

# Report on a field visit to Mondragón University: a cooperative experience/experiment

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## Introduction

We have been investigating universities in our own countries for many years and are now turning our attention to exploring alternatives to current reforms. As part of these investigations, we spent two days of interviews and meetings at Mondragón,<sup>1</sup> a town in Gipúzkoa in the Spanish Basque Country. Mondragón is at the centre of one of the largest groups of co-operatives in the world and in 1997 set up what is probably the only co-operative university in existence. This highly successful university has a solidary economy, effective methods of knowledge generation and transfer, and is expanding. Among its unique features are flat hierarchies and forms of self-management, community engagement and student participation built on an overall concept of solidarity of the stakeholders.

Davydd Greenwood spent many years in the 1980s doing action research with people from the co-operatives, exploring organisational cultures and their effects on people-management strategies. Some of his contacts were extremely generous in making time to meet us and arrange interviews with others who could tell us about the co-operative university from different perspectives. Over two days, we were given a tour of the headquarters of the umbrella organisation for the co-operatives, called MONDRAGON, and met the former personnel director of one of the major co-operative companies to introduce us to the history and concepts of the movement. The rector and vice rector of Mondragón University made a whole morning available to present information and answer our questions with great generosity and openness. We then met a dean of one of the faculties, two lecturers from another faculty, and a lecturer from the third faculty who was also a member of the Social Council.





In this report we will start with a brief analysis of labour and capital in universities and then give an overview of the co-operatives, and of the co-operative university. We conclude by suggesting the significance of this successful institution for redirecting what we think are radically misguided processes of reforming universities elsewhere.

## **Labour, capital and universities**

Universities, like all enterprises, whether public or private, combine human work and financial capital in particular ways. Mondragón University, in Spanish law, is a private, not-for-profit co-operative and represents a particularly interesting example of such a combination. The manner in which work and finance capital are combined, shapes the resulting organisations, their ethos, processes, relationships and cultures to a significant extent. Typologically speaking, in a for-profit private company, the shareholders and other lenders provide financial capital and waged employees provide the labour. After the deduction of costs such as wages, the financial surpluses (profits) are the property of the investors. The firm will thus, in principle, be primarily motivated towards profit maximisation and this will shape decision making and internal relations. In contrast, in a publicly funded not-for-profit organisation, like some universities or hospitals, taxpayers' money provides the financing to build and run a facility, including paying for the labour costs. Here the aims are not profit but the provision of a public service and it is reasonable to expect the organisational culture and nature of the relationships and processes to reflect this.

Organisations represent the combination of financial capital and labour in varying forms and the timbre of these combinations shapes organisational structure, governance, processes, relationships and outputs. Crucially, nothing prevents either type of organisation from achieving efficiencies in the way it combines resources – that is, nothing prevents these organisations from acting in a 'business-like' or 'well-run' way.

Public-private dichotomies are simplistic and, in conditions of neoliberalism, this divide becomes even more fuzzy and unsustainable as private capital increasingly colonises aspects of civic life. Thus, in the public university or hospital, services such as cleaning may be outsourced to a private for-profit firm. Such measures are legitimised with ideological arguments that they increase the public institution's economic efficiency and therefore



enhance the public good. An alternative argument is that they introduce different motivations and objectives into complex organisational structures, changing their inherent nature and, perhaps most importantly, the nature of their socioeconomic outcomes.

Many public and community-capitalised universities are being colonised by private capital, but not Mondragón. In some instances, the process is overt. For instance, in the UK, a private corporation has recently purchased a charitable educational foundation, directly replacing public or community capital with private capital. But, in the main, the process is more subtle and might be described as ‘second-order’ privatisation. Universities in many countries are being realigned, becoming organisations that exist to support the development of the private, for-profit economy. According to this neoliberal logic, the knowledge produced by universities, whether disseminated as research findings or through education, should directly and unambiguously augment individuals’ earnings capacity (by helping them get a better job) or assist economic activity (by providing economically exploitable knowledge to private firms). In sum, the public capital invested in universities is combined with academic labour towards new, and private, ends. This increasing use of public funds for private ends vitiates the broader social meaning and mission of public institutions.

We view this as problematic for two reasons. First, such combinations of labour and capital may well produce knowledge which serves private rather than public needs. Knowledge then becomes a private rather than a public good to the detriment of social justice and democracy. Second, the global private capital system is currently in an advanced state of crisis. The alignment of the knowledge-producing capacity of universities with such a system runs the risk of legitimising a failing regime. Conversely, a different combination of labour and capital in universities may offer the prospect for improving social justice and strengthening civil society and democracy whilst aiding economic recovery.

Gibson-Graham (2006) argue cogently for such a postcapitalist future (as they name it). They do not deny the need for capital, or business activities, but posit a different sort of capitalism – new ways of combining money and people to produce the tangible and intangible goods that society needs. They also advocate exploring current practices to find spaces of hope for re-ordering the world, and breaking the hegemonic paradigm of private market supremacy. Although the Mondragón co-operatives are avowedly capitalist,



they have combined capital and work in quite a different way to the current neoliberal trend and have worked consistently for sixty years to generate a solidary economic and social order.

## **Mondragón co-operatives in context**

### *Co-operative complex*

The labour-managed co-operative complex in the Basque region is now called 'MONDRAGON: Humanity at Work'. Previously it was called the Mondragón Cooperative Corporation and before that the 'La experiencia cooperativa de Mondragón' (the word 'experiencia' means both experiment and experience and conveys the challenging process on which they embarked). These co-operatives are one of a number of alternative forms of capitalist enterprise based on a combination of strong economic performance in highly competitive markets and solidarity and cooperation among the member owners (<http://www.mondragon-corporation.com/language/en-US/ENG.aspx>). Founded in the 1950s, the Mondragón co-operatives are a labour-owned, labour-managed complex of around 120 interacting and interdependent co-operatives. They intentionally mediate the relationship between economic gain and commitment to social solidarity among the members and with the surrounding community. The Mondragón co-operatives have been known internationally for at least four decades see Whyte and Whyte 1991 and Greenwood, González Santos et al. 1990 and 1992).

### *Worker owners*

The centrepiece of the system is that every worker is an owner and has a personal economic stake in the future of their co-operative, a stake that begins with their payment of a year's minimum salary of each cooperative (an average of 15,000 euros) into a capital account that belongs to them but that is kept in their own co-operative. The socioeconomic relationship is articulated in their daily work, in Social Councils and in General Assemblies. The Social Councils are a forum for members acting as workers; the General Assemblies are a forum for members acting as partners (owners) of the co-operative. In the annual General Assemblies all members have an equal vote on the annual business plan which includes investment decisions, remuneration to the worker owners, and other central business decisions.



As part of their commitment to social solidarity, most co-operatives limit remuneration differences to approximately 1: 6. The lowest wage is set at the average for the region and the top salaries are much lower than the reward for equivalent responsibilities in conventional firms. People take on management responsibilities, not to become rich, but to serve the co-operative members.

### *Solidary group*

In addition, the co-operatives form a solidary overall group. This group supports new start-ups and helps co-operatives facing financial difficulties. It is also capable of lending financial resources and exchanging personnel among co-operatives to match the needs of the moment with the minimum disruption to the lives of the members. The co-operative system has its own co-operative bank, one of the largest in the Basque Country and a motor of economic development in the region, a co-operatively-managed healthcare and retirement system, various technical schools where members can work part-time to pay for their advanced studies and a co-operative university with over 4,000 students on six campuses throughout the Basque region.

While the co-operatives place a high value on democratic processes, they were founded and continue to operate with the aim of creating healthy, dignified and well-remunerated work to individuals and families.

### *Structures*

The co-operatives form a socioeconomic system that intentionally seeks to balance the social dimensions of solidarity and mutual support with hard-nosed economic analysis and decisive, strategic economic action. They accomplish this through a variety of structures. Chief among them is the General Assembly in which all members participate according to a one person-one vote rule to make the general, overall strategic decisions affecting the future of their co-operative. They elect a Governing Board that serves as the central structure of representation, governance, and management of the co-operatives. Its responsibility is to establish general guidelines for the operation of the co-operative and to evaluate how well these guidelines are being met. The General Assembly also elects the Management Board and the audit committee, known as the Committee of Vigilance (Comité de Vigilancia).

The Governing Board receives reports from the Management Board, which oversees the day-to-day operations of the co-operative and is headed by an elected General Manager (who, in the university, is also dean of the



faculty). In addition there is a Social Council elected by the workers, which is powerful in shaping the strategic direction of the organisation.

### *Performance*

This is undoubtedly the most successful co-operative system in the world, with total assets of €33 billion in 2010. On average, 8% of the total budget is allocated to research and development. There are currently about 83,000 workers distributed across some nine corporate offices and 77 production plants in 22 countries. It is a hugely complex, widely dispersed and successful system.

Despite its size and extent, the co-operative system exhibits strong internal and external integration. There is a great deal of discussion and consultation within the co-operatives when any major decisions are to be taken and the solidarity fund, worker exchanges and the healthcare and retirement system all provide an integrated approach to the development and success of individual co-operative units.

Whatever else MONDRAGON might be, it is a clear demonstration that solidary and collaborative production and management are not only possible in advanced capitalist societies but can be highly profitable under the various business conditions that have held since 1956. The co-operatives significantly outperform other kinds of businesses in economic downturns, giving them a significant overall competitive advantage. They are demanding to create and manage, but they ‘work’. If they are not more widespread, it is perhaps because people in management positions in other organisations demand much higher remuneration than the co-operatives are willing to provide and because co-operative capital remains under the control of the members. They are companies unlike private firms where the primary motivation is profit-maximisation for shareholders. Thus they do not provide opportunities for neoliberal managers, predatory lenders, and outside shareholders to exploit workers and communities. Given this, it is hardly surprising that the co-operative alternative is rarely mentioned in economics classes, business schools, and public policy think tanks, as they run so counter to hegemonic ideology as to what constitutes ‘business’.

### *A way of living/working*

Whatever else they may be, these co-operatives are not ‘Mom and Pop’ organisations. Among them we find a major domestic white goods manufacturer, a well-known electronics manufacturer, a large-scale infrastructure



contractor (involved in building, for example, the Guggenheim Museum of Bilbao and railroad bridges), a major machine tool designer and manufacturer, a leader in information technology for manufacturing, and a huge chain of supermarkets. What differentiates them from their competitors is their commitment to maintaining a close link between the social and economic dimensions of the organisations. This, in turn, implies lots of information sharing, discussion, debate, and conflict. Dialogue and debate are central features of their work lives, and because most of the workers are also owners, members generally feel implicated strongly in the decisions made and enact them in part because they participated in shaping them.

These processes do have costs. They are time-consuming and tiring, requiring members to do conventional jobs while attending to the organisation as a group of persons whose interests must be harmonised for the good of all. At the same time, numerous studies (for example, Schonberger 1982) make it clear that the rapid hierarchical decisions of conventional American businesses (or strategically-led universities) do not necessarily result in co-ordinated action to achieve the goals set. In contrast, the deliberative and careful consideration of decisions found in many Japanese businesses in the 1980s, and in these co-operative from their founding, often result in decisions that nearly everyone accepts and enacts.

Within the co-operatives, managers are elected and can be recalled. Because their remuneration is decent but relatively low, the emergence of a managerial 'elite' is discouraged. Instead of spending resources on high managerial salaries or distributing them as dividends to shareholders, they are used to strengthen the social economy of the co-operatives themselves.

This is no utopia. Processes of self-management are noisy, laborious, and occasionally frustrating. However, the record of the co-operatives shows that ultimately they are comparatively successful. Compared with the performance of organisations led by highly paid meritocrats, the co-operatives do much better financially and serve a much broader cross section of society.

## **The formation of Mondragón University**

As a socioeconomic community, the Mondragon cooperatives very early in their history identified that they needed educational provision that serviced their social and economic needs. We first examine the particular combination of labour and capital established in the financing of Mondragón Univer-



sity (hereafter MU), its internal organisational structure and relations with surrounding society, and we end by conveying as much information as our short research visit allows about the ways they work in education, research and knowledge exchange. While the economic development of co-operatives is central to their concerns, through their pedagogical approaches they are trying both to sustain the needs of the cooperatives for skilled workers and to strengthen civil society by producing solidary citizens.

## **Labour and capital in Mondragón University**

In terms of finance, MU has three principal sources, and these are reflected in the three types of member of the co-operatives – workers, users and students. Workers must work within the organisation for two years before they are eligible to become members of the cooperative. To attain membership, workers have to make an investment in the co-operative – currently around €14,000 – €15, 000, a not insignificant sum. Workers have the option, under Spanish law, of using their social security contributions from their two-year initial work period to finance this investment. Thus, they materially revoke a social contract with the state, in favour of one with their co-workers. If the university's financial results are positive, then members may benefit by a payment into their investment account. The remuneration that workers receive is a share of the organisation's surplus – indeed they refer to salaries as a payment in 'anticipation' of the year's financial results. This opens up the possibility of reductions in their remuneration if collective financial performance is poor. Indeed, in 2011–12 this had happened in the business school and their members all agreed to an 8% income cut. The capital they provided as workers remains their personal property and they can withdraw it if they leave the co-operative. The engineering faculty has had positive results for the last two years, but its members have forsworn a pay rise in solidarity with other Mondragón cooperatives that are suffering in the international economic crisis.

