

## Chapter 2

# Inter-organizational Learning and Collaboration

Companies are increasingly aware that combining critical resources with strategic partners, such as supply chain partners, may provide competitive advantages (Paulraj et al. 2008). Supply chains are moving toward complex, collaborative value networks in which partners work and experiment together on problem solving, promoting inter-firm learning, and sharing risks and benefits (Malhotra et al. 2005). The value of this success is reflected in how firms like Zara, Procter & Gamble, Toyota, and Dell have used their collaborative relationships as competitive weapons to gain advantages over competitors (Dyer and Singh 1998). Nonetheless, despite the existence of some successful cases, practice shows the difficulty of strategic collaborative relationships for many reasons, including lack of trust between trading partners (Johnston et al. 2004) and a lack of alignment between the mental models of the partners involved (Sterman 2000). One of the most fruitful ways of addressing these weaknesses is through inter-organizational learning practices.

The learning process underlying collaborative relationships is both inter-organizational and intra-organizational (Vera and Crossan 2006), but in practice it is difficult to connect these two facets (Fawcett et al. 2011). Boundary spanners frequently obtain novel ideas and insights from partner companies but encounter difficulties in effectively applying this knowledge in their own firms (Hult et al. 2000).

Insights into the connection between inter- and intra-organizational learning processes remain limited, although the absorptive capacity construct (AC) provides a suitable starting point for exploring this connection (Cohen and Levinthal 1990; Easterby-Smith et al. 2008; Holmqvist 2004). Absorptive capacity has been widely studied since its inception by Cohen and Levinthal (1990), among others, who defined the construct as “the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends,” (1990, p. 128). Absorptive capacity has been used in more than 1,000 peer-reviewed

academic articles since 1990. Although originally developed in an R&D context, AC has potential explanatory power in a collaborative-relationship context given that key suppliers or customers constitute important sources of new knowledge (Hult et al. 2007; Sáenz et al. 2014), and considering the increased efforts spent coordinating and integrating business activities between buying and supplying firms (Krause et al. 2007). When AC is discussed in a relational context, the major source of new knowledge comes from a collaborative partner, and according to its original definition it is represented by the three complementary processes mentioned above: exploration, assimilation, and exploitation (Lane et al. 2006).

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