

# Organizational learning and unlearning in footwear companies: A study based on organizational routines

## Aprendizagem e desaprendizagem organizacional em empresas de calçados: um estudo baseado em rotinas organizacionais

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#### ABSTRACT:

Given the increasing complexity and speed of change, organizations of different segments are pressured both to renew routines being used, as to discard the obsolesces. The first process is called organizational learning and the second, organizational unlearning. From an approach based on organizational routines, this paper describes these two processes in three footwear companies in southern Brazil from interviews and documents. The main results showed that the both processes are significant to achieving results in their businesses; that these processes are greatly influenced by changes; and that the need for continuous innovation in the sector catalyzes these processes.

**Keywords:** Organizational learning; Organizational unlearning; Organizational routines; Organizational memory.

#### RESUMO:

Dada a crescente complexidade e velocidade da mudança, as organizações de diferentes segmentos são pressionadas ambos renovar rotinas sendo usadas, como para descartar os itens obsoletos. O primeiro processo é chamado de aprendizagem organizacional e o segundo, organizacional de desaprender. Uma abordagem com base nas rotinas organizacionais, este artigo descreve estes dois processos em três empresas de calçado, no sul do Brasil a partir de entrevistas e documentos. Os principais resultados mostraram que os dois processos são significativos para alcançar resultados em seus negócios; que estes processos são fortemente influenciados por alterações; e que a necessidade de inovação contínua no sector catalisa estes processos.

**Palavras-chave:** Aprendizagem organizacional; Desaprender organizacional; Rotinas organizacionais; Memória organizacional.

# 1. Introduction

Changes in the business world are forcing organizations to seek alternatives in order to meet their needs and strategic goals. Continuous improvement has become strategic in many organizations and knowledge, a key element of this process (Lloria, 2008). Therefore, the ability to understand the knowledge involved in organizations' activities and the adoption of appropriate initiatives to manage this knowledge are critical to the success and survival of companies (McIver & Wang, 2016). Empirical evidence suggests that the use of existing knowledge and the continuous acquisition of new knowledge help the organization dealing with this changing environment (Akgün, Byrne, Lynn, & Keskin, 2007). However, what is considered a useful knowledge in a given period of time may become obsolete in others, which can lead to waste of time and organizational resources (Akgün et al., 2007, Tsang & Zahra, 2008). For that reason, there is a dialectical movement of creating new knowledge and disposing of obsolete knowledge in organizations. The first process is called organizational learning and the second, organizational unlearning (Tsang & Zahra, 2008). Even though the construct 'organizational learning' has advanced in empirical research on the last decades, 'organizational unlearning' has received less attention (Akgün et al., 2007; Tsang & Zahra, 2008; Srithika & Bhattacharyya, 2011, Woszezenki, Besen, Santos, & Steil, 2013).

Considering the scientific importance of both constructs, their conceptual interdependencies and the need for empirical studies to analyze both of them at the same time, the purpose of this paper is to describe the organizational learning and unlearning processes of three companies part of Vale do Rio Tijucas (Tijucas River Valley, in the state of Santa Catarina), a major footwear pole in Brazil. The conceptual perspective that underlies this research is based on organizational routines (Tsang; Zahra, 2008). This paper's main contribution is to present results of empirical investigation of the learning and unlearning constructs in Brazilian organizations, since there are no records of studies with this approach in Brazil.

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## 2. Organizational Routines

In 1982, the concept of organizational routines was brought up by Nelson and Winter, in their book *Evolutionary Theory of Economic Change*. Although it was not an unknown concept, this work presented a new perspective to understand how changes occur in the economy and in organizations: the perspective of routines. According to this perspective modeling routines means modeling the company, since routines help understanding the behavior, the operation and the changes that occur throughout the organization's life cycle (Nelson & Winter, 1982; Becker, 2004).

Due to different uses of the term, a certain ambiguity is observed in the use of the organizational routines construct. Researchers do not always make clear the definition of routine in their studies (Becker, 2004). The construct is also used generically. Some researchers equate the construct with "decision-making, techniques, skills, standard operational procedures, management practices, policies, strategies, information systems, information structures, programs, scripts and organizational forms" (Winter, 1986, p. 165). Others also describe routines as the means by which the organization defines and solves problems and learns (Akgün et al., 2007).

Feldman and Pentland (2003) define organizational routines as repetitive patterns of interdependent actions, performed by multiple members of the organization involved in the execution of organizational tasks. In these authors' point of view, routines have two aspects: ostensive and performative. The ostensive aspect refers to the general idea that shapes the perception of organization's members on a certain routine, which serves as a guide to action. Procedural components (rules, processes, standards, forms) and tacit aspects (know-how) are part of the ostensive aspect of routines, which serves as a resource for action. Performative aspect in turn refers to specific actions of people in a given place and time. It is to operationalize routines. In short, the ostensive aspects are related to the ideas and the

performative aspects are related to the implementation of these ideas (Feldman & Pentland, 2003), and both aspects are constitutive of a routine (Tsang & Zahra, 2008).

## **2.1 Routines and organizational learning**

Levitt and March (1988) define organizational learning as the incorporation or the coding of the knowledge acquired in routines guiding behavior. In this perspective, learning occurs when this knowledge reinforces or changes existing routines in the organization (Fiol & Lyles, 1985). Research in this area has shown that knowledge incorporated in the routines persist over time (Argote, 2013; Cohen & Bacdayan, 1994) and facilitate the transfer of this knowledge to other organizational units (Argote, 2013; Zander & Kogut, 1995).

Hong, Easterby-Smith and Snell (2006), in their study on transfer of organizational learning systems for subsidiaries, analyzed three perspectives through which organizational learning has been observed: the cognitive or knowledge-oriented perspective; the routine-oriented perspective; and the social/contextual perspective. The cognitive perspective considers organizational learning as the process of acquisition, storage and transmission of collective knowledge, while the routine perspective understands learning as standardization and implicit negotiation of daily practices (Hong et al., 2006). On the other hand the social/contextual perspective offers a broader picture of learning, which also covers facilitating and supporting the conditions under which these processes are promoted and maintained (Hong et al., 2006). These perspectives are intrinsically related; focusing on one of them reflects a conceptual choice that does not deny the others, but brings out a particular epistemic cut.

The 4I framework (Crossan, Lane & White, 1999) has elements involving the cognitive, routine and social perspectives of organizational learning. In this point of view, organizational learning is understood as a means for strategic renewal of the organization. In this process, organizations experience ongoing tensions between the need of assimilating new learning (exploration), and using the knowledge already developed to its fullest (exploitation). The 4I framework considers that organizational learning occurs on three levels (individual, group and organization) which are related by four processes of social and psychological nature: intuition; interpretation; integration and institutionalization. In this context, at the individual level intuition and interpretation take place; at the group level, interpretation and integration take place; and at the organizational level, integration and institutionalization take place.

In the framework of 4I, 'intuiting' means to identify and recognize similarities and differences between patterns and possibilities (Crossan et al., 1999). 'Interpreting' concerns the act of verbalizing an insight, an idea or knowledge to yourself or to others. 'Integrating' is related to the process of building a shared vision among people, as well as developing a coordinated action through mutual adjustments. Finally, 'institutionalizing' is the process which ensures that the coordinated actions agreed upon in the integration stage become actual organizational routines (Crossan et al., 1999, Crossan, Maurer, & White, 2011). Institutionalizing therefore describes the process of incorporating layers of knowledge collectively built into systems, structures, strategies, practices and organizational routines (Steil & Santos, 2012; Santos & Steil, 2015).

## **2.2 Routines and organizational unlearning**

Organizational unlearning is also associated with renewal of organizational knowledge, given that when it becomes obsolete it generates a pressure for renewal (Hedberg, 1981). Organizations tend to resist the unlearning process and to preserve consolidated beliefs and methods because these are the result of large investments, both financial and emotional (Akgün et al., 2007). In such cases, the inability to unlearn routines becomes a weakness of many organizations (Hedberg 1981).

Conceptually, organizational unlearning concerns the intentional disposal of routines to make

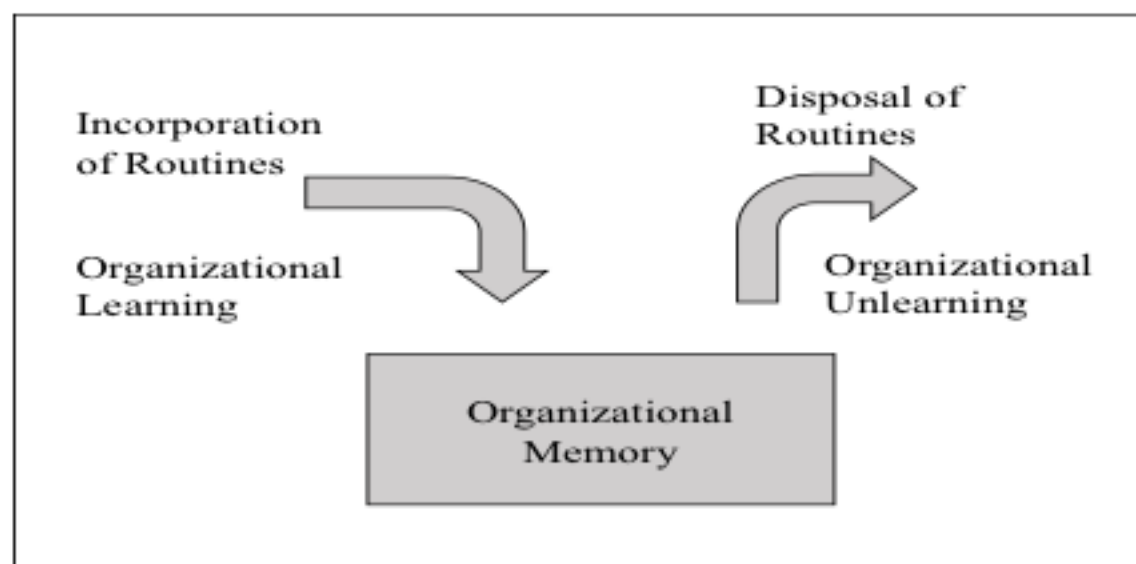
room for new ones, if any (Tsang & Zahra, 2008). The unlearning does not presuppose value judgment on the discarded routines, or compulsory introduction of new routines in place of what was discarded (Tsang & Zahra, 2008). Organizational unlearning differs from organizational forgetfulness. In both cases there is loss of organizational knowledge, but while unlearning refers to deliberate elimination of knowledge associated to routines, forgetfulness refers to a loss which is not necessarily intended or desired (Easterby-Smith & Lyles, 2011; Holland & Phillips, 2004; Remor, Miranda, Santos, Steil & Remor, 2010).

## 2.3 Routines and organizational memory

Understanding a routine as an organizational knowledge repository was an idea initially presented and elaborated in the work of March and Simon (1958), Cyert and March (1963) and Nelson and Winter (1982). The routinization of activities has been considered the most important means of storage for organizational knowledge (Nelson & Winter, 1982) and an important repository of knowledge (Becker, 2004). Since disposal of routines is intentional, unlearning has also been linked to the elimination of aspects from organizational memory (Akgün et al., 2007, Tsang & Zahra, 2008).

Routines store knowledge in memory because memory is made of the collection of information and knowledge from the history of an organization, which is stored and may affect present and future interpretation of events and managerial decisions (Walsh & Ungson, 1991). Walsh and Ungson (1991) believe that knowledge is stored in 'retention bins', such as individuals, culture, transformations, organizational structures, ecology and external archives (Walsh & Ungson, 1991). It may also be stored in products (Hargadon & Sutton, 1997; Olivera & Argote, 1999), in routines and production rules (Nelson & Winter, 1982), and in computer-based information systems (Huber, 1991). These storage bins can be classified as human and non-human (Cross & Baird, 2000). One of the great challenges of organizational unlearning is in spreading the content of human storage bins (Tsang & Zahra, 2008), i.e., of the people who hold the knowledge constituting the organizational memory.

It is important to highlight that organizational memory has been defined as much by its content (considered the sum of all organizational knowledge available for use) and by its processes (the means by which the organization encodes, stores and use knowledge). Memory content has been linked with organizational knowledge (Mort, 2001), and processes have been compared to the organization's ability to learn from their experience over time (Argote & Rao, 2006). Accepting the dynamics of the construction process of organizational memory and its use by the organization implies in understanding that the storage bins of existing knowledge – such as routines – influence and are influenced by the characteristics of memory. That is why organization's routines influence the application flow of what has already been learned by the organization, as well as future learning (Steil & Santos, 2012) (Figure 1).



**Figure 1.** Learning, Unlearning, Memory and Routines

Source: Buchele et al. (2016, p. 70).

In the process of learning, the lessons learned need to be incorporated into the memory of an organization; on the other hand, to unlearn, routines of interest are removed from that same memory (Tsang & Zahra, 2008). Akgün et al. (2007) show that, in studies analyzed by them, unlearning – both in studies at individual and organizational level – is: the elimination of memory via refutation; the disassembly of connections and mechanisms of memory; and/or the change in the way memory is manifested.

## **2.4 Routines and organizational change**

Organizational learning and unlearning are also closely linked to processes of change, because they involve “a transformation of an organization between two points in time” (Barnett & Carroll, 1995, p. 219). A change in the organization implies learning and/or unlearning processes. Likewise, these processes can cause changes in the organization. Hendry (1996), through analysis of the concept of organizational change, concluded that it is a broad concept that involves analysis, learning, education and political process, as well as a process which combines rational, political and cultural elements.

Organizational changes can be continuous or episodic. In continuous change, individuals can vary the activities related to the ostensive aspect of a routine, to fit the specific context in which they are. They relate to ongoing updates of existing routines in the organization (Tsang & Zahra, 2008). Episodic change in turn occurs in certain periods of time during which the pressures for change are precipitated by external events, such as technological discontinuities, or internal events, such as change in top management. It involves changes in ostensive aspects of routines, followed by adjustments in performative aspects (Tsang & Zahra, 2008).

A set of fixed beliefs leads organizations to rigidity of perception, or to make inaccurate causal attributions; these results make it slower for them to recognize necessary changes (Dickson, 1992). Compared to continuous change, episodic change is often larger in scope and more strategic in its content, as well as more deliberate and formal (Tsang & Zahra, 2008). Empirical evidence has supported the hypothesis that a crisis acts as a trigger for episodic change (Tsang & Zahra, 2008).

