperative members of the Basque parent companies *do*. Consequently, Mondragon multinational co-ops have suffered from a process of degeneration through employing capitalist structures and generating non-cooperative employment in their organizations. As a matter of fact, some co-ops have more wage laborers than members on their books. In 2007, only 36% were worker-members in the Ederlan Group, a similar percentage to that of Fagor Electrodomesticos. This is equally visible in the Mondragon group as a whole, where the proportion of non-working members rose from 14% in 1991 to 70.5% in 2007 (Heras & Basterretxea, 2016).

4.2. The cooperativization of foreign subsidiaries

Particularly after approval of the 'social expansion' strategy at the 2003 Cooperative Congress, the Mondragon Corporation has adopted an organizational rhetoric focused on extending the cooperative values and practices to capitalist subsidiaries, which can be found in public messages and discourses (e.g., Koop, 2008), internal press releases and communications (e.g., TuLankide, 2011), and corporate reports and formal policies (e.g., Mondragon, 2013). Similarly, many MCC co-ops have placed emphasis on the importance of developing 'cooperativization' projects, addressed toward directly transforming the subsidiaries into co-ops or, at least, promoting employee participation in them. This is visible in the corporate discourse deployed by managers, as well as in the corporate/organizational information contained in corporate statements, sustainability reports, strategic plans, and so on. These moves appear to be influenced by growing pressures—stemming from renewed internal debates in MCC and from greater external criticism—to seek formulas to extend the cooperative model to the subsidiaries (Azkarraga et al., 2012). In this context, some domestic subsidiaries have been cooperativized, the projects conducted by Fagor and Ederlan being particularly noteworthy. Fagor transformed its Basque subsidiaries Edesa and Geyser-Gastech into WCs; and Ederlan cooperativized its Basque subsidiaries FIT Automocion and Victorio Luzuriaga Usurbil. The subsidiary Victorio Luzuriaga Tafalla (located in Navarre, a region adjacent to the Basque Country) was also transformed into a mixed co-op [1] in 2008.

By contrast, the advances registered overseas have been extremely limited. No foreign subsidiary has been transformed into a WC in the MCC's field of operations. What is more, the bundle of practices associated with the cooperative model (e.g., employee participation in ownership, profit sharing and management, wage solidarity, job stability, and continual training) has not been introduced comprehensively and consistently in any foreign subsidiary. The next sub-sections delve into the influence of market pressures, institutional constraints, and micro-political relations in diffusion of the cooperative model to foreign subsidiaries.

[1] Mixed cooperatives are 'cooperatives whose members have voting rights in the General Assembly, one part of them depending on the amount of capital that they have provided' (Flecha and Ngai 2014: 673).

4.2.1. The influence of market pressures and its alignment with managerial prerogatives

To meet the global market pressures toward world class productivity and quality imposed in their highly competitive and dynamic sectors, Mondragon co-ops have introduced and enforced the same Total Quality Management (TQM) philosophy and lean manufacturing system in all their foreign subsidiaries, regardless of the cultural and institutional profile of the host country. Hence, work organization practices and environmental, safety and quality standards in overseas plants substantially resemble those of the Basque workshops. All the plants also share the same mini-company system, which is the practical realization of quality management for work organization. This upward problem-solving system translates into considerable involvement of employees in the decisions affecting their jobs and workspace. As the manager of a Basque Fagor plant pointed out:

> Mini-companies are an advanced system for continuous improvement of daily activity, applying the principles of TQM at all levels in the company, that is, in its three key pillars: customer focus; economic efficiency and elimination of waste; and improving internal operations (…). The idea that lies behind this is that each mini-company operates as an autonomous firm, with the involvement of all the workers and assistance from all the firm's departments. The ultimate aim is to increase productivity and efficiency through worker participation in daily work.

Overall, this area of employment practice is clearly informed by what members of the managerial technostructure perceive as global 'best practices' in their sectors, thus illustrating how the diffusion of practices associated with work organization and employee voice in the work area is largely shaped by market pressures, with little influence of institutional constraints. As a matter of fact, the 'mini-company' system was introduced in many MCC co-ops with the help of an external consultancy specialized in Japanese-sourced management tools and techniques. An Ederlan production manager described the picture as follows:

> Introduction of quality management standards and lean production techniques are commonplace in the automotive industry. We are no different in this respect. These are basic elements for competitively accessing our customers' global projects and, therefore, they are key elements of the positioning required in the sector.

Indeed, introduction of the same practices associated with work organization and employee participation at the workplace level do not seem to be part of a strong commitment to extend the cooperative model overseas. Instead, it seems to respond, on the one hand, to the need of attaining some internal consistency among the geographically dispersed units and, on the other hand, to achieve goals of improved productivity through the implementation of shallow forms of participation, which are managerially-controlled, exclusively focused on the workplace, and assessed in terms of employee motivation and commitment to managerial objectives. As the HR Director of Fagor Ederlan elucidated:

> Transfer of the 'mini-company' model to the subsidiaries is fundamental. Firstly, because greater involvement from the workers through this model has very good repercussions on their productivity and, ultimately, it bolsters the economic and organizational efficiency of the subsidiaries. Secondly, because all the units need to share a homogenous work system in order to attend to the overall demands of our customers.

4.2.2. The influence of institutional barriers and its instrumentalization by the managerial technostructure

In the managerial technostructure of Mondragon co-ops, allusions to a variety of institutional factors were ubiquitous to justify the non-cooperativization of foreign subsidiaries. Firstly, the regulatory institutional distance, which is shaped by differences in the rules and laws applicable in two different countries (Kostova, 1999), plays a critical role. The managers interviewed often emphasized the fact that in the destination country either no cooperative legislation has been developed, or the legislation in place bears no similarity to that of the Basque Country, thus preventing conversion of the foreign subsidiaries into WCs. Secondly, by highlighting the lack of a collectivistic culture and cooperative tradition in many foreign countries where the co-ops are located, our respondents implicitly referred to the constraints imposed by institutional distance both in the regulatory dimension, grounded in the values, beliefs, and social norm of individuals in a particular country; and in the cognitive dimension, in terms of the perceptions and interpretations of reality that are broadly shared by those individuals (Kostova, 1999).

The case of China illustrates how institutional distance constrains the cooperativization of foreign subsidiaries. On one hand, in China there is currently no legislation to protect work cooperatives. On the other, China has a heritage of autocratic managerial styles structured within strongly centralized powers, where the hierarchy plays a fundamental role in the management of firms (Gamble, 2003). Some features of Kunshan Industrial Park, where Ederlan's Chinese subsidiary is located, are the lack of creative, participatory, and teamwork skills in workers, the absence of training programs for unskilled workers, and the dynamism of the labor market (unskilled workers are continually changing jobs in pursuit of better wages, and the dismissal of workers is extremely simple due to limited labor protection and the absence of unions). As the Ederlan managers recognized, these aspects hamper not only the promotion of employee participation, but also of other cooperative practices such as continual training, job security, and wage solidarity. As an expatriate HR manager explained:

> There is no lack of work here [in Kunshan], so workers are constantly moving in search of better conditions. Many of them come from rural villages, and often return there for a while as soon as they have saved enough (…). That's the challenge; how to retain them (…). You can't promote wage solidarity or employee training and development without a stable workforce.

While institutional distance presents considerable difficulties for reproduction of the cooperative form overseas, it is equally obvious that MCC co-ops have 'instrumentalized' institutional barriers to justify the non-cooperativization of foreign subsidiaries. This was illustrated by the Chair of the Fagor Ederlan Group in the following terms:

> We are trying to make the ways of functioning in the subsidiaries equivalent to those here, but without changing the actual set-up of the plants. We don't believe the important thing is for the subsidiaries to transform into cooperatives in legal terms, but wish rather to stimulate democracy and worker participation in them (…). The aim is to get cooperative culture to take root, and at least to share management models.

Behind this organizational rhetoric, it is evident that efforts to bring the management model of the foreign subsidiaries closer to the cooperative model characteristic of the Basque parent companies have been rather limited. For instance, when asked about the prospect of cooperativizing their subsidiaries in China and Morocco, a Fagor top manager clearly depicted such disinterest in the following terms:

> We haven't even considered it. Anyway, I don't think it could be done, firstly, because the legal difficulties would be immense but, above all, because no cooperative culture exists there as it does back here.

Another noteworthy example is the case of Ederlan's Chinese subsidiary, which is located in Kunshan Industrial Park, one of the MCC International Clusters where 19 plants belonging to 10 Mondragon cooperatives are situated. These clusters provide MCC co-ops with greater opportunities to introduce their policies in the areas of HRM and labor relations (Luzarraga, 2008). Notwithstanding, the labor policies and work conditions are at a complete remove from those in place in Mondragon, and can scarcely be distinguished from those in force in the multinationals in the surrounding area. As the HR Director at Ederlan remarked:

> At the Chinese subsidiary we have not moved forward in policies promoting worker participation; this is non-viable right now and, as for the future, I don't know. At the moment, we're trying to implement policies to reduce employee turnover (…) because this is a problem in many of our co-ops in Kunshan.

Limited efforts to cooperativize subsidiaries are equally evident in countries that involve a less marked institutional distance. For example, the possibility of creating a European Cooperative Society has not been explored in any of the foreign plants located in Europe. Although this is a measure that might help to overcome the regulatory institutional distance that stands in the way of transforming European capitalist subsidiaries into cooperatives, it is simply regarded as 'unreal', as a Fagor manager told us. Similarly, none of the subsidiaries has a European Works Council, through which workers have the right to access business information and to be consulted on company decisions at the European level. Indeed, Polish and French unions generally highlighted the unwillingness of Fagor to promote employee voice and encourage horizontal relations with subsidiaries. As a French unionist expressed,

> [We] naïvely expected more harmonious relations, given the cooperative nature of Fagor (…), [but] nothing changed. Fagor is governed by the same rules as the others – they only want to obtain profits.

The case of Brazil is probably the best embodiment of how the managerial technostructure of Mondragon co-ops has instrumentalized the influence of institutional factors. Thanks to the lesser institutional distance involved in Brazil, some advances in introducing cooperative practices have been achieved in Fagor Ederlan Brasileira. Some of the social equity policies that characterize the parent co-op have been transferred: professional careers in the Brazilian subsidiary are divided into 6 categories, and for each of them a salary level is established and a series of labor training objectives defined. These and other labor conditions are reviewed on an annual basis to keep them at levels similar to those of the firms in the surrounding area. Furthermore, the internal promotion policies that typify the mother company have also been introduced so that, in combination with the workers' continuous training model, it has been possible to drastically cut down on employee turnover and encourage job security. The Ederlan Governing Council even studied the possibilities of transforming the Brazilian subsidiary into a WC, which stands out as the only attempt made to date by MCC to convert a foreign subsidiary into a cooperative. According to Ederlan management, the project was abandoned due to the legal hurdles and cultural differences with Brazil. The Chair of the Fagor Ederlan Group explained it as follows:

> When the cooperativization project for the Victorio Luzuriaga Tafalla plant was designed, the mixed cooperative formula lay outside the legislation in force in Navarre, but this problem was overcome thanks to pressure from Mondragon for the passing of a new law governing cooperatives. This is far more complicated to achieve in the case of a foreign subsidiary (...). In Brazil we analyzed the possibilities of transforming a plant into a mixed cooperative, but the differences between our cooperative legislations prevented us from going ahead with the project.

Nevertheless, the Brazilian institutional profile offered supportive conditions for carrying out this project. Firstly, Brazil is characterized by a highly collectivist culture and, to a great degree, employees value non-monetary social goals over financial performance (Beekun et al., 2003). Furthermore, in South-East Brazil, where the subsidiary is located, there is a solid cooperative tradition and a self-management culture (Mondadore, 2013). Some interviewees who witnessed at first hand the attempt to cooperativize the subsidiary ascertained that Ederlan did not do all it might have done to press ahead with the project. As one of them ascertained off the record:

> The Brazilian plant offered extraordinary conditions for being made into a cooperative. A powerful culture and a cooperative tradition exist, and they have solid legislation for work cooperatives. I reckon the question of legal differences was actually more of an excuse on the part of Fagor Ederlan, because it could have been achieved with time and effort.

4.2.3. The role of power, politics, and ‘behind-the-scenes’ interests

As we have seen, MCC co-ops have not transferred policies and practices that promote worker participation in the ownership, profit-sharing, and management of the foreign plants and, much less, have supported their conversion into WCs. The instrumentalization of institutional factors by the managerial technostructure reveals the existence of other ‘behind-the-scenes’ factors arising from HQ-subsidiary power relations and the interests of coop-members in the HQ. In fact, it is evident that issues of power and interests play a more critical role than institutional factors in constraining the cooperativization of foreign subsidiaries.

As indicated above, the prime objective of internationalization in Mondragon is to maintain competitiveness to safeguard employment and job security in the Basque parent companies. To this end, the latter only transfer activities that are no longer profitable in the Basque Country, hold on to decision-making power over the broad business group, and retain the core functions in management, product design, R&D, and so on. For example, in the case of Ederlan, its technology center Edertek (located in Mondragon) largely centralizes the main R&D activities dealing with the development of new components for the automotive sector, innovation in production processes, and research in new materials and technologies. Hence, the foreign subsidiaries have a strong degree of resource dependency vis-à-vis the parent company co-ops, with very restricted autonomy in strategic, technical, financial, and commercial aspects; areas that, moreover, tend to be managed by expatriates or managers very close to the parent. In this regard, local members of the subsidiaries commonly stressed their little influence in the business decisions affecting their companies, confirming that these are made in the co-op HQs. A local manager of the Polish subsidiary explained it as follows:

> It is Fagor HQ that decides on what is manufactured and how, on how we fund, or on what we buy […]. We have slightly more discretion in the field of human resources, although the general guidelines come from Mondragon. Plus, there is remarkable control by expatriates. When we were acquired by Fagor, they took control of the company.

As our interviews in the parent companies revealed, enabling the cooperativization of foreign subsidiaries may alter this position of power. On one hand, the co-ops are unwilling to lose control over all their business groups by transferring policies based on worker participation in ownership and by giving greater mayor autonomy to the subsidiaries, because they consider it might be detrimental for the viability and survival of the Basque plants. As a worker-member of Fagor remarked:

> Taken to the extreme, the Fagor-Brandt and Fagor Mastercook workers might be a majority and, for instance, decide to close the Mondragon plants.

A member of Ederlan's Governing Council also put forward a related idea:

> We are a global company. We need to maintain some control over our subsidiaries to achieve a competitive project in the market [...]. Granting total autonomy to the subsidiaries may pose important risks for our interests (…), even endangering the viability of our socio-entrepreneurial project.

On the other hand, a perception exists among the managers and worker-members of the parent companies that the workers at the foreign subsidiaries will not develop as strong an identity and commitment to cooperative values and the company as theirs is. It all seems to stem from the lack of relations, links, and trust between the parent and the foreign subsidiaries. In the Mondragon cooperatives, the relationship between the members of the parent and the foreign subsidiaries is practically non-existent. Ultimately, this perception generates uncertainty among managers and worker-members about the success of a hypothetical cooperativization process in a foreign subsidiary, considering that it might put job security at risk in the Basque plants. This concern was pervasive in the interviews. This is how an Ederlan worker-member described the picture:

> We have no contact with the workers in the foreign subsidiaries. In other plants that have been turned into cooperatives here, like the one at Tafalla, we did maintain a closer relationship (…). I think it's difficult for a cooperativization project to be successful in a foreign subsidiary. You don't acquire cooperative values overnight. What's more, I don't think they [the workers in the foreign subsidiaries] are going to develop an identity and take on such a solid commitment to the company as ours is with Fagor Ederlan.

As can be seen, the cooperativization of foreign subsidiaries is regarded in the parent company co-ops as a problematic issue, because it might put the viability of the whole business group at risk and jeopardize the job stability of the worker-members, thereby generating a contradiction with the ultimate objective of internationalization in the Mondragon Group: keeping cooperative jobs in the Basque plants.

5. Discussion and conclusions

This article illustrates the challenges that worker cooperatives face when they operate across national and institutional divides. Firstly, by analyzing the multinationalization of WCs, we contribute to a burgeoning literature focused on the dilemmas imposed by growing market globalization pressures for co-ops to balance the economic and social dimensions (e.g., Cathcart, 2013; Parker et al., 2014; Heras, 2014). Our research shows how international expansion can intensify the competing demands between *capitalist logic* (based on a search for growth, competitiveness, and profit) and *cooperative logic* (based on the social goal of maintaining cooperative employment and the values of solidarity, democracy, and participation in the core). The dilemma in Mondragon lies in that, in order to achieve the social goal in the core, capitalist organizational structures have been created abroad that promote precisely the opposite aim. Thus, these multinational co-ops have undergone a radical transformation into 'coopitalist' hybrids, made up by a cooperative core (parent company), which centralizes decision-making power over the whole business group, and a capitalist periphery (subsidiaries) that is deprived of the rights and benefits associated with cooperative membership. While, on the basis of the cooperative values and principles, global co-ops are expected to regulate their relationships with foreign plants through co-operation agreements and solidarity structures (Carruthers et al., 2009), this coopitalist solution implies a clear erosion of cooperative social goals, egalitarian values, and democratic practices.

Secondly, this study addresses recent appeals to investigate the tensions surrounding the cooperativization of subsidiaries within multinational co-ops (Bretos & Marcuello, 2017; Cheney et al., 2014). While some prior studies have explored the successful conversion of domestic subsidiaries into co-ops in MCC (Burgués, 2014; Bretos & Errasti, 2016), the evidence gathered from the analysis shows that it is certainly far more complex to replicate these initiatives abroad. In fact, our research reveals that the formal policies and corporate rhetoric about cooperativization adopted by the managerial technostructure of Mondragon co-ops are detached from real practices in foreign plants. These observations extend recent findings uncovering how MCC's organizational discourse is clearly decoupled from the day-to-day activities in the organizations (Heras & Basterretxea, 2016; Heras, 2014). In this regard, the non-cooperativization of foreign plants has been found to be due to the influences of market pressures, institutions and, especially, issues of power and interests.

Mondragon co-ops have implemented similar production systems, work organization practices, and direct employee participation practices at the workplace level (in the form of mini-companies and other upward problem-solving systems) in all the plants. Diffusion of these practices is boosted by market pressures toward world-class productivity and customer orientation imposed in the highly globalized and competitive sectors in which Mondragon co-ops operate. Thus, this is a consequence of HQ's concerns about stimulating productivity and efficiency in the subsidiaries through shallow forms of participation, which are confined to low decision-making levels in the work area and assessed in terms of employee commitment to managerial goals. This appears to be part of broader isomorphic trends whereby MCC and other large, market-oriented co-ops are embracing conventional managerialism regimes and reshaping social values and participatory practices in line with managerial priorities of efficiency, growth, and competitiveness (Cathcart, 2013; Bretos & Errasti, 2017). Overall, these findings are consistent with studies showing that practices associated with production systems and work organization in MNCs are prone to be informed by global 'best practice' and shaped by market influences, rather than by institutions (e.g., Edwards et al., 2007).

Meanwhile, the core cooperative practices, including wage solidarity, job security, continual training in business and social issues, and employee participation in ownership, profit sharing, and general management, have not been implemented in a consistent and comprehensive way in any foreign subsidiary. In this context, institutions are crucial in shaping diffusion. Our research verifies, for instance, that the prominent institutional distance between the Basque Country and China significantly hampers the introduction of cooperative practices in the Chinese subsidiary, as neo-institutionalists would contend (e.g., Kostova, 1999). It is evident nonetheless that, faced with social and internal pressure to extend the cooperative model overseas, the managerial technostructure of the parent co-ops has instrumentalized a variety of institutional barriers, such as legislative and cultural differences, as a 'smokescreen' to justify the non-transformation of these subsidiaries into WCs. This ubiquitous managerial discourse evokes a broader strategy deployed by MCC managers to ensure external legitimacy through a corporate rhetoric that places emphasis on the enduring embeddedness of the cooperative principles and values in Mondragon co-ops in a context in which these organizations are moving away from their social goals and community entrenchment in favor of a market orientation (Kasmir, 1999; Heras & Basterretxea, 2016).

The instrumentalization of institutional barriers is clearly illustrated by the case of the Brazilian subsidiary, where no employee participation policies in ownership, profit sharing, or general management have been introduced despite the suitable Brazilian institutional context. Our research reveals that the cross-national transfer of employment practices within MNCs is more critically played out at the micro-political level, influenced by HQ-subsidiary power relations and by core organizational actors in the HQ looking to protect their own interests, as recently claimed by some authors (e.g., Geppert & Dörrenbächer, 2014; Ferner et al., 2012). In this respect, Mondragon co-ops go global to remain competitive and protect employment in the Basque plants. There is a reluctance among HQ co-op members to transform the foreign subsidiaries into WCs or encourage the genuine participation of these workers, because it is perceived as a threat to their control over the business group as a whole, and as risky for the viability of the parent co-ops and, consequently, for job security in the Basque plants. This seems to intertwine with the fact that, in a context of increasing de-ideologization of the Mondragon cooperative social body (Azkarraga et al., 2012) and growing unemployment and precarious work, job security is the most solid link that binds worker-members to their organizations, rather than a strong commitment to the reinforcement and dissemination of the cooperative culture and practices (Heras, 2014).

5.1. Practical implications for multinational co-ops

This article also suggests some practical implications so that advances can be made in extending the cooperative model to foreign subsidiaries. Firstly, WCs should abandon an 'ethnocentric approach' (Perlmutter, 1969) based on the idea that the cooperative model in their country of origin is also the best choice for their foreign subsidiaries. In the world there exist different legislations and cultural approaches toward WCs (Cheney et al., 2014), so cooperativization projects in foreign subsidiaries should adapt to their own national and institutional contexts, and integrate the workers' perspectives within them. Indeed, the creation of WCs is a bottom-up process (Bretos & Errasti, 2016), so the parent co-op can only supply the means to carry this out in foreign plants, not impose it. A fundamental step is to design horizontal relations that grant subsidiaries a position of equality and endow employees with greater participation in governance and autonomy in day-to-day management. This may allow workers to acquire the necessary attitudes and abilities to run a company by themselves, hence establishing fertile ground for future cooperativization schemes.

Another important aspect prior to cooperativization is the generation of social capital through the strengthening of HQ-subsidiary relations and interaction ties based on the cooperative values of honesty and openness. As a range of works indicate, trust created by means of social capital in MNCs lubricates a readiness to share information and knowledge among workers in geographically and culturally distant units, which is crucial for the transfer of practices (Kostova & Roth, 2003). In the parent co-op, this can create greater determination to transfer the cooperative model and its characteristic policies and practices. Equally, the subsidiary's trust in the HQ can enormously facilitate acceptance and integration of the practices transferred (Kostova 1999). The cooperativization of foreign subsidiaries can involve drastic changes for workers in certain institutional contexts, especially taking into account the uniqueness of the ideals, visions, goals, and values that characterize cooperative philosophy and organizational culture (Jussila, Roessl, & Tuominen, 2014). So, these initiatives should be preceded by education and training programs in cooperative values and practices at foreign subsidiaries. Otherwise the transfer could fail owing to a clash with the cognitive institutions in the host country, as the workers might have difficulties in correctly interpreting and appraising the practice (Ferner et al., 2005).

5.2. Limitations and avenues for future research

In conclusion, our findings about the management of human resources in Mondragon foreign subsidiaries do not fit well with the people-centered approach that is expected to be found in co-ops (Bastida, Marimon, & Carreras, 2017), symbolized in MCC's '*humanity at work*' slogan and the associated corporate discourse and rhetoric. Nevertheless, it should be remarked that our research is confined to the case of Mondragon, which is characterized by a pronounced market orientation. Other transnational co-ops, however, have been found to rely on more horizontal governance structures (Carruthers et al., 2009), thus offering unique opportunities for future studies to explore other configurations of HQ-subsidiary relationships and different patterns in the management of human resources in cooperatives.

Human resource practices such as employee ownership, participation in decision-making, profit sharing, job security, and extended training—which are inherent to the nature of WCs (Cheney et al., 2014)—are seen to be not only positive for organizational performance, but also for the workers' welfare (Bastida et al., 2017). Hence, another important avenue for further research lies in assessing the contribution to organizational performance associated with the introduction of the cooperative practices in foreign subsidiaries, as well as whether and how these practices improve work conditions and employment relations.

References

Almond, P., Edwards, T., Colling, T., et al. (2005). Unraveling Home and Host Country Effects: An Investigation of the HR Policies of an American Multinational in Four European Countries. *Industrial Relations*, 44(2), 276–306.

Amat, O., & Perramon, J. (2011). High growth cooperatives: Financial profile and key factors for competitiveness. *Ciriec-España, Revista de Economía Pública Social y Cooperativa*, 73, 81-98.

Azkarraga, J., Cheney, G., & Udaondo, A. (2012). Workers Participation in a Globalized Market: Reflections on and from Mondragon. In M. Atzeni (Ed.), *Alternative Work Organizations* (pp. 76-102). New York: Palgrave Macmillan.

Bastida, R., Marimon, F., & Carreras, L. (2017). Human resource management practices and employee job satisfaction in nonprofit organizations. *Annals of Public and Cooperative Economics,* in press, DOI: 10.1111/apce.12181.

Beekun, R., Stedham, Y., & Yamamura, J. (2003). Business Ethics in Brazil and the US: A Comparative Investigation. *Journal of Business Ethics*, 42(3), 267-79.

Bijman, J., Pyykkönen, P., & Ollila, P. (2014). Transnationalization of Agricultural Cooperatives in Europe. *The Dovenschmidt Quarterly*, 4, 168-178.

Bretos, I., & Errasti, A. (2016). Dinámicas de regeneración en las cooperativas multinacionales de Mondragón: La reproducción del modelo cooperativo en las filiales capitalistas. *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, 86, 5-34.

Bretos, I., & Errasti, A. (2017). Challenges and opportunities for the regeneration of multinational worker cooperatives: Lessons from the Mondragon Corporation—A case study of the Fagor Ederlan Group. *Organization*, 24(2), 154–173.

Bretos, I., & Marcuello, C. (2017). Revisiting globalization challenges and opportunities in the development of cooperatives. *Annals of Public and Cooperative Economics*, 88(1), 47–73.

Burgués, A. (2014). *La transferibilidad de los valores cooperativos: El caso de Eroski-Caprabo*. PhD Thesis, Universitat de Barcelona, Spain.

Carruthers, W., Crowell, E., & Novkovic, N. (2009). Co-operative principles: Guidance or hindrance for the globalization of co-operative firms? In J, McMurtry & D. Reed (Eds.), *Co-operatives in a global economy* (pp. 85-110). Newcastle: Cambridge Scholars Press.

Cathcart, A. (2013). Directing Democracy: Competing Interests and Contested Terrain in the John Lewis Partnership. *Journal of Industrial Relations*, 55(4), 601–20.

Cheney, G., Santa Cruz, I., Peredo, A.M., & Nazareno, E. (2014). Worker cooperatives as an organizational alternative: Challenges, achievements and promise in business governance and ownership. *Organization,* 21(5), 591-603.

Contractor, F.J., Kumar, V., Kundu, S., & Pedersen, T. (2010). Reconceptualizing the firm in a world of outsourcing and offshoring: The organizational and geographical relocation of high-value company functions. *Journal of Management Studies*, 47(8), 1417-33.

Denzin, N.K. (1978). *Sociological Methods*. New York: McGraw-Hill.

Edwards, P., & Bélanger, J. (2009). The multinational firm as a contested terrain. In S. Collinson & G. Morgan (Eds.), *Images of the multinational firm* (pp. 193-216). Oxford: Wiley.

Edwards, T., Colling, T., & Ferner, A. (2007). Conceptual approaches to the transfer of employment practices in multinational companies: An integrated approach. *Human Resource Management Journal*, 17(3), 201–17.

Elo, S., Kääriäinen, M., Kanste, O., Pölkki, T., Utriainen, K., & Kyngäs, H., (2014). Qualitative content analysis: A Focus on Trustworthiness. *Sage Open*, 4(1), 1-10.

Eisenhardt, K.M., & Graebner, M.E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25-32.

Elwood, S.A., & Martin, D.G. (2000). “Placing” interviews: Location and scales of power in qualitative research. *Professional Geographer*, 52(4), 649-57.

Errasti, A. (2015). Mondragon´s Chinese subsidiaries: Coopitalist multinationals in practice. *Economic and Industrial Democracy*, 36(3), 479-99.

Errasti, A., Bretos, I., & Etxezarreta, E. (2016). What do Mondragon coopitalist multinationals look like? The rise and fall of Fagor Electrodomésticos S. Coop. and its European subsidiaries. *Annals of Public and Cooperative Economics*, 87, 433–456.

Errasti, A., Bretos, I., & Nunez, A. (2017). The viability of cooperatives: The fall of the Mondragon cooperative Fagor. *Review of Radical Political Economics*, 49(2), 181–97.

Ferner, A., Almond, P., & Colling, T. (2005). Institutional theory and the cross-national transfer of employment policy: The case of ‘workforce diversity’ in US multinationals. *Journal of International Business Studies*, 36(3), 304–21.

Ferner, A., Edwards, T. & Tempel, A. (2012). Power, institutions and the cross-national transfer of employment practices in multinationals. *Human Relations*, 65(2), 163–87.

Ferner, A., Almond, P., Clark, I., et al. (2004). The dynamics of central control and subsidiary autonomy in the management of human resources: Case-study evidence from US MNCs in the UK. *Organization Studies*, 25(3), 363–91.

Flecha, R., & Ngai, P. (2014). The challenge for Mondragon: Searching for the co-operative values in times of internationalization. *Organization*, 21(5), 666-82.

Gamble, J. (2003). Transferring human resource practices from the United Kingdom to China: The limits and potential convergence. *International Journal of Human Resource Management*, 14(3), 369–87.

Geppert, M., & Dörrenbächer, C. (2014). Politics and power within multinational corporations: Mainstream studies, emerging critical approaches and suggestions for future research. *International Journal of Management Reviews*, 16(2), 226–44.

Heras, I. (2014). The Ties that Bind? Exploring the Basic principles of Worker-Owned Organizations in Practice. *Organization*, 21(5), 645–65.

Heras, I., & Basterretxea, I. (2016). Do co-ops speak the managerial lingua franca? An analysis of the managerial discourse of Mondragon cooperatives. *Journal of Co-operative Organization and Management*, 4(1), 13–21.

Heyder, M., Makus, C., & Theuvsen, L. (2011). Internationalization and firm performance in agribusiness: Empirical evidence from European cooperatives. *International Journal on Food System Dynamics*, 2, 77–93.

Hsieh, H.F., & Shannon, S.E. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research*, 15(9), 1277–1288.

International Co-operative Alliance. (2017). *The 2017 World Co-operative Monitor*. Retrieved 22 December 2017, from www.euricse.eu/wp-content/uploads/2017/11/WCM_2017-web-EN.pdf.

Juliá, J.F., Meliá, E., & García-Martínez, G. (2012). Strategies developed by leading EU agrifood cooperatives in their growth models. *Service Business*, 6, 27-46.

Jussila, I., Roessl, D., & Tuominen, T. (2014). Should I stay or should I go? Normative member commitment in co-operatives. *International Journal of Marketing Studies*, 6(6), 26–33.

Kasmir, S. (1999). The Mondragón Model as Post-Fordist Discourse: Considerations on the Production of Post-Fordism. *Critique of Anthropology*, 19(4), 379–400.

Kedia, B.L., & Mukherjee, D. (2009). Understanding offshoring: A research framework based on disintegration, location and externalization advantages. *Journal of World Business*, 44(3), 250–61.

Koop. (2008). Entrevista a José Mª Aldecoa, Presidente del Consejo General de MCC. Retrieved 5 September 2014, from www.erkide.coop/files/revistas/1215434415_2.pdf.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24(2), 308-24.

Kostova, T., & Roth, K. (2003). Social capital in multinational corporations and the micro-macro models of its formation. *Academy of Management Review*, 28, 297–317.

Lee, S., & Makhija, M. (2009). Flexibility in internationalization: is it valuable during an economic crisis? *Strategic Management Journal*, 30(5), 537-55.

Levy, D. (2005). Offshoring in the new global political economy. *Journal of Management Studies*, 42(3), 685–93.

Luzarraga, J.M. (2008). *Mondragon Multi-Localisation Strategy: Innovating a Human Centred Globalisation.* PhD Thesis, Mondragon University, Spain.

Luzarraga, J.M., & Irizar, I. (2012). La Estrategia de Multilocalización Internacional de la Corporación Mondragón. *Ekonomiaz*, 79, 114-45.

McMurtry, J.J., & Reed, D. (2009). *Co-operatives in a Global Economy*. Newcastle: Cambridge Scholars Publishing.

Marchington, M., & Grugulis, I. (2000). Best practice human resource management: perfect opportunity or dangerous illusion? *International Journal of Human Resource Management*, 11(6), 1104–24.

Mondadore, A.P.C. (2013). *Mondragón é aqui? Cooperativismo e internacionalização*. PhD Thesis, Universidade Estadual de Campinas, Brazil.

Mondragon. (2013). *Corporate Management Model*. Retrieved 16 February 2014, from www.mondragon-corporation.com/wp-content/themes/mondragon/docs/Corporate-Management-Model.pdf.

Mondragon. (2016). *2015 Annual Report*. Retrieved 19 November 2016, from www.mondragon-corporation.com/wp-content/themes/mondragon/docs/eng/annual-report-2015.pdf.

Morrison, E.W., & Milliken, F.J. (2000). Organizational silence: A barrier to change and development in a pluralistic world. *Academy of Management Review*, 25, 706-25.

Novkovic S., & Sena V. (2007). *Co-operative firms in global markets*. Oxford: JAI.
Parker, M., Cheney, G. Fournier, V., & Land, C. (2014). *The Routledge Companion to Alternative Organization*. London: Routledge.
Pérez-Suárez, M., & Espasandín-Bustelo, F. (2014). El proceso de internacionalización y los resultados de la innovación en las empresas de economía social andaluza. *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, 82, 65-95.
Pérez-Suárez, M., Sánchez-Torné, I., & Espasandín-Bustelo, F. (2017). La propensión exportadora de la economía social andaluza: Análisis cluster. *REVESCO, Revista de Estudios Cooperativos*, 125, 159-186.
Perlmutter, H. (1969). The tortuous evolution of the multinational enterprise. *Columbia Journal of World Business*, 4, 9–18.
Quintanilla, J., Susaeta, L., & Sanchez-Mangas, R. (2008). The Diffusion of Employment Practices in Multinationals: 'Americanness' within US MNCs in Spain? *Journal of Industrial Relations*, 50(5), 680-96.
Roberts, J., & Dörrenbächer, C. (2016). Renewing the call for critical perspectives on international business: Towards a second decade of challenging the orthodox. *Critical Perspectives on International Business*, 12(1), 2-21.
Scott, R. (1995). *Institutions and organizations*. Thousand Oaks: Sage.
Siebel, S. (2016). *Cooperative economies in a global age*. PhD Thesis, RMIT University, Australia.
Taylor, S., Beechler, S., & Napier, N. (1996). Toward an integrative model of strategic international human resource management. *Academy of Management Review*, 21(4), 959−85.
Thompson, S. (2015). Towards a social theory of the firm: Worker cooperatives reconsidered. *Journal of Co-operative Organization and Management*, 3(1), 3-13.
TULankide. (2011). *RSC 2010.* Retrieved 24 March 2014, from www.tulankide.com/en/print-edition/may-2011?set_language=en.
Welch, C., Piekkari, R., Plakoyiannaki, E., & Paavilainen-Mäntymäki, E. (2011). Theorising from case studies: Towards a pluralist future for international business research. *Journal of International Business Studies*, 42(5), 740–62.
Williamson, T., Imbroscio, D., & Alperovitz, G. (2003). *Making a place for community.* New York: Routledge.
Yin, R.K. (2013). *Case Study Research.* London: Sage.