Intra and Interorganizational Learning: a functional trajectory perspective in related acquisitions

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Propósito Central do Trabalho:
In this paper, we analyze the implications of the organizational learning trajectory during post-M&A-integration. The organizational learning trajectory is defined as the investment spent by organizations in order to implement past experience as well as new knowledge which may help to improve organizational performance (Henderson & Clark, 1990). When a company acquires another, it brings with it a history built on a learning system that certainly differs from the one that has been acquired. The changes introduced in the acquired company could be aimed at altering the identity of the people involved. During the post-acquisition period, members of the acquired company may accept such changes only to a varying extent. We argue that a knowledge of organizational characteristics which have developed over time helps to understand how learning systems have also developed and how this contrasts with their restructuring after the conclusion of the deal. Guided by this orientation, we investigate the learning trajectories perceived by the social agents involved in three related acquisitions made by Vale, the third largest mineral extraction company in the world. Our analyses of intra and inter-organizational learning include the consequences of change for leadership performance and the incremental learning that took place among individuals and organizational functions in both the acquiring and acquired companies. This research enlarges our understanding of how different layers of the company perceive the dynamics of the learning process as they unfolded. The focus of the study covers both the ideology of top management and the ambiguities and contradictions of different individuals and groups.

Marco Teórico:
Organizational learning is the process of acquisition, dissemination, retention and use of knowledge to improve an organization’s capabilities and actions (Fiol & Lyles, 1985; Levitt & March, 1988). It can be manifested by the reproduction of organizational rules resulting from discourses, conversations and activities relating to the experiences of potential and existing organizational members (Levinthal & March, 1993; Holmqvist, 2004). An organization has the potential to accumulate and codify knowledge arising from its experiences with practices and organizational life (Levinthal & March, 1993). We are interested in understanding how organizational learning trajectories, as previously defined, influence the post acquisition integration process. It is assumed that both past experiences and surviving mechanisms are used to adjust present routines (March, 2006). The intra-organizational learning trajectory provides an insight into the knowledge which could be transferred among organizations, such as collective learning created through strategic alliances and other inter-organizational forms (Powell et al., 1996). Some authors assume that intra and inter-organizational learning processes can be analyzed separately (Larsson et al. 1998). However, it is important to consider that the organization needs to learn through both internal knowledge development and sharing experiences with other organizations (Levinthal & March, 1993; Holmqvist, 2003). In the study reported here, we assume that intra and inter-organizational learning are related and that, in order to understand the one, account has to be taken of the other. Inter-organizational learning is a result of a confrontation and combination of available external knowledge with an organization’s own experiences gained over time (Larsson, 1998). Therefore, when an organization identifies the necessary knowledge to be acquired, it searches and internalizes a demand that eventually could be reproduced as a source of organizational experience. We are interested in extending the comprehension of intra and inter-organizational learning in the acquisition process. Research into the possible
transfer of learning in acquisitions has been neglected. We assume there is a more substantial interaction among similar inter-organizational sets of knowledge in related than in unrelated acquisitions. This is also motivated by the interest of companies from the same sector in securing benefits from potential synergies. In summary, we identify four possibilities in the process of post-acquisition knowledge integration: (1) transfer of knowledge from the acquiring to the acquired company, (2) maintenance of the acquiring organization’s knowledge, (3) maintenance of the acquired company’s knowledge and (4) joint development of new knowledge.

Método de investigação se pertinente:
This research draws on in-depth case studies and employs an oral history analysis of interviews and documentary materials. The advantage of using a methodology focused on multiple sources resides in the ability to secure information on a specific process from different organizational levels and perspectives. Instead of drawing a trivial and single picture of the organizational learning process, the interpretation is sensitive to the variations and contradictions of the attitudes and practices of the actors involved in the acquisitions. In order to explore the implications of learning trajectories in related acquisitions we studied three carried out by Vale, the world’s third largest mining company. The decision to study these acquisitions was encouraged by the abundance of information on them. Moreover, the companies – Vale, the acquiring company, and Samitri, Ferteco and MBR (Minerações Brasileiras Reunidas), the acquired companies – operate within the same sector. This which means that there is likely to be comparability in what is relevant knowledge for these companies, plus the potential for a more effective relationship after the acquisition has been consolidated. Before commencing data collection, we interviewed two HR managers. Through these interviews, we identified five organizational functions having a strong learning interaction between the acquiring and acquired organizations: human resources, mine planning and operation, maintenance, quality, and technology. For each one of these five functions, we analyzed the learning trajectory and how the integration process influenced the development of inter-organizational learning. Figure 1 below depicts the context of our data analysis. In order to understand the intra and inter-organizational learning dynamic between the organizations, the interviews were open-ended. Presidents, directors, managers, engineers and technicians were interviewed.

Resultados e contribuições do trabalho para a área:
From the analyses of the oral statements, we identified five intra and interorganizational learning functions: 1) human resources activities; 2) mine planning and operation; 3) equipment and truck maintenance; 4) mineral quality; 5) technology systems and automation. Mineral and logistics assets are a key factor in the planning and operation of mines. Vale had developed competences in managing sea and railway transportation systems. Vale’s logistics structure had constrained the flow of competitors’ outputs, especially in Samitri, which depended for a long time on Vale’s railways and ports. To compensate for the higher transport cost paid to Vale, Samitri learned and introduced technologies of iron ore enrichment. Its planning and operation were structured according to shareholders’ directions at Samitri and Ferteco. By contrast MBR, aiming to retain a simple organizational structure, had developed an operational competence based on cost management. After the acquisitions, inter-organizational learning trajectories had suggested changes in planning and operation in the acquired mines. Management models centered on quality and control of costs were replaced by a system based on scale economies. These changes required that the acquired companies’ workers understand new guidelines in order to introduce the logistics and productive interactions generated by the incorporation of the new sites. The aim of this research was to
comprehend how the learning trajectory influences inter-organizational learning in related acquisitions. It also sought to offer insights that can improve and support management decisions in acquisitions and meet the need to explore further the transfer, configuration and absorption of inter-organizational learning. Despite the high rates of post-acquisition failure, little attention has been given to how the integration of teams contributes to learning. In the acquisition process the accumulated knowledge from acquiring and acquired companies could be translated into a relevant information source to provide guidelines for the management of inter-organizational learning. In this way the present study contributes to the literature of acquisitions in observing the elements present in intra-organizational learning trajectories. The cases of acquisition studied lead us to support Holqvist’s (2003) statement that we should consider the interrelation among inter and intra-organizational learning constructs. A new acquisition normally involves dismissals, together with a revision of functions and processes. This sets a premium on the acquiring organization trying to know the limits and potentialities of the knowledge found in both its trajectories in relation to those of the acquired companies. In the same hostile environment, it is necessary to create mechanisms permitting people to interact with their co-workers to share information and knowledge transfers. This way learning not only requires the experience embodied in each organizations’ trajectories, but integration of the knowledge contained in each of them.

Referências bibliográficas: