



**Persisting values in changing times?
Exploring the evolution of challenges and the endurance of founding principles in
cooperatives related to climate change**

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Abstract:

This paper examines the integration of environmental sustainability within Mondragon Corporation, using its cooperative Orbea as a case study. While both hold various environmental certifications, this research critically analyzes their reporting and practices to assess the authenticity of their efforts. The study reveals a trajectory towards incorporating sustainability language into Mondragon's communications, as well as a lack of transparency and measurable data to support its claims. This makes it difficult to assess the true depth of their commitment to sustainability and raises concerns about potential greenwashing. This study contributes to socio-legal research, by examining corporate social responsibility within cooperative models, where social accountability expectations are high. It stresses the importance of transparency, measurable data, and stakeholder engagement to ensure sustainability efforts are meaningful. By focusing on Mondragon, this research provides insights into the complexities of corporate sustainability within cooperatives and emphasizes the need for increased accountability and transparency in corporate sustainability reporting.

Keywords:

Environmental sustainability, Corporate Social Responsibility (CSR), cooperatives, sustainability reporting, Mondragon Corporation.

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Resumen:

Este artículo examina la integración de la sostenibilidad medioambiental en la Corporación Mondragón, utilizando su cooperativa Orbea como caso de estudio. Aunque ambas cuentan con diversas certificaciones medioambientales, esta investigación analiza críticamente sus informes y prácticas para evaluar la autenticidad de sus esfuerzos. El estudio revela una trayectoria hacia la incorporación del lenguaje de la sostenibilidad en las comunicaciones de Mondragón, así como una falta de transparencia y de datos mensurables que respalden sus afirmaciones. Esto dificulta la evaluación de la verdadera profundidad de su compromiso con la sostenibilidad y suscita preocupaciones sobre un posible lavado verde. Este estudio contribuye a la investigación sociojurídica, examinando la responsabilidad social de las empresas dentro de los modelos cooperativos, donde las expectativas de responsabilidad social son altas. Subraya la importancia de la transparencia, los datos mensurables y el compromiso de las partes interesadas para garantizar que los esfuerzos de sostenibilidad sean significativos. Al centrarse en Mondragón, esta investigación ofrece una visión de las complejidades de la sostenibilidad corporativa en las cooperativas y subraya la necesidad de una mayor responsabilidad y transparencia en los informes de sostenibilidad corporativa.

Palabras clave:

Sostenibilidad medioambiental, Responsabilidad Social Corporativa (RSC), cooperativas, informes de sostenibilidad, Corporación Mondragón.

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1. INTRODUCTION

In an era of growing environmental concerns, businesses are increasingly expected to balance economic goals with social and environmental responsibility. This paper examines the Mondragon Corporation, a worker-owned cooperative in Spain's Basque region, to explore how it integrates sustainability into its operations, using the Orbea cooperative as a case study.

The research focuses on Mondragon's environmental practices, analyzing how the cooperative's social mission translates into environmental stewardship. Publicly available data, such as corporate reports, academic studies, and news articles, provide the basis for assessing Mondragon's environmental performance.

This study contributes to the literature on cooperatives and sustainability by critically examining how Mondragon operationalizes these principles. It addresses following key questions: To what extent has Mondragon embraced environmental sustainability? What are the main drivers and barriers within its structure? Do its environmental practices align with its social mission?

The paper is structured as follows: an overview of Mondragon and Orbea's history and core principles, a review of literature on cooperatives and sustainability, a critical analysis of their environmental practices, a discussion of key drivers and barriers, and concluding reflections with recommendations for future research.

2. HISTORICAL DEVELOPMENT OF ORBEA AND THE MONDRAGÓN COOPERATIVE CORPORATION

2.1. FOUNDATION OF MONDRAGON

In Spain's Basque Country the Mondragon Cooperative Corporation (MCC) stands out as a significant example, employing over 70,000 people across 81 autonomous cooperatives (Mondragon Corporation 2022). Founded in 1956 by Father José María Arizmendiarieta, Mondragon began as a technical school and cooperative workshop, ULGOR, which produced paraffin heaters (Whyte and Whyte 1991, Kasmir 1996). Arizmendiarieta's goal was to empower the working class and improve the post-Civil War economy by fostering professional competence alongside social consciousness (Molina 2011).

Mondragon's cooperative structure was designed to provide workers with ownership and control, ensuring that they were active partners in decision-making rather than passive employees (Whyte and Whyte 1991, Bakaikoa *et al.* 2004). Influenced by Catholic social teaching and Basque solidarity, its principles aligned with the Rochdale values of open membership, democratic control, economic participation, autonomy, education, and community concern (ICA 1995, Molina 2011). Over time, Mondragon expanded into diverse industries such as manufacturing, retail, finance, and education, while staying committed to social justice, worker dignity, and community development. One of its early

successes was the evolution of ULGOR into Fagor Electrodomésticos, a major player in the home appliance sector, demonstrating Mondragon's dedication to worker empowerment and democratic decision-making (Whyte and Whyte 1991, Kasmir 1996).

Although environmental values were not central in Mondragon's early stages, the cooperative's strong focus on social responsibility included an implicit commitment to sustainability. This emphasis on resource efficiency for long-term viability reflected its broader goals of economic stability and social justice and remains influential in its operations today. As Mondragon balances its cooperative ideals with global market challenges, its foundational values continue to guide its evolution, even as the organization adapts to contemporary environmental and economic concerns (Whyte and Whyte 1991, Kasmir 1996, 133).

2.2. THE EVOLUTION OF MONDRAGON: ADAPTING TO CHANGE

The MCC today is a globally recognized network of worker cooperatives, with a democratic governance system where each cooperative is autonomously managed, and major decisions are made by a General Assembly of worker-members (Bakaikoa *et al.* 2004). Founded in the 1950s, Mondragon has expanded across diverse sectors such as industrial production, retail (led by the Eroski supermarket chain), finance (with Laboral Kutxa, a cooperative bank), and education (through Mondragon University) (Bakaikoa *et al.* 2004). This diversification and global expansion began in the 1990s as Mondragon faced economic downturns and the pressures of globalization. To maintain competitiveness, it introduced hierarchical management structures and adopted market-driven strategies, creating a hybrid "coopitalist" model that balanced its cooperative values with the demands of global capitalism (Errasti 2015). Despite these changes, Mondragon remains committed to worker self-organization and democratic decision-making, even as it expanded internationally, including into China (Errasti 2015).

As Mondragon has grown, it has encountered challenges in maintaining its cooperative principles, especially as it diversified and expanded internationally. Critics argue that the shift toward capitalist practices and the creation of non-cooperative subsidiaries could undermine its core values of worker ownership and control (Kasmir 1996). Moreover, as global pressures like climate change intensify, Mondragon's adaptation to environmental sustainability has become increasingly critical. While environmental issues were not a central focus in the early days of the corporation, adapting to ecological limits and supporting long-term sustainability is now essential for its future (Graeber 2011, 82, Cheney *et al.* 2014). How Mondragon integrates sustainability with its core values of social responsibility and worker empowerment will determine its future trajectory in an increasingly globalized and environmentally-conscious world (Imaz *et al.* 2022).

2.3. ORBEA'S ROLE WITHIN THE MONDRAGON COOPERATIVE NETWORK

Within Mondragon's network, Orbea Cooperative, a bicycle manufacturer, serves as an intriguing example of a cooperative balancing global capitalism and sustainability. Orbea's integration into Mondragon illustrates the challenges cooperatives face as they expand internationally while striving to uphold core values. Its strategies for international market penetration, such as offshoring to China, reflect the tensions between economic pressures and cooperative ideals.

Orbea's origins date back to 1840 as a firearms manufacturer in the Basque Country. By 1926, Orbea transitioned into bicycle production, becoming a national leader in Spain (Orbea 2014). However, financial difficulties in 1969 led Orbea to transform into a worker-owned cooperative under Mondragon's umbrella, laying the foundation for future growth (Urretavizcaya Gordillo 2023).

Orbea's international expansion strategy took off in the 1990s, first targeting markets in France and the USA. By 2007, Orbea had opened a factory in Kunshan, China, motivated by favorable foreign investment policies and lower labor costs (Urzelai and Puig 2017). Intellectual property concerns and shifting Chinese policies eventually led Orbea to close its Kunshan operations in 2015 and shift production back to Portugal and Spain (Urzelai and Puig 2017).

The decision to off-shore was driven largely by cost savings, with labor costs in China significantly lower than in the Basque Country (€1.5 per hour in China vs. €21 in Spain) (Errasti 2015). Importantly, offshoring challenged the transmission of cooperative values, as workforce practices in China differed from those of Mondragon's Basque operations (Urzelai and Puig 2017). However, reshoring production to Europe aimed to improve operational efficiency and market proximity while aligning better with European environmental and labor standards was not a driving force (Urretavizcaya Gordillo 2023).

Still, reshoring also had environmental benefits, such as reducing carbon emissions from shorter supply chains and ensuring compliance with demanding EU regulations like REACH and WEEE (Selin and VanDeveer 2006). Orbea's decision exemplifies Mondragon's struggle to balance economic competitiveness with its cooperative principles of social responsibility and environmental stewardship.

3. THEORETICAL FRAMEWORK

The presence of climate change and the broader environmental crisis have become undeniable realities of the modern world. These global challenges, which include the depletion of natural resources, loss of biodiversity, and the contamination of air, water, and soil, pose a significant threat to the long-term viability of human civilization (Arora *et al.* 2018). The relentless pursuit of profit maximization, often at the expense of environmental and social well-being, has led to unsustainable practices that have pushed the Earth's natural systems to the brink (Barbier and Burgess 2021). With escalating global temperatures, rising sea levels, and increasingly frequent extreme weather events, the need for a fundamental shift in how we organize our economies and societies has never been more urgent (Barbier and Burgess 2021).

3.1. JOHN ELKINGTON'S CONCEPT OF SUSTAINABILITY

At the heart of this transition lies the concept of sustainability, which encompasses the notion of meeting the needs of the present without compromising the ability of future generations to meet their own needs. As Elkington (1994) persuasively stated, sustainability requires the integration of economic, environmental, and social considerations, a framework often referred to as the "triple bottom line." This holistic approach recognizes that true progress cannot be achieved through a narrow focus on financial metrics alone

but must also account for the broader impact of human activities on the natural world and on the well-being of communities. The “triple bottom line” framework puts sustainability as an interdisciplinary concept rooted in the notion of meeting current needs without compromising the ability of future generations to fulfill their own (Conway 2018). Historically evolving through environmental considerations, the idea has come to include social and economic dimensions, as sustainable development requires a balanced approach to these three pillars (Elkington 1994, 1998).

The “triple bottom line” approach has been chosen among other sustainability frameworks because it offers a comprehensive perspective. Unlike narrower models that focus on one aspect, the triple bottom line recognizes the interdependence of these three pillars, making it particularly relevant for worker cooperatives. As a worker cooperative with a long-standing commitment to social responsibility and community welfare, Mondragon’s practices align well with the triple bottom line’s holistic view. By using the triple bottom line approach to address the mentioned challenges, the main focus of this research and its empirical sections will center on environmental sustainability, while also considering the integration of social and economic dimensions.

Environmental sustainability places emphasis on conserving natural resources, prioritizing biodiversity, and addressing ecological concerns such as climate change and resource depletion (Goodland 1995).

Social sustainability focuses on ensuring equitable access to resources, enhancing living conditions, and promoting the wellbeing of all members of society (Conway 2018). The most significant debate surrounding social sustainability is the extent to which companies facilitate equitable access for their employees, or whether they are engaging in exploitative practices (Conway 2018).

Economic sustainability, on the other hand, concerns the capacity to generate value and income in a manner that improves quality of life and well-being without compromising the ability of future generations to do the same (Elsawy and Youssef 2023). It seeks to maintain, so called, long-term prosperity and economic growth, while grounding business practices in ethical and responsible frameworks.

Elkington (1994) argued that firms must move beyond a narrow focus on profitability, and instead adopt a more holistic “triple bottom line” that integrates environmental, social, and economic considerations. This can be seen as a broader, more inclusive form of capitalism that accounts for environmental and social impacts. This conceptual shift has manifested in the rise of corporate social responsibility (CSR) and compliance frameworks, where firms voluntarily or coercively integrate sustainability considerations into their decision-making and operations (Fiksel 2001, McDonough and Braungart 2002).

Soft law approaches like CSR and self-regulation offer firms more flexibility to address sustainability concerns and more liberty in their decision making, not hindering their ability to seek innovation, while maintaining competitiveness. Critics have argued that these approaches often fail to meaningfully address the systemic drivers of unsustainability, as they do not challenge the fundamental logic of profit maximization that underpins current economic models (Kazmi *et al.* 2015). Some even contend that these methods support and

perpetuate profit maximization behind a façade of sustainability, pointing out that CSR is actually a self-defeating oxymoron (Toft 2015).

Studies like those by Gray and Silbey (2014) underscore the evolution of CSR, particularly considering supply chain scandals that prompted a shift towards greater corporate accountability and transparency. Their research shows, that organizations began to adopt self-regulation mechanisms, establishing internal policies and ethical standards, often led by ethical leadership at the managerial level, to govern their environmental and social governance initiatives. They argue that this leads to variations in compliance within organizations, influenced by the expertise, autonomy and regulatory interactions (Gray and Silbey 2014).

Compliance with regulations also becomes a critical function, as the state plays a key role in establishing a policy framework that incentivizes and/or mandates sustainable business practices. Through legislation, taxation, and other policy instruments, governments can create the necessary conditions to drive corporations and industries towards more environmentally and socially responsible operations (Gray and Silbey 2014). This regulatory approach can compel firms to internalize the externalities of their activities, adopting sustainable practices that may not have been voluntarily implemented in the absence of such policy interventions. Moreover, regulatory compliance can foster innovation, as businesses are motivated to develop solutions that meet evolving environmental and social standards. By aligning economic incentives with sustainability objectives, the state can play a pivotal role in catalyzing the systemic changes needed to address the pressing challenges of our time, from climate change to resource depletion and social inequity.

Overall, the integration of sustainability into corporate strategy has become a crucial component for contemporary businesses, mandating a balance between voluntary practices and regulatory compliance, in pursuit of long-term value creation that accounts for environmental and social impact (Reinhardt *et al.* 2008).

Reinhardt, Stavins, and Vietor, in their work, explore the question of whether businesses have a role and responsibility in the world that extends beyond mere profit maximization within legal boundaries (Reinhardt *et al.* 2008). They argue that while shareholder interests are paramount, a company's long-term success is intertwined with broader societal well-being.

Pickering *et al.* (2022) found that “democratic practices can foster transformations towards sustainability”. This leads to the notion that cooperative organizing and collective decision-making may provide an alternative model for sustainable economic activity that goes beyond the profit-driven constraints of traditional corporate structures.

To truly address the environmental crisis, a deeper transformation may be required - one that moves beyond incremental adjustments and instead envisions new forms of economic organization rooted in the principles of cooperation, solidarity, and community resilience.

3.2. SUSTAINABILITY AS A COOPERATIVE IDEA?

Cooperatives, rooted in member-driven missions, prioritize collective well-being and democratic principles such as member control and equitable surplus distribution, rather than focusing on capital contribution (International Cooperative Alliance - ICA - 1995). Their long-term approach aligns with sustainability, emphasizing the well-being of members and local communities over short-term profits. This commitment to social responsibility, democratic governance, and environmental stewardship positions cooperatives, particularly those within the “social and solidarity economy” (SSE) spectrum, as better suited to develop sustainability (Imaz *et al.* 2022). Their embeddedness into local communities and emphasis on active citizenship allow cooperatives to address inequality and unsustainability more effectively.

Unlike conventional companies that prioritize profit maximization for shareholders, cooperatives focus on the well-being of their member-owners (Bakaikoa and Albizu 2011). The democratic principle of “one member, one vote” promotes equitable decision-making, balancing economic, social, and environmental goals (Agirre 2001, Bakaikoa *et al.* 2004). While cooperatives provide an alternative economic model that supports sustainability, their success depends on navigating a socio-economic landscape dominated by profit-driven models.

4. METHODOLOGY

This study investigates the evolution of sustainability within the Mondragon Corporation using a qualitative research design, chosen for its ability to explore complex concepts in depth (Aspers and Corte 2019).

4.1. DATA COLLECTION METHODS AND ETHICAL CONSIDERATIONS

The study uses two main data sources: a semi-structured interview and secondary literature review. A review of academic literature and books was conducted to form a strong theoretical base, exploring the history and different perspectives on sustainability and cooperative organizations, particularly in the Basque context. Additionally, Mondragon Corporation’s annual reports from 1998 to 2022 were analyzed using content and trend analysis to understand its sustainability approach over time. Content analysis involved systematically reviewing text and visuals in the reports to track the frequency and evolution of key sustainability-related themes (Krippendorff 2004). Keywords like “sustainability,” “environmental responsibility,” and “ESG” (environmental, social, governance) were examined to assess how sustainability discourse grew within Mondragon’s strategic communications. This approach also analyzed specific sustainability initiatives such as renewable energy use, waste reduction, and ethical sourcing.

Furthermore, trend analysis examined the frequency of sustainability-related keywords over time, tracking shifts in Mondragon’s focus on sustainability and noting changes in ISO certifications like ISO 14001 (Van Der Duin 2016). The aim was to provide a comprehensive view of Mondragon’s evolving commitment to sustainability over the 25-year period.

To contextualize Mondragon's approach within the broader societal environment, public opinion surveys from the DeustoBarómetro series were also analyzed. These surveys explore Basque societal attitudes towards climate change and environmental issues, helping contextualize Mondragon's approach to sustainability within its local environment (University of Deusto 2024). A representative sample of 1,000 individuals was surveyed every six months on issues ranging from environmental concerns to social policies, offering insights into public expectations around corporate responsibility.

In addition to these secondary data sources, a semi-structured interview with a Sustainability Manager from the Orbea Cooperative was conducted. The interview, lasting one hour and held via Zoom, provided first-hand insights into the implementation of sustainability initiatives within the cooperative model, specifically focusing on Orbea's efforts. The interview was audio-recorded and transcribed, with thematic analysis applied to identify recurring themes and concepts that complemented the secondary data (Lester *et al.* 2020). Open-ended questions facilitated detailed responses, which were coded and grouped into broader themes during the analysis process (McIntosh and Morse 2015). This interview served to enrich the existing data by adding practical insights from within the cooperative network. While one interview is insufficient to fully support an empirical study, it aims to provide additional information to complement the secondary data sources.

Ethical principles guided this research, with the interviewee's anonymity maintained and informed consent obtained. The researcher's positionality as an external observer of Basque culture was acknowledged, with the interview conducted in English despite the interviewees and researcher's native languages being different, adding another layer to the research context.

This combination of primary and secondary data aimed to offer a balanced and thorough understanding of how Mondragon's approach to sustainability has evolved, with attention to both internal practices and external societal expectations.

5. MONDRAGÓN AND ORBEA'S ADAPTION TO SUSTAINABILITY

This research investigates the evolution of environmental sustainability within the Mondragon Cooperative, examining its presence - or absence - in the organization's founding principles and its role in contemporary decision-making. While Mondragon stands as a globally recognized model of worker-owned cooperative enterprise, its historical development coincided with a period of limited awareness regarding environmental issues. This raises critical questions about the integration of sustainability into the cooperative's core values and strategic choices over time.

Two central hypotheses guide this analysis. The first posits that environmental sustainability was not a founding value of the Mondragon Cooperative. This hypothesis stems from the historical context of Mondragon's emergence in 1950s Spain, a period marked by post-war industrial expansion and a nascent environmental consciousness. The second hypothesis suggests that while sustainability has now been incorporated into Mondragon's practices, it does not act as a primary driver of strategic decisions. This will be examined through the cooperative's adaptation to evolving environmental awareness, questioning whether its sustainability initiatives are more reactive than proactive.

5.1. THE HISTORICAL CONTEXT: ENVIRONMENTAL SUSTAINABILITY AS A FOUNDING VALUE?

Mondragon emerged in the socioeconomic landscape of post-war Spain, particularly in the Basque Country during the 1950s. This era was shaped by Franco's autarkic policies, which emphasized national economic self-sufficiency and industrial expansion, while environmental concerns were largely absent from public discourse (Beetham 2017). The Basque Country, with its strong industrial base, was a key player in Spain's post-war economic recovery and its rapid industrial growth during the "Spanish Miracle" of the 1960s and 1970s (Whyte and Whyte 1991). However, this industrial boom brought with it significant environmental costs, which were not a prominent consideration at the time.

Mondragon's founding principles, as envisioned by Father José María Arizmendiarieta, were shaped by Christian humanism, social justice, cooperative values, ethical leadership, and educational empowerment (Molina 2011). These core values emphasized human dignity, collective ownership, and a more equitable distribution of wealth, but did not explicitly address environmental concerns. Given that environmental sustainability had not yet gained widespread attention globally, it is unsurprising that Mondragon's early focus was on social and economic justice rather than ecological sustainability (Elkington 1998).

Arizmendiarieta's model was designed to empower workers and address the social inequalities that were rampant in post-war Spain. The cooperative structure provided a platform for economic democracy and shared decision-making, responding to the immediate needs of the time. Environmental concerns, while relevant today, were not at the forefront during the cooperative's establishment, as the focus was on survival, rebuilding, and economic fairness.

5.2. THE EVOLUTION OF SUSTAINABILITY WITHIN MONDRAGON

As Mondragon developed, the global conversation around sustainability began to shift. Sustainability measures slowly found their way into the cooperative's practices, though they were not originally a part of its founding ethos. The cooperative's 1960s document *Proyección de nuestras cooperativas. Reflexiones para la junta general de socios de la Caja Laboral Popular* reveals an ongoing tension within the movement. While it acknowledges the efficiency of capitalist practices, it also emphasizes that these methods must be subordinated to human values:

Cooperativism must surpass capitalism, and to do so it must assimilate its methods... with the limitation or subordination to the supreme demands of human values. (Caja Laboral Popular n.d.)

This statement, in fact, reveals a potential ideological impasse. Can a system truly committed to human values and social justice be achieved by simply "subordinating" the inherent mechanisms of capitalism, a system often criticized for prioritizing profit over people and planet? The inherent extractive and exploitative logic of capitalist accumulation, critics like Wood (1995, 287) argue, fundamentally clashes with the principles of social and environmental justice. Therefore, Mondragon's attempt to "surpass" capitalism while embracing its core tenets presents a fundamental contradiction that may ultimately hinder its ability to fully realize its social and environmental aspirations.

5.3. SUSTAINABILITY INCORPORATED: DRIVER OR PASSENGER?

As environmental concerns have become more pronounced, sustainability has emerged as a key consideration for businesses globally. Mondragon, like many organizations, has integrated sustainability into its values and operations over time. Though not an original foundational value, the flexibility in cooperative principles such as community concern and long-term wellness suggests that integrating sustainability is a natural evolution.

Historically centered on social and economic concerns, the cooperative movement now also embraces environmental stewardship as part of its responsibility to community and future generations. Mondragon's challenge lies in authentically weaving sustainability into its activities without compromising the cooperative values that have been the cornerstone of its existence and success (Azkarraga and Cheney 2019). This adaptation can be seen as an extension rather than a departure from its original values, aligning with contemporary definitions of responsible business.

5.4. MONDRAGON'S SUSTAINABILITY JOURNEY THROUGH ANNUAL REPORTS

Analyzing Mondragon's annual reports from 1998 to 2022 reveals the cooperative's evolving approach to sustainability. The journey began with the introduction of cooperative values in 1998, which emphasized social responsibility and democratic participation but did not yet include sustainability as a core concept (Mondragon Corporation 1998).

1999-2001: Period of Low Activity

From 1999 to 2001, no significant mentions of sustainability initiatives appeared in the reports, reflecting a period of low focus on environmental issues within the corporation.

2002-2004: Focus on Environmental Certifications

Mondragon's sustainability efforts began to emerge between 2002 and 2004, as its reports started highlighting the acquisition of ISO 14001 environmental certifications—28 in 2002, rising to 38 by 2004 (Mondragon Corporation 2002, 2003, 2004). This shift marked the cooperative's first formal steps toward integrating environmental standards into its operations.

2005-2009: Detailed Sustainability Reporting

From 2005 to 2009, Mondragon expanded its reporting on sustainability, with detailed accounts of environmental responsibility, continuous improvement, and legal compliance. The reports documented efforts to prevent environmental risks and meet legislation requirements. By 2009, the number of ISO certifications had reached 54, reflecting the cooperative's growing commitment to environmental management (Mondragon Corporation 2009).

2010-2020: Steady Focus on Certifications

During this period, sustainability continued to be linked with certifications and broader environmental considerations. Keywords like “sustainability” and “environmental responsibility” became more prominent, although the focus remained on formal certifications rather than deep structural changes to business practices.

2021-2022: Renewed Emphasis on Sustainability

In 2021 and 2022, Mondragon’s annual reports emphasized sustainability in greater detail, including specific projects and sustainability metrics. The reports mentioned eco-certified sales, the share of green electricity used, and other clear indicators of environmental efforts (Mondragon Corporation 2021, 2022). However, while these initiatives were positive, the question remains whether sustainability was driving strategic decisions or merely responding to external trends.

5.5. ORBEA’S OFFSHORING AND RESHORING: A CASE STUDY IN GLOBAL MANUFACTURING

Orbea, a bicycle manufacturer and part of the Mondragon Cooperative, offers an illustrative case study on the challenges of balancing economic, social, and environmental goals. In 2001, Orbea opened a manufacturing plant in Kunshan, China, to capitalize on lower labor costs and access new markets. However, the move raised questions about the compatibility of offshoring with the cooperative’s values, particularly regarding fair labor practices and environmental standards (Errasti 2015).

Despite the initial economic logic behind the decision, tensions arose. The cooperative model’s emphasis on worker ownership and democratic participation proved difficult to implement in China, where cultural and regulatory differences conflicted with Mondragon’s principles (Errasti 2015, Urzelai and Puig 2017). This led Orbea to reconsider its offshoring strategy, eventually reshoring production to Europe.

While the reshoring reduced supply chain distance and may have lessened environmental impacts, the decision appears to have been driven primarily by economic factors - such as rising wages in China - and the desire to better align with the cooperative’s values (Urzelai and Puig 2017). The environmental benefits, although real, seem to have been secondary.

