Corporate Social Responsibility and Quality Management: The Meeting Point. An Experience in The Mondragón Cooperative Corporation (MCC)[1]

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ABSTRACT

Corporate Social Responsibility (CSR) integrates social and environmental concerns in the business operations. A wide number of CSR initiatives are emerging. From very different areas and institutions. Likewise, from the theoretical and academical point of view a group of very different knowledge and research trajectories (Business Ethics, Business Social Responsibility, Corporate Citizenship, Social Accounting, Sustainability, Quality Management...), have coincided in a crossroad or meeting point.

In this article we'll try first to summarise some of the most important international initiatives developed on CSR in recent years from the different areas and institution. Since our trajectory comes from the QM one, we'd like to analyse the interaction between CSR and Quality Management: Is the QM's experience useful for the creation and implementation of CSR initiatives? Basically we'll focus on the initiatives related to the QM tradition and its possible contribution to the CSR area: The impact of the standards (e.g. SA 8000), as well as the impact of QM models (e.g. impact of CSR on the EFQM's management attention areas).

On the other hand, in this article we'll analyse this matter within the case of The Mondragón Cooperative Corporation (MCC) in the Basque Country, Spain, which is a point of reference for participatory enterprises all over the world. MCC is currently adapting to changing market conditions and pursuing a strategy of direct investment (joint ventures, greenfield investment and acquisitions) in priority international markets. About the current situation, there are some problems and consequences related to the socio-economic policies in the internationalisation process that could find interesting tools within the CSR initiatives.

Key Words: Corporate Social Responsibility, Quality Management, Management systems, Standards, Social Economy.

1. Introduction

Corporate social responsibility (CSR) is a growing popular subject. Social Responsibility (CSR) integrates social and environmental concerns in the business operations. CSR is an

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inclusive concept for reflecting the focus on a firm's triple bottom line (economic, social and environmental performance) as well as a firm's social engagement and interaction with stakeholders in society for economic, social and environmental purposes.

As a typical management topic that has developed from different sources of knowledge (academic, practitioners, business, organizations and others) it's an academic field of study that could be characterized as conceptually and theoretically poor and empirically nearly unexplored (Göbbels and Jonker, 2003; Moir, 2001). Likewise, it's important to underline the diversity of terminology, notions, terms, definitions and (often implicit) underlying dimensions of the CSR concept (Göbbels and Jonker, 2003,).

There are several definitions of what social responsibility means for academics, practitioners, policy-makers and organizations. From the stakeholder perspective CSR refers to the overall relationship of the corporation with all of its stakeholders. A stakeholder in an organization, in the famous definition of Freeman (1984) is any group or individual who can affect or is affected by the achievement of the organization's objectives. These include customers, employees, suppliers and investors (including actual and potential ones), as well as other agents of the community and the government.

Proponents of CSR claim that business is interested in CSR, since they can benefit from it. The forms of business benefit that might accrue would include enhanced reputation and public support, greater employee loyalty and retention. Any organization that wishes to survive and flourish needs to be in constant and dynamic interaction with the wider environment (Vinten, 2000). An organization that constantly creates a negative ethical impact may find the withdrawal of public approval and of the market for its product or services. It may benefit in the short term, but the nemesis is always potentially round the corner (Vinten, 2000).

On the other hand, fort the neo-classical view of the firm the only social responsibilities to be adopted by business are related to earn money, or in other well-known words, "to increase the value of the shareholders", and to fulfill the "rules of the game" established by the administration. This perspective is most famously taken by Milton Friedman (1962), who underlines that social responsibility is "a fundamentally subversive doctrine", since he said that it's not the job of corporations to be socially responsible but to make a profit. But Friedman adds something more; he says that the responsibility of business is to make as much money as possible but "conforming to the basic rules of law and social custom".

Nerveless, we do know –and we do have, unfortunately a large list of examples- that, on the one hand, there is a not-written rule that says that several times the firms do not fulfill the written rules, and, on the other hand, that in certain situations the power of the Administration to adopt some rules for the firms is diminished by the economic-forces (e.g. the case of the transnational corporations). Thus, CSR it's seen as a complementary approach to regulate the business –CSR should nevertheless not be seen as a substitute to public regulation or legislation. CSR means not only fulfilling legal expectations, but also going beyond compliance and investing in human capital, the environment and relations with stakeholders.

We could distinguish two dimensions of CSR: the internal dimension, and the external dimension (European Commission, 2001). The internal dimension is analyzed within the company, and is related to issues such as investing in human capital, health and safety, and managing change, while environmentally responsible practices relate mainly to the management of natural resources used in the production (European Commission, 2001). On the other hand, within the external dimension CSR extends beyond the doors of the company into the local community and involves a wide range of stakeholders in addition to Employees and shareholders: business partners and suppliers, customers, public authorities and NGOs representing local communities, as well as the environment (European Commission, 2001).

As we'll analyze in point 2 of the article, there is a new concern on CSR, there are a lot of new initiatives. Many driving forces are fostering this wave of CSR; among others, we'd underline the following ones:

One group of arguments is related to the external dimension of CSR. Several environmental and social problems has affected negatively to the goodwill, image, and marks of the firms (the most important capital that the firm has). The pressure of the consumers, NGOs and other stakeholders has forced the business to the CSR interest (its or not ethical-wash as the green-wash). Citizens and consumers concern on the social impact of the business activity is increasing. Increased concern about the damage caused by economic activity to the environment they do expect firms to meet production, trade and consumer standards; in other words, we're talking about ethical production, ethical trading and ethical consumption. Likewise, investors and shareholders are also increasingly pressuring firms to demonstrate their corporate responsibility programs and activities. The reputation of the firms seems to be a key determinant in the decision by consumers to purchase its goods and services. Thus, CSR it's an opportunity for the firms to differentiate their product or service…. (E.g. cause marketing actions) Company image Advertising agency influence or push. There are now specialist agencies dealing with the use of an organisation's ethical stance as a marketing and advertising tool.

Another group of arguments is related to the internal dimension of CSR. There is a great trend of change in the way the firms are managed. In this new management paradigm, concepts as motivation, leadership. Participation and engagement are really important for the company. In this sense, CSR could be an important tool to increase…creating a favourable business environment recruiting and retaining happy and quality employees;

The last group is related with both dimensions, and, in other words, with the relations among the two dimensions of CSR, the internal one and the external one. In recent years there has been a growing concern on the relations between the shareholders of the big companies and the managers of that companies. Due to the important evolution of the capital-markets, the interests of the "techno structure" that drives the big companies it's not related to the shareholder's interests, there is an emerging divorce between ownership and control. Thus, in recent years, the scandals referred to companies like Enron, Tyco, WorldCom or Vivendi-Universal had mined the trust of the shareholders. CSR initiatives could be a tool (really implemented or not, just for Public Relations purpose) in order to give a response to that divorce.

2. The CSR initiatives

Recently, a wide number of CSR initiatives are emerging. These initiatives are materialized on very different tools like codes of conduct for companies (an especially for trasnational companies), social accountability standards, CSR standards, social reporting tools, social labels, ethical financial indexes, CSR awards, and etcetera.

Likewise, it has to be stressed that this initiatives come from very different come from very different areas: code and institutions: inter-governmental bodies (e.g. EU Green Paper Promoting a European framework for Corporate Social Responsibility), individual governments, investment-driven entities, recognised standards bodies, NGOs, faith-based, and multi-stakeholder organisations.

