



Brexit, the wine sector and organisational resilience: An exploratory study of Spanish wineries

Journal:	<i>Review of International Business and Strategy</i>
Manuscript ID	RIBS-09-2019-0128.R2
Manuscript Type:	Empirical Research Paper
Keywords:	Brexit, Wine industry, Exports, Organisational resilience

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Abstract

Purpose – This exploratory study examines the perceptions of winery owners/managers concerning the impacts of Brexit on the Spanish wine sector, and proposes a theoretical framework based on the extant organisational resilience literature to facilitate an understanding of this concept. The framework facilitates understanding of this concept through the perspective of winery operators.

Design/methodology/approach – Attendance at a large Spanish wine fair in 2017 allowed for brief face-to-face interviews with owners and export managers of 156 predominantly micro and small Spanish wineries. The data were analysed through qualitative content analysis.

Findings – Despite the general sense of uncertainty and negative perceptions regarding the outcomes of Brexit, the interviews revealed various forms of resilient responses, including ongoing efforts seeking to broaden the scope for exports into new, niche markets alongside more traditional ones. These findings have important implications for businesses engaged in international business, particularly in the wine industry, where the potential challenges resulting from a major political decision can exacerbate existing issues of competition.

Originality/value – From a practical perspective, the study examines an emerging issue with potential consequences for international business. From a theoretical point of view, the proposed framework provides a baseline to illuminate understanding of the links and stages following turbulence within organisations. Notably, the activation of responses emphasises the importance of developing a resilient organisational culture, as well as

developing internal and enabling factors and bundles of resources that help create firm capabilities.

Keywords: Brexit, wine sector, exports, winery entrepreneurs, organisational resilience, Spain.

Introduction

Small and medium enterprises and resilience

Contemporary research (Lai et al., 2016) posits that, during times of hardship, small and medium enterprises (SMEs) appear to be more vulnerable than larger businesses. Smaller firms are particularly susceptible to limited alternatives of financing, weaker controls over the external environment, or relative resource poverty (Lai et al., 2016). At the same time, given the informal business settings in which they operate, and their experience facing adversity directly, SMEs and entrepreneurs possess capabilities that allow them to be resilient (Branicki, Sullivan-Taylor, and Livschitz, 2018). Thus, stimulating creatively and experimentation, leveraging and developing personal relationships, and overall building capacities could help SMEs to respond to crises, as well as cope with uncertainty (Branicki et al., 2018), thereby building resilience.

Bernard and Barbosa (2016) explain that the concept of resilience is understood in most studies as a type of cognitive and emotional ability of use to entrepreneurs, particularly when experiencing setbacks associated with their entrepreneurial pursuits. However, despite the above body of knowledge and related insightful notions concerning how SMEs can build entrepreneurial resilience, there is a contrast between the available contemporary empirical evidence concerning this concept, and “the received wisdom” (p. 1245) gained from the literature. This contrast “suggests the need for greater study of how SMEs achieve resilience

and of the role of entrepreneurs in these processes” (Branicki et al., 2018, p. 1245). Learning from entrepreneurs of SMEs, a group whose contribution for many countries’ economies is essential (e.g., Zambon, Marzo, and Scarpino, 2016) could provide invaluable guidance, not only to other entrepreneurs, new or established, but also to chambers of commerce, government agencies, or even non-governmental organisations. Indeed, identifying ways in which businesses can become more resilient could have significant socioeconomic impacts, thereby helping extend or maintain the life of businesses, or in stimulating new generations of entrepreneurs. Consequently, the present study will address this gap, exploring entrepreneurial and organisational resilience from the perspective of predominantly micro and small winery operators (owners, managers).

The wine industry, Brexit and uncertainty

Wine production is significant for Spain’s economy. Indeed, Spain is one of the world’s top three wine producers (Wine Institute, 2017; Eurostat, 2017). In 2015, Spain’s wine production represented 13.1 percent of the world’s total, or third behind Italy and France (Wine Institute, 2017). Similarly, in 2015 (OIV, 2016) and in 2016 (OIV, 2017) Spain was the world’s top wine exporter, with 23 and 22 percent of the global market share, respectively. With approximately 4,500 wineries nationwide (Sellers-Rubio, Alampi Sottini, and Menghini 2016), thousands of jobs are created in viticulture activities, including pruning, harvesting, wine making, bottling, distributing or selling. In La Rioja region, Gil and Mataveli (2017) reported an approximate 1,900 jobs directly related to the local wine sector. Contact by this study’s authors with Jerez’s designation of origin (www.sherry.org) revealed that the wine sector contributes directly to 1,500 jobs, and indirectly (spill over effect) to 7,500 jobs in this region.

Despite its socioeconomic significance, Spain's wine sector faces key challenges. In fact, although a world leader in exports and third in the production of wine, the price of Spain's wines is still comparatively demure, and as a result its earnings are considerably lower than those of France and Italy, the other top two world wine producing nations (Parga-Dans and Alonso González, 2017). For example, in 2016, France's wine export value was 8.232 billion Euros, Italy's 5.582 billion Euros, and Spain's 2.649 billion Euros (OIV, 2017). Moreover, while France and Italy are still among the world's four most wine consuming nations, the consumption trend in Spain is much lower, and to be more exact, eighth in the world (Wine Institute, 2017). Finally, with over one million wine producers around the world (Gil, Molina, and Ortega 2016), future competition for Spanish wine sales will only become fiercer.

In the United Kingdom (UK), wine has been a favoured product among consumers, and overtime, the UK has become a key player in wine trade (Anderson and Wittwer, 2017). In fact, for centuries, the UK has been a leader in importing a significant share of global wines, and today wine represents one-third of alcohol consumption in the UK (Anderson and Wittwer, 2017). Not surprisingly, the UK is perceived as "the hub of international trade in wine" (Bruwer et al., 2014, p. 1144). Moreover, for a long time, the UK has been a key importer of Spanish wines. Already in the 1830s, both Spanish and Portuguese wines represented nearly four-fifths of all of the UK's wine imports (Simpson, 2005). Such tradition and significance remains until today. Data from the Spanish Wine Market Observatory (OEMV, 2016) indicates that, in 2015, the UK was Spain's second largest market, and also the second in terms of value (356.1 million Euros). In terms of price per litre, the UK represented the 11th highest (2.01 Euros) from a group of 20 importing countries (OEMV, 2016).

The 2016 referendum outcome in the United Kingdom (UK), commonly known as 'Brexit' (Nölke, 2017), has been perceived by many observers as potentially negative,

including for businesses. Some of the foreseen problems are skill shortages (Sweet and Smith 2017), newly imposed import tariffs and tariff rate quotas (Matthews, 2017; Revell, 2017), and a considerable disruption of trade relations between both the UK and the European Union (EU) (Belke and Gros, 2017). A recent wine report (Anderson and Wittwer, 2017) states that Brexit is expected to affect and create uncertainty in the wine market. In support of Anderson and Wittwer's (2017) report, recent news (The Guardian, 2017) suggests that, since the Brexit announcement, wine prices have increased for UK consumers, mainly due to a fall of the Sterling.

Despite the potential impacts and the implications of Brexit for Spain's wine industry, to date, academic studies have yet to examine its perceived effects on the wine sector, especially from a practitioner point of view. At the same time, there is a need for generating more knowledge about Brexit's perceived or actual impacts. Such knowledge would be valuable for different groups of wine stakeholders such as winery operators, their employees, and wine associations. Furthermore, learning the perceptions of winery owners and managers concerning Brexit's main perceived impacts could inform other stakeholders (government agencies and chambers of commerce) of the need to support wineries in their efforts to find new markets. Moreover, new data from wineries' perspectives could be useful for these to develop new strategies jointly, as a group or association in response to the Brexit phenomenon. Finally, new information could also help inform consumers, particularly concerning new markets that wine producers might consider as alternatives to the UK market.

Consequently, the study will address various research questions (RQs), including:

RQ1: How is Brexit's impact perceived by Spanish winery operators?

RQ2: How could Spanish wineries respond to Brexit, minimising its impact? In other words, what could be done in order to build organisational resilience?

Overall, this study is structured as follows. In the next section, the literature review discusses the concepts of resilience, organisational resilience, and their associated theoretical underpinnings. This section also discusses organisational resilience in the context of the wine industry and proposes a theoretical framework based upon the pertinent literature on organisational resilience. Furthermore, the methodology presents the approaches and methods considered in the research, the process of data collection and its subsequent analysis. The results section focuses on the findings of the study, and in particular addresses the above two research questions. The discussion section presents the proposed framework and addresses the third research question. Finally, the conclusions section presents theoretical and practical implications, acknowledges the limitations of the study and suggests avenues for future investigation.

Literature Review

Resilience, concepts and theoretical underpinnings

Individuals, organisations, communities, or even entire countries face an ever changing and diverse environment, and can pose a number of threats (Bhamra, Dani, and Burnard, 2011). Furthermore, organisations undergo disruptions due to turbulent environmental, social, or economic periods (Burnard and Bhamra, 2011). For example, the turn of the century brought many risks and challenges to small and medium enterprises (SMEs) in the form of economic uncertainty, fast technological changes, or intense global competition (Demmer, Vickery, and Calantone, 2011). Furthermore, many SMEs experience difficulties surviving through a recessionary period, particularly when they also exhibit such weaknesses as low productivity, inadequate managerial capabilities, or limited access to credit (Ooi and Richardson, 2019).

Moreover, as Singh and Kumar (2017) posit, SMEs “are less likely to have access to formal financing channels” (p. 370).

To remain viable and maintain competitiveness in the face of uncertainty, organisations need to adapt continuously (Burnard and Bhamra, 2011). Importantly, adaptation is inherently associated with building resilience (Ates and Bititci, 2011).

Different definitions have been suggested for the term ‘resilience’. In the ecological systems literature, an earlier conceptualisation (Holling, 1973) posits that resilience “is a measure of the persistence of systems and of their ability to absorb change and disturbance...” (p. 14). In the field of community psychology, Norris et al. (2008) defined resilience “as a process linking a set of adaptive capacities to a positive trajectory of functioning and adaptation after a disturbance” (p. 130).

More related to the present study, Ates and Bititci (2011) define organisational resilience as the capacity of organisations to adapt, survive and sustain their business amidst turbulent change. According to Ismail et al. (2011), resilience is “a desirable characteristic of firms that operate in turbulent environments” (p. 5470). Resilience can develop over time, and is a direct consequence of effectively addressing firm-related strains and stresses, in a process whereby apart from surviving, firms can thrive following adversity (Ismail et al., 2011). Being able to achieve resilience requires firms (i.e. SMEs) “to engage in strategic thinking and planning” (Ismail et al., 2011, p. 5471).

Several authors have sought to develop insights and theoretical foundations to enhance the understanding of resilience in organisational contexts. For example, Mallak (1999) proposed a framework illustrating ways in which resilience operates at various levels, including organisational and individual. The framework depicts six categories associated with resilient behaviour; in an organisational context, the categories underscore the following elements:

Vision, which incorporates formulation and communication (of resilience).

Values: Creating a culture of resilience, or how fundamental organisational values promote organisational resilience.

Elasticity, being free from restrictive procedures or policies; the capacity “to bend without breaking” (Mallak, 1999, p. 223).

Empowerment, which encompasses resource access, reinforcement, behaviour modelling, and decision making boundaries.

Coping, which comprises awareness, training, or, as with empowerment, reinforcement.

Connections, which include building effective teams, or interpersonal behaviours (Mallak, 1999).

Mallak (1999) notes that organisations that effectively go through these six components may experience higher degrees of organisational resilience. Concerning the empowerment category (Mallak, 1999), Norris et al. (2008) note that adaptive capacities are represented by resources that are rapidly accessible, and that possess dynamic attributes. Organisational resources are those productive assets that include tangible (financial, physical), intangible (technology, culture, reputation) or human (skills, know-how, motivation) (Grant, 2016). Capabilities are strongly associated with resources and are also critical in developing resilience; for instance, they can be triggers of growth or strategies (Ismail et al., 2011). Essentially, capabilities represent what firms can do (Grant, 2016). In other words, capabilities are not merely the result of resources; instead, the combination of resources creates organisational capabilities (Grant, 2016).

Another contribution (Burnard and Bhamra, 2011) proposed a ‘resilient response framework.’ The framework also seeks to illuminate the understanding of organisations’ behaviour when they experience turbulent conditions (Burnard and Bhamra, 2011). First, the

conceptualisation depicts a critical period following an event or threat; the period is reinforced by three stages or parts: Detection, activation and enhanced monitoring. Detection and activation are followed by a response. This response is then divided into positive adjustment, extended by resilient responses, and negative adjustment. Both forms of adjustment affect organisational learning, which in turn induces enhanced monitoring. Burnard and Bhamra's (2011) framework also explores the associations between business strategy concepts, for instance, risk management and competitive advantage, and organisational resilience.

Similarly, Gunasekaran et al. (2011) suggested a framework for SME resilience and competitiveness. This framework is divided into three different factors, and includes eight determinants of competitiveness and resilience. First, under internal factors, they underscored the role of organisational behaviour (e.g., interactions/relationships among different departments of SMEs, centralised decision making process) and managerial characteristics (e.g., multitasking), with implications for quality (e.g., continuous improvement processes). Second, under external factors, they highlighted the globalisation phenomenon, which suggests advantages (increased opportunities) and disadvantages for SMEs (the need to readjust rapidly). Third, under enabling factors, Gunasekaran et al. (2011) identified the use of technology (e.g., Internet), supply chain integration, generation of capital, and location and marketing.

Organisational resilience in the wine industry

To date, few studies have examined organisational resilience from practitioner/entrepreneurial perspective in the wine industry. In one of these contributions, Duarte Alonso and Bressan (2015) investigated resilience in response to contemporary challenges in Italy's wine industry among. They found various forms of developing resilience

that are related to communication, promotion and direct marketing that strongly underline the role of the organisation and management. Indeed, salient findings underlined the importance of more involvement with social media and webpage, more knowledge of foreign languages, collaborating with other wineries, diversifying their product offerings, increasing their exports horizon, and educating wine consumers more (Duarte Alonso and Bressan, 2015).

Duarte Alonso and Bressan's (2015) findings also underscored the importance of both organisational resources and capabilities. For instance, financial resources were illustrated in equipping wineries with tools in order to have a fast, reliable, and permanent online presence, which is paramount in today's wine environment (Duarte Alonso and Bressan, 2015). Financial and human resources were demonstrated in winery training (for staff or the ownership) to learn and employ these tools effectively, as well as in learning foreign languages to communicate with an increasingly global audience (Duarte Alonso and Bressan, 2015). Thus, in this case, and aligned with Grant (2016), combining financial, human, and time resources resulted in more effective communication, which represents a key organisational capability. A resulting framework developed by Duarte Alonso and Bressan (2015) underscored the importance of internal, external, and enabling factors (Gunasekaran et al., 2011), as well as capacities.

In a second exploration, Golicic, Flint, and Signori (2017) conducted a longitudinal study among wineries from six countries to ascertain how winery businesses sustain themselves in a complex market environment. They used the term 'entropy' to refer to "a major business disruption" (p. 75), and identified various actions to develop resilience. For instance, their findings revealed three main ways: Innovating and experimenting, obtaining resources and developing capabilities, and relying on supply chain connections. Golicic et al. (2017) subsequently presented a framework, which shows that, over time, a major disruption arises, affecting firms' sustainability. In order to correct this form of decline and build resilience,

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3 firms need to take action. Furthermore, Golobic et al. (2017) hypothesised that, inevitably, all
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5 firms will follow this cycle, with some doing so continuously, and others failing to do so,
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7 with consequences for their long-term survival.
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10 Finally, earlier research among employees from Italian wineries (Flint, Golobic, and
11 Signori, 2011) examined ways in which they were addressing the competitive landscape and
12
13 economic conditions. Based on their data, Flint et al. (2011) developed a framework
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15 underscoring two main dimensions that suggest impacts for wineries' sustainability. The first
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17 dimension revealed the significance of assessing wineries' environment, which included their
18
19 internal and external business environment and their capabilities. These three elements were
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21 associated with the second dimension, being resilient, that captures their major findings,
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23 namely, the importance of promoting a unique identity and willingness to change, for
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25 instance, by innovating. This form of innovating includes improving the quality of the wines
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27 and finding ways to add value (Flint et al., 2011).
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35 *Proposed theoretical framework*

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37 Based on the above conceptual and empirical contributions, a framework that captures
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39 resilience in Spain's wine sector to respond to the impacts of Brexit is proposed (Figure 1).
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41 As illustrated, and supported by recent academic contributions, news and reports (e.g.,
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43 Anderson and Wittwer, 2017; Matthews, 2017; Revell, 2017; The Guardian, 2017), upon the
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45 detection of the 'disturbance' (Burnard and Bhamra, 2011), such disturbance (Brexit) is
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47 suggested to have various impacts. For instance, as Anderson and Wittwer (2017) explained,
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49 the event has intensified uncertainty. Furthermore, the already noticed increase in wine prices
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51 (UK), and the potential for trade barriers, with unknown outcomes of resulting negotiations to
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53 reach import/export agreements further fuel the state of uncertainty. Arguably, newly erected
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55 trade barriers, increased paperwork, and finding alternative markets may result in higher costs
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for wine producers. As a result, part of the new costs for wine products might be passed from wineries into the importers, and, ultimately, into consumers.

These perceived destabilising issues require the ‘activation’ of resilient organisational responses (Burnard and Bhamra, 2011). These responses are underscored by the categories of resilient behaviour (Mallak, 1999), the elements described within internal and enabling factors (Gunasekaran et al., 2011), and the importance of resources, whose combination contributes to creating organisational capabilities (Grant, 2016). Together, categories, elements, resources and capabilities allow for identifying various productive ways to build resilience, namely, through adding value, innovation, experimenting and continuous organisational learning (Flint et al., 2011; Golobic et al., 2017). The resulting improvements in product quality (Gunasekaran et al., 2011), incorporating social media to promote one’s winery, or exporting (Duarte Alonso and Bressan, 2015) can help support the process of building resilience. Importantly, this process needs enhanced monitoring, in order to detect events and activate responses (Burnard and Bhamra, 2011), and further work towards wineries’ long-term sustainability.

Overall, the links between the present study and adaptation in light of a turbulent event underscore the value of considering the academic literature that discusses resilience (e.g., Ates and Bititci, 2011; Burnard and Bhamra, 2011; Grant, 2016; Gunasekaran, Rai, and Griffin, 2011; Ismail, Poolton, and Sharifi, 2011; Norris et al., 2008). Based on this literature, this study will propose a theoretical framework that explains resilience in the context of Brexit and the wine sector. Thus, the following additional question is proposed:

RQ3: To what extent does the developed framework contribute to the understanding of organisational resilience among Spanish wineries experiencing a major event (i.e. Brexit)?

Figure 1 Here

Methodology

This exploratory study is primarily concerned with proposing a theoretical framework, predominantly based on the organisational resilience literature to enhance understanding of the perceived effects of an event (Brexit) on Spain’s wine industry, and how the sector could build organisational resilience in response. Thus, this study’s unit of analysis encompasses the perceived effects and ways to adapt to a major event affecting the wine sector, thereby stimulating the development of organisational resilience. Exploratory research is a useful instrument “to ask open questions to discover what is happening and gain insights about a topic of interest” (Saunders, Lewis, and Thornhill, 2016, p. 174). Exploratory research questions usually begin with ‘how’ or ‘what’ (Saunders et al., 2016).

According to Hyde (2000), there are two broad approaches to reasoning- inductive and deductive- that may produce new knowledge. Hyde (2000) defines inductive reasoning as “a theory building process, starting with observations of specific instances, and seeking to establish generalisations about the phenomenon under investigation” (p. 83). Thomas (2006) complements this definition by referring to the inductive approach as “a systematic procedure for analyzing qualitative data in which the analysis is likely to be guided by specific evaluation objectives” (p. 238). Moreover, inductive analysis entails approaches that are based on readings of raw data by researchers, who then develop, themes, concepts, or models (Thomas, 2006). The exploratory nature of the present study, which focuses on a phenomenon of interest (Brexit), and seeks to build theory (Hyde, 2000), justifies the adoption of an inductive approach. This approach is also in line with contemporary research on organisational resilience in the areas of management and human resources (Branicki, Steyer, and Sullivan-Taylor, 2016; Williams and Shepherd, 2016).

This study also employs a case study methodology, which is particularly suitable for exploratory investigations (Demmer et al., 2011). Case studies attempt to examine “a contemporary phenomenon in its real-life context, especially when... the boundaries between phenomenon and context are not clearly evident” (Yin, 1981, p. 59). Sources of evidence in case studies include interviews, direct observations, documentation and archival records (Yin, 1999). In addition, the study adopts a purposeful sampling method, which is a deliberate choice of informants based on the qualities they possess (Tongco, 2007), for instance, their expertise and knowledge as winery owners and/or managers. Furthermore, it is a method for identifying and selecting information-rich cases associated with a phenomenon of interest (Palinkas et al., 2015). According to Patton (2002), information-rich cases contribute to learning “a great deal about issues of central importance to the purpose of the inquiry” (p. 230). In turn, the study of information-rich cases “will illuminate the questions under study” (Patton, 2002, p. 230).

For the purposes of this study, information rich cases selected include the following criteria: 1) informants had to be senior managers or owners with strong knowledge of the operational and strategic oversight of the winery business and 2) were from companies that undertook sales nationally and internationally. These criteria provided a means to gather rich contextual information that would enable a holistic and insightful examination of the issues surrounding wine production and sales against the pertinent and potentially volatile effect of Brexit.

An initial search in various websites identified a national, three-day wine event organised in Spain in the spring of 2017. Upon closer examination of the attending wineries, the names and email addresses of 790 individual firms were identified on the event’s website. This significant number provided numerous opportunities to study information-rich cases (Patton, 2002) of Spain’s wine industry first-hand. In March of 2017, a message was sent to the

event's administrators asking permission for the research team to take part and briefly meet and speak to participating winery owners/managers. After permission was granted, one of the researchers travelled to the event. Each of the three days, the researcher randomly approached operators' winery booths, briefly informed them of the study, and, according to their immediate availability to respond, asked the following questions:

To what extent could Brexit affect Spain's wine sector (positively/negatively)?

How could the wine sector respond to Brexit's potential impacts (positive/negative)?

In designing these RQs, various academic contributions that examine resilience in the wine industry were consulted (e.g., Flint et al., 2011; Golicic et al., 2017). Information concerning the participant's role, the size of the winery, or whether the winery exported at the time of the study was also gathered. Initially, participants were hesitant to be audio recorded at a wine event. For this reason, and because they were expecting visitors anytime during the brief interview, a decision was made to write notes of their comments instead. Contacts details gathered from the interviewed individuals also allowed for learning more about their wineries, for instance, in terms of their production, whether they opened to the public and were involved in diversification strategies (wine tourism). On average, each brief interview lasted six minutes. After three days, 183 owners/managers were approached, and 156 were interviewed. Thus, 19.7 percent (156/790) of all participating wineries were briefly studied.

Subsequently, the written material was analysed using qualitative content analysis. This research method is employed to interpret text data, and consists in identifying and coding patterns and themes through systematic classification (Hsieh and Shannon, 2005). Aligned with its fundamental principles, in this research, qualitative content analysis facilitated the identification and coding of the extended comments provided by many participants. For

instance, in answering the question of how the wine industry respond to Brexit's impacts (Figure 3), through qualitative content analysis the authors grouped and coded emerging themes. Among others, these themes included the 'focus on receding Spanish wine consumer market', which emphasised the need to increase domestic wine consumption. Other themes include 'going niche' or considering smaller, but more lucrative wine consumer markets/segments, as well as improving the quality of wines to draw their interest and consumption. The different emerging themes were exported into NVivo, version 11, a computer assisted qualitative data analysis software (CAQDAS) (Welsh 2002). NVivo facilitated the analysis and identification of thematic nodes grouped by word similarity (Tables 2, 3).

Numerous studies have discussed data saturation, the point where no new themes or information are noticed in the data (Guest, Bunce, and Johnson 2006), or when sufficient information has been gathered "to replicate the study... and when further coding is no longer feasible" (Fusch and Ness, 2015, p. 1408). According to Guest et al. (2006), "the idea of saturation... provides little practical guidance for estimating sample sizes" (p. 59). Similarly, O'Reilly and Parker (2013) argue that data saturation has limited transparency and meanings. One specific illustration of data saturation is provided by Guest et al. (2006). Based on their data set, the authors found that saturation took place within the initial 12 interviews, and that basic elements pertaining to 'metathemes' emerged already within the first six. However, for O'Reilly and Parker (2013), the adequacy of a sample is not determined purely by the participant numbers, but instead by "the appropriateness of the data" (p. 195). Similarly, earlier research (Marshall, 1996) suggests that appropriate sample sizes for qualitative research are those that can answer the research question adequately.

Given the study's emphasis on exploring a phenomenon (Hyde, 2000; Yin, 1981), based on information-rich cases (Patton, 2002) and informants' specific qualities (Tongco, 2007),

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3 and given the brief time of the interviews, the notions by O'Reilly and Parker (2013) and
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5 Marshall (1996) were deemed acceptable. Therefore, an effort was made to go beyond
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7 limited sample sizes, and seek an appropriate number that would address the research
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9 questions as extensively as possible, and serve as a baseline for future investigations. Finally,
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11 in the following sections selected verbatim comments by participants will be labelled as P1
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13 (Participant 1), P2 (Participant 2), and so forth.
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19 *Basic demographic characteristics of participants*
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21 As would be expected, and regardless of their size, most wineries (94.2%) were exporting at
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23 the time of the study. In nine cases, the winery representative was attending the event for the
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25 first time, with the intention to meet importers. The sizes of all participating wineries
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27 corresponded to the small and medium enterprise (SME) categories according to the
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29 European Commission (2003). In fact, the largest group was composed of small firms, or
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31 those employing between 10 and 49 staff. In the majority of cases (65.4%), the winery
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33 manager/export manager was representing the firm at the event, while predominantly the
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35 winery owner represented micro-size wineries. Complementing their exporting efforts, most
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37 wineries (85.9%) were open to the public. Geographically, the bulk of wineries (81.4%) was
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39 distributed among 21 different Spanish regions/provinces. In terms of gender, male
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41 participants were by far the most represented gender group (84.6%).
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53 Information collected from brochures and from on-site observations identified various pricing
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55 levels for different wine products displayed during the fair. Indeed, in more than half of the
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57 cases, the participating wineries' product portfolio typically included five or more wines,
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with their prices ranging from six to fifteen Euros per bottle. In only approximately one-fourth of the cases did wineries' portfolio include wines valued more than fifteen Euros per bottle.

Results

Perceived impacts of Brexit

When participants were asked about how Brexit might impact Spain's wine sector, the content analysis revealed four different categories (Figure 2). As illustrated, the state of uncertainty created by Brexit was the most identified theme (85.9%). This finding is in line with a recent report underlining the potential impacts of Brexit on the wine sector (Anderson and Wittwer, 2017).

The majority of participants further elaborated on their answers, with 83 (61.9%) referring to disruptions, and to the overall growing complexity that they anticipated from 2018 onwards. Furthermore, more time-consuming procedures, processes, particularly more paperwork, were expected to result in increased bureaucracy when seeking to export to the UK due to newly introduced legal parameters to trade with a non-EU nation:

P12: *It's worrying. We already have to deal with substantial paperwork in Spain alone. Now with the UK out of the EU, it would further aggravate our problems.*

P33: *Brexit will add more bureaucratic complexity to our day-to-day activities.*

Comments from this group also alluded at the need to move on quickly from the Brexit outcome, and start looking for alternatives to minimise its effects, especially new exporting avenues:

P15: *The decision [by the UK] is already set in stone; there is nothing we can do, but move on and find new markets.*

P47: *We cannot sit back and wait for the UK and the EU to sort out this mess. We need to sell our wine and will have to consider other options.*

Figure 2 Here

Clearly, to consider or engage with other markets, wineries will need additional resources, including for event participation, and international travel to meet with importers. However, given that the large majority of participating wineries were small and micro-size firms, comments also highlighted the difficulty of fully embracing other options should the exports to the large UK wine consumer market become more challenging. For the majority interviewees, the associated direct and indirect costs to attend the wine event already represented a significant investment (time, opportunity costs of not working at the winery).

Whereas 53 (34.0%) participants openly recognised that they were only exporting a very small volume of wines, or not exporting at all to the UK, others voiced their concerns based on their own experiences. These concerns illustrated that, to some extent, Brexit was perceived to have negative financial and business repercussions. Indeed, four owners mentioned that already in 2016 after the Brexit vote their importers had informed them that they would discontinue trade. In other four cases, the UK importers informed the wineries that, given the gradual and significant devaluation of the British Pound against the Euro, there might be significant changes in imports in the next 18 months. Furthermore, there were 16 other cases where participants had not received any news from their UK importers; however, they were aware of the unpredictable nature of import/export relationships post Brexit:

P18: *Our UK importer has not made any comments about buying from us next year; typically, we receive some form of interest at least 9 months ahead.*

P53: *It's all up in the air; with the Pound dropping, UK importers might decrease their purchases from us.*

Moreover, P23, who currently exports to the UK market, stated that the long-standing tradition of Spanish wine sales to the UK should not be perceived as a guarantee for future sales and that Brexit could damage such tradition. The participant also indicated that *“loyalty in the wine industry only lasts as long as the next price increase”*, and that UK importers today have a wide range of (wine) alternatives, regions, and countries to choose from. Therefore, the participant acknowledged that a UK importer could easily switch suppliers overnight; such was the competitive and ruthless nature of today's globalised wine market.

By far, the weakening British currency was therefore perceived by both importers and exporting firms to increase the price of wine imports, and that of the final price consumers would pay. As participants currently exporting to the UK also acknowledged, one of Brexit's disruptive impacts could be in the form of increased alcohol taxes, again, adding to current wine prices. Thus, in the long-term, the group of participants who were exporting to the UK perceived negative outcomes from Brexit for their wineries, UK importers, and for the final consumer.

While the overall disposition among interviewees was negative, part of their answers also illustrated some form of positive outlook. For example, 92 (59.0%) participants perceived that, after an initial period of uncertainty, in the end, the real impacts of Brexit would not be that significant for Spanish or European wineries. Moreover, around one third (56, 35.9%) were confident that, regardless of Brexit's effects, the British consumer market would continue to demand Spanish wines. Partly in support of these views, the three-day event, and

on seven separate occasions, participants recognised being approached by visiting British importers interested in their wines. Thus, at least in some cases, and despite apparent concerns, it was clear that UK importers were still keen to conduct business. 12 participants also mentioned that a worst-case scenario would include the UK entering a similar arrangement as European Free Trade Association (EFTA) countries (e.g., Norway and Switzerland). Under this status, the current trading structure would not be significantly affected. Finally, these 12 interviewees expected no long-term effects to occur as a result from Brexit.

Perceived responses to Brexit's impacts

The notes gathered during the event also revealed numerous ways in which organisational resilience could be built. As with RQ1, the content analysis undertaken illustrates various emerging themes (Figure 3). In the main, organisational resilience was significantly associated with the ability to export to various markets. Through the short interviews, it was found that all but nine wineries were currently exporting. However, even these firms, all of them micro-size wineries, were also in the process of starting their first exports; hence their reason for attending the wine fair. Furthermore, the 147 participating exporting wineries have massively diversified their sales horizon in the last decade. Indeed, concerning Brexit, the phrase “putting the eggs in different baskets” was used by different participants to illustrate the coming of age of their wineries, in strategically growing their export base. Either during the interviews, or from written information provided at the event or on wineries’ websites, it was found that, in 84 cases, wineries were exporting to between six to ten different markets, with a few exceptions (17) that included exports to 60 or more different markets.

Diversifying the exporting markets was therefore perceived as a key alternative to minimise the dependency on UK wine consumer markets, and potentially avoid any major

Brexit-related impacts. Indeed, 66 (44.9%) exporting firms' representatives suggested that over recent years, wineries' efforts led to increasing from one to four or more foreign consumer markets. These efforts also highlight the progressive development of many winery operators' skills and knowledge, in increasingly multitasking, taking the initiative and risks to adapt and become involved in an already extremely competitive and globalised wine market. as the following comments demonstrate:

P9: We need to spread the risk. This year, we invested significantly to attend the world's largest wine fair (Prowein), and we plan to attend next year. We had some interesting enquiries.

P84: We are starting to send small quantities to Japan and China, where there might be growth in the near future.

Figure 3 Here

As a recent academic study (Duarte Alonso, 2017) underlines, winery operators are focusing their export efforts on emerging wine markets, while at the same time consolidating traditional European ones. One example from the visited wine fair was one group of six micro wineries from Galicia that were exporting to 11 different countries already. Given their limited production volume, this group of entrepreneurs were only focusing on a niche market, or "a more narrowly defined group of customers" (Kara and Kaynak 1997, p. 876). Moreover, these individuals were only targeting high-end consumers for their products, including in the UK. The participant (P61) noted that, while the UK wine market was/is primarily known as a low-margin, low price market, there was also a significant segment favouring higher quality, and prepared to pay higher prices. In recent years, the participant's

winery has become the official wine supplier for the business and first class flights of a well-known international British airline. Finally, despite current concerns, 45 (28.8%) participants emphasised the importance to not rule out the UK consumer market in the future. These individuals underscored the geographic proximity to the UK, the strength and significance of the UK wine consumer market, and, again, the long-standing trade relationship between Spain and the UK as key favourable factors for a continuation of wine trade in the long term.

A further seven participants also perceived the potential for exporting wines for the higher-end UK consumer segment, and therefore, were not considering radical changes in their export efforts. On the contrary, these participants noted that UK consumers of high-end wines would continue to afford these in spite of Brexit-related impacts. Furthermore, representatives of 10 other wineries indicated that they were also looking inwards, that is, to the Spanish consumer market. Apart from traditional products, these wineries were also trialling 'newer' wines, or light body wines, with less alcohol volume and less ageing potential for younger Spanish wine consumers. This strategy sought to some extent to revert declining consumption of wines among Spanish consumers (de-Magistris, Gracia, and Albisu, 2014; Mtimet and Albisu, 2006), and target younger consumer groups, while at the same time diversify the avenues for wineries' products.

Another aspect that may indirectly help minimise the effects of Brexit is the increasing importance that wineries are placing on the development of wine tourism. 40 (25.6%) of the approached wineries were advertising their facilities and the region as a tourism destination, and overall as a food and wine experience. Importantly, when queried about the origin of their visitors, participants cited domestic as well as those from other EU countries, particularly from BENELUX nations. In contrast, it was revealed that UK wine tourists were still represented marginally. Along these lines, 23 participants' comments, and information found in brochures and on wineries' websites illustrated stronger efforts by wineries to

organise food-wine pairing events. These efforts, and the fact that 85.9 percent of wineries were open to the public (Table 1) demonstrate that wine tourism-related events will be a strong drawing card for Spanish wineries. This strengthening movement could even attract segments of UK wine enthusiasts to discover and appreciate Spanish wines.

P76: We sell around 15% of our wines at our cellar door. We need to focus more on the winery experience, which saves us costs, enhances our brand image, and motivates people to return.

P95: Millions of UK tourists visit Spain each year for our beaches, food and wine. We should make stronger efforts to convert them to become winery visitors.

Equally important is their role in providing a satisfactory purchasing experience, both before and after selling wines. The three-day event provided an avenue to observe first-hand the level of professionalism among winery representatives. Such professionalism transpired in various forms, from communicating in English or other languages with potential buyers, to hiring translators, or to making numerous efforts to promote their wineries to an increasingly larger global consumer market.

Furthermore, 35 (22.4%) participants, including the following, mentioned the need for wineries to continue their efforts in improving their production processes, delivering wines of increasingly higher quality:

P37: We cannot take consumers for granted. Going out and selling wines is extremely difficult; we need to offer consistent quality to wow consumers.

P102: As long as we maintain the quality of our product, we can overcome Brexit and position our product elsewhere.

The above finding, and the associated comments are in accord with Flint et al. (2011) who emphasised that strategic importance of quality improvements in wine. In addition, members of this group of participants also emphasised the vital aspect of keeping up-to-date with ways of communicating, both spoken and online, particularly having a presence in social media and investing in dynamic website content. The last day of data collection allowed for asking participants about their impressions with the event. 47 (30.1%) individuals manifested that they perceived these and other wine fairs as a critical way to gain exposure and new clients. Therefore, and despite the different investments of time and finances, and opportunity costs forgone, these participants were seriously considering their return. This finding also underscores the importance of the wine event component in increasing wineries' marketing potential and building organisational resilience in the face of potentially damaging events, including Brexit.

Discussion

A number of associations revealed between the study's findings and the proposed framework (Figure 1) underscore its value in enhancing understanding of ways in which winery operators build organisational resilience in the face of a major disturbance or event. Essentially, winery operators' entrepreneurial drive and their concern for the sustainability of their firms anticipate the potential implications of the disturbance, alerting and persuading them to act. In line with various contemporary contributions (Anderson and Wittwer, 2017; Matthews, 2017; Revell, 2017) several phases follow the decision (Brexit) and detection of the event, including its immediate, short-term impacts. Many of participants' comments reflected a state of uncertainty, and a perceived negative impact as a result of Brexit. For instance, based on some scenarios outlined by Anderson and Wittwer (2017), Brexit could

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3 have an impact on increased costs for consumers, and higher import taxes. The first scenario
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5 was confirmed in the present study, with some participants already experiencing loss of
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7 business (importers) due to the Sterling falling against the Euro.
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10 In addition, many of the comments gathered pointed at an increase in paperwork and
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12 therefore bureaucracy due to new trade barriers or agreements, persuading wine firms to find
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14 other markets. Again, these issues have implications in the form of added costs for wine
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16 producers, and opportunity costs, having to find alternative markets and using resources to do
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18 so. The fact that many wineries may pursue similar markets in response to Brexit may add
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20 more complexity and raise the level of competitiveness. As a result, winery operators will
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22 ‘activate’ resilient responses (Burnard and Bhamra, 2011).
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26 Mallak’s (1999) typology, which encapsulates various categories related to resilient
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28 behaviour, illuminates the understanding of ways in which participants may develop or
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30 strengthen their business philosophy. Arguably, such philosophy fundamentally revolves
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32 around ways to achieve financial sustainability and, in the case of Brexit, find ways to adapt.
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34 Mallak’s (1999) prescribed categories of vision and values are reflected in investing
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36 resources in promotional (attending wine fairs), production (quality improvements), and
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38 leisure (wine tourism) activities destined to gain exposure, penetrate new markets, or draw
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40 consumers.
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44 Similarly, given the size of most participating businesses as opposed to large corporations,
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46 the element of elasticity and empowerment also appear to be applicable. Indeed, wineries’
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48 limited hierarchical organisational levels encourages prompter decision-making, including in
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50 allocating resources efficiently and timely. The fact that numerous interviewees attending the
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52 fair were the winery owners themselves underlines a very limited and practical organisational
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54 hierarchy. Finally, the categories of coping and connections were illustrated in winery
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56 ownership’s business philosophy, which, among other aspects, entails the presence at events
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of appropriate human resources, such as the export managers, or qualified owners and their family members. The expertise and skills of these individuals become critical, in planning and executing new ways to improve the firm's competitiveness, with clear implications for building their organisational resilience.

Gunasekaran et al.'s (2011) typology was designed to study SMEs and further complements and supports that proposed by Mallak (1999). Under internal factors, the role and characteristics of organisational behaviour, particularly small/micro enterprises, exhibiting centralised decision making and multi-tasking, are clearly aligned with the findings. The focus on product quality, and that on niche markets as a way to differentiate and maximise opportunities were also examples of managerial characteristics, with implications for wineries' resilient responses.

Similarly, enabling factors emerged in the findings, notably, through wineries' involvement in technology by adopting social media to promote wine tourism, or events at the winery, or through their marketing efforts (attending events, travelling to find new markets). Some of these enabling factors overlap with elements pertaining to the 'bundle of resources' (Grant, 2016). Indeed, wineries' bundle of resources was manifested, for instance, in participants' expertise in wine production, promotion, marketing, and exports. In accord with Grant (2016), these resources are synonymous for what firms can do, or capabilities, and are mirrored by wineries' ability to position themselves into an existing consumer market, or make efforts to expand into others.

In agreement with Golicic et al. (2017) action must be taken, in this case to build organisational resilience and adapt. The suggested resilient responses are operationalised through value adding alongside undertaking innovation and organisational learning through accumulating experience in adapting to events and changes by gathering new market information. Many of the comments and company information gathered during and after the

event clearly demonstrate that most wineries were diversifying, irrespectively of Brexit concerns. However, with added pressures for many wineries currently conducting business with the UK, and the perceived need to penetrate other markets to minimise market dependency, the importance of diversification will increase. Thus, among other strategies designed to adapt and thrive in an uncertain wine market environment, numerous participants emphasised the significance of differentiation. Such differentiation was based on consistent product quality, building loyalty with their consumers, focusing on high-end, niche markets and other forms of diversification (new product development, wine tourism). In agreement with Burnard and Bhamra (2011), enhanced- and continuous- monitoring is required to ascertain the validity of these strategies in light of significant changes or disruptions.

Conclusions

The underlying purpose of this exploratory study was to propose a theoretical framework to illuminate knowledge of the perceived impacts of Brexit, of resilient responses, and specific ways to adapt, among Spanish winery operators. In doing so, the study contributed to theoretical development and to the literature, adding to the limited existing knowledge on organisational resilience and adaptation among winery firms from a practitioner's point of view. The findings revealed a high degree of uncertainty and a general view of negative reverberation as a result of Brexit. For example, comments pointed at signs of actual and potential future 'retreat' by UK importers, fearful of the direct impacts of Brexit's effects on their businesses, particularly increased import prices that may be passed on to the consumers.

In the main, however, participants agreed with various vital strategies and initiatives to stimulate organisational resilience; these strategies were based on diversification and adding value initiatives in various forms. As would be expected, improving product quality was a recurrent comment. However, also important were other multi-tasking functions, such as

finding additional export markets, investing in and embracing social media as a promotional or sales tool, and becoming involved in wine tourism to draw consumers to the winery.

Implications

Various implications can be drawn from the findings. First, cultivating an organisational culture, or possessing certain organisational behaviours and managerial characteristics, coupled with internal and enabling factors and bundles of resource represent a strong foundation for firms to develop resilient responses. The findings suggest that these key organisational traits, characteristics and resources are triggers of value adding and innovative initiatives. The findings also underline the significance of continuous learning and experimenting, which was reflected in improving product quality, in creating new product lines, employing social media, and in finding or focusing on niche markets.

In addition, the proposed framework (Figure 1) provides an ideology comprised of various key elements and categories based on various academic contributions that provide context, guidance and structure. Essentially, the framework guides deeper thought of the stages following the identification or detection of a turbulent event. The framework subsequently suggests the activation of resilient responses, and delineates several important categories of resilient behaviour that organisations as well as individual entrepreneurs should consider. For instance, the six categories presented by Mallak (1999) underscore the importance of building a culture of resilience, which can then provide a foundation to develop organisational resilience. Indeed, coping underscores the value of training or awareness, elasticity or minimising restrictive policies or procedures, thus enabling flexibility and more rapid decision-making. Similarly, vision, which highlights communication, are all key factors that could result in helping the organisation withstand turbulence.

Coping, elasticity, and vision, coupled with building effective teams (connections), could contribute to wineries' increased agility, more fluid communication and efficiency, and more focus, with key implications for their production, promotional and marketing strategies. Some of these notions and underpinnings are supported by wine entrepreneurship research (Duarte Alonso and Bressan, 2015), which highlighted the significance of hands-on practices and activities associated with communication, direct marketing and promotion. In the present research, value adding, innovative activities, experimenting and continuous learning were suggested as key allies in the process of building organisational resilience. These factors heavily depend upon the underpinnings proposed by Mallak (1999).

Assessing both internal and external factors (Gunasekaran et al., 2011) also directs practitioners and researchers to reflect on the significance of organisational behaviour, and that of managerial characteristics. In turn, these two key organisational components help reinforce the need for organisations to become or remain dynamic and innovative, including by making improvements and facilitate adaptation. In the context of internal factors, and with its decisiveness in the development of organisational resilience are interactions within the firm, and multitasking elements, which are often related to managerial characteristics (Gunasekaran et al., 2011). Albeit not explicitly, multitasking is suggested in Duarte Alonso and Bressan's (2015) research, when they highlighted the importance for winery operators to increase their engagement with social media, enhance proficiency in foreign languages, and diversify. The findings of the present study also demonstrate the potential consequences of continuous learning, value adding, and innovating for wineries, which culminate in increased exports, more involvement with social media, and product quality improvements.

Furthermore, the strong links between firms' bundles of resources and capabilities (Grant, 2016) also help facilitate understanding of the key strategic importance for organisations to identify their most valuable resources to create capabilities that help them adapt and survive

turbulent periods. The overall structure and content of the framework also underscore its potential, supporting future investigations examining major events affecting the wine sector, or even other sectors, including those involved in food and beverage production. Overall, with the turbulence caused by such events as Brexit, or the constant challenges stemming from competition, finding ways to develop, nurture and sustain organisational resilience will be vital for wineries and their industry to overcome obstacles and gain in competitiveness.

Limitations/Future Research

This study has several limitations. For example, the study collected data among 156 predominantly exporting wineries participating at a very large wine fair. Arguably, the wine fair represents an extensive reflection of the overall population of Spanish wineries, whereby the most entrepreneurial and dynamic will attend. Nevertheless, given that nationwide some 4,500 exist (Sellers-Rubio et al., 2016), the views from operators whose wineries did not attend the event, as well as the views of those from non-exporting winery firms were not gathered. Therefore, the participating wineries do not constitute a fully representative sample of the entire group or population of Spain's exporting wineries.

A limitation must also be acknowledged in regards to the qualitative data collected. Moreover, the impracticality of interviewing individuals at the wine event resulted in collecting the data through note-taking, which prevented from fully maximising participants' comments and expressions. Another limitation is that the sample of studied wineries only included four from the La Rioja region, one of the country's leading wine regions, and a major wine exporter, including to the UK. Furthermore, the study was conducted only in Spain and among Spanish wineries.

To address the above limitations, various future research avenues are proposed. First, future research could seek and gather data from non-exporting winery operators in order to

compare the views of this group to those of the study's participants. This information could identify other forms of building organisational resilience, such as innovative practices, or differences in organisational behaviour concerning resilient responses.

Second, while overcoming the constraints of audio-recording or interviewing winery operators attending a wine event is problematic, future research could consider other strategies to complement the qualitative data gathered. One such strategy could be by organising focus groups at the end of fair, or selecting a group of wineries from a specific region, and following up with visits to these wineries after the event.

Third, subsequent research endeavours could fully focus on La Rioja region as a single case, or consider a much larger number of wineries from this region. Such emphasis shall help ascertain the potential effects of Brexit on this region's wineries, and ways in which these businesses seek to adapt and build organisational resilience. Fourth, research exploring the perceived effects of Brexit on the wine sector could collect data from one or more countries in order to make comparisons, and determine whether any country-based differences exist concerning building organisational resilience and adaptation. On a related note, while six demographic characteristics of wineries and participants were gathered in this exploratory study, a number which aligns with that of other contemporary wine business research and wine production studies (e.g., Li and O'Connor, 2017; Spielmann, 2017), future research could consider additional characteristics. Such characteristics that include approximate volume of wine production, size of the vineyards, or yearly business turnover could strengthen the results and, whenever appropriate, allow for making statistical analysis.

From a theoretical point of view, future investigations of potential major disruptions in the wine sector should incorporate and test the applicability of the proposed framework (Figure 1). Such assessment could confirm or disconfirm its value, or reveal ways to strengthen it and render it more rigorous, illuminating knowledge of turbulent events and ways to respond. The

assessment could be complemented by considering other theoretical foundations, including the resource-based of the view, or the dynamic capabilities approach. In doing so, further theory development could be attained.

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Table 1: Basic demographic characteristics of participants and their wineries

Characteristics		
Role of the participant	n	%
Manager/Export Manager	102	65.4
Owner	54	34.6
Involved in exports	n	%
Yes	147	94.2
No	9	5.8
Number of employees	n	%
No employees	0	0.0
Between 1-9	53	34.0
Between 10-49	90	57.7
Between 50-249	13	8.3
Predominant locations and designations of origin (DO) of the participating wineries	n	%
Albacete (Manchuela DO)	17	10.9
Galicia (Rias Baixas DO, Ribeiro DO)	17	10.9
Valladolid (Rueda DO)	16	10.3
Ciudad Real (Valdepeñas DO)	15	9.6
Catalonia (Penedès DO)	13	8.3
Navarra DO	13	8.3
Ribera del Duero DO	8	5.1
Alava (Txakoli de Álava)	7	4.5
Murcia (Jumilla DO, Yecla DO)	6	3.8
Valencia DO	5	3.2
Zaragoza (Calatayud DO)	5	3.2
Leon (Tierra de Leon DO)	5	3.2
Bierzo DO	4	2.6
Malaga DO	4	2.6
Rioja DO	4	2.6
Tenerife (Tacoronte-Acentejo DO)	4	2.6
Respondents' gender	n	%
Male	132	84.6
Female	24	15.4
Open to the public	n	%
Yes	134	85.9
No	22	14.1

Figure 1: Turbulence and resilience in the context of Spain’s wine sector
Sources: Anderson and Wittwer (2017), Burnard and Bhamra (2011), Duarte Alonso and Bressan (2015), Flint et al. (2011), Golicic et al. (2017), Grant (2016), Gunasekaran et al. (2011), Norris et al. (2008)