An interview with Orbea’s Sustainability Manager (personal communication, May 21, 2024) offered insights into the company’s current sustainability focus but revealed a reluctance to delve into past offshoring decisions. The interview emphasized current initiatives, including ISO 14001 certification and the environmental advantages of localized production. However, the interviewee avoided discussing how sustainability factored into the decision to reshore, leaving a gap in understanding the company’s full sustainability narrative.

5.6. MONDRAGON AND BASQUE SOCIETY: INFLUENCES ON SUSTAINABILITY

Mondragon’s approach to sustainability cannot be fully understood in isolation from the broader context of Basque society, where it operates. The DeustoBarómetro surveys of public opinion in the Basque Country provide insights into how local attitudes towards climate change and the economy influence the cooperative’s sustainability efforts.

While climate change is a major concern for many Europeans, the Basque Country presents a more nuanced picture. According to the DeustoBarómetro, only 8.5% of Basque respondents view climate change as a primary problem, compared to 12.2% who prioritize economic issues (Gómez *et al.* 2024). This suggests that Mondragon might face stronger public support for initiatives that address economic stability over environmental concerns. Successfully integrating sustainability into its operations may therefore require framing environmental action in terms of economic benefits, such as green jobs and resource efficiency, which resonate more with the local population.

This suggests that successfully integrating sustainability into Mondragon's operations might require framing environmental action through the lens of economic benefit. Highlighting the potential for green jobs, resource efficiency, and long-term economic resilience could resonate more strongly with a population prioritizing economic security.

This analysis, however, begs a critical question: what if we reimagine the very structure of the cooperative itself? Rather than attempting to tie sustainability onto a model still operating within the logic of capitalism, what if we center it as a core, foundational principle?

This would require a radical shift, embracing a model that prioritizes democratic governance, social well-being, and ecological regeneration over profit maximization. Economic security, in this framework, would stem not from endless growth but from a resilient and equitable system designed to operate within the boundaries of our planet. Such a counter-design to capitalist action, while challenging to implement, holds the potential to truly align economic activity with the needs of both people and the planet.

6. DISCUSSION

This research delves into the evolution of environmental sustainability within the Mondragon Cooperative, examining both its historical roots and present-day practices. Two guiding hypotheses are posed: (1) environmental sustainability was not a foundational value for Mondragon due to the limited environmental awareness in 1950s Spain, and (2) although sustainability is currently integrated into Mondragon's operations, it is not a central driver of its strategic decisions.

First the historical context of Mondragon's foundation in post-war Spain is established, where economic recovery and social justice took precedence over environmental concerns. The cooperative's core values, as shaped by founder Arizmendiarieta, focused on Christian humanism, social justice, cooperative principles, ethical leadership, and education (Molina 2011), with no explicit mention of environmental sustainability.

In a second step the gradual integration of sustainability into Mondragon's operations is examined by analyzing annual reports from 1998 to 2022. While the early reports focused primarily on cooperative values and social responsibility, environmental certifications and sustainability reporting gained prominence in the 2000s. The case study of the Orbea cooperative, a member of Mondragon, underscores the tension between economic motives and environmental concerns, particularly in the decision to offshore production to China and later reshore to Europe. Although Orbea now emphasizes sustainability, economic

factors largely drove the reshoring decision, suggesting that sustainability is not a primary strategic focus.

Lastly, it concludes by situating Mondragon's sustainability efforts within the broader Basque societal context, noting that economic concerns tend to overshadow environmental issues. It suggests that framing sustainability efforts in economic terms may be necessary to align with regional priorities.

6.1. INTERPRETATION OF THE RESULTS

The findings support the first hypothesis, confirming that environmental sustainability was not a founding value of Mondragon. The historical context - post-war Spain's focus on economic recovery - explains why environmental concerns were absent in Mondragon's early years. Over time, however, Mondragon has evolved, incorporating sustainability into its practices, aligning with broader trends in corporate social responsibility (CSR).

Nonetheless, the case study of Orbea reveals that sustainability is not a major factor in Mondragon's strategic decisions. Economic considerations continue to dominate, raising questions about the authenticity and depth of Mondragon's commitment to sustainability. Critics argue that CSR often serves as a superficial image-enhancement strategy rather than driving substantive change (Heras-Saizarbitoria *et al.* 2020), a critique that appears relevant to Mondragon's sustainability efforts.

While Mondragon's sustainability reporting has become more prominent, it lacks transparency and comprehensiveness, particularly when compared to earlier reports from 2005-2009. This vagueness casts doubt on whether sustainability is truly integrated into Mondragon's strategic framework or merely a part of its public image strategy.

Orbea's reshoring decision, primarily driven by lower-than-expected sales (Urzelai and Puig 2017), further illustrates the secondary role of sustainability in Mondragon's decision-making. Although reshoring aligns with the cooperative's foundational principles by potentially benefiting the local Basque economy, the lack of clear environmental reporting complicates any assessment of the cooperative's genuine commitment to sustainability.

The disconnect between Mondragon's sustainability narrative and its operational reality points to the need for greater transparency. In particular, more detailed sustainability reporting is necessary to demonstrate the cooperative's true environmental impact and commitment.

6.2. FURTHER ANALYSIS

An examination of Mondragon's global operations exposes a tension between its cooperative principles and the realities of international business. Errasti's research on Mondragon's subsidiaries in China's Kunshan Industrial Park (Errasti 2015) highlights a stark contrast between Mondragon's Basque model and its practices in China. Worker participation, a key cooperative principle, was limited in the Chinese subsidiaries, where employee ownership and profit-sharing were largely absent. This misalignment reflects broader inconsistencies between Mondragon's values and its global operations, suggesting

that sustainability, like worker participation, may be more emblematic than deeply ingrained in its international strategy.

Overall, the research concludes that while Mondragon has made progress in incorporating environmental sustainability into its operations, its commitment remains more symbolic than transformative. Sustainability is integrated into its practices, but it does not drive key strategic decisions. This pattern mirrors broader trends in which businesses, including socially oriented ones like Mondragon, are compelled to adapt to the growing importance of sustainability while navigating the pressures of a global capitalist economy.

6.3. LIMITATIONS AND FURTHER RESEARCH

Several limitations affect this study. Focusing on a single cooperative within Mondragon limits the generalizability of the findings, and the study relies primarily on secondary data, such as reports and academic literature, without direct empirical investigation into Mondragon's internal decision-making processes. The lack of access to primary data, including interviews with Mondragon's leadership, represents a significant limitation, preventing a deeper exploration of the cooperative's sustainability efforts.

Future research should incorporate primary data sources, including interviews with key stakeholders, to better understand the motivations behind Mondragon's sustainability practices. Additionally, a comparative analysis of Mondragon's sustainability efforts with other cooperatives could offer insights into whether Mondragon's approach is unique or reflective of broader cooperative trends.

Despite its limitations, the study provides valuable insights into the challenges Mondragon faces in balancing its cooperative values with the pressures of a global market. While the cooperative has made strides toward sustainability, the research highlights the inherent tensions between its values-driven model and the realities of operating in a capitalist system.

7. CONCLUSIONS

This paper examined the environmental practices of the Mondragon Corporation, seeking to understand how this worker-owned cooperative integrates sustainability into its operations. The research revealed that while Mondragon has made progress in incorporating environmental considerations into its practices, its commitment remains more symbolic than transformative. While sustainability features in its discourse and some initiatives, it does not appear to be a driving force behind major strategic decisions.

This research relied primarily on secondary data sources, including corporate reports, academic studies, and news articles, due to limitations in accessing primary data from within Mondragon. This approach, while providing a broad overview, inevitably limits a complete understanding of the nuances of decision-making processes and the driving factors behind Mondragon's sustainability initiatives.

Future research could build upon this study by addressing these limitations. Securing access to primary data, such as interviews with Mondragon's leadership, employees, and union

representatives, would provide invaluable insights into the internal dynamics shaping the cooperative's approach to sustainability. Additionally, a comparative analysis of Mondragon's practices against other cooperatives or traditional corporations in similar industries would offer a valuable point of reference and contextualize the findings.

This paper holds particular relevance for the field of socio-legal studies by highlighting the intersection of law, social values, and corporate behavior. Mondragon's experience demonstrates how legal frameworks for environmental protection, while essential, may not be sufficient to drive transformative change within organizations. It underscores the importance of understanding the social and organizational factors that influence corporate decision-making, particularly within alternative business models like cooperatives, which are often seen as potential vehicles for promoting social and environmental justice.

Despite its limitations, this research contributes to the field by providing a critical examination of a highly-regarded cooperative model's environmental practices. It highlights the challenges even socially progressive organizations face in translating sustainability principles into concrete action within a globalized economy. The findings suggest that the cooperative model, while possessing inherent advantages in promoting social and environmental responsibility, does not inherently guarantee a deep commitment to sustainability. Further research into the specific mechanisms and conditions that enable cooperatives to effectively integrate sustainability into their core operations is crucial to advancing both academic understanding and practical guidance for organizations seeking to navigate the complexities of responsible business practices in the 21st century.

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