## **2.5 Synthesis of literature**

The creation of new knowledge and the disposal of knowledge considered obsolete are two issues that organizations face today (Srithika & Bhattacharyya, 2009). Often the difficulty in unlearning constitutes a significant barrier to organizational learning (Tsang & Zahra, 2008), especially in times of change. Organizational learning and unlearning are related to each other and to organizational memory (Akgün et al., 2007).

Some authors understand learning and unlearning as two opposite ends, while others claim that organizational unlearning is a precondition for learning (Tsang & Zahra, 2008). Further, based on literature on organizational change and memory, Akgün et al. (2007) understand that unlearning catalyzes the organizational learning process. Another aspect concerns the existence of fewer studies about unlearning in comparison to studies about learning. This may be associated to the fact that the former is seen by some authors as subject to the second (Srithika & Bhattacharyya, 2009).

According to Tsang and Zahra (2008), the researchers sometimes fail to distinguish the constructs of organizational learning and unlearning. Although organizational learning and unlearning are closely related and may take place together, not always this occurs. In most cases, unlearning precedes learning except when learning happens for the first time, and there is no knowledge previously acquired to be discarded (Srithika & Bhattacharyya, 2009).

This study uses the approach focused on routines. In this approach organizational learning occurs through the incorporation of new routines (Fiol & Lyles, 1985) and organizational

unlearning through the disposal of routines (Tsang & Zahra, 2008). Routines are incorporated or disposed from organizational memory. Finally, change processes can influence and be influenced by organizational learning and unlearning processes.

### 3. Methodological Aspects

In view of the importance emphasized by Hong et al. (2006) in considering the three perspectives on organizational learning – cognitive or knowledge-oriented; routine-oriented; and social/contextual – this study will follow this direction. However, since the organizational unlearning phenomenon is more often studied from the routine-oriented perspective (eg, Tsang & Zahra, 2008) a greater emphasis will be given on this perspective. It should be noted that recent studies have also used the routine-oriented approach to study organizational learning (eg, Saka-Helmhout, 2010). In order to mitigate possible undesirable biases by the inappropriate use of perspectives, we will also make use of the framework proposed by Crossan, Lane and White (1999) as theoretical lens, which features a multi-level vision and has elements that consider the three perspectives of organizational learning (Hong et al., 2006).

To guide the analysis, Table 1 presents the constituent definitions of key constructs to this research. With the presented definitions, organizational learning will be analyzed from the incorporation of routines and organizational unlearning from the disposal of them.

Table 1.  
Constitutive definitions of constructs under analysis.

Dimensions	Adopted concepts
Organizational learning	A dynamic process that takes place at the individual, group and organizational levels through intuition, interpretation, integration and institutionalization (Crossan, Lane, & White, 1999)  It concerns the incorporation or coding of knowledge acquired in routines that guide behavior (Levitt & March, 1988).
Organizational unlearning	It concerns the disposal of old routines to make way for new ones, if any (Tsang & Zahra, 2008).
Organizational routines	Repetitive patterns of interdependent actions, performed by multiple members of the organization involved in the execution of organizational tasks (Feldman & Pentland, 2003).
Organizational memory	Collection of information from the organization's history, which is stored and may affect present and future interpretation of events and managerial decisions (Walsh & Ungson, 1991).
Change	Broad concept involving analysis, learning, education and political process, as well as a process combining rational, political and cultural elements (Hendry, 1996).

Source: authors, based on analyzed literature

This study used a qualitative approach because it makes it possible to explore and understand the meaning that individuals or groups attach to a social problem (Creswell, 2010). Regarding the **research strategy** multiple case studies were used. The units of analysis were three shoe manufacturing organizations belonging to the footwear zone of Vale do Rio Tijuca, in southern

Brazil. The choice of this sector was due to its economic importance for the region and for the country, as well as to the dynamics of the fashion industry, characterized by constant changes to keep up with market trends. The Brazilian Association of Companies of Components for Leather, Footwear and Manufactured Goods (ASSINTECAL, 2011) defines Vale do Rio Tijucas as a zone constantly growing and in full development. The three organizations studied here were intentionally chosen from a population of 120 companies associated with São João Batista's Footwear Industries Union, the most important municipality in the zone considering the number of companies and total incomes. The criteria used for the selection of organizations were:

1. Similar organizational structures: organizations have similar characteristics regarding the organizational structure (number of employees, income, production);
2. Convenience: the researchers had the support of the president of São João Batista's Footwear Industries Union, which besides making the initial contact with the organizations surveyed, has attended to all visits to the companies. Also, the leaders of the organizations offered full and unrestricted access to the organizations, through interviews and access to documents and facilities;
3. Crises throughout the life of companies: the companies surveyed have been running for more than 25 years and have survived the crises of the footwear zone, especially the lack of credit crisis in the 1990s. This item was a factor of choice since the literature indicates a relationship between change (in some cases, effect of crises) and unlearning (Akgün et al., 2007).

In relation to **data collection procedures** the semi-structured interview was used (main procedure) associated with documents analysis (supplementary procedure). The leaders of each of the three companies, who have been running the companies since their foundation, were interviewed. The interviews were conducted in the companies themselves, for two days. Initially, in addition to informing respondents on the matter of survey's anonymity, basic concepts related to organizational unlearning were explained to them in order to reduce miscommunication during interviews.

Regarding the **role of the researchers**, all data collection was performed by two researchers. The interviews were recorded and transcribed for later analysis. The **analysis and interpretation of data** was performed primarily on the interviews, using content analysis following the steps proposed by Creswell (2010), summarized in Table 2.

Table 2  
**Steps to analyzing the content of interviews**

<b>Steps</b>	<b>What was done</b>
Step 1: organization of material	Transcribing the interviews in full and collecting secondary data that could contribute to the proposed analysis.
Step 2: reading of transcriptions	Reading all transcripts, highlighting patterns in the speeches of respondents.
Step 3: grouping material by topics	The speeches were separated by specific segments of text.
Step 4: organization of the encoded material	Topics containing the grouped speeches were arranged in order to put together a descriptive logic sequence.
Step 5: topics description	The topics, once organized were described seeking interconnection with the speeches of the participants.

Step 6: interpretation and extraction of meaning	The data was interpreted from the literature as well as in analyzed documents.
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Source: based on Creswell (2010).

Regarding **reliability, validity and generality**, we tried to use appropriate strategies to the context of the study developed. To ensure reliability we used the recommendations of Yin (2010), and all procedures during the research were recorded in separated documents, including the considerations of researchers participating in the interviews. This multi-cases study does not aim to generalize results, but to provide an empirical contribution to the subject of study (Yin, 2010). It should be noted that the ethical principles of human research were followed, obtaining the permission of companies surveyed for publication of the results, which are presented in the next section.

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## 4. Study results

Initially we present information about the Footwear Zone of Vale do Rio Tijucas, as well as the characterization of the surveyed organizations. This is followed by their analysis, divided according to the main constructs: organizational learning, organizational unlearning, organizational memory and organizational change.

### 4.1 Characterization of the business sector

The Footwear Zone of Vale do Rio Tijucas consists of five municipalities (Tijucas, Canelinha, São João Batista, Nova Trento and Major Gercino) and is located north of the metropolitan region of Florianópolis (Prefeitura Municipal de São João Batista [PMSJB], 2012). The zone emerged in 1926 with the installation of the first shoe stores. São João Batista is the city with the largest number of companies in the zone and received the title of Footwear Capital of Santa Catarina. It was colonized by Azoreans and Italians and its economy was initially based on agriculture, until the shoe manufacturers emerged, which turned the city into the largest shoe zone in the state (PMSJB, 2012).

The footwear activity currently generates about 10,708 direct and indirect jobs in São João Batista, a city with 22,000 inhabitants. From the 530 companies associated to the sector in the city, 230 are shoe manufacturers and 300 act as service providers to this segment.

Approximately 14.4 million pairs per year come from São João Batista's production, of which 1.58 million are for export (Sindicato das Indústrias Calçadistas de São João Batista [SINCASJB], 2012). In the following section, the cases of each of the companies are exposed individually. To remain anonymous, they are identified as Company A, Company B and Company C.

### 4.2 Characterization of the organizations

The companies surveyed have common characteristics: they are family businesses which survived the crises of the past 25 years; the employees are young (average age 30 years old); the owners are involved with the community; and two of them (the companies B and C) come from the old sugar mill that existed in the municipality.

The Company A started its activities in 1986 in the owner's garage, with only three employees. He still runs the company as its main manager. Currently the company has 250 direct and 70 indirect employees. It is part of the management strategy to be present in the most traditional footwear events in the country. The company exports to the United States, to Mercosur countries and Europe.



On April 24, 1966 the Company B was launched by the father of the current owner. At that time, with only 8 employees, about 25 handcrafted pairs were produced a day. In the 90s, the company incorporated new trends and launched a brand that is now known in Brazil's major consumer markets. Today it is installed in an industrial park of 10,000 square meters, with 4,000 square meters of built area; it produces 5,000 pairs of shoes a day, has 250 employees and indirectly employs about 1,000 people.

Businesses that have originated Company C started in 1984, also in the footwear segment. At the time, managers started their operations with only seven employees. In 1994, the society fell apart and the company was closed. However, one of the partners took over the business and founded Company C, currently being its owner. Today it is installed in an industrial park with 5,000 square meters of built area, produces 14,000 pairs of shoes a day, has 450 employees and indirectly employs about 600 people. The company's production is divided into three brands serving different target audiences in the country.

### **4.3 Incorporation of routines (organization learning)**

Organizational Learning can be understood as incorporating routines that guide behaviors (Levitt & March, 1988). The processes described in the 4I framework (Crossan et al., 1999) help to understand the incorporation of new routines in the surveyed organizations. New routines were developed as a response to changes in the organization environment which damaged competency and generated pressure for the emergence of other competency (Tushman & Anderson, 1986).

Managers emphasized that environmental crises promote moments of learning, and that in spite of the difficulties, the end result was the acquisition of new knowledge. This new knowledge was developed from the intuition of different corporate members, who contributed with insights and ideas for the improvement of processes. The crises acted as a trigger for the generation of new ideas from the members of organizations who needed to innovate (McAdam & McClelland, 2002). According to one of the managers, most of the changes in processes come from the isolated perception of individuals.

*Learning comes from the fact that the individual realizes that he can perform certain process more effectively. (Manager of Company A)*

A common element in companies surveyed is the lack of strategies, defined and formalized, for the promotion of new ideas and insights from employees. One of the managers reported that he had tried several activities before, such as awards, suggestion box and breakfast with the president, but the activities were discontinued for not bringing the expected results. The few ideas generated were little exploited, which may explain the lack of initiative to generate them in first place.

Two managers remembered the formal use of employees' ideas only in situations of planning and development of new shoe collections. On these occasions, ideas are not fully formed and need to be enriched through conversations with other employees. In these conversations, often the initial idea turns into something completely different, since it is combined with other ideas. In this industry, it is quite common to a development team to visit trade shows where they seek new ideas (a favorable environment to intuition). However, the company is the place where these ideas are adjusted through interaction with other employees (where the interpretation process occurs).

In line with the literature (Crossan et al., 1999) the surveyed data indicated that the process of **interpretation** can occur individually or in groups. With regard to individual interpretation, managers' speech revealed how they interpret their own ideas – basically from their tacit knowledge, acquired by experience in running companies.

Regarding the necessity of changing processes and routines, it was found that this is based on perceptions of each functional area, mainly in the figure of the people responsible for that area.

To generate collective understanding (**integration**) about changes and new processes and routines, managers mentioned the importance of training and awareness of employees involved. According to managers, awareness and training are used to overcome the resistance to change of organization's members.

*There is always a lot of reluctance on the incorporation of a new routine; you need to show the employee the advantage of using it. (Manager of Company A)*

*Resistance to change is inversely proportional to the awareness made before the change itself. (Manager Company C)*

The integration process takes place during the course of their own work activities, when the need to incorporate new work routines is debated. The development of a shared understanding among individuals about future changes and the agreement regarding new coordinated actions occur through systematic interactions during the execution of daily tasks, with the use of power strategies called influence and strength (Lawrence, Mauws, Dyck, & Kleysen., 2005; Santos & Steil, 2015).

As for **institutionalization**, managers mentioned the importance of training and awareness in order to increase the chances of success. Another important point already mentioned was the need of checking with the employee if he is able to absorb the new process or routine, thus avoiding frustrated attempts of institutionalization. Depending on the routine to be incorporated, occurs the alteration of documents and/or systems. Managers showed that they understand that formalization needs not only physical changes or in information systems, but also changing people's habits.

*Changing routines and processes is directly linked to changing habits [...] When someone is not prepared, he does not grow, and therefore does not learn. (Manager of Company A)*

Considering that the "institutionalizing is the process of ensuring that actions are routinized" (Berends & Lammers, 2010, p. 1047), it is important to identify what forms of organizational power there are to suppress any resistance to change, as they can obstruct the institutionalization process. In the case of footwear companies analyzed, the final form of power used to ensure institutionalization was the strength (Lawrence et al., 2005), achieved by the possibility of firing resistant employees. They consider, however, that the dismissal is always the last alternative. In such cases, it is the immediate supervisor's job to check what is going on, trying to identify the reasons for this difficulty.

The **feed forward** movement was identified in the companies surveyed, through learning from the individual level to the organizational level. This movement is mainly achieved through the adoption of individual ideas, covering the processes of intuition, interpretation, integration and institutionalization. According to managers, changes are usually made by those responsible for functional areas and their staff.

*Managers have autonomy; there are always meetings and confidence. (Manager of Company B)*

Ideas usually arise from perceptions of people involved in a particular process. The evaluation and selection of ideas are performed by those responsible for the areas, but the interaction between departments and levels is common. If an idea is considered adequate and does not impact on other areas, it is internally communicated in the department and immediately implemented. If the idea impacts the organization as a whole or more than one department, it must be evaluated by the board, which approves and supports its implementation.

In turn the **feedback** movement can be seen in improvements in companies due to knowledge acquired and the benefits from these improvements. Managers understand that the changes in the environment have produced learning, and this new knowledge made companies more efficient and more competitive. For example, Company B manager said two lessons were learned from one of the economic crises the company has been through: the main lesson is

that costs must be controlled, and fixed high cost is doomed to failure; the second lesson is the importance of proper structuring of the company, to prevent threats from the external environment. It was also noticed the feedback process movement going from the organization to the individual, through guidelines determined by senior management.