The making of a personal financial capital investment in this way was described to us as crucial to creating a genuine understanding of what it is to be an owner. Workers become personally but collectively involved in making decisions on matters such as the co-operative's financial re-investment/reward or strategic direction because collective performance affects financial results and, therefore, individuals' financial rewards. In that sense,



MU is run according to a profit-oriented business logic, but always following the premise of being a not-for-profit entity. Its aims are to make sure that its activity is sustainable and that it permits the payment of returns.

What might become a drive towards profit for personal gain (albeit collectively derived) at the expense of others is mitigated in two principal ways. First, and less tangible, is the fact that there is a distinctive co-operative ethos, which means that values and aims are constantly discussed. The collective nature of the capital investment by workers drives a need to discuss and debate objectives. Among MU's constituent co-operatives, relations of solidarity and exchange of resources are their first line of defence in difficult times.

A second source of finance is from users. MONDRAGON and its constituent co-operatives have established a general set-aside Fund for Education and Social Projects. In a substantial way, MONDRAGON recycles part of the profits of its co-operatives into that Fund, which every year is given to Mondragon University to finance part of its investment needs (for new infrastructure and equipment). As described below, individual co-operatives and other external users in the region also work with MU on research and development projects and pay the university for some of its efforts. These are direct and, it seems, highly accountable relationships based on hard cash with high traceability.

The third source of financing for MU is derived from student payments. There are two categories of students – those on degree programmes and those taking continuing or lifelong education courses, who are generally workers being up-skilled for new tasks. Undergraduate education costs around €11,000 a student a year in most Spanish public universities. However those students pay just €900 a year in fees, the rest being subsidised by the state. As a private university, MU faces per student costs of €9,000 a year and has no access to state subsidies. Undergraduate fees are around €6,000; the shortfall is made up from other income streams such as consultancy and the lifelong learning courses. As described below, Alecoop is a co-operative set up to provide paid work for students for half the day to earn money to pay for their studies.

MU therefore has three main sources of finance – the workers' capital investment; MONDRAGON and other individual co-operatives; and the students. Some of this finance is in the form of investment, whilst some is a fee for access to the university or its expertise. In the reverse direction, financial



surpluses generated are distributed annually between the worker members, financial reserves, and the fund for Education and Social Projects.

## Structure and internal organisation of MU

### *Historical formation*

The structure of MU reflects in part the general model for Mondragón co-operatives and in part the specific history of this institution. In 1943 Don José María created the Escuela Profesional, a technical college where the students could study industrial engineering. A precursor to the co-operatives, the teachers worked for free in the evenings after finishing their day jobs in manufacturing plants. Among their students were a number of the future founders of the co-operatives. By 1946 the college was sufficiently recognised that some of the students were allowed to take the exams at the University of Zaragoza. The college eventually became formalised into a polytechnic, teaching technical skills. Now it forms the Faculty of Engineering. The Faculty of Business Studies, then called ETEO, was set up in 1960 to assist in the organisation of co-operatives and other firms in the area. In 1976, a School of Education, under the supervision of the Pontifical University of Salamanca, was established. Initially independent entities, these organisations slowly transformed themselves into co-operatives. These units retained their status as independent co-operatives when they came together to form Mondragon University in 1997. MU is a ‘second order’ co-operative – a co-operative formed by constituent co-operatives.

In 2011 a School of Gastronomic and Culinary Sciences was established in San Sebastian – a region renowned for culinary prowess. This fourth faculty benefits from substantial investment from the Spanish and Basque governments. For legal reasons, public funding cannot be invested in private institutions like co-operatives, so this faculty has been established as a jointly operated foundation with the Basque Government.

The Spanish legal reforms in 1997 associated with the Bologna Process meant that degree-awarding powers were no longer directly held by the Ministry of Education. It then became possible for MU to design and award its own undergraduate, masters and research degrees rather than having to follow the patterns of other universities. It now determines its own programmes and curriculum, permitting a closer focus on issues of interest



regionally, including entrepreneurship and Basque language education. The university requires all academic staff and students to be able to teach or learn in Basque, Spanish and English.

