

CHALLENGES AND OPPORTUNITIES FOR MCC CO-OPERATIVE COMPANIES IN THE FACE OF GLOBALIZATION

Isabel Uribe Moreno Ph.D. Student
E-mail: iuribe@eps.mondragon.edu

Iñazio Irizar Etxeberria Ph.D.
E-mail: iirizar@eteo.mondragon.edu

KEY WORDS: Entrepreneurship, Innovation, Internationalization, Sustainable
Regional Development, Knowledge

ABSTRACT

At the present time, the globalization of the economy represents the inexorable background in which every company is immersed. For the enterprise of today, this situation represents a series of challenges and opportunities to be faced in order to keep in business, such as the challenge of the dilemma of offshoring. The offshore outsourcing, or “offshoring”, is not a new phenomenon: for decades, a number of enterprises, especially those labour-intensive enterprises, were moved to countries and regions where they found the greatest number of competitive advantages. Nevertheless, in recent years, the alarms in the most industrialized countries have multiplied due to the extension of jobs susceptible to be offshored, to the service sector and to activities with greater added value, as well as to the concern regarding the development and the enlargement of integrated economic zones.

Considering the new rules of international competition and economic globalization, it turns out to be especially urgent for the companies that could be affected by the phenomenon of offshoring, to take a number of measures to face it, and, as a last resort, to keep on contributing to the sustainable development of its own region.

One of these measures is the implementation of a model for the promotion of new entrepreneurial activities (NEA) within existing companies, besides innovation.

The aim of this paper is to show how Mondragón Corporación Cooperativa (MCC), a co-operative cluster which is the most important industrial group in the basque country, and which has a remarkable international presence as well, is facing the challenges of globalization and the maintenance of a sustainable development at home, through the promotion of NEA.

0- INTRODUCTION

Background of the enterprise of today: the economic globalization.

In the present economic life, it is difficult to conceive the co-operative companies of Mondragón Corporación Cooperativa (MCC), and any other kind of enterprises, separated from the multidimensional, complex, inescapable and in continuous dynamism phenomenon such as the economic globalization. This phenomenon “has broken definitively the borders between nations in order to locate the companies in the threshold of a universalized market” (Larrañaga, 2004).

Also, the distinction between regional, international and global markets are critical points to be treated in the modern administration. Terms like globalization and world-wide, are usually intermingled with others like global, international, multinational, when they make reference to companies or organizations. But, what is the globalization?

Globalization is an unfinished process that has been developing from the middle of the XX Century, specially from the beginning of the 80's, when the factors of acceleration of political and economic changes have multiplied. It can be defined as a dynamic process of increasing freedom and world-wide integration of the labor markets, goods, services, technology and capitals (De la Dehesa, 2000).

In general terms, “it is about an economic and social phenomenon, that implies that we advance towards a greater degree of integration and interdependence between the economies of the different countries” (Pla & León, 2004).

The causes as well as the main manifestations of the economic globalization, are found in a multiplicity of factors, among which highlight the following:

The technological development: the innovation in the Information and Communication Technologies (ICTs), the evolution of the means of transport, the reorganization of the processes of the companies, that lead to a greater productivity with smaller human resources (Canals, 1996).

The scaling of economic liberalism: that has meant the retirement of the state influence both in the organization and economic directions, as well as in the struggle to clear obstacles to the free commerce and to the free competition, towards a new world-wide order, directed by the laws of the market (Lemaire, 2003).

The progressive elimination of borders and the liberalization of the interchanges of goods, services and capitals: the socioeconomic world-wide scale changes, such as the impulses of tariff disarmament and economic union (NAFTA -North American Free Trade Agreement, European Union, MERCOSUR) .

The political changes: that have made the access to economic spaces formerly closed possible, and that have created new opportunities. For example, the former socialist regimes, China, India and the Asian Southeast.

One of the pioneers in using the term “globalization” was Theodore Levitt, author of “The Globalization of the Markets” (1983), who redefined the debate on globalization and on marketing of consumption, as he passed from a cycle-product based conception, to a globalized-market one. The work of Levitt emphasizes the difference between globalization and internationalization, between a global company, producer of standardized goods for all markets, and a multinational company, producer of goods made for those local markets.

On the other hand, Michael Porter (1990), used the term globalization so as to differentiate a multinational company from a global one, and distinguished between the spatial reach of the market and the geographical roots of the competitive advantages.

Globalization is a phenomenon that has its own defenders and detractors. Among the firsts, is found Kenichi Ohmae (1990), partisan of the free market, who deepens in the global company, defining it like the enterprise that has abandoned its national identity and that operates like an organization without mother country, on a world wide scale, taking advantages of the generated economies of scale to be successful.

Among the critic voices facing globalization, are found those of Ignacio Ramonet (2002), and Joseph Stiglitz (2002), who question the benefits of globalizations for the developing countries, and who have criticized the legitimacy and the roll played by the macrocompanies¹ (great industrial and financial giants with headquarters mainly in the United States, European Union and Japan) and other international organisms (IMF: International Monetary Fund, WB: World Bank, among others), in pressing such countries so that they liberalize their economies.

In sum, with the background of the economic globalization, every company -without concerning its size, its legal figure or its acquired position in the national market and its inertias-, is confronted to new questions, in terms of opportunities and threats. The opening of the enterprise is an inescapable reality: for this reason, in order to be developed and to survive, the international dimension must be put in the center of the necessary strategic reflection (Lemaire, 2003).

Globalization and off-shoring

Off-shoring and globalization are closely related phenomena, that nourish and fortify mutually.

On the one hand, “the globalization of the economy and the internationalization of companies accelerate the phenomena of industrial off-shoring, the movement towards the

¹ Globalization is usually associated to the great multinationals. It is calculated that there are about 65.000 multinationals world-wide, with more than 700.000 subsidiaries deployed around the world (Pla & León, 2004).

service sector of industrialized countries and the industrializations of developing countries” (Canals, 1996).

On the other hand, off-shoring is one of the phenomena through which companies influence in the globalization, “unregulated scenario and technologically advanced (...) in which the enterprises can benefit from the (comparative) advantages, locating the activities wherever it is more profitable to do so” (Pla & León, 2004).

According to the Economy & Business Dictionary Espasa Calpe, S.A. – Arthur Andersen, S.A., off-shoring is the “Process by which the companies locate their different divisions in diverse geographical zones, with the intention of taking a better advantage of the production resources, of reducing the costs of transport, manual labor, etc.”.

The notion of enterprise off-shoring, its “location in other locations”, represents the transfer of activities from some places into others in search of greater competitive advantages, mainly regarding manual labor costs (Lemaire, 2003). This option of the company of outsourcing its activities into other countries, can be seen as a strategy of development and survival, as much as a destructive threat for jobs and a cause of industrial dismantlings, especially in industrialized countries.

It is undeniable that with the economic globalization, and the consequent opening and deregulation of markets on greater or smaller scale, the rules of international competition have changed, and the dynamism with which the enterprise operates has been accentuated.

Many sectors, such as the textile, the electronic and the automotive ones, illustrate how the intense competition has ended at a redistribution of activities between geographical zones, for the benefit of emerging economies (Asia in particular).

For the co-operative companies of MCC, immersed in the context of world-wide competition and of the off-shoring tendency of some of its activities, one of the main challenges that can be seen, is to generate new activities in a co-operative regime, that substitute the mature businesses of the co-operative companies (Bakaikoa et al, 2004).

1- THE “MONDRAGON CO-OPERATIVE EXPERIENCE” (MCE): HISTORY AND EVOLUTION

Birth of the MCE

The “Mondragon Co-operative Experience” is a world-wide reference in the history of co-operatives, mainly concerning that of industrial co-operative companies.

Its origins go back to the later years to the Spanish Civil War (1936-1939), and to the difficult situations that were lived in Mondragón, and that marked the inhabitants of this locality of the Basque Country, in the North of Spain, deeply divided between the people who won the war, and those who lost it, and were famine, deprivation and dictatorship were lived.

There arrived, with 25 years, in the year of 1941, the priest Don José María Arizmendiarieta, who found a youth that was compromised and sensible to listen to his visionary words, as well as to assuming risks, with the intentions of changing the society through an education within reach of all and of modifying the structure of the prevailing enterprise, so as to establish a righter model of company, where workers were treated with dignity.