*It is part of the preparation of the company's strategic plan [to incorporate routines suggested by employees]. (Manager of Company B)*

Managers understand that the main guidelines of the strategic plan should be shared with the entire organization; and once shared they influence people's behavior and the organization's path.

#### **4.4 Disposal of routines (organizational unlearning)**

Similar to the development of new routines, the disposal of routines is also related to changes in the environment. Tushman and Anderson (1986) claim that changes are partly the result of market growth or the development of technologies, since they create turbulence that can destroy existing competency in an organization. According to the managers interviewed, technology changes are the biggest causes of routines disposal in the industry. Despite the unlearning being incorporated into the process of organizational change, it does not aim to improve performance alone; instead, it is a catalyst for the process of change (Akgün et al., 2007). The footwear industry is constantly changing, so companies must adapt to the environment; this constant adaptation involves process changes. Thus, the disposal may arise from the fact that the company finds a particular routine to be no longer needed (and eventually will need to be replaced).

None of the managers, even when asked, reported formalized strategies for analysis of business processes for the purpose of eliminating routines. However, the importance of planning for the disposal of routines was mentioned by the three managers throughout the interview. According to them, transparency and awareness also facilitate the process, while this is usually a responsibility of the senior management as well as in the process of incorporating routines.

According to managers, employees act in different ways regarding the need for disposing routines, however, resistance is common to the disposal of routines and change. Nevertheless, managers were unable to specify if these behaviors arise in specific groups of people. This may occur since organizational routines are performed by people, who have their actions motivated by individual will and intentions (Feldman, 2000). As Tsang and Zahara (2008) had already alerted, the challenge in organizational unlearning is often in deleting the contents of human storage bins.

Managers report that when there is training and awareness facing the need for change, resistance is lower. Akgün et al. (2007) state that unlearning involves the combination of changes in beliefs and routines and without these two elements, it does not effectively occur. A similar analysis was carried out by Feldman and Pentland (2003), who emphasize that a routine is successfully discarded only when ostensive and performative aspects of routines are removed from the organization.

A disagreement between managers occurred on the topic of employee's exit. Two of them believe that the exit has generated significant losses of organizational knowledge. But one of them said that an employee's exit brings benefits to the company, because it reflects a situation in which he no longer meets the company's expectations, which might discourage other employees. However, in general, the higher the position occupied by the employee in the organizational hierarchy, the greater the difficulty in retaining knowledge. That is because the more operational is the job, the more likely that there is more than one employee able to do it, or who has expertise in routines involved. In addition, according to the managers, hierarchically higher positions involve a high load of knowledge and experience, which brings difficulties for

organizations to retain them. Previous research has indicated that the difficulty in retaining qualified professionals generates loss of skills, knowledge and experience accumulated in the organization (Steil, Penha & Bonilla, 2016). The loss of knowledge due to organization's key personnel turnover is a major concern of organizations today, however this matter will be not detailed here since it goes beyond the scope of this paper.

## **4.5 Relations between organizational learning and unlearning**

According to what was exposed in previous sections of this paper, it appears that learning and unlearning, although requiring different processes and skills (Zahra Abdelgawad, & Tsang, 2011), are related constructs. The differentiation of these two processes (learning and unlearning) is not easily perceived by the representatives of the organizations surveyed. During interviews, managers had difficulty in sticking to only one of the two constructs, since from their point of view the processes are mixed.

Conceptually these two processes are means to sustain competitiveness (Zahra, Abdelgawad, & Tsang, 2011) and the strategic renewal of the organization (Crossan et al., 1999). Analysis of the interviews showed that although the distinction between these two processes is unclear for managers, there is the concern to maintain the competitiveness of the organization, as Santa Catarina's footwear industry suffers from Chinese shoe competition. The leaders of the three companies mentioned that they are aware that today they live in an environment of change different from the one they experienced for example in the 90s, when they were strongly affected by government's economic policies. Nowadays, they say, they need to be fast and there is no room for amateurism, otherwise companies can't survive. They are therefore aware that the organization needs to maintain its ability to acquire new skills, new knowledge and new expertise, as well as discarding what is no longer needed. An example of this was the strategy used by the manager of one of the companies surveyed, who decided to leave the popular footwear market to enhance the high standard footwear segment.

Thus the organizational capacity is related to the organization's ability to acquire new knowledge and routines in order to be innovative (learning) and the ability to discard routines, procedures and systems that are no longer useful (unlearning) (Zahra, Abdelgawad, & Tsang, 2011). This research identified that in the three companies surveyed these two processes (learning and unlearning) do not occur in isolation. However, despite studies in literature reporting that unlearning can occur in isolation, there was no evidence of such situation in the context studied. According to managers, there is always the incorporation of a new routine when another is discarded. Therefore, at least in the researched context, the unlearning was a precondition for learning (Tsang & Zahra, 2008).

