Mondragon, Social Responsibility & Employee Ownership

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Brief Overview of MCC

- MCC total assets: €27,550 million (12/31/06)
- Total employment: 96,000
- Distribution of Employment generated by MCC: 43.9% Euzkadi; 37.7% Spain; 18.8% international
- 80% employees are co-op members
- 41.9% women
- €34 million in social investments
COOPERATIVES WITHIN MCC

- INDUSTRIAL: 87
- CREDIT: 1
- CONSUMER: 1
- AGRICULTURAL: 4
- EDUCATION: 8
- RESEARCH: 11
- SERVICES: 8

TOTAL: 120 cooperatives
Structure in MCC

CONGRESS
Permanent Council

GENERAL COUNCIL

INDUSTRIAL GROUP
Automotive
Components
Construction
Industrial Equipment
Domestic Appliances
Engineering and Capital Goods
Machine-Tools

FINANCIAL GROUP

RETAIL CHAIN GROUP

Training and Research Centres
BASIC CO-OPERATIVE PRINCIPLES

1. Open Admission.
2. Democratic Organization.
4. Instrumental and Subordinate Nature of Capital.
5. Participatory Management.
7. INTERCO-OPERATION.
8. Social Transformation.
10. Education
INTERCO-OPERATION

EDUCATIONAL

SOCIAL

FINANCIAL

RESEARCH AND DEVELOPMENT (R&D)
Internal Forms of Social Responsibility

• Social Councils
• 10% of annual profits to social investments as required in the Basque and Spanish cooperative laws
• Shared profits and losses within the sectoral groups to even out the business cycles impact on earnings and employment
• Recycling of workers
• Own social welfare program
Training & Education

- Cooperatives collaborate and sponsor research, education and training with local universities, in particular Mondragon University.
- MCC has a wide-reaching educational network which includes a number of Vocational Training Centres as well as its own University, to whose development MCC earmarked over 25 million euros: 3 million euros per year for ordinary investments and 10 million euros for extraordinary investments from 2003 – 2008.
Foundations to Promote the Social Economy

• **Fundación Mundukide** promotes cooperatives and sustainable communities based on 3 core values intercooperation, social transformation and solidarity with those who work for the social economy, social justice, peace and development.
  – [www.mundukide.org](http://www.mundukide.org)

• The **EZAI Foundation** is a research institute that was set up in 1998 with the collaboration of the [LANKI](http://www.lanki.org) cooperative research institute to promote public policies in Europe supportive of co-operatives and the social economy.
The Social Economy

- Individual co-ops are members of the Basque Federation of Cooperative (KONFEKOOP)
- Active participation in leadership of the European Association of Co-operative Groups (ECG)
- Collaboration with the Federation of Associated Work Co-operatives.
CORPORATE VALUES OF MCC

CO-OPERATION
• “Owners and protagonists”

PARTICIPATION
• “Commitment to management”

• SOCIAL RESPONSIBILITY
  • “Distribution of wealth based on solidarity. Involvement in the community”

INNOVATION
• “Constant renewal”
Acknowledgements

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MCC Lessons for the US

- Investment of 10% of profits into social investments has created a strong sustainable transition into the knowledge economy for MCC.
- Collaboration, joint ventures and social investments in the social economy have significant potential benefits for our region.
COOPERATIVE CAPITAL FUND

- The Cooperative Capital Fund of New England (CCF) is a socially responsible investment fund that invests in cooperative businesses in the form of "patient capital," or equity-like financing.
- CCF assists the New England cooperative industry to grow and flourish by providing capital that acts like equity without requiring co-ops to give up control over their own management and destiny, as traditional venture capital might.
CCF’s Goals

• The goal is to raise $1 million of investments in this fund plus 15% first loss money ($1.15 million of capital). Any losses the fund experiences beyond the anticipated loss reserve would be absorbed by the first loss money before impacting the other invested capital.

• Investments in the fund come from the coop community and from socially responsible individuals, faith based and institutional investors, and earn 5% interest annually.
• To meet the capital needs of co-ops CCF makes investments in $10,000 to $150,000 in the form of preferred stock, subordinated notes or similar instruments and provide a likely exit for the fund in 5 to 8 years.

• The cost of funds to the co-op is significantly less than traditional venture capital and more than collateralized debt. These funds will have the ability to leverage additional debt for the co-ops.

• The fund is be a separate organization affiliated with CFNE.

• For more information call 1-800-818-7833