



Mergers and acquisitions with a focus on resources and organizational capabilities

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Abstract

This article aims to understand the focus given in mergers and acquisitions (M & A) operations for the acquisition of new resources and strategic capabilities. It is based on the resource-based view (RBV) and descriptive exploratory qualitative research. We interviewed nine officials who have managed these operations in large companies in different types of businesses in Brazil. Data were processed and analyzed by applying content analysis. Two groups of companies regarding the focus of resources and capabilities in M & A transactions were identified: those with a tangible-intensive profile that physical assets were considered sought-after and strategic and those characterized with an intangible-intensive profile that de-emphasized capacity. The competitive advantages sought by these companies aimed at raising the perceived value by customers to expand their market and maximize returns and benefits for the shareholders. The adoption of an M & A strategy effectively enabled the expansion of the portfolio of products and services offered to customers.

Keywords: Strategic Management, Resource Based View, Strategic Resources, Capabilities; Merger and Acquisition.

Introduction

The topic of mergers and acquisitions (M & A) continues to be the subject of much attention as one of the most important alternatives to corporate development. The literature on M & A has been dominated by studies in the areas of finance and marketing, with interest focused on the realities of the United States and the United Kingdom (CARTWRIGHT; SCHOENBERG, 2006). Because of this, is treated with a par-

tial vision and focus on results for shareholders. In Brazil, the same trend with studies focusing on financial synergies (PAMPLONA; ROTELA Jr., 2013; WEB CALENDAR; BARBOSA, 2009), creation or destruction of value (MOTTA et al., 2013; PASHA et al., 2014), marketing strategy (MINADEO; WEB CALENDAR, 2009).

Other approaches have been used in the treatment of this theme, such as institutional learning, socio-cultural theories and organizational learning (BORTOLUZZO et al., 2014; TANURE; CANÇADO, 2005). In addition to these approaches, the focus of strategic management has also been used but with the predominance of a vision of industrial organization, i.e., within the structure-conduct-performance paradigm (S-C-P). (ROSSI; TARBA; RAVIV, 2013).

Within strategic management, making industrial organization counterpoint the resource-based view (RBV) focuses on the subject by considering the features and capabilities involved in M & A as sources of competitive advantage (BARNEY, 2011; BARNEY; CLARK, 2007; PENROSE, 2006; ROY; ROY, 2004; WALTER; BARNEY, 1991; WERNERFELT, 1984). According to Wernerfelt (1984), M & A offer opportunities for exchange and tradable resources to acquire or sell resources in the form of packages. For Barney (2011), the adoption of the strategy of M & A is a way for a company to acquire additional resources and capabilities or seek to obtain and/or sustain a competitive advantage.

Despite having been treated with the rationale in the RBV, the topic has not received more attention from the authors of this approach. The relevance of adopting it is in understanding more clearly what resources and capabilities are seen as strategic in the decisions to carry out a merger or acquisition, in view of the competitive advantage to be obtained.

Another important aspect of this study is the consideration that M & A have been of great importance for the economy and business in Brazil, deserving to be analyzed in the aspects of strategic resources and capabilities. According to PricewaterhouseCoopers (2015) there were 879 M & A operations in Brazil in 2014, totaling a volume of \$108.39 billion. The operations were 48.7% in acquisitions, 38.3% in investment in minority interest, 4.5% in joint-ventures, 4.7% in mergers and 3.2% in acquisitions. Distributed by sector, information technology (IT) appears in the spotlight with 16% of total operations, then services (9.4%), banks (8.8), retail (7.8%), mining (7.7%), public services (5.7%), food (5.6%), and the chemical and petrochemical industries (4.6%).

This panorama draws attention to the fact that companies with different types of businesses come and adopt the strategy of M & A. This begs the question about the motivations that would be causing these phenomena, particularly in Brazil, whose answer involves understanding aspects of foreign and domestic companies, which have adopted M & A as a strategy to reach new heights with their businesses.

Based on the settings made above the general objective of this research is to understand the focus given to M & A operations by companies in different kinds of businesses for the acquisition of new strategic resources and capabilities. We have defined the following specific objectives: a) identify the competitive advantages sought by acquirers and b) characterize the attributes of resources and capacities acquired as potential generators of competitive advantage in the strategies of M & A.

