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## **Born to cooperate: the case of Mondragon University and Basque Industrial Companies**

The world is no longer as we know it, and as Heraclitus said (c.500 BCE), there is nothing permanent except change. Consequently, regions in Europe and throughout the world must be ready both to take advantage of the opportunities offered by globalisation and digitalisation and, simultaneously, to tackle the challenges that these bring.

The vast majority of products are no longer manufactured in a single country and they are now "made in the world", including raw materials, components, technologies and services from different countries and continents. Stimulated by rapid technological change, globalisation is increasingly based on knowledge; and companies operating in international markets will only be able to remain competitive if they continue to learn and adapt fast to change.

On the one hand, this competitiveness is achieved through the people who make up the company and, as the European Commission states, there is a need for highly skilled people. On the other hand, since companies are not able to generate all required knowledge to remain competitive by themselves, they are increasingly approaching external agents, among which Higher Education Institutions (hereafter HEIs) must be highlighted.

In this ever-changing new scenario, education, research, and entrepreneurship are essential for businesses to remain competitive. HEIs have therefore acquired a key role in a region's socio-economic development. By means of their three missions, HEIs train and provide citizens with the necessary technical and transversal skills (1<sup>st</sup> mission: education), generate knowledge (2<sup>nd</sup> mission: research) and, at the same time, commercialise generated knowledge by transferring it to the regional or global business fabric either by generating academic/student spin-offs or by joint ventures (3<sup>rd</sup> mission: Entrepreneurial University).

Supported by the literature of the Triple Helix Model, the interaction between government, HEIs and business spheres leads to regional innovations and progress. This triadic relationship turns out to be of great interest to all the regions of the world, including the Basque Country, where the case of Mondragon University should be highlighted.

### **The state of the Triple Helix in the Basque Country:**

The Basque Country is a NUTS2 region in the north of Spain, bordering the south of France and made up of three provinces: Araba, Bizkaia and Gipuzkoa. With 7,235 square kilometres, it currently has 2,180,449 inhabitants and is one of the smallest regions in Spain. In spite of its size, it is currently one of the wealthiest regions in the territory and stands out in the Spanish landscape thanks to its industrial strength and well-educated workforce.

The Basque region is one of the most important industrial concentrations in Spain, specialising in the manufacturing industry. The high industrial GDP is the main characteristic of the Basque economy. In particular, the region has scientific/technological capabilities and competitive advantages in the following industries: aeronautics, automotive, energy, machine tools, machinery and accessories, and other transport equipment.

The Research and Innovation Smart Specialization Strategy (RIS3) of the Basque Country, which is embodied in the Basque Science, Technology and Innovation Plan 2020, drives the region's development. The centrepiece of this RIS3 identifies three strategic priority areas: bioscience health, energy and advanced manufacturing (Basque Industry 4.0). Alongside the strategic priorities, Basque RIS3 also identifies four opportunity niches strongly linked to the territory (urban and rural development): food, creative and cultural industries, urban habitat and environmental ecosystems.

For the development of this strategy and the achievement of Basque businesses' competitiveness, the region has a heterogeneous network of education providers, which involves a public university, three private universities and nearly a hundred vocational and education and training (VET) centres. The latter form an internationally acknowledged advanced VET system<sup>1</sup>, recognised for its dual training good practice, which offers training for employment and innovation support services for SMEs.

The Basque University System is driven by the Basque Government and is made up of three universities: the University of the Basque Country, the University of Deusto and Mondragon University. In addition, the University of Navarra, which falls outside the Basque Government System, has one of its campuses in the city of Donostia-San Sebastian, province of Gipuzkoa.

As well as the Basque VET System, the Basque University System is developing closer ties with the Basque business fabric as a result of the Basque Government's efforts. The Basque Government is pushing strongly for university-business cooperation (hereafter UBC) through the development and implementation of the "I University-Business Basque Strategy 2022".

Besides highlighting the value of UBC, this strategy fosters and promotes the role of the Basque University System as driver and developer of the region. The principal aim of the strategy is to strengthen the Basque University System while responding to business needs through knowledge generation and transfer. As a final aim, it intends to be a lever for the transformation of the territory into a smart specialisation and human space, based on international talent, research and innovation.

The strategy is founded on work previously carried out by Basque universities, businesses and institutions, such as the "Thematic University-Business Forum, Building Euroregional Ecosystems" developed in Donostia-San Sebastian in October 2016, among

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<sup>1</sup> <<http://www.cedefop.europa.eu/en/news-and-press/news/spain-basque-country-vet-innovation-offers-good-practices-future-employment>>

others. Policy-makers, the Basque University System's components (The University of the Basque Country, the University of Deusto and Mondragon University), Basque business representatives and representatives of the Basque Business Confederation "Confesbask" took part in this forum.

The "I University-Business Basque Strategy 2022" includes the priorities set by the European Commission for UBC in its communication presented in 2017, "A Renewed EU Agenda for Higher Education", while going a step further by establishing future aims and guidelines, proposing programs, projects and instruments.

Due to the multiple aspects covered by UBC, the strategy laid out in this document has become a reference with which higher education, employment, economics and industrial policies have been aligned. At the same time, it is aligned with the Basque RIS3 and also with other programs driven by the Basque Government.

This strategy includes, among other initiatives, an increase in the quantity of dual training undergraduate and master degrees, the establishment of business-university classrooms and joint research project development. However, the interaction between universities and the business sphere is not something new in the Basque Country, as can be witnessed in the UBC good practice case of Mondragon University (Mondragon Unibertsitatea in Basque language).

#### The case of Mondragon University:

Mondragon University<sup>2</sup> is a private non-elitist cooperative university born in 1997, at the core of MONDRAGON Corporation. It was created by the association of three educational cooperatives, among which "Mondragon Higher Polytechnic School S.Coop" founded in 1943 should be highlighted.

The Higher Polytechnic School was the driving force behind a community development movement established by Jose María Arizmendiarieta, focussing on the training of young people, and promoting the creation of business activity through cooperation.

As a result of this educational centre, in 1956, the first cooperative was born in the small town of Arrasate-Mondragón (Gipuzkoa). This gave rise to the cooperative movement and creation of MONDRAGON Corporation. The Corporation was based on the values of cooperation, participation, social responsibility and innovation.

Currently, MONDRAGON is divided into four areas: Finance, Industry, Distribution and Knowledge. It is the main Basque business group and the tenth largest in Spain, with 266 cooperative companies and institutions, and more than 80,000 workers.

Mondragon University belongs to the Knowledge area and is made up of four faculties: the Higher School of Engineering (MU-EPS), the Faculty of Business Studies (Enpresagintza), the Faculty of Humanities and Education Sciences (HUHEZI) and the

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<sup>2</sup> <https://www.mondragon.edu/en/home>

Culinary Science Faculty (BCC). These faculties, distributed over eight campuses in Gipuzkoa and Bizkaia, train about 4,600 students each academic course.

Mondragon University is mainly focused on practical and business-led education, including dual studies, learning-by-doing methods and transversal skill development by its own Mendeberry 2025<sup>3</sup> pedagogical framework.

One of the main characteristics of Mondragon University, and what makes it a UBC good practice, is its close permanent relationship with the working world, enabling it to highlight its educational offer by adapting to the needs of companies and organisations.

This cooperation between the university and Basque companies takes place by means of different activities, such as student projects (PBL “Project Orienting Problem-Based Learning” methodology), workshops, final degree and master projects, applied research, and the provision of services such as consultancy, professional and ad hoc training courses.

As regards the Faculty of Engineering (MU-EPS), it is worth mentioning that it carries out several cooperation activities in the fields of education, research, valorisation and management.

When it comes to education activities, it is essential to note that regional companies have become key players in a student's training. On the one hand, companies take part in the definition and monitoring of faculty's bachelor and master degrees, as well as in the definition of student skills and profiles. On the other hand, since its pedagogical methodology is based on learning-by-doing, some lectures adopt the form of UBC workshops and cooperative projects.