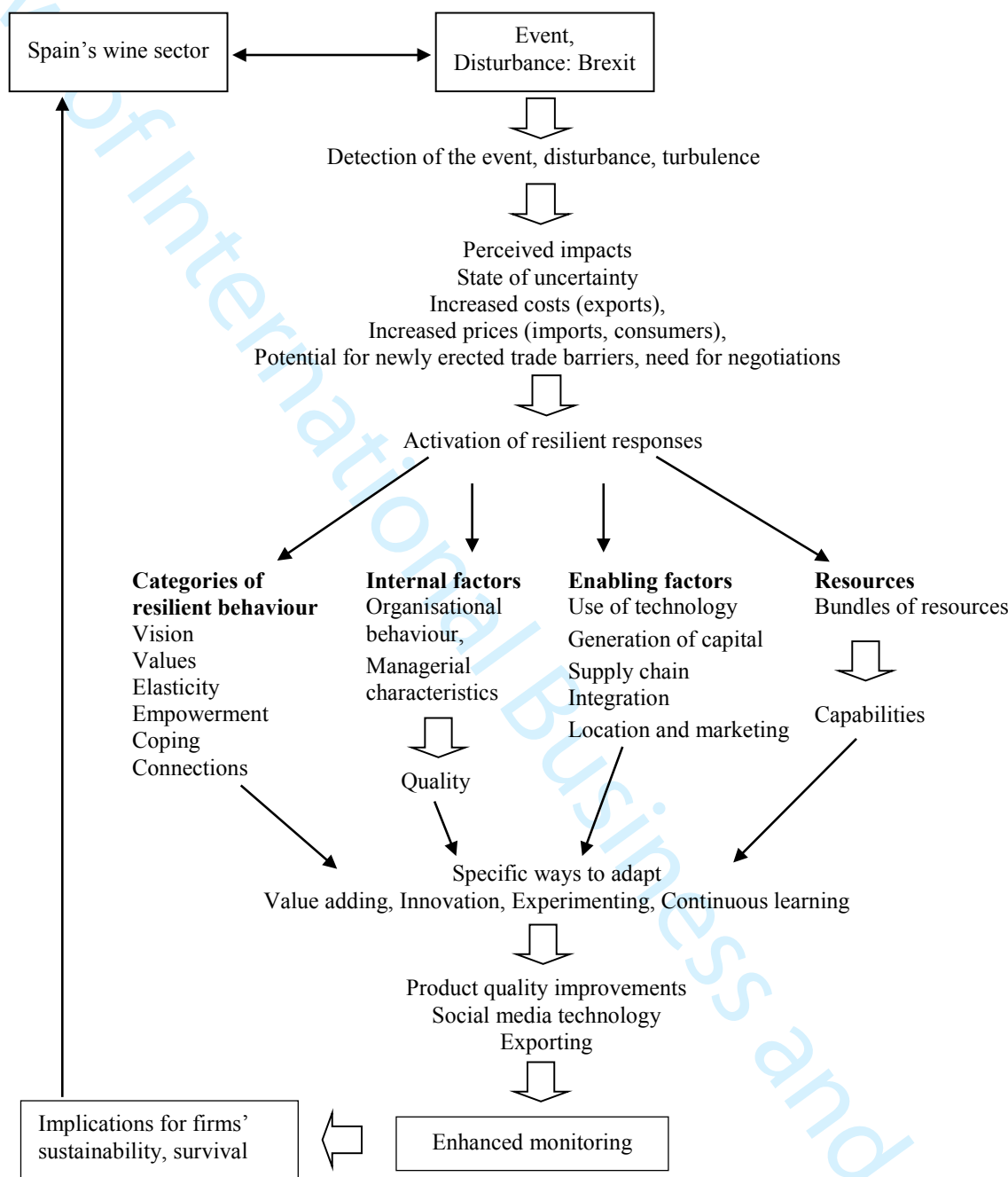


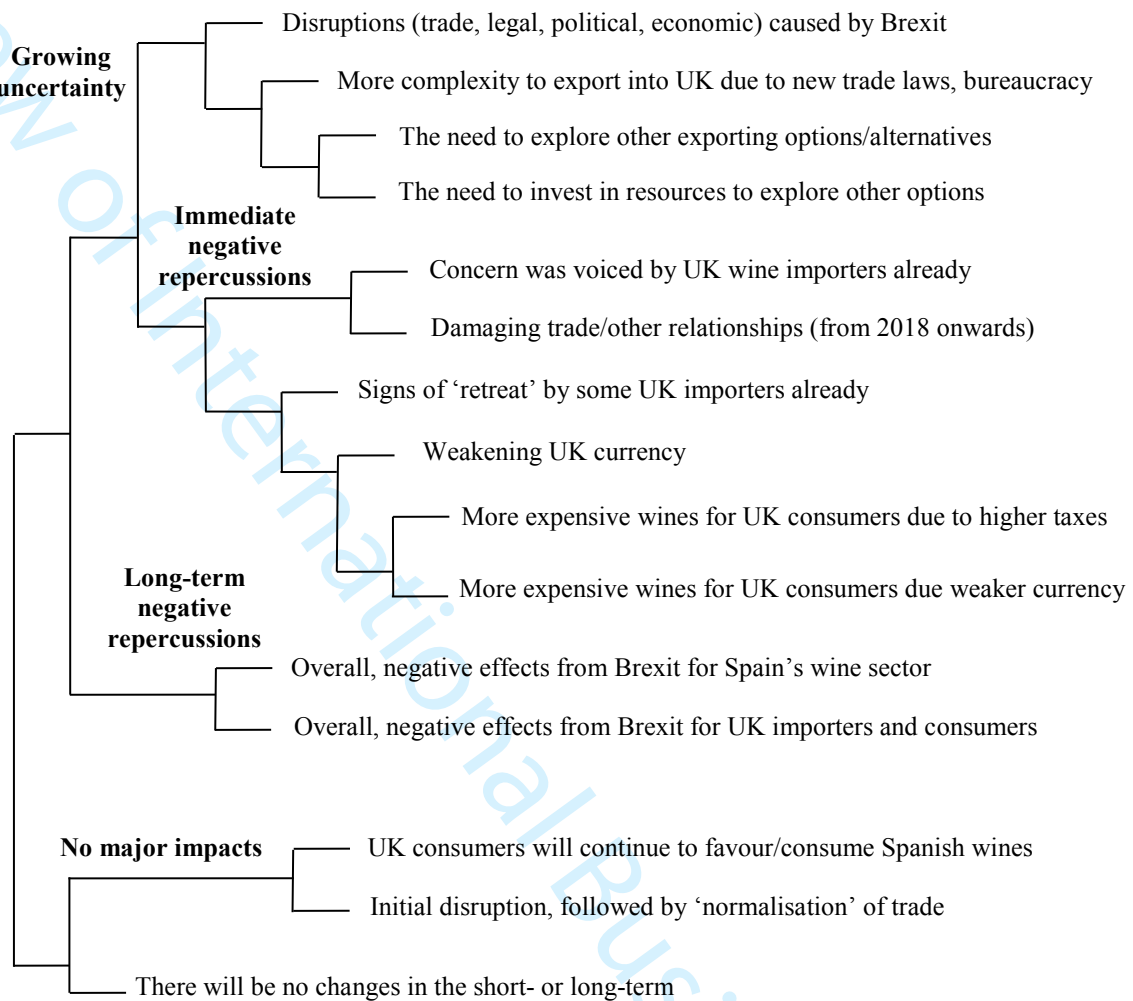
Figure 2: Perceived impacts of Brexit – Nodes clustered by word similarity

Figure 3: Perceived ways to address the impacts of Brexit – Nodes clustered by word similarity