Notwithstanding the focus on features and capabilities, it is understood that in every operation of M & A there is always analyses on the economic and financial viabil-

ity, expansion of markets, and the returns to stakeholders, although these topics are not part of this study. Anyway, the features and capabilities that become strategic M & A are considered based on efficient and effective performance in providing a competitive advantage to the company that is the acquirer. (PETERAF; BARNEY, 2003).

In section 2 of this article, we present the theoretical references for the concepts we use to substantiate the analyses in this study Section 3 discusses the research methodology adopted, of a qualitative and exploratory nature, and the procedures for the collection and treatment of data. In the subsequent section, we present the analysis of the data, from a diverse set of companies operating in sectors such as education, food, transportation, and mining, among others. The final considerations include the most important findings and learning's.

Theoretical Framework

This section provides the theoretical foundation of the study that supported the establishment of the research instrument and further analysis, based on authors of VBR and others who deal with issues of M & A.

Mergers and acquisitions

An acquisition occurs, according to DePamphilis (2003), when a company (acquirer) acquires another (target), assuming its majority shareholder control, or partially, by the purchase of business units (a subsidiary, for example) or of selected strategic assets. On the other hand, a merger is the combination of two companies in which only the identity of one of them survives. A typical fusion, for the author, occurs when the target company's shareholders exchange their shares for the acquirer company's shares.

Barney (2011) considers that a merger occurs when two similar companies' assets are combined and argues that, although they are not synonymous, the terms merger and acquisition are usually used interchangeably.

For Wernerfelt (1984), acquisitions can be: (a) additional requirements—in order to get more resources in addition to those already available (for example, the purchase of a network of stores belonging to the same market segment as the acquirer); or (b) complementary—obtaining resources that match, effectively, with those that already exist (the acquisition of a strategic supplier could exemplify an acquisition related complement).

Penrose (2006) justifies the role of M & A as follows: "Of particular importance is the fact that the firm also acquire an experienced management team along with the technical staff and already experienced labor force" (p. 201).

According to Singh and Montgomery (1987), the relationship between the acquirer and the target is reflected in a transfer of functional skills between businesses, such as research and development, production, marketing, and distribution. This relationship can also be characterized by the use of similar distribution channels, by the use of compatible technologies, products, and/or similar markets, among other examples.

For Besanko et al. (2006), the economies of scale and scope are key to merger and diversification decisions because they do affect the size of the company and the structure of markets. According to the authors, the economies of scale are obtained when the average cost (i.e., cost per unit produced) suffers a fall in a range of production. On the other hand, the economies of scope exist if the company saves with increasing the variety of goods produced or services provided.

In addition to the economies of scale and scope, synergies are also issues focused on by researchers and professionals involved with M & A. According to Ansoff (1977), synergy is the effect that lets you produce a combined return of the company's resources higher than the sum of its parts. This author classifies synergies in the following ways: (a) the products share the same channels of distribution, sales, management teams, or stocks; (b) operational, resulting from the use of more extensive physical facilities and human resources; (c) investment in factories, raw materials, technology transfer tools, and machines; and (d) administrative, arising from the knowledge acquired by the administrators, providing the undertaking results from the operation of M & A performance improvements.

Walter and Barney (1990) present goals that lead companies to adopt strategies of M & A, namely to: (a) obtain and exploit economies of scale and scope; (b) deal with the critical interdependencies and applicants in the enterprise environment; (c) expand existing product lines and markets; (d) enter new business; and (e) maximize and use financial capacity.

According to DePamphilis (2003), there are many theories that explain the motivations for M & A, among these, synergy is widely used, involving two dimensions, operational and financial. Operating synergy has to do with economies of scale and scope, however, according to the author, there is little empirical evidence about the adoption of strategies for M & A basically to get economies of scale.

Competitive advantage in M & A

Barney (2011) argues that a company has a competitive advantage when it is able to create more economic value than its competitors. For this author, economic value is the difference between the benefits perceived by a customer to purchase a product or service of the company and the total economic cost to make it available. This means that the competitive advantage begins with the client or consumer preference for the product or service of the company at the expense of that of the competitor.

Bowman and Ambrosini (2000) have an understanding about what determines the creation of value for a product. According to the authors, value has two main components: (a) on the one hand, the perceived value of using the product, or the subjective value, which is defined by consumers or customers based on their perceptions of using the product; and (b) on the other hand, the exchange value is realized when the product is sold, based on the amount paid by the acquirer. A profit will be obtained only if the amount of exchange value, obtained from sales, exceeds the sum of the costs of resources used.

Roy and Roy (2004) used the RBV for understanding how corporate resources are used and combined to achieve competitive advantage through M & A. The merger they investigated started the second largest global technology company, with new

possibilities for generating competitive advantage from its increased resources. According to the authors, the new company had an effective capacity to provide multiple solutions to customers and achieve a position of competitive advantage compared to the leader at the time. The authors observed that the additional resources of this new company would demand additional integration efforts and could encourage the growth of businesses in different sectors, with a view toward performance rather than competitors.

Resources definitions

Barney and Clark (2007) dealt with the features and capabilities generated by a company by means of strategies of M & A. Analyzing three possible scenarios, they concluded that only when the corporate control market is imperfectly competitive does it become possible for purchasing companies to gain profits through strategies of M & A. According to the authors, resources are defined as tangible and intangible assets that the company controls and that can be used to create and deploy strategies that lead to competitive advantage.

Tangible resources are the physical assets of an organization, such as factory, labor, and finance, which can be seen and measured. (HITT; IRELAND; HOSKISSON, 2008; JOHNSON; SCHOLES; WHITTINGTON, 2007).

Intangible resources are nonphysical assets, such as information, people (knowledge, confidence, skills management, organizational routines), innovation (ideas, scientific training, culture to innovate), and reputation (in front of customers and suppliers, brand, perceptions about the product) (HITT; IRELAND; HOSKISSON, 2008; JOHNSON; SCHOLES; WHITTINGTON, 2007).

Grant (1991) considers four characteristics of features and capabilities as particularly important to determine the sustainability of competitive advantage: durability (longevity of depreciation or obsolescence of the strategic resources), transparency (difficulty for the contestant to identify the sources of competitive advantage), transfer (difficult or impractical with certain fixed assets, company-specific resources, and immobility of capacities), and replicability (difficulty or inability to transfer organizational routines). According to the author, the resources and capacities of the company are the foundation for its long-term strategy for the following reasons: (a) they provide the base direction for the company's strategy; and (b) they are the primary source of profits. He adds that the external complementary resource acquisitions can be adopted as strategies, both to explore the existing stock of the company's resources and to obtain competitive advantages in the future.

According to Barney (1991), a resource can be considered as a source of sustainable competitive advantage only if meet the attributes of being valuable, rare, imperfectly imitable, and difficult to replace.

A resource is valuable when it allows the company to develop and/or deploy strategies that improve the company's efficiency and effectiveness, which are achieved with the ownership of strategic resources in the provision of its products or services, differentiating them before those of competitors. In addition to being valuable, a resource must also be rare and difficult to obtain by competitors. These two attributes

are the basic conditions for obtaining competitive advantage or, at least, competitive parity. (BARNEY; CLARK, 2007).

An imperfectly imitable feature of a resource is that of high cost to be obtained, given that its development may have occurred in historical conditions only (cheaper access to resources due to its position in time and space), presenting causal ambiguity (when the competitors cannot know for sure what features allow a company to obtain an advantage), or it is immersed in social complexity (when resources and capabilities that a company uses involve interpersonal relationships, confidence, culture, and other social meshes). (BARNEY; CLARK, 2007). The difficulty of replacement is another characteristic of a strategic resource because otherwise the substitute adopted by a competitor could offer the same effect in the offering of a product or service. Barney (1991) argues that the competitive advantage to be sustainable over time, must also be imperfectly imitable and difficult to replace.

Subsequent to the disclosure of these concepts, Barney and Clark (2007) developed the VRIO model (value, rarity, inimitability, and organization) used to evaluate which features and capabilities of a company would be strategic. Preserving three of the four attributes based on Barney (1991), the model features four issues that need to be formulated to determine the competitive potential of an asset, having replaced the attribute of the difficulty of replacement by the organization. The latter is related to the existence of conditions of the internal organization of a company to efficiently exploit the competitive potential of its resources and capabilities.

Kristandl and Bontis (2007) emphasize intangibles as strategic resources that are relevant to the company for making it possible to create sustainable value, but which are only available to a small number of companies (rarity). According to these authors, such resources lead to potential future benefits that cannot be obtained by competitors and are not inimitable or replaceable by other resources. These also are not negotiable or transferable in the markets due to the company's control. Given the intangible nature of these non-physical resources, they are not included in the financial statements.

Strategic capabilities

For Barney (2011), capabilities are a subset of tangible and intangible resources that allow you to make other strategic resources from the company, such as teamwork and cooperation between managers. In a complementary manner, the authors above argue that the capabilities alone do not have the effect of creating and deploying strategies, but they allow the company to use resources to create and deploy strategies. So, the features are mutually dependent on the capabilities and resources to result.

The capabilities are the activities and processes that perform the deliberate integration of resources to perform a task or a set of specific tasks, whereby a company gets a competitive advantage. (HITT; IRELAND; HOSKISSON, 2008; JOHNSON; SCHOLES; WHITTINGTON, 2007).

The efficiency and effectiveness of resources depend not only on their availability, but also on the way they are managed, the cooperation between people, their adaptation and innovation skills, and relations with customers and suppliers, in addition to

experiences and learning acquired over time. (JOHNSON; SCHOLLES; WHITTINGTON, 2007).

The capabilities of a company, according to Grant (1991), are what the company actually does as a result of the integrated work of the teams and resources. However, creating capacities is not simply a matter of putting together a set of resources because it involves complex patterns of coordination between people and other resources. According to the author, this complexity is particularly relevant in supporting competitive advantage.

As you can see, the concept of capabilities does not have a consensus among the authors who adopt the principles of VBR, possibly due to its high subjectivity given the difficulties of describing it at the organization level.

Methodological Procedures

This section introduces the justifications of options regarding the type and method of research participants and the procedures adopted in the collection and treatment of the material obtained in the field.

Research method

Exploratory research was adopted given the nature of the research question and the objectives of the study. According to Collis and Hussey (2005), the focus of exploratory research is to obtain insights and familiarity with the subject area to allow a more rigorous investigation at a later stage.

The qualitative method was adopted given the interest in analyzing the descriptive statements of the participants in the processes of M & A the object of study (COLLIS; HUSSEY, 2005).

As the qualitative method demands rigor in its procedures to ensure the reliability and validity of the results obtained, we followed the guidelines of Merriam (2002), according to which a qualitative study needs to be trusted and is conducted in an ethical manner, meeting the following conditions: (a) the research problem must be appropriate to the qualitative research needs to be situated in the literature and have significance; (b) the participants selected should be presented clearly; (c) the study should detail the way in which the data were collected and analyzed; and (d) the conclusions of the research should be presented in a manner that is rich, thorough, and interpreted.

We also tried to follow the recommendations of Flick (2004) who argues that the essential aspects of qualitative research consist of the correct choice of appropriate methods and theories, the recognition and analysis of different perspectives, and the reflections of the researchers about their research as part of the process of production of knowledge.

Survey participants

The surveys were made with companies of different business types and ports, which had carried out mergers or acquisitions between 2009 and 2012. The intention

was to obtain greater wealth in the results of the study by including business diversity and experience.

We compiled an initial list of companies to be selected to participate in the survey based on reports from specialized consultancy, newspaper reports, and working professionals in M & A. Contacts were made on the basis of indications and an investor relations portal through e-mail and phone calls. A total of 51 companies were invited, resulting in nine acceptances. This number was considered sufficient for an exploratory qualitative study because, according to Patton (2002), the logic and power of choice is intentional in select cases rich in information for in-depth study. However, as you can see, there was a higher concentration in acquisition operations, which can be relativized by Barney (2011) for whom the terms merger and acquisition are often used interchangeably.

One of the companies did not authorize the disclosure of its name, so we adopted as a reference Company "NI" to identify it in the analysis.

A summary of the participating companies with the respective events of M & A is presented in Table 1, in alphabetical order.

Table 1 – Profile of the search companies

Company	Business	M & A events
AGV Logistics	Logistics and transportation	7 acquisitions (2009 to 2011)
BRF	Food	Merger of Sadia and Perdigão (2009)
Company "NI"	Education	20 acquisitions (as of 2000)
Estácio Participações	Education	5 purchases (dates not reported)
Fleury S.A.	Health	26 acquisitions (2001 to 2012)
Grupo Abril S.A.	Media, education	Acquisitions of Anglo and the Elemídia (2010)
Miolo Wine Group	Drinks	Acquisition of Almaden Winery (2009)
Politec	Technology	Acquisition of Ultracon (2008)
Vale S.A.	Mining, logistics, energy, iron and steel industry	31 acquisitions (2000 to 2011)

Source: The authors

Data collection

The data were collected through personal interviews with nine executives occupying positions of managers and directors of business areas that participated in operations of M & A in recent years, with extensive experience in this matter. Each interviewed individual represented a single company of the participants of the study. We tried to follow as faithfully as possible the guidelines of the literature about qualitative methodological procedures, presented in the next paragraphs.

According to Lee (1999), the interviews can vary in style, from the completely structured to the completely unstructured. An intermediate style would be the semi-structured interviews, which, in general, have a general topic and target specific issues and themes with a pre-established sequence. In the research, we adopted a structured roadmap with standardized open-ended questions, connected with the theoretical framework to ensure consistency in the analysis of the statements.

We also followed the guidelines of Flick (2004) especially to ensure that all aspects relevant to the search question were mentioned during the interview and the respondents' extensive additional revelations.

The interviews were transcribed and subsequently revised to serve as basis for the treatment and the analyses of their content in order to meet one of the criteria of a quality qualitative study (FLICK, 2004).

Treatment and analysis of interviews

The treatment and analysis of the interviews were conducted through the processes of encoding and categorization according to Flick (2004), Gibbs (2009), and Bardin (2007).

The categorization of Bardin (2007) is the classification of constituent elements of a set for differentiation and for reunification, according to genre (analogy), with pre-established criteria or codes. According to the author, the categorization is a structuralist type process, consisting of two stages (a) inventory, isolation of elements; and (b) rating, separation of the elements to organize them. The categories should have the following qualities: (a) mutual exclusion, each element may not appear in more than one grouping; (b) homogeneity, unity in classification; (c) relevance, be adapted to the chosen analysis and material connected to the theoretical reference; (d) objectivity and fidelity, the different parts of the same material, to which applies the same categorization must be grouped in the same way, even when subjected to various analyses; and (e) productivity, the categories must be such as to enable analytical results.

The content object for treatment and analysis was pre-coded (BARDIN, 2007) to be generated from the default script used in the interviews.

The treatment procedure of the interviews was conducted with the support of a worksheet. In the first column on the left, we placed the goals, and in the second column, we placed the questions related to these goals, and subsequent columns included semantic units (BARDIN, 2007), i.e. the words and relevant excerpts of transcripts of testimony cut from each interview. Semantic units have been distributed separately in columns designed for each respondent. In the last two columns of the worksheet, on the right, we inserted the themes and categories established by means of horizontal readings of the content of the columns (the semantic units). This process comprised three reductions: the first being the semantic units from the raw testimony, the second being the elaboration of the themes, and the third being the preparation of the categories (GIBBS, 2009).

Thus it was possible to make the necessary connection between the goals and the categories, as Table 2 illustrates, necessary to guarantee the quality of a qualitative study (FLICK, 2004).

Table 2 -specific objectives and categories

Goals	Categories
a) Identify the competitive advantages sought by acquirers.	-Values perceived by customers -Returns for the shareholders
b) Characterize the attributes of resources and capacities acquired as potential generators of competitive advantage in the strategies of M & A.	-Tangible Strategic Assets -Prevailing Intangible

Source: The authors

Analysis of the interviews

The analysis of the statements obtained in the interviews is structured based on Table 2 in the order of the specific objectives proposed and their respective categories.

The excerpts of the transcripts of the testimony of the respondents are indicated by means of specific acronyms (E1, E2, E3, E4, E5, E6, E7, E8 and E9) following the order of interviews, but without immediate correspondence with the order of presentation of companies in Table 1 to avoid associations that may reveal the interviewer's identity and that of the respondents, since the disclosure was not authorized by them.

Specific Objective a): Identify competitive advantages sought by acquirers

The analysis of adherence to this goal statement was made possible by the construction of the following categories: "values perceived by customers" and "returns for shareholders."

Values perceived by customers

This category is related to the perception of value for customers of products and services offered by the purchasing companies, from the point of view of the respondents. According to the testimony, there was an increase of the value perceived by customers after the event of M & A. Apparently, customers realized a greater benefit mainly by an improvement in the quality of the products and services offered, as illustrated below:

"... the public realized a gain of quality, and this increased their satisfaction. In the moments following an influx, more customers gave this perception of quality gain." (E3)

It was found that in the increase in size and the ability to deliver, the new company may have provided increased confidence on the part of customers, improving their perception of value:

"... the company was small compared with the current postage purchased as a consolidator in the industry. Therefore, the client went on to rely more..." (E4)

"The company lost very few customers in the process of acquisition. We have, in fact, kept the main customers and further enhanced the business relationship with many of them." (E7)

Given the convergence of the declarations of the respondents on this aspect, it is possible to consider that the M & A the strategies deployed by the companies analyzed favored positively the values perceived by their customers in relation to their products and services, one of the indispensable elements for the creation of value for both customers and shareholders (BARNEY, 2011; BOWMAN; AMBROSINI, 2000).

However, it was found that the usage values perceived by customers (BOWMAN; AMBROSINI, 2000) had not changed enough to allow them to be charged more for their products and services after the operation of M & A. Excerpts of testimonies presented below illustrate this situation:

"The price remained unchanged." (E2)

“ . . . don't listen to increase, because the products faced and still face high competition on the market.” (E5)

“ . . . that hasn't happened yet. This is a second step, which is starting now, expecting to harvest these fruits.” (E7)

4.1.2 returns for the shareholders

This category covers the subjects relevant to the shareholders, directly or indirectly, in the operations of M & A.

The growth of company size, turnover, or market share was highlighted as one of the main results obtained by the implementation of M & A:

“The company had doubled in size with a previous acquisition, now with the latest acquisition, more than doubled. With this, the result achieved with acquisitions was the improvement of strategic positioning and mainly the increase in the size of the company.” (E6)

“ . . . Since 2009 . . . the company grew nearly 10 times. This result is due 65% and 35% to acquisition and organic growth.” (E7)

“The company was able to . . . increase revenues with customers.” (E9)

Regarding the motivations for adopting the strategy of M & A, at least half of them were directly related to the size of the company, i.e., obtain and exploit economies of scale and scope, increase the power of the market, enter new businesses, and expand the financial capacity (DePAMPHILIS, 2003; SINGH; MONTGOMERY, 1987; WALTER; BARNEY, 1990).

Additionally, some respondents indicated the extension and complementarity of the portfolio of products and services (DePAMPHILIS, 2003; WALTER; BARNEY, 1990;) as the most significant gains:

“ . . . many of these acquisitions also helped complement the product portfolio.” (E3)

“ . . . worked on unification of commercial area, seeking synergies with a much broader portfolio of products.” (E9)

Considering specifically the integration of products and services between the acquirer and the target company, relevant administrative and operational synergies were also obtained (DePAMPHILIS, 2003; SINGH; MONTGOMERY, 1987; WALTER; BARNEY, 1990):

“In addition to the administrative synergies in terms of unifying the offices, there was also an operational gain because the allocation of resources was optimized.” (E2)

“ . . . to integrate the systems there was a reduction of costs, in particular, in the management team. Another win was the unification of contracts with service providers.” (E7)

Search companies provided positive gains for their shareholders, with the adoption of the strategy of M & A, at least in the short and medium term:

“ . . . There was a gain of value, both for the growth of EBITDA and the multiple expansion. Because the margins expanded.” (E1)

“ . . . Yes, improved the outcome in terms of EBITDA, in terms of net income and, in turn, on distribution of dividends.” (E3)

“Just follow the increase in market value of the company from 2009 to now. Soon after, in 2010 it began to be recognized as the same as their international competitors. . . and that meant a greater return to shareholders.” (E5)

“... the action went up 25% very dependent on the M & A. You can't isolate what is investor behavior, but ... went up that much, although it is difficult to assign exactly how much of this was due to an inflow of capital market or how much of it took place in the strategy of M & A.” (E6)

4.2 Specific objective b): Characterize the attributes of resources and capacities acquired as potential generators of competitive advantage in the strategies of M & A

During the course of the treatment of the data, it was clear that the companies in the study could be divided into two groups, given the diversity of their businesses. The first group had as a main feature a greater reliance on its hard assets, such as large investments in real estate, machinery, equipment, and other tangible resources to enable the delivery of its products to customers. Such a feature, according to Kayo and Famá (2004), defined the profile as "tangible-intensive." The second group, according to these authors, would include a predominance of those with an "intangible-intensive" profile, more dependent on the skills and knowledge acquired by their employees to make their products and services to the end customers.

The consideration of these two specific groups resulted in the preparation of the two categories of analysis of this goal presented below.

Tangible strategic assets

Notwithstanding the F & A involved tangible assets, intangible assets and capabilities, to the tangible-intensive companies, tangible assets are significant strategic resources in that increased the delivery capacity of enterprise

“... If the company was alone, I couldn't move. Now there are sufficient resources to reach the entire market.” (E4)

“... It would take a long time before the release of a product until it reached all distribution channels. Today, the expansion of the company's strength in three months is distributed across all channels in Brazil.” (E9)

The excerpts of the interviews mentioned above show that the improvements obtained by the companies were delivered from the integration of tangible assets acquired by the adoption of the strategy of M & A (WERNERFELT, 1984), indicating the possibility of having generated value for customers and companies (ROY; ROY, 2004).

For these companies, the tangible resources that came to be dominated by them as a result of M & A are also rare and difficult to be developed by the competition, which indicates a possible competitive advantage:

“The company can launch new products every year, can change the formulations at any moment. Obviously that depends on feasibility, but it would be a possibility of being a competitive advantage.” (E9)

Prevailing Intangible

Companies that participated in the search and are classified as intangible - intensive (KAYO; FAMÁ, 2004) are made up of service providers. For them, the intangible resources are strategic for the success of their operations as possible sources of competitive advantage. In this group, the skills became sharper than in the previous

one, associated with the intangible resources offered by M & A, with an emphasis on culture, reputation, brand, and applied knowledge of the people. The testimonials below are illustrative of these features:

“... are the cultural aspects that sought to keep within the company acquired. It is very important to the culture, talent retention.” (E4)

“The reputation... and credibility, the level of reliability are the most important asset for the enterprise market.” (E8)

“... is the strength of the brands... the credibility they hold. It is a brand that, otherwise, we would not have here in the country.” (E1)

“When it incorporated the company... the goal was to bring a qualified team.” (E2)

“... is the tacit knowledge of individuals in relation to the execution of the services... Sounds like a simple thing, but to have volume with adequate margins we need to have people with knowledge, have processes and technology, to gain a competitive advantage over competitors.” (E7)

In the same way as with tangible, intangible resources must be valuable, rare, and imperfectly inimitable in order to generate value for the products and services and be considered as a source of competitive advantage (BARNEY, 2011):

“Everything that makes the competition try to imitate, but never mimics the same way that the company deems satisfactory to offer. There is always that risk... the 85 years they built a framework of competencies is difficult to replicate... the mindset of innovation... is very strong and difficult to replicate.” (E8)

The capabilities inherent in activities that provide the adequate delivery of products and services are difficult to develop and replicate:

“... It's not simply invest, expand the capital, because it takes a long time for a professional to develop in certain areas, in order to have the appropriate knowledge.” (E2)

“... is the expertise of the people. Are placed several thoughtful, intelligent heads, productively for the delivery of the product to the client...” (E3)

“Adding the skills of the companies with which there was no merger, were magnified the skills that the company already had, making it possible to get out of a contract of \$ 12 million for a contract of more than 60 million R\$ in a year... Neither our company nor theirs could do this alone.” (E7)

So, it was evident that the efficiency and effectiveness of resources depend on how capabilities are managed, how cooperation is stimulated between people, their capability for adaptation and innovation, and for relationship, in addition to experience and learning acquired over time. (JOHNSON; SCHOLLES; WHITTINGTON, 2007)

Final Considerations

Returning to the general objective of the research—to understand the focus given in M & A operations of companies in different kinds of businesses for the acquisition of new strategic resources and capabilities—we can summarize by saying that the tangible-intensive companies sought physical assets deemed strategic, while those characterized as intangible-intensive they gave emphasis on intensive capabilities. The competitive advantages sought by all of these companies was to elevate the perception

of value for customers, expand the market, and maximize the returns and advantages for shareholders. The adoption of the strategy of M & A has enabled the expansion of the portfolio of products and services offered to customers, but apparently, the customers realized little value in the improved quality of products and services and on increased deliverability. Maybe that is why there has been little change in the prices of their products and services.

With respect to the desired gains by shareholders with the M & A, economies of scale and synergies enabled the growth and expansion of businesses more quickly, but it has not been possible to detect if there was improvement in economic and financial returns with higher dividends and increased market value for these companies because the identification of these results was not part of this study. About that aspect, there were only a few optimistic demonstrations from some interviewees but without any objective justification.

About the attributes of resources and capabilities identified in the M & A, it was not a simple task to characterize them, given the great diversity of businesses of the companies involved in the research. For companies that are equipment-intensive, strategic physical resources are considered to be those that are valuable, rare, and difficult to be imitated by competitors, which demanded large investments and more economical and financial analysis than for the decisions about M & A. For intangible-intensive companies, strategic capabilities are considered to be those that generate immediate value to the services but are also rare, i.e., difficult to develop and, at the same time, difficult to be copied by competitors. In this group, the analyses for M & A decisions took more account of the market and environmental conditions.

The VBR was efficient in the grounds of this study and interpretation of data, making it possible to understand the link between resources and the capabilities of the businesses and the operations of M & A. Nevertheless, this approach was not enough to give clarity to the connection between the attributes of resources and strategic capabilities with the creation of value of the goods and services of the companies, which is one of the recent criticisms of VBR (ZUBAC; HUBBARD; JOHNSON, 2010).

On the other hand, the adoption of the qualitative method proved to be productive for the treatment and analysis of data, mainly because of the rigor applied in the construction of the categories of analysis.

Among the most significant learnings derived from the research include the following: the gist of much of what was presented in the theoretical references to practice and the fact that each operation of M & A is quirky, with characters, characteristics, results, and particular difficulties related to each event. So, it became relevant to classify the features and capabilities as tangible and intangible-intensive. These are the contributions from research to theory.

Another contribution of a more practical nature is the fact that the decisions taken in Brazil about M & A followed the same reasoning of those revealed by the literature, as the United States and United Kingdom. Anyway, in this cases, despite having been analysis and financial and market considerations, resources and strategic skills involved were the concrete aspects taken into account in decisions, as are those that lead to the desired competitive advantage.

With regard to limitations, this study was restricted to the opinions of those responsible for the areas of mergers and acquisitions of the purchasing companies; hav-

ing only one representative for each company brings the risk of a single opinion. In addition, some of the respondents were cautious and parsimonious when answering the questions given the internal policies of confidentiality and secrecy of companies, particularly those with large public display and those that have their shares traded on the São Paulo Stock Exchange.

For future studies, we suggest the adoption of case study with a few companies, expanding the number of respondents per company, involving different areas to explore more in-depth the integration and processing of resources and capabilities after M & A and its contribution to search for and/or obtain competitive advantage.

A suggestion to managers who will be involved in M & A is to consider, among other things, resources and strategic capacities of the target company in the investment analysis, focusing on its value and rarity, attributes that are critical to the achievement of competitive advantage, and the feasibility of its integration with the company's acquirer, making difficult to imitate with a view to seeking to leverage sustainable competitive advantage.

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