### *Faculty structure*

The organisation of each faculty follows the formal model adopted by MON-DRAGON. As described above, there are three categories of partners: academic and administrative staff; students; and participants (including representatives from companies and local councils and from the technology centres Lortek and Ikerlan, and the business incubator, the Saiolan Business Centre).

To illustrate the organisational structures, we describe below the faculty of engineering, the largest and oldest of the MU faculties.

**Faculty General Assembly.** The Faculty's General Assembly is composed one third each of workers, students, and participants. This is where the final decisions are taken on the basis of one-member, one-vote.

**Faculty Governing Board.** The General Assembly delegates oversight to this board, which is composed of four representatives from each of the three categories of partners. This board puts together the annual General Assembly agenda, decides on the four-yearly strategic plan and the annual management plan, and reviews them monthly. It responds to proposals for new members, sets the budget, receives monthly management accounts and subjects them to rigorous scrutiny. The Faculty Governing Board also appoints the dean of the faculty (from an academic point of view) who is at the same time the general manager of the co-operative. The dean attends the Faculty Governing Board and makes recommendations, but cannot vote.

**The Faculty's Executive Board.** This board consists of the dean/general manager the directors of academic affairs (undergraduate education), research and development, and vocational training, as well as the directors of finance and of knowledge areas or departments. This board is responsible for developing the four-year strategic plan and the annual management plan and maintaining budgetary control. It gathers information on research and education needs, makes recommendations on salaries based on the last two years' results, and develops organisational initiatives. It reports to the Governing Board each month.

**Departments.** The engineering faculty has two departments: Mechanical and Production Engineering with 160 people and Electronic Engineering with 60–70 people. The head of department coordinates the research, educa-



tion and knowledge transfer activities. Departments hire academics. When an activity requires a new person, the head of department coordinates with the Research Director and the Academic Director to plan the percentage of the new person's time to be spent on research and teaching and they send a detailed proposal to the Executive Board, which is then put to the Faculty's Governing Board for decision.

The head of department is responsible for personnel issues, giving individuals annual feedback on whether they are achieving the right balance between the three activities. They are also responsible for quality. For instance, if an administrative manager has problems with the quality of someone's work, they go to the head of department for resolution.

**Commissions.** There are a number of education and research commissions. All lecturers participate in a degree commission, which organises a meeting each semester between representatives of the students and the lecturers. It is a hard-nosed meeting that starts with the report from last year so that the students can see whether adjustments have been made or not. The students are able to report face-to-face on what went right and wrong and their course evaluations are put to the board and discussed with their teachers directly. This feedback serves to rate and redirect the lecturers' efforts. The Academic Director, who is responsible for undergraduate degrees, represents the education commissions on the Executive Board.

When a lecturer has identified opportunities to collaborate with a company, a research commission is set up to discuss the research opportunities and which knowledge areas to involve. Each research group has a representative on the commission. A proposal is then fed up to a higher level for a decision on whether to make an offer to the company. The Director of Research, who is also responsible for knowledge transfer, coordinates the research commissions and represents them on the executive board.

**Research groups or lines.** There is a number of standing research groups with about 15 people in each. They are autonomous and responsible for their own budget and results. They can be quite different in size and resources, e.g. some groups are just starting, so the commission works with them to develop their aims and initial financing while others are large and well consolidated. Whatever they do, their research always has to be geared to the needs/wants of companies.

**Individuals.** Individual salary increases are based on whether the person is providing what the organisation needs – primarily leadership and the promotion of new activities. Individuals are not just evaluated on whether they



are doing things right, but whether they are leading activities, generating new activities and expanding the scope of what their unit can do. About 80% of the staff stays permanently even though they would earn more elsewhere. In the view of the leadership, the work in these co-operatives is much more demanding than in public organisations, but the kind of activities and self-organisation processes are more satisfying to members. There is a feeling of belonging to a faculty and a sense of responsibility for the activity they are building.

**Social Council.** The Social Councils in MONDRAGON often have an ambiguous status. Analogous to a works committee in a unionised organisation, they deal with the management system from the point of view of members as workers. Sometimes this involves opposing or modifying management initiatives and at other times it involves informing members about what is happening. This is especially important in preparation for the General Assembly and its major decisions on the financial results and on how to deal with any deficits or surplus, including whether to invest in the organisation by making payments to members' individual capital accounts or whether to increase levels of remuneration. In the engineering faculty, the chair of the Social Council is a member of the Faculty's Governing Board, participating in the monthly scrutiny of accounts and management reports and initiatives. Members of the Social Council hold monthly meetings with their constituencies, which are well attended when there is a contentious issue, but normally, according to one interviewee, attended by 60–70 percent of members. At MU the students also have a Social Council but we did not get detailed information about its functions.

### *University structure*

MU as a whole is a second order co-operative that mirrors the structure of the faculties.

**General Assembly of MU.** Faculty representatives form the majority with 30 members. Collaborating partners or agents (local agencies, city hall, Mondragon Corporation, and other local organisations) have six representatives. The Rectorate (workers in the second order cooperative) has one representative. Each person on the Assembly has one vote. Here students are represented through the faculty representation.

**Governing Board of MU.** Faculty representatives in the General Assembly choose twelve representatives and collaborating partners (companies)



choose five. Collaborating partners do not invest in the university and so they are there to represent the public good. They are engaged people who come to the monthly meetings and who work with researchers and students. Their participation has to be approved by the Governing Board and the General Assembly. This group also approves degrees.

**Executive Board of MU.** The Executive Board has only six staff including the rector, the vice rector who is responsible for academic affairs, the General Secretary and Financial Director. The four deans/general directors of each of the four faculties are also members of the Executive Board. The role of the rector is to represent the whole organisation to the outside and to harmonise relations among the faculties on their philosophy and their pedagogical model. This is done by drawing the leadership of the different sections into committees. The deans continue to operate as the CEO of each faculty, responsible for all aspects of their faculty's operations, but they are also responsible, together with the rest of the Executive Board, for defining the challenges and strategic objectives for the university as a whole. Each faculty, building on these university-wide objectives, develops its own strategies and management plans.

## **Organised links with surrounding society**

Whereas the other two universities in the Basque region are concentrated in the major cities, MU is dispersed across six sites throughout Gipúzkoa province. One interviewee likened the university's research, education and knowledge exchange activities to the process of assembling the vertebrae in a spinal column that holds local community development together.<sup>2</sup>

MU generates links with co-operatives and other companies in the surrounding society both through teaching and research. Students have long depended on part-time employment to pay their tuition fees. Alecoop, established in 1966, early on in the history of the engineering school, provides students with properly paid work contracted from the other engineering and manufacturing co-operatives. Its twin objectives are to help finance students through their studies and also to develop a strong work ethic. Students in Alecoop work for half the day and attend classes for the other half. Now, fewer engineering students work in Alecoop in this way, but about 160 students work within the engineering faculty (and that helps keep costs of technical and administrative staff low as well). Alecoop also helps find final year projects for students in companies. Alecoop's students are evaluated for



both technical and transversal skills – not just in the company’s work but in the whole learning environment. Company mentors and university tutors provide evidence of what skills are achieved and needed in formal meetings that take place on campus. Lecturers report to the degree commission on the outcomes of the final year projects and what the companies are telling them about their strengths and weaknesses. These student placements are important for networking between the companies and the university. Tutors visit the students in the companies three times and the company mentors attend the students’ defence examination. Lecturers use these opportunities to find out the companies’ future direction and possible education and research needs. In addition, 5,000 individuals take part in lifelong learning courses per year, providing income to MU and knowledge about business needs that can be used for curriculum development and future training and research initiatives.

Every four years, there is an evaluation of programmes drawing on a range of information sources including:

- four collaborating (company) partners on the governing board
- commissions from companies, which involve senior people in the company
- everyday relations of lecturers with local firms – through their work, students’ work placements, and informal and formal feedback from company mentors
- a structured survey of the faculty’s network of companies.

Eight years ago, the engineering faculty found that companies were satisfied with the students’ technical knowledge, but they were critical of their skills for working in contemporary companies. This coincided with the EU’s Delors report, which MU used to focus on transversal skills and to develop a fairly standard list of competencies: team work, effective communication, problem solving, leadership, decision making, global vision, and learning to learn. MU adopted a programme to gradually change the pedagogy to Problem Based Learning so as to develop such skills through the teaching process. This programme to reform MU’s pedagogy is called ‘New Century’ (‘Mendeberri’) and appears to have been widely adopted.

In effect, Mendeberri is a combination of Deweyian, Freirian, and reflective practice models that emphasise situated learning, mentoring, linked reflection and action, and constant feedback. Teaching spaces, which used



to be predominantly lecture halls, have also been changed and set up as discussion arenas where students routinely engage in group projects. Research is similarly focused on trying to understand the research and knowledge transfer needs of companies, as one interviewee said, not for tomorrow but for ten years in the future. The faculty has research and transfer centres that are entrepreneurial units whose aim is to capture new projects for the researchers. A lecturer takes ideas to a company and also learns about ideas and challenges emerging in the company. The lecturer then goes back to the research group to discuss the research opportunities in the company with colleagues. A research commission is then set up where the inter-disciplinary aspects of the research opportunities are discussed and then proposed for a co-operative decision before an offer is made to the company. In some cases a company subsidises a PhD to develop a thesis oriented to their business needs. In other cases, a company seeks a longer-term collaboration between its own research and development unit, the university and MONDRAGON's development centres so as to integrate them in its R&D plan. That process generates a research plan, detailed with ideas and financing, through which the university tries to foresee the future needs of the companies in five to ten years and set up the research and education that is needed. Such projects are fully financed by the company. This gives the university long-term budgetary stability and reflects confidence in the university's ability to deliver value to the companies.

Our interviewees emphasised that the purpose of MU is to gear education, research and knowledge exchange to support the future development of companies or local institutions. Lecturers at MU are not just passive providers of knowledge who see if there any takers; they actively seek to identify innovation needs of companies and become collaborators in research and knowledge exchange. When they evaluate research activity, they focus on the tangible effects in the companies and what new knowledge the lecturers have gained, not merely on the volume of projects, the number of PhDs, or the publication output.

## **Conclusion**

The motivation for this study was a desire to identify particular combinations of labour and capital that offer an alternative to neoliberalised university formations. One of our primary aims was to identify those university forms that might embody a capacity for lively and imaginative research and





teaching that generates public goods and thereby enhances social, cultural and economic well being. Whereas current neoliberal reforms of universities are justified on the grounds that they are a means to augment individuals' earning capacities and enhance economic development by providing economically exploitable knowledge to firms, MU achieves both of these aims through a quite different mode of organising, one that involves solidary organisational structures and processes.

This brief report on the structure and status of the Mondragón University aims to highlight a few major strengths from which other universities could learn:

- It is possible to create and manage successful universities that do not involve the exploitation of faculty as passive employees and the treatment of students as mere clients in a fee-for-service educational scheme.
- Administrators do not have to dominate universities nor do they have to consume the lion's share of institutional resources. They can be reconceptualised as facilitators and service providers to the faculty, students, and external constituencies universities serve.
- All participants in university life can collaborate in developing the pedagogical, financial, and administrative operations of universities as partners. Doing so requires major differences in administrative staff behaviour, academics' behaviour, student engagement in their own education, and external relations that are supportive without being coercive.
- Organisational structures and processes matter greatly. The elaborate structural arrangements and processual rules we have outlined briefly are key to the success of MU.
- A shared ethos of solidarity and co-operation is an essential ingredient in any such organisation.

MU is operating in a particular context, where its role is clearly to work with co-operatives and other companies (and with schools in the case of the education faculty) and identify their future research, education and training needs. Whereas it has developed an effective model for working with companies, other universities might want to foster a wider range of contacts with civil society and balance such knowledge transfer functions with a role as 'critic and conscience' of society.



In sum, to create a university that respects its teachers, staff, students and external constituencies by sustaining basic values of knowledge creation, dissemination, application, and collaborative dialogue requires a proper combination of structures, processes, and values and it also requires constant vigilance to prevent steep hierarchies and exploitation from emerging. It involves the careful balancing of social solidarity and economic rationality, which any institution committed to the production of public goods must manage. MU cannot be merely replicated but it can be used as a source of ideas, structures, and processes to stimulate desperately needed reforms in the public university system.

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## Notes

1. Arrasate is the Basque name of the town of Mondragón. We use Mondragón because, in the extensive literature on the cooperatives, that is how the town is known. The cooperatives also used to be called the Mondragón Cooperative Corporation but now they are collectively called MONDRAGON in capitals and without an accent mark.
2. He called this process ‘vertebrae-ation’, echoing the concept in the philosopher Ortega y Gasset’s famous book, *Invertebrate Spain* (1937).

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