These activities are twofold since they seek to both train students and give solutions to problems posed by participating businesses. Additionally, all students have to undertake a Final degree and Master project, and their associated internships, in the final phase of their studies, as a prerequisite for obtaining their bachelor or master degree. A business representative and a lecturer supervise these projects.

Furthermore, owing to the strong ties developed with MONDRAGON Corporation and Basque companies, the faculty has numerous agreements with companies and organisations from various sectors, enabling its students to come into direct contact with the working world right from the start of their studies. In this way, students are able to combine their studies with internships in a company, thereby taking the opportunity to self-finance them. This learning approach dates back to 1966 and these more than 50 years of experience have enabled Mondragon University to develop a pioneering model of education in the Basque Country and in Spain, emulated in other centres and areas of the Basque Country.

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<sup>3</sup> <<https://www.mondragon.edu/en/-/mendeberry-2025-modelo-educativo-de-mondragon-unibertsitatea>>

Nearly 500 students take internships every year and these endow companies with the required skilled employees to absorb the knowledge needed to develop technology and innovations.

The faculty also offers curricular and extra-curricular talks by professionals and enjoys the presence of associate lecturers from the business world.

Nevertheless, even if the Basque Country is characterised by the manufacturing industry, educational collaborative projects carried out by this faculty go beyond industrial companies. This is the case of KoKrea! a project funded by the Provincial Council of Gipuzkoa and led by Mondragon University, whose objective is the generation of co-creation spaces and new UBC activities in the Creative and Cultural Industries (hereafter CCIs). CCIs are recognised as a wide range of humanities- and arts-based activities.

Even if little attention has been paid to these kinds of businesses until a few years ago, their influence and territorial embeddedness has played an essential role in territorial development for decades. In the Basque Country, CCIs are composed of segments such as audio-visual and digital content, videogames, fashion, design, performing arts, music, cultural heritage and language industries and, as previously indicated, these are part of the Basque Country's RIS3 strategy.

KoKrea! seeks to improve the competitiveness of these businesses belonging to CCIs, as well as the promotion of the creative and cultural economy. Currently a first edition is in course, with 3 companies and 18 master students taking part.

Through different joint work sessions in the shape of four-hour workshops, participating students work through different challenges, shedding light on the problems that participating companies have to face. As result of these workshops, businesses obtain a portfolio of new ideas, proposals for diversification of products and/or services, improve their capacity for innovation, analyse the incorporation of new technologies in their products, acquire training, and identify and attract talent.

With regard to life-long learning activities, about 8,000 professionals are trained every year at Mondragon University. Even if life-long learning is still uncommon in Spain's education system, the university and its predecessors have been implementing such programmes for over 30 years.

In the intersection of research and life-long learning education, a project called BOFORM, funded by the Provincial Council of Gipuzkoa, must be highlighted. BOFORM sought to analyse the state of generational change in family businesses in Gipuzkoa, and to identify and train people on the point of generational relay. This project was aimed at avoiding the problems caused by a lack of training in those people who take over from the previous generation.

Owing to the large number of areas and specialties in the faculty, projects undertaken are multiple and diverse. As for research activities, these highlight the collaborative research and knowledge transfer model of the faculty. MU-EPS has developed a

structured approach to industry cooperation and has around 20 long-term collaborative research and knowledge transfer contracts with industry partners and over 300 research projects per year, two-thirds of which are funded by industry. MU-EPS is the Spanish leader in terms of income generated from applied research per academic staff member.

This fact is reflected in the way its income is distributed: 33% student enrolments, 33% the Basque Government's Contract Program and competitive public funding, and 33% businesses' private funding from collaborative projects and knowledge transfer.

Another important characteristic to highlight is the way in which the management of the faculty is organised. Since it is a cooperative faculty, its main decision-making body is the General Assembly, in which representation from MONDRAGON cooperatives is 33%. Likewise, one third of the Governing Board is made up of MONDRAGON cooperatives.

These facts only depict some of the multiple activities and characteristics that make MU-EPS and Mondragon University an example of good UBC practices. In accordance with its origins and mission, Mondragon University seeks to transform society through the comprehensive education of persons and the generation and transfer of knowledge.