It's not the objective of this article to give an exhaustive analysis of the different initiatives, but we do think that it's important to give an overall synthesis of the most important initiatives that has emerged in recent years (for a synthesis of the European initiatives see TCC, 2002). Among others, resumed by the agent who has created the initiative we should mention (COPOLCO, 2002):

- Inter-Governmental Initiatives

  OECD Multinational Enterprise Guidelines
  United Nations Global Compact
  United Nations Human Rights Instruments
  United Nations Summit on Sustainable Development
  International Labour Organization Instruments

- Investor-Driven CRS Initiatives

  Global Reporting Initiative
  Dow Jones Sustainability Indexes
  FTSE4Good U.K. CR Investment Index Series

- CRS-Related Standards Initiatives from Recognized Standards Bodies

  ISO 9000/14000 Management Systems Standards
  Occupational Health and Safety Assessment Series
  SII's draft Social Responsibility and Community Involvement Standard
  BNQ's Corporate Social Responsibility (Human Resources, Donations, Sponsorship) Certification Protocol
  BSI (and partners) SIGMA Project
  EOA's Proposed ISO Business Conduct Management System Standards
  AENOR's draft Ethical Financial Instruments & Ethics Management Standards
  AFNOR's Corporate Responsibility-Related Developments

- Multi-Jurisdictional CRS-Related Initiatives from non-Recognized Standards Bodies

  CI's Consumer Charter for Global Business
  SAI's Social Accountability 8000
  AccountAbility's AA1000 Standard
  Caux Round Table Principles for Business
  ICCR Bench Marks for Measuring Business Performance
  The Global Sullivan Principles
  Ethics Compliance Standard 2000
  ICC's Business Charter for Sustainable Development
  Fairtrade Labelling Organization
  Forest Stewardship Council's Sustainable Forestry Program

- Domestic Voluntary CRS Initiatives

  Apparel Industry Partnership/Fair Labor Association
  U.K. Ethical Trading Initiative
  International Code of Ethics for Canadian Businesses
  Corporate Social Responsibility Benchmarking Project

Some of these initiatives are new and others are not. For instance, within the Inter-Governmental Initiatives, ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was first established in 1977 (there is now another version of 2000); likewise, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises was fist established in 1976 (there is now another version of 2000). Both codes of conduct were in fact created in a time where it was a big concern on transnational corporations impact (see an interesting review on this topic in Jenkins, 2001).

3. .Quality Management and CSR

Throughout Europe and the rest of the world, the quality *paradigm*, or *movement*, has become a considerable force. Although methods to improve and manage quality are numerous, the literature suggests that it is predominantly based on the two pillars of ISO 9000 quality Management Systems and Total Quality Management.

Quality Management is, as we'll se, related to CSR. For some authors there has been a great change on the notion of quality. As Foster and Jonker has stressed the notion of quality seems to be moving into a new phase (Foster and Jonker, 2001). From an object-oriented measurement and control device, it has passed through a number of phases where the emphasis was on expansion and integration of all aspects of organizational management (Foster and Jonker, 2001). From the quality of the output (product or service), to the quality of the management of the organisation: when we talk about Quality Management, we are talking, as well, about Quality Management of organisations' management, in other words, "management's quality" (something that has not been understood by several agents implicated in the area, since they continue referring to modern Quality Management in terms of the management actions related to product and services' quality).

For professors Foster and Jonker the significance of these changes suggests that the quality movement has passed through what can be described as its first and second generations (Foster and Jonker, 2001).

In fact, this researchers argued that we are now entering into a third generation of quality where notions of accountability and responsibility "are blending into the quality framework", what could be defined as " the stakeholder view of quality theory" (Foster and Jonker, 2001), or as Social Quality Management or, in short, as Social Quality.

Focusing on social issues is not, however, a new concept for the Quality Management perspective (Zairi, 2000). Many gurus in the field have, for instance, stressed the importance of the stakeholders of the organization. Quality has been defined more usually as "being within specifications," "zero defects," or "customer satisfaction." However, its' quite famous, likewise, the definition of quality of a well known guru as Taguchi, who proposes a holistic view of quality which relates quality to cost, not just to the manufacturer at the time of production, but to the customer and society as a whole. Taguchi defines quality as, "The quality of a product is the (minimum) loss imparted by the product to the society " (Bryne and Taguchi, 1986).

In this sense, in the most popular Quality Management models reference to CSR can be found. Within the Malcolm Baldridge Award the organisation's stakeholders are considered. Baldrige Award this area is considered under leadership and is titled 'Corporate Responsibility and Corporate Citizenship'. The Australian Quality Awards also acknowledges the importance of this under its leadership category and is titled 'Leadership in the Community' (Göbbels and Jonker, 2003).

Likewise, The European Quality Award has a similar section related to CSR, since the organisation's impact on society ("society results") is considered (which counts for 6 per cent of the weighting). The new EFQM revision that was launched in January 2003 included CSR as a Fundamental Concept (EFQM, 2003). Sustainable Excellence (which underpin the EFQM Model. Corporate Social Responsibility The section at the EFQM model reads:

> "Excellence is exceeding the minimum regulatory framework in which the organization operates and to strive to understand and respond to the expectations of their stakeholders in society"

On the other hand it's said, "Through open and inclusive stakeholder engagement, they meet and exceed the expectations and regulations of the local and, where appropriate, the global community".

For the EFQM model the most important benefits that organizations can receive from an active CSR attitude are (EFQM, 2003):

- Enhanced public image.
- Increased brand value.
- Greater access to finance (e.g. socially responsible investment funding).

- Healthier and safer workforce.
- Stronger risk management and corporate governance.
- Motivated people.
- Customer loyalty.
- Enhanced confidence and trust of stakeholders.

But the addition to Quality Management to CSR is not limited to these aspects included in those international models. The is an important normalization and standardization tradition that comes form the Quality Management field, that is very present in the newly revitalized CSR movement.

4. CSR initiatives within the Quality Management tradition: the flourishing of CSR management system standards

There are several international initiatives that are focusing on the standardization of CSR following the path of the successful tradition of Management Systems standards, especially ISO 9000 for quality, and ISO 14000 on the environmental side.

One of the reasons of this Management Systems standards flourishing process is related to the popularisation of the mentioned international standards. As it has happened with other fields, as the work health and safety issues, there is a big trend to create Management Systems standards. On the other hand, as several practitioners and academics stress it, there seems to be a need for integration of management system aspects will increase (Göbbels and Jonker, 2003). The most famous initiatives in this field are the creation of AA1000 and SA8000.

The SA8000 standard, introduced by the Council on Economic Priorities Accreditation Agency (CEPAA, 1997), is an auditable standard for a third party verification system to ensure both ethical sourcing of products and goods and workplace conditions worldwide. SA8000 is applicable to any size of organization or business across all industry sectors.

SA8000 is primarily based on the various conventions and recommendations of the International Labour Organization (ILO) and on the Universal Declaration of Human Rights and the Convention on the Rights of the Child of the United Nations (UN). SA8000 sets basic standards for: child labor; forced labor; health and safety; freedom of association and the right to collective bargaining; discrimination; disciplinary practices; working hours; and compensation.

Similarly to ISO 9000 and ISO 14000, SA 8000 is formulated to allow a third-party certification body to audit and certify. The principle of SA 8000 tends to create a supply chain effect, not only being applied internally, but also being used as a tool to manage suppliers (Rohitratana, 2001). According to its promoters, SA 8000 is based on the ISO 9000 management system model. It differs from ISO 9000, however, in that it includes performance requirements, as well as system requirements. For example, to earn certification to SA 8000, employers would have to pay sufficient wages to meet workers'

basic needs, provide a safe working environment, avoid child or forced labor, and maintain a maximum 48-hour week.

On the other hand, the AA1000 standard, launched by the Institute of Social and Ethical Accountability (also known as AccountAbility, an international membership organization, based in the UK) (ISEA, 1999), is a voluntary standard for social and ethical accounting, auditing and reporting. The standard, developed both to address the public's distrust in reports on human rights, community and economic issues, and to improve the social and ethical performance of organizations, can be used as a method to link the principles of accountability and sustainability. As a process standard AA1000 can help organizations through the definition of goals and targets, the measurement of progress made against these targets, the auditing and reporting of performance, and feedback mechanisms. It provides a framework that organizations can use to understand and improve their ethical performance, and a means for others to judge the validity of claims to be ethical.

It aims to assist an organisation in the definition of goals and targets, the measurement of progress made against these targets, the auditing and reporting of performance and in the establishment of feedback mechanisms. The standard is designed both for internal and external audit procedures. It may be used by organizations of any size, whether single or multi site, and by public, private and non-profit organizations.

Göbbels and Jonker have compared SA 8000 and AA 1000 standards (Göbbels and Jonker, 2003). In the opinion of these authors the standards differ in the sense that SA8000 is mainly designed to manage and control the value chain, while AA1000 is more directed towards the processes that facilitate stakeholder dialogue in such a way that the quality of the social and ethical accounting, auditing and reporting process is ensured.

While SA8000 is focused on employment and working conditions, AA1000 lets an organization decide them which issues to include in the scope of the management system. AA1000 and SA8000 differ on the following aspects (Göbbels and Jonker, 2003):

- SA8000 does not use the AA1000 principle of "inclusivity".
- The absence of the "inclusivity" principle automatically leads to the difference in coverage of stakeholder engagement as an overall process stage.
- Although the reporting process is covered in SA8000, it is not detailed as in AA1000.

But, as we'll see, these standards are not aware of controversy. For instance, alarmed at what appears to be misleading promotion around the standard, and concerned about its efficacy, 58 multinationals -all members of the Industry Cooperation on Conformity and Standards and Conformity Assessment (ICSCA)- passed a resolution that clearly denounces SA 8000 (Zuckerman, 1998).

Some union leaders also have voiced concerns that the SA 8000 approach. Some critical voices from the international labour movements, that says tha SA 8000 is somekind of "camouflage" or "cosmetic" for corporates CSR-wash. For instance, there is an interesting critic report on SA 8000 (LARIC, 1999). Lack of Transparency of CEPAA (the organization

that has created the SA 8000 standard and the "self-appointed regulatory mechanisms") has been criticized as well. As it can be red in the report:

> "SA8000, rather than a vehicle for improving labour conditions as advertised, is in essence anotherbeautifying lip-gloss for corporate interests, helping companies to sweet talk and coax affluent consumers".

The reports give not just valour judges, but real arguments against this standard (it's interesting, as well, the response to LARIC given by CEPAA, CEPAA, 2000).

But maybe the most important initiative on CSR standardization is the one related to the possible creation of a CSR Management System standard by International Standardization Organization (ISO).

In the opinion of COPOLCO, the ISO Consumer Policy Committee in charge of CSR standard project, ISO is an appropriate international institution for the development of international CRS standard because (Webb, 2002; COPOLCO, 2002):

- ISO has a proven track record at producing market-based and market-accepted standards, including the 9000 (quality) and 14000 (environmental) series;
- ISO standards provide voluntary, baseline rules, which can be adopted by governments, from putting in place more rigorous protections as they see fit;
- The ISO standards development process is a rules-based (i.e., non-arbitrary) system, in which participants (representing consumer, business, and other interests, from developed and developing countries) reach decisions on the basis of the principle of consensus, and through which the draft standards are subject to consultation. Meaningful and balanced participation of all stakeholders is essential to the standards being perceived as credible in the marketplace;
- WTO has recognized the important role of international standards in contributing to equal opportunities in cross-border trade.
- ISO is one of the only truly international, non-governmental, rule-making organizations, which offers participation to a range of stakeholders. ISO is at the apex of an infrastructure for norm development and implementation which extends around the world;
- ISO has a high profile in the market, facilitating acceptance of its standards by national governments as a basis of or supplement to their regulations, to industry participants and to consumer organizations. This having been said, ISO has a higher profile among business than consumers.
- ISO offers a cost-effective mechanism for the development of standards, especially where the cost of producing standards by small and/or less developed countries is prohibitive; and
- ISO standards can be adopted as national standards. This is particularly useful for smaller and developing countries.

Nerveless, a lot of critics have been flourished against this ISO CSR standard creation (see COPOLCO, 2002; Webb, 2002; Hyenne, 2002). For instance, it's said that ISO is business-led, and has little credibility outside the business community, and since this kind of

standards are process standards, ISO management standards may not provide any guarantees that particular levels of behaviour will be met.

We could summarize the most common arguments against ISO CSR in the following way (Hyenne, 2002; Pacific Institute, 2003):

- Business-led CSR is in the field of regulation, not standardization
- Only process standards
- Global ISO CR MSSs may either be meaningless or too complex.
- Global ISO CR standards may put developing countries at a competitive disadvantage.
- Self declaration may diminish their acceptability.
- Third party certification : added costs.
- Better results could be achieved through a transparent
- CR reporting and monitoring mechanism.
- It's task for other organisations as ILO
- CSR topics are too subjective and controversial
- CSR practices are culturally and individually defined, standards that are generic enough to deal with this issue will lack any value-adding substance for organizations.
- CSR is not well suited for process standards, since the most critical issue is the firms' actual performance, not how they manage CSR.
- Yet another set of management system standards will increase paper work and will be a burden for small companies and companies in developing countries.

And more generally, as "The green paper" stressed the complexity of creating global standards applicable to any culture and country has created controversy (European Commission, 2001). Thus, there are a lot interesting question to be analysed from the academical perspective, since our approach it's an independent one –or should be independent-, not as other approaches that are clearly interested (for instance, are standards the right mechanism to advance corporate social responsibility?)

There is another initiative that some authors somehow could be considered an initiative within the Management systems' tradition (Patir, 2002). The global reporting initiative sustainability reporting guidelines also (GRI) includes ambitious guidelines on social reporting. The Global Reporting Initiative (GRI) Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services.

The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation with UN Secretary-General Kofi Annan's Global Compact (GRI, 2002).

The GRI is a CSR framework for reporting on an organisation's economic, environmental, and social performance. The Guidelines of GRI are useful for (GRI, 2002):

- present reporting principles and specific content to guide the preparation of organisation-level sustainability reports;
- assist organisations in presenting a balanced and reasonable picture of their economic, environmental, and social performance;
- promote comparability of sustainability reports, while taking into account the practical considerations related to disclosing information across a diverse range of organisations, many with extensive and geographically dispersed operations;
- support benchmarking and assessment of sustainability performance with respect to codes, performance standards, and voluntary initiatives; and
- serve as an instrument to facilitate stakeholder engagement.

It's has to be stressed that as the Guidelines are not code or set of principles of conduct, a performance standard, or a management system (GRI, 2002). In resume, we could say that this CSR initiative is more related to social accountability that to CSR standards. Likewise, there is a big relation on the GRI's reporting principles and those used in financial reporting

5. The need to integrate CSR in an international corporation: the case of Mondrágón Cooperative Corporation (MCC)

We'll analyse below a concrete and current case regarding the implementation of CSR initiatives in practice: the problems and the challenges of internationalisation faced by the constituent cooperatives of the Mondrágón Cooperative Corporation (MCC). We have to pint out that as we've analysed from the theoretical point of view CSR is an important issue for all the companies, it's an especial important issue for those companies that have a very special social-basis as the stakeholder co-operatives formed around the town of Mondrágón are.

The Mondrágón cooperatives have attracted the interest of many researchers, both in the field of self-management as well as in business economics in general. The experiment launched in 1943 by Arizmendiarrieta with the foundation of a democratically run Polytechnic School, has become a cooperative corporation (the MCC), structured into four groups — industrial, financial, distribution and research & training — today employing almost 60,000 persons with a 2001 turnover of over 8,000 million euros. During the second half of the XX century, Mondrágón has been the model for successful cooperatives to follow, overcoming the restraints imposed historically by cooperativism regarding their financing, their sizing and even their productive activity (Whyte, 1988).

Nevertheless, the development of this experience over the last decade, particularly on an international level, has thrown up certain questions regarding the viability of the Mondrágón cooperative model and, consequently, of the cooperative model in general. Since 1994[2], given the situation of growing internationalisation and the globalisation of

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[2] According to the then President of the MCC Corporation, Cancelo, the acceleration experienced in world trade and the on-going processes of globalisation motivated the drawing up of a specific plan in 1994 for the internationalisation of the co-operative companies

the economy, the MCC cooperatives have been constructing a wide network of companies throughout the world, mainly in the so-called emerging nations. The strategy has involved acquisition of businesses and the constitution of private capital affiliated companies, given that, nowadays, following the cooperativist formula, due to obstacles of an economic, jurisdictional and cultural nature, it is not easily possible to organise production abroad nor to formulate strategic agreements aimed at creating joint–ventures firms.

According to the projections of the second corporate strategic plan (2000–2004), this internationalisation process has but just commenced given that, by the end of 2004, the MCC will have 60 production centres throughout the world. External production will account for some 14% of the total (translating into 660 million euros), and the industrial workforce of the MCC abroad will be 9,000 persons, of a total of 70,000 employees, (Catania, 2002).

The overall outcome of employee participation in foreign plants (management participation, profit-sharing and ownership participation, both at the affiliated company level and at that of the parent corporation and cooperative itself) leaves a lot to be desired from the self-management point of view. Nevertheless, some interesting experiences should be pointed out and which offer important data on how institutional participation by employees of the affiliated companies can take place in social-economic system of Mondragón. In general terms, they are modest advances in ways of participation on the Board of Management of the affiliated company, of profit-sharing systems and even of integration of a number of the local directors of the affiliated companies as "collaboration" part-members of the parent co-operative. Although, other, contrary experiences could also be mentioned.

The pattern of foreign investment by Mondragón Cooperatives also shows that neither the objectives of external expansion nor the target countries differ significantly from those by other, more conventional, multinationals with similar characteristics. Most of the Mondragón multinationals are market–seeking, in the early days of the internationalisation process. Some of them are obliged to follow their big manufacturing clients abroad as suppliers. Another motive for foreign production is that of seeking low production costs; primarily through cheap and well-motivated unskilled or semi-skilled labour. If the MCC cooperatives are to compete against large industrial multinationals, they must develop their own multinational production and distribution networks. For these reasons, most of the international investment is directed to the new emerging markets, such as China, Brazil, Mexico, Poland or The Czech Republic, where cooperative subsidiaries produce similar products to those supplied by the parent companies.[3]

In this sense, leaving behind the cooperativist lack of definition of social-economic policy during the international expansion of the 90's, the challenge for the MCC cooperatives in the first decade of the XXI century is to generate formulae which facilitate both internal and external development in tune with the principles and values of the Mondragón cooperative experience. It is a question of great interest which we will address forthwith;

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within the Corporation. This Corporate Strategic Plan for Internationalisation (PECI) was aimed at «boosting the presence abroad of the co-operatives, co-ordinating the initiatives of sectorial groups and designing platforms of co-operative support and aid in order to guarantee optimum success » (Cancelo, 1995).

[3] For example, there are nine subsidiaries of the MCC in China, with over 1,500 workers and a turnover of $50 million. Nowadays, many of the MCC firms in both the machine tool and the automotive suppliers divisions are focussing on China.

but first we will pause to enlarge the focus of our analysis in order to get a broader perspective of the changes that have taken place, due to activities undertaken at an international level, in this quite unique cooperative movement.

The Mondragón experience has overtaken the cooperative framework and has created a new organisational paradigm based on a dual model wherein, apart from the cooperatives themselves, there are conventional companies dependant on the former. Some call this new paradigm "neo-cooperativism", because the new strategic perspective attempts to marry what is possible with cooperativist identity (Larrañaga, 1996); others call it «co-opitalism» because they combine cooperative societies with private capital companies (Defourny, 1999).

Summing up this dilemma, the MCC faces the challenge of socially defining their policy of international expansion, in line with their principles and values. In the last two years a number of proposals, although tentative and incomplete, have been put forward from various ambits within the MCC Corporation. Among others we'll stress the proposal of the Social Councils to explore the possibilities suggested by the Ethical Trading Initiative , or the formula for participation in management, profits and capital (Errasti, Heras and Bakaikoa, 2003)

Within this context, there is an important process of reflection and debate amongst the directors and members of the MCC Corporation and its cooperatives about the model of external development to be followed. In this sense, we do think that there are some interesting CSR initiatives that could fit with the MCC needs for favouring a deeper social and cooperative responsibility in external expansion. The MCC corporation's top level leaders are in agree with this perspective, and are interested in exploring the different alternatives within the CSR initiatives to improve the Corporation's social policy in their non-cooperative companies. A multidisciplinary group of researchers from The Basque Country University and The University of Mondragón (from the Lanki research centre), with the collaboration of other researchers of different Spanish universities is working in this exploration.

On the one hand we've explored the literature on CSR initiatives. Furthermore, we've visited several MCC corporation's plants in Mexico, Thailand and Morocco; other visits to Poland and The Czech Republic at the international level, and Andalusia and Estremadura at the National level are planned. We've analysed, among other issues, the possibility of implementing two different CSR initiatives: the ones regarding the standardization or audit tradition of CSR (e.g. SA 8000, AA 1000), the social reporting initiatives as GRI, and those related to the assessment models, both related to the Quality Management models tradition, and the ones related to the social audit tradition (a tradition that it's quite important for the cooperative companies, see for instance Capron and Gray, 2001, and also for the case of MCC where some interest research has been conducted, see, for instance, Mugarra, 2001).

Although the research it's not finished and thus we don't have real conclusions, from our actual experience for the MCC Corporation case we could say that CSR initiatives that could be included in the reporting and assessment tradition –both related to Quality Management models and the social audit ones- they seem to be more interesting for the corporation than the standardization initiatives.

We do think that for the MCC Corporation needs the Management Systems standardization initiatives had a lot of challenges and lacks, since their scope and potential is quite limited. Likewise, we don't have to forget the challenges and lacks that this standards have in general. Nerveless, we do think that it's important to continue exploring this way, in especial, the possible emergence of a CSR standard by the International Standard Organization (ISO), since this institution's recognition and impact worldwide it's really important.

The social reporting initiatives are more interesting tools for this case. GRI, is, in our opinion, an interesting framework that could be combined with other social audit tools with tradition within the social economy firms in general (see, for instance, the to assessing CSR for French cooperatives in Capron and Gray, 2001), and within the work that it's being developed by different staff commission in MCC corporation.

On the other hand, we do think that the Quality Management models that are including CSR related issues are interesting for MCC Corporation's non-cooperative companies. We've to stress that the introduction of the EFQM (European Foundation of Quality Management) assessment as a general management model for all group member companies has been an important factor in the last years as different researchers had studied in deep (Turball, 1997; Withers and Ebrahimpour, 2001).

Furthermore, we think that it could be interesting to generate an own tool or model of CSR for the non-cooperative companies of MCC Corporation, based upon the different emerging tools and models.

6. Discussion

In this paper we've tried to synthesis the different initiatives that regarding CSR has emerged in recent years. We have focused our attention in the initiatives emerging from the Quality Management tradition, both related to standardization of Management Systems, and the ones that are related to general Quality Management models.

We do think that in a short period of time this kind of initiatives will reach an attention that does not have yet. What will happened about the ISO CSR standard will be a critical point, but another critical one it's, as well, the inclusion in the EFQM year 2003 revision of the CSR concept.

The exploration and consideration of this kind of initiatives would be interesting for the companies. We do know that the companies will approach to this initiatives from a very different perspective and very different interests: some really interested in improving the social responsibility of their business –we'll not talk about the motivation issue-, and other companies just interested in the CSR-wash of the company, in other words, interested in CSR just as a Public Relations or image operations.

For a corporation that it's really interested in their stakeholders, for a cooperative multinational corporation as MCC Corporation is, maybe unique in all over the world, this initiatives are a interesting group of tools and model to advance step by step in the way towards a more social concerned organization, that fits better with the traditional Mondragón's cooperative principles.

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