## **4.6 The role of changes in the external environment**

For the interviewed managers, crises proved to be important opportunities for learning and unlearning, i.e., they were triggers to episodic change (Tsang & Zahra, 2008). The main crises reported by managers were high inflation and market opening in the 1990s, and the lack of credit and a flood in the late 2000. These crises were considered opportunities for growth and improvement of enterprises, which occurred through changes in processes and routines – by means of learning and unlearning processes.

One of the managers said that due to lack of planning, his company was not prepared in the 1990s to cope with such high inflation, with the difficulty of making purchases in US dollars, and with the high depreciation. The employee turnover was very high at the time. It was a period in which the so-called 'shoemakers' were marginalized. With the crisis, according to the manager, the development – mainly in the commercial area – and the incorporation of new technologies occurred. Thus, changes in processes and routines took place in order to adapt the company to its operating environment.

Another manager also recalled the importance of planning, saying that during the crisis of the 1990s those who were professional and had financially planned the business ahead managed to survive. This manager also mentioned that in 2008 besides the global crisis, the city suffered a great flood and those who had physical structure and professional management survived. At this time, he said, around 32 factories went bankrupt; and the Footwear Zone lost about 100 million *reais*. As a result, the manager mentioned that in 2011 the Zone was perceived as stagnant because of restricted credit, an inheritance of 2008's bankruptcies. According to him, the crisis made it possible to learn about market change, to be concerned with skills management, to improve the quality and to understand customer requirements.

Yet a third leader addressed the issue of the effect of the international crisis and the Chinese competition on the footwear industry. These events propelled a radical change in the organization's path. The company used to work with two brands in the footwear market, a popular one and a high standard one. By strategy it was decided to focus only on the high-end market and to strengthen the brand, opening stores and investing in marketing, in order to gain in added value and not in price, since the Chinese footwear had reached the Brazilian market at a very competitive price.

Managers also mentioned the closing of the old sugar mill in the region, which used to employ much of the local manpower. According to them, new developments emerged from the entrepreneurial profile of some of the former employees of the factory, providing the creation of production units in the city itself, such as outsoles, insoles and accessories. In addition, footwear companies could anticipate more qualified manpower from the old factory. All this, according to the managers, eventually drove the Footwear Zone forward.

Managers' speeches corroborate the fact of learning and unlearning being closely linked to processes of change in the external environment. The crises that emerged in the sector are now seen by managers as opportunities in which their companies stood out. Although they mention that during the crises there were difficulties, and that many other companies ended up closing their business, they considered the final result positive.

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## **5. Final considerations**

This study was expected to describe the organizational learning and unlearning processes in the context of footwear companies from Vale do Rio Tijucas. The research expands the knowledge in the field by means of an empirical contribution on the relationship between these two constructs and the reality of the surveyed organizations.

As a result of the work, it was found that business managers understand that these processes are part of the context of companies and are important to their performance. However, there were no formal actions related to learning or unlearning in the organizations. Hence, we recognized that the processes of learning and unlearning are most often prompted by changes in the external environment. Specifically, the crises through which the industry has been play a key role in the incorporation and disposal of routines, i.e., in learning and unlearning. Moreover, government policy changes have brought changes to routines in the affected companies (for example, the economic crisis and market opening in the 1990s), as well as changes in the international economy, like the entrance of the Chinese economy in the footwear sector.

The industry context also plays an important role. In the footwear sector, the launch of new products following the fashion trends makes the product cycle short (about two months), which leads to the perception of a continuous process of learning and unlearning, more pronounced in some business areas such as the product development sector.

According to the perception of the authors of this study, some points should be investigated by other future studies. One of the difficulties encountered in data analysis was the lack of theoretical support on the relationship between organizational learning and unlearning. While learning seems to have a more consistent theoretical support, as well as a greater number of empirical studies, organizational unlearning is still a construct that should be further

investigated.

New studies can also investigate the relationship between industry sectors and organizational learning and unlearning. In other words, to what extent changes in an industry or in the environment in general, can provide opportunities to learn and unlearn, from an organizational point of view? It also can be investigated how some organizations favor organizational learning and unlearning, exemplified by Vale do Rio Tijuca's Footwear Industries Union which provides moments of knowledge sharing between companies in the sector.

In this research, it was found that some departments in the companies have a faster pace of change than others. Are these departments more likely to have to learn and unlearn? Is it possible to measure the speed and/or quantity of what was learned or unlearned? Other issues emerged during the research: what factors influence learning and unlearning? How can these processes be accelerated?

Although this work provides an increase in empirical knowledge about the phenomena of organizational learning and unlearning, some limitations stand out. Initially, this study cannot be generalized to all companies, even in the footwear industry, due to the small number of companies analyzed. Therefore, it provides an overview from the analysis of the phenomena investigated here. Thus, future research can benefit from this data to deepen the subjects and their relationships. Finally, given the importance of learning and unlearning for organizations, the theme is expected to increasingly attract the attention of researchers and professionals in order to provide theoretical and empirical developments.

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