Before the objective of job generation, it was necessary to start from the education and training of those who would be the protagonists of this communitarian experience. For this reason, one year after his arrival to Mondragón, the Priest Arizmendiarieta founded a humble school of offices, germ of the present School of Engineering of the University of Mondragón.

Also, Don José María Arizmendiarieta had an influence in the population of Mondragón in order to awaken in the youth a concern by the others, a critical vision, a coresponsibility feeling before the unjust facts, untiring work, as well as solidarity towards the most underprivileged.

In the year of 1954, a fact that triggered the creation of the first co-operative society took place: the refusal of the Unión Cerrajera, the most important company of the region, to make prosper a proposal of a group of young people in which the workers could participate in the capital of the enterprise, and could extend their participation in the management.

At that time also prevailed the cultural barrier that organized the enterprise on the basis of the titles received by inheritance, “the son of the blue-collar worker must continue being a blue-collar worker, and the son of the engineer, engineer”, instead of organizing the company on account of the capacities, contributions and merits of each worker, obstacle that had to be defeated.

Given these antecedents, the push and conviction of a group of five youths whose ages fluctuated around the 29 years, made possible in 1956 the founding of the first co-operative society of this communitarian experience: Fagor, company number one in production of household goods in Spain, with a workforce of 4.900 people by December 2004.

After half century of experience, this communitarian co-operative experience subsists because of the solid columns on which it was founded, such as financing and social provision of its own, technology independence, systematic management control, entrepreneurial promotion and education.

Tour by the Enterprise Promotion and Development in the MCE.

In great lines, the promotion and the entrepreneurial development of the MCE can be divided in the following stages:

Empirical Stage (1955 – 1969)

Fagor, a worker-co-operative co-operative company whereupon began this experience, was the first promoter of the creation of other co-operative societies later integrated in the local

group “Ularco”, as it served for this objective in a double way: a) like a tractor company for other newly created industrial co-operatives such as *Fagor Arrasate (1957)*, *Copreci (1962)*, *Fagor Ederlan (1963)*, and b) like an enterprise that spun-off activities that derived in the creation of other co-operative societies as *Fagor Electrónica (1956)* and *Fagor Industrial (1960)*.

Moreover, in this stage took place the creation of institutions that gave great coherence and supported the later development of the MCE, for instance: the banking entity Caja Laboral (1959), the social welfare co-operative Lagun Aro (1967), the students owned co-operative company Alecop (1966), that allowed the alternation of work and study, and the transformation of the school of offices founded in 1943 by Arizmendiarieta, into the new Polytechnic School of Technical Engineering (1966), a specialized university center in forming the technical engineers who were needed by the co-operative enterprises in the heat of the mighty economic expansion of the Sixties.

Stage of Development and Local Organization (1970 – 1991)

The milestone that marked the beginning of a more systematic entrepreneurial development stage, was the creation in 1969 of the Enterprise Division within Caja Laboral (C.L.), that with the objectives of promoting the creation of new companies, developing the enterprises that already existed, fortifying the organizational structure of all the associated co-operative societies, and creating an integrating sense that gave more force to the joint and strategic development of the group of companies that were being created.

Until its separation from C.L. in 1985, the Enterprise Division included the following areas:

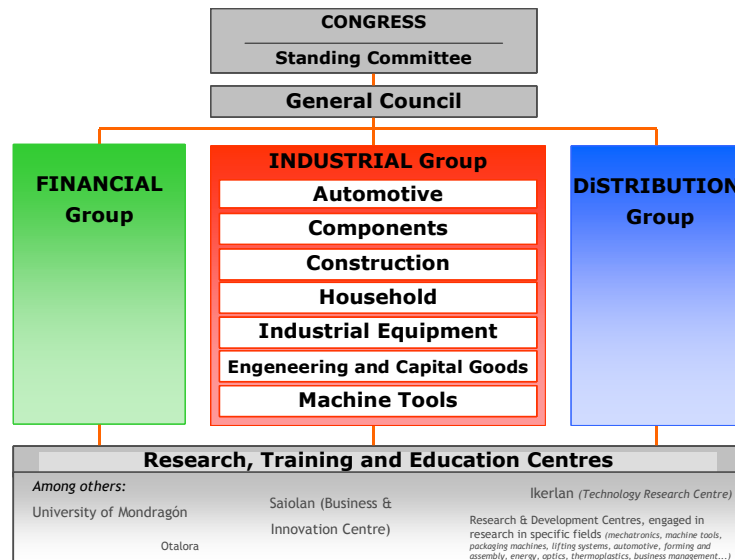
- Industrial Development (*industrial relationships, constructions and urbanism, studies of production plants*),
- Subdivision of Organization (*promotion of sectors, labor services*), and
- Service of Studies (*analyses of conjuncture, economic controls, legal consultancy, marketing studies, methods of management*).

With a team of 20 technicians distributed in six different departments, from which the Department of Enterprise Promotion stood out by reasons of being one of the most compromised ones, from the Enterprise Division of C.L. were directly created about 50 new companies, distributed in 13 local groups, and that are almost half of the enterprises that exist today, and that years later, between 1985 and 1990, were integrated with others to give origin to what is today MCC.

Furthermore, in the middle of the Eighties, an incubator of new companies and businesses was founded in the Eskola Politecnikoa: Saiolan, Business & Innovation Center, that with the final aim of creating new jobs by the development of entrepreneurial projects, has had great strategic value, as is has been a link between the enterprises and the university, as a bridge between the educational capacity and the industrial promotion through the enterprise practical formation.

Stage of Divisional Organization and Impulse in the International Unfolding (1991 – 2005)

In the beginning of the 90's occurred another important qualitative change in the MCE: its organization passed from "local" to "divisional", what derived in the creation of MCC as it is now, a second degree co-operative society, supported in the "knowledge" group (research, training and educational centers), and integrated by three groups: financial, distribution and, most important, industrial group, with its own seven divisions, as it is showed in the next graphic:



Concerning the promotion and the development of enterprises, within the corporation was created a department of "Innovation & Development", with the objective of supporting the creation of new entrepreneurial activities for the companies of MCC, in strategic sectors.

Finally, to add that the international unfolding of MCC in the last fifteen years has occurred in an exponential way, according to the new circumstances of the market, and to the challenges and opportunities derived from the extension of the European Union to the countries of East Europe, that are having a more direct incidence in the ensemble of the European economy.

2- CURRENT SITUATION OF MONDRAGON CO-OPERATIVE CORPORATION (MCC)

A specific section deserves to address the present situation of MCC, in the context of the international opening of the co-operative societies that conform it, described in the introduction, as well as before the challenges of the future.

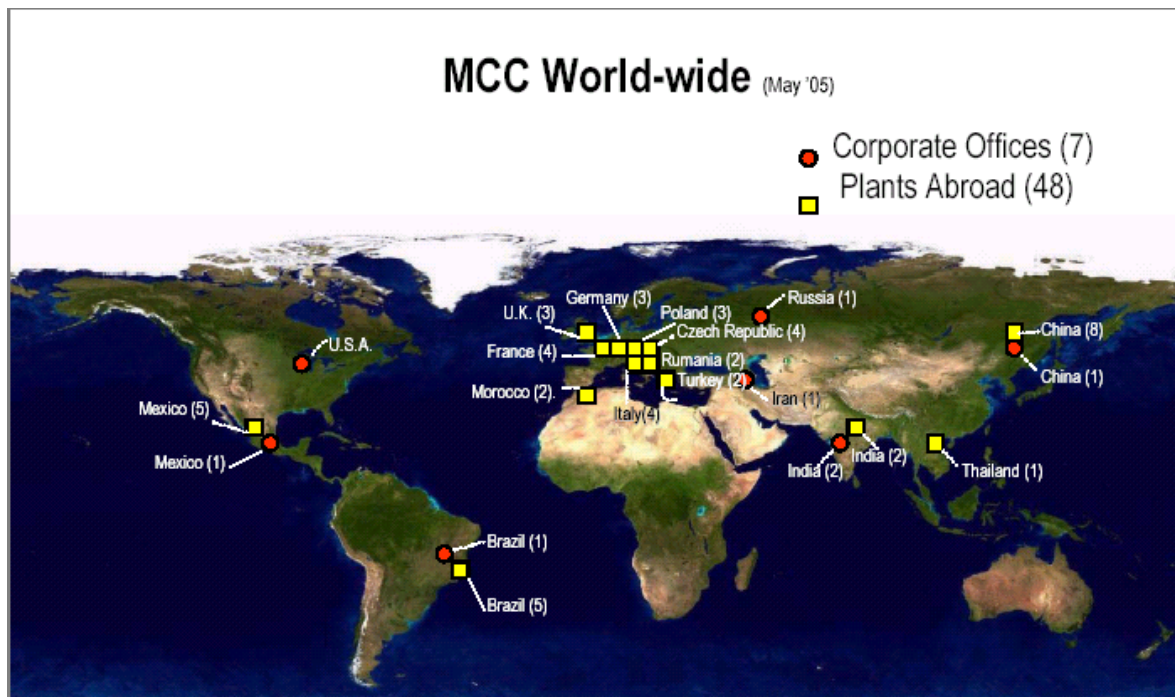
On the one hand, in order to understand what is MCC nowadays, it is convenient to look at the following figures²:

² Source: Corporate Profile MCC 2004 and www.mcc.es

	2002	2003	2004
Total Sales (Industrial & Distribution)*	9,232	9,655	10,459
International Sales*	2,455	2,551	2,756
Assets Under Administration*	8,474	9,247	10,042
Workforce	66,558	68,260	70,884

(*) in millions of Euros

On the other hand, it is also suitable to emphasize the international presence of MCC concerning productive plants abroad: 48 productive plants in May 2005, ten more than the year before. Moreover, MCC has a network of 7 corporative offices of its own, and other 80 delegations and commercial branches of the co-operative societies of MCC, as it is shown in the next figure:



At the present time, MCC is found in economies with interesting opportunities of growth (China, India, East Europe, Mexico and Brazil), mainly in the automotive, household-electric, component and machine tool sectors.

Since the first branch was started in Mexico in 1990, in order to produce barbecue components for the American market, MCC has given a quantitative and qualitative jump regarding its international presence, by reasons of the experience acquired until today, as well as because of the development inside different co-operative companies, of a spirit of greater support and implication before the internationalization of productive plants.

3- KEY ELEMENTS IN THE PROMOTION OF NEW ENTREPRENEURIAL ACTIVITIES WITHIN MCC

“The present, however splendid it may be, bears the seeds of its own ruin if it becomes separated from the future” (Don José M^a Arizmendiarrieta)

This wise phrase of the founder of the MCE before mentioned, is a motto very present in MCC, as much at the level of each company, as in the corporation as a whole.

Despite it is true that MCC constitutes the main industrial group in the Basque County, it is necessary “to seed” permanently so as to conserve the development and the local employment regarding the actual background, marked by the globalization and the accelerated changes, and where possible o future off-shorings have to be faced from the present time.

For this reason, besides the continuous improvement of the current activities, the companies of the MCE must also show commitment in order to foster the creation of new entrepreneurial activities, which is the subject of this section.

The Promotion of New Entrepreneurial Activities (NEA): definition and logical frame of development

As a New Entrepreneurial Activity (NEA), we understand the enterprise initiatives, equipped with a legal personality of their own, or a particular account of operation, and whose development follows the next typology of projects: creation of new enterprises, creation of new businesses, spin-off of activities that derive in the creation of a new company or business.

The Model of Management of the Promotion of NEAs is an integrated enterprising process that, with the aim of job creation, has the objective of developing venture projects.

For this intention, the Model departs from the binomial entrepreneur-idea, and follows a sequential process where each of the phases is validated, and where are made decisions in order to apply economic, technical and human resources that lead to the consolidation of a NEA.

Thus, the phases that constitute the logical frame of development for the promotion of a NEA are:

Phase I: Validation of the Entrepreneur -Idea Binomial

Besides validating the entrepreneurs (their motivation, knowledge, professional experience, technological and management capacities) and the business ideas (their degree of development and innovation, their origin, their adjustment to the requirements of the market) separately, this stage consists in evaluating entrepreneur and idea jointly, to see whether with this binomial in concrete, it is possible to pass to Phase II.

Phase II: Development of Business Plan and Prototype

Consists in the accomplishment of a series of feasibility studies, both the economic-financier and commercial ones that constitute the Business Plan, as well as a study of the technological and productive viability of the project, that derives in the development of a prototype.

Phase III: Experimental Launching

Regards the implantation of the NEA, a critical time where the negative cash-flow caused by the initial investments and the launching of the NEA, must be corrected for the promotion to survive.

Phase IV: Consolidation of the NEA

Concerns the fortification and the roots that the NEA must have, once the critical phase of the experimental launching has been surpassed.

The promotion of NEA in MCC at the present time

In MCC, the promotion of NEA is being directed so much at the level of the corporation, as at the level of each co-operative company in particular.

Corporative approach for the promotion of NEAs

Within the corporative approach of promotion, in MCC exist different entities that, with the final goal of promoting NEAs and creating and maintaining the job at home, operate at different levels. For example, there are the central services of MCC, the university, the research and development centers, the business and innovation centers, and the companies by themselves.

Before this variety of entities and scopes of performance, at the corporative level there is initiative for the promotion of NAEs, that vertebrates the tasks of the different stages before mentioned: the Forums of Ideas of MCC, which depends from the I*D (Innovation and Development) Department of the corporation.

These Forums have the objective of promoting the creation of NEAs in sectors considered strategic, regarding the possible business opportunities identified in them, and that have not been addressed by the corporation yet. These sectors are Information an Communication Technologies (ICTs), energy, health and aeronautics.

The task of the Forums is mainly found (1) at the level of the development of prospective studies in these sectors, and (2) at the level of the launching of new businesses, therefore having an incidence specially in the *Phase I: Validation of the Entrepreneur-Idea Binomial*.

In a general way, this is how the promotion of NEAs in MCC works:

- The ideas are generated and formulated as business opportunities in the Forums of Ideas, in which participate: MCC through the Department of I*D, the research center Ikerlan, the Innovation and Development centers of the companies, Saiolan – Business & Innovation Center, and the responsables and fosterers of the promotion or launching of new ventures in the co-operative societies.
- Also, the ideas can arise from the own co-operative companies.
- The formulated ideas are transferred to the students who participate in the Master in Management of Entrepreneurial Projects of the University of Mondragon, where they are developed with the aim of generating information, preferably in technologies and markets, as well as in strategies, that serve to the decision making concerning the continuity of the project.
- From there on, having fulfilled the condition of a close collaboration between the students of the Master, Saiolan, and the interested co-operatives of the divisions of MCC, it is possible to deepen in the entrepreneurial project through two lines of performance:
 - o The feasibility study
 - o The product / service development strategy

The Forums of ideas have the distinctiveness of opening and working in new sectors, novel at this moment in the ensemble of the co-operative societies of the corporation, and that entails a rigorous process for the search of opportunities. At the level of the corporation, the Forums are also considered as the generators of those future ideas that have a long term gestation, and where there is not a direct implication from a co-operative society in particular.

In definitive, it is about creating a silo of ideas available for the co-operative companies that have participated in the Forum sessions as well. The main mission of the Forums consists in analyzing the parameters of the technological feasibility and the potential markets, with the objective of formulating the business ideas, that are put in knowledge of those co-operatives familiarized with the detected technologies and markets.

Following the logic of development of a NEA, that starts off from the validation of the entrepreneur-idea binomial and that continues until the consolidation of the new business venture, at the present time it is still not possible to make a final valuation of the effective contribution of the Forums, in the creation of NEAs and employment, given that until now, most of the ideas from the Forums are found in the prospection study phase, the latest, having accomplished some advances concerning feasibility studies (part of *Phase II: Development of Business Plan and Prototype*).

Approximately four years after their creation, the first experiences of the Forums are found in the generation of new business lines and/or new companies, in the sectors of ICTs, energy and health, in societies such as Ategi, Abantail, Conexia, Fagor (ICTs); Orkli (energy); Bio-Bide (health).

Beyond the benefits obtained until now, the fundamental fact of the Forums consists of experiencing different models to identify business opportunities which may afterward lead to the promotion of NEAs, what implies the fact of learning by searching an own model. It also means advancing, going back down, analyzing, proving different strategies, acquiring

knowledge, taking ahead own developments, possible alliances, or joint ventures, among others.

In sum, it is about finding new ways of working, learning and establishing relationships in order to resist, form the corporative structure of MCC, the dangers of the enterprise off-shoring, through a local bet to develop NEAs in sector with a great potential of growth, and based in knowledge.

Entrepreneurial approach for the promotion of NEAs

Combined to the “corporate” promotion, is found the work made for the launching of NEAs by each company, from its own Innovation & Research or New Venture Promotion Departments.

Within MCC, the enterprises more likely to launch greater projects for the promotion of NEAs are those companies or entrepreneurial groups that have a larger dimension and experience in the promotion of such ventures, among which highlight the groups Fagor, Ulma and Danobat.

Before (a) the absorbent day-to-day and the fact of having to respond to the botton-line, and (b) the lack of self-sufficient structures inside the companies when the launching of NEAs, in MCC exists an instance directly related to the promotion of NEAs, and upon which a number of companies form MCC have decided to support: Saiolan – Business & Innovation Center of Mondragon.

The most important contribution of Saiolan is found in the fact of backing the companies mainly in the *Phasse I: Validation of the Entrepreneur-Idea Binomial* and *II: Development of Business Plan and Prototype*.

In the period of time that goes from 1985, year of creation of Saiolan, until the year 2004, 111 projects have been developed by this center, of which 98 correspond to the launching of NEAs (71 new enterprises + 27 spin-offs), and that have given place to the creation of 970 jobs. Most of these NEAs and other special projects, have been developed in a close relationship with co-operative societies and other entities of MCC.

Finally, to mention that inside and outside the corporation there are other institutions involved in fostering and supporting different stages of the process of launching a NEA. For instance, the Research Center Ikerlan, the field Research & Development centers of enterprise origin, the investment funds of MCC, the University of Mondragon, the Basque Government and its own programs for the creation of employment, and the European Union programs among others.

Future challenges in the promotion of NEAs in MCC

The coming defies for the launching of NEAs in MCC is found in fostering and giving cohesion to an structure that, making use of the resources and entities of MCC, promote in a even more decided and effective way, the creation of NEAs.

From the review of the Strategic Plans of the most important companies of MCC, as well as that of the services and corporate structure, it has been identified the significance of giving greater importance to the “Forums of MCC”, as well as to the department of Innovation & Development, in order to create a corporate unity for the promotion of NEAs, with its corresponding Policy of Promotion of NEAs.

This exposition is sustained by the following factors:

- In the review of the Strategic Plans there is a demand for boarding the promotion of NEAs in a more systematic way, also as a response to the challenges derived from the global context where the enterprises operate, and where the threat of off-shoring has accentuated.
- The fact that the co-operative companies of MCC have a decided compromise with their own community, to conserve the employment and the development at home, gives a greater relevance to the above referred. It is not about off-shoring for the greater profits, but to keep on generation local job in activities with a high added value, for personnel of upper middle qualification.
- In the corporation exists a valuable accumulation of know-how acquired in the experience of internationalization and launching of NEAs.
- A more structured model of management for the promotion of NEAs within MCC, is a need that has to be responded.

In addition, it is convenient to remember that the desire of MCC to channel the promotion of NEA through a policy, a structure and a defined frame of development, will have to be accompanied by other factors such as the donation of the needed human and economic resources, the assumption of risks with all its consequences, and the implications of the launching of a NEA, for instance, the availability of economic resources as the seed capital and the risk capital, as well as the acceptance of responsible “failure” as an space to learn and to advance.

The background of globalization and off-shoring increases the urgency of MCC to undertake actions to conserve the local growth and employment, among which is clearly found the promotion of NEAs.

There is where the most important challenges and opportunities of MCC before the future are found: in knowing how to make reality the promotion of NEAs, by means of a series of coherent and coordinated efforts, that include the establishment of a policy of promotion, a suitable structure to sustain it, the endowment of the financial, human and technical resources needed, and the fact of knowing how to take advantage of the synergies of the corporation.

4- CONCLUSIONS

1. The co-operative companies of MCC operate in a global background, where the opportunities and challenges derived from the destruction of local jobs and from the off-shoring of entrepreneurial activities are present. The phenomena above mentioned, affect with a different degree of importance and urgency the companies that integrate MCC, regarding each entrepreneurial activity as well as the size of the company.

2. In this context, it is insufficient to maintain local employment and development only through the continuous improvement of the existing activities. For this intention, it is also necessary an involvement in Research, Development & Innovation whose result may conduct to the promotion of NEAs, as much at a corporate level, as at the level of each company in particular. It is at both of these levels that the companies of MCC work..
3. Moreover, there are other growth and consolidation strategies being developed from MCC, such as the strategies of internationalization, with its most important referents, the number of productive plants abroad and the know-how generated until now in this subject and in the promotion of NEAs.
4. In order to profit the local potentials of development and growth, it is needed to have a “*map of connectivity*” at the level of the corporation, the divisions, and the co-operative companies, that with the objective of giving coherence and easing the interaction between a series of entities, resources and relationships, that at the moment operate at different levels and scopes of performance, may facilitate a sustainable local development facing off-shoring.
5. This “*map of connectivity*”, with entities with differential levels, characteristics and functions, justifies by itself the creation of instruments to face the promotion of NEAs in a direct way, given the fact that the entrepreneurial dynamic entails a full time and continuous dedication that is otherwise absorbed by the day-to-day, and that makes it extremely difficult for a company alone, to develop and to consolidate a NEA, facing the challenges of globalization, off-shoring, and the knowledge-society.
6. It is also important to mention that for the companies that integrate MCC, there is a series of principles and co-operative values³ that allow them to face with more flexibility and guarantees the challenges above referred.

5- REFERENCES

Arizmendiarieta, José M^a, Pensamientos. Navarra: Otalora (Azatza), 1999.

Autores varios, Mondragón Corporación Cooperativa: Historia de Una Experiencia. Mondragón: MCC (inédito), 2000.

Bakaikoa, Baleren et al, Redes e Innovación Cooperativa. CIRIEC – ESPAÑA N° 49 / 2004.

Canals, J., García Pont, C., Ballarin, E., Globalización. Hacia la

³ At the present time, the Co-operative Principles for MCC are: free adhesion, democratic organization, sovereignty of work, instrumental and subordinate character of the capital, participation in the management, retributive solidarity, interco-operation, social transformation, universal character and education. On the other hand, MCC defines its Basic Corporate Objectives as: client satisfaction, profitability, internationalization, development and social implication.

- Interdependencia. Barcelona: Estudios y Ediciones IESE, 1996.
- International Labour Organisation (Organización Internacional del Trabajo),
Global Employment Trends, Suiza: International Labour Organisation, 2004.
- Irizar, Iñazio, Empresarios Singulares. Cuatro Testimonios, Una Experiencia
Cooperativa. España: Mondragon Unibertsitatea, 2003.
- Isasti, Armín, Modelo de Gestión para la Promoción de Nuevas Actividades
Empresariales. Mondragón: Saiolan (inédito), 2004.
- Larrañaga, Jesús, Dilema del Cooperativismo en la Era de la Globalización.
Vitoria: Federación de Cooperativas de Trabajo Asociado de Euskadi, 2004.
- Lemaire, Jean-Paul, Strategies D'Internationalisation (*Developpment
International de l'Entreprise*). Paris: Dunod, 2a, 2003.
- Ormaetxea, José M^a, Didáctica de una Experiencia Empresarial. El Cooperativismo
de Mondragón. Navarra: Saiolan; Federación de Cooperativas de Trabajo
Asociado de Euskadi; Caja Laboral, 2003.
- Ormaetxea, José María, Medio Siglo de la Experiencia Cooperativa de
Mondragón. Guipúzcoa: Otalora, 2003.
- Ormaetxea, José M^a, Orígenes y Claves del Cooperativismo de Mondragón.
Donostia: Saiolan; Caja Laboral, 1997.
- Pla José & Fidel León, Dirección de Empresas Internacionales. Madrid:
Pearson Educación, S.A., 2004.
- Ramonet, Ignacio, Guerras del Siblo XXI. Nuevos Miedos, Nuevas
Amenazas. Barcelona: Mondadori, 2002.
- Simón, Katrin (coord.), La Creación de Empresas de Base Tecnológica.
Una Experiencia Práctica. Navarra: Cein / ANCES / Los autores, 2003.