

Collaboration as a means to stand out in a competitive market: An exploratory study of Uruguay's exporting wineries

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Abstract

This study examines the perceptions of owners/managers of Uruguayan wineries currently exporting wines regarding perceived potential and actual benefits of collaboration and challenges to collaboration through the lens of the theory of collaboration (TOC). In addition, perceived general challenges of the wine industry are investigated. 15 of the currently 23 exporting wineries participated via an online questionnaire. These data were complemented through two face-to-face interviews with the general manager of Wines of Uruguay and the co-owner of one of the country's most established wineries. Overall, collaboration is perceived as the source of various key benefits, including positive impacts on participants at a personal level, in helping facilitate relationship building, mutual support, or broaden knowledge of the local wine industry. However, a sense of limited collaboration emerged, with lack of reciprocating collaboration being one key challenge identified. Other perceived challenges of the wine industry, particularly the little knowledge of Uruguayan wines internationally, and limited resources to promote wines internationally, further suggest the importance of collaboration as a crucial strategy to address these issues. Alignments between the findings and some of the tenets of the TOC were identified, underlining its usefulness.

Keywords: Wine industry, wineries, collaboration, theory of collaboration (TOC), Uruguay

1 Introduction

Despite limited production, partly compounded by its modest geographic size in comparison to other wine producing countries, Uruguay is one of the latest emerging wine producers in the Southern Hemisphere. Information gathered during the present study, and from Wines of Uruguay (2015a), an organisation promoting Uruguay's exporting wineries, indicates that Uruguay has the world's largest Tannat grape production, or 60%. In recent years, Uruguay's wine exports have tripled to 3.2 million litres (Wines of Uruguay, 2015b); to date, 23 wineries are involved in export activities.

Current developments, including the emergence of new blends of wines, or sparkling wines produced by some wineries suggest an interest to invest in resources to innovate and enhance the image Uruguay's wine brands, or improve wines' quality. These developments may contribute to differentiating some of Uruguay's wines, and potentially creating competitive advantage through a niche wine market, for instance, based on the Tannat varietal, comparatively to what Argentina, Chile and New Zealand are seeking with Malbec, Carménère, and Sauvignon Blanc wines, respectively.

Very few studies have examined Uruguay's case as a wine producer from an entrepreneurial perspective. Earlier, Carrau's (1997) research provided a historical background, explaining that Uruguay's commercial viticulture began in 1870, predominantly

as a result of European migration, which developed viticulture in the outskirts of Montevideo, Uruguay's capital. Carrau (1997) also reported on the emergence and potential of Uruguay's wine industry, with quality improvements and increase of production targets, thus, illustrating the industry's efforts and quest for success. In particular, the author underlined the strategy among wineries to promote the Tannat (Harriague) varietal, known for the elaboration of high-quality Madiran wines in Southwest France. Based on these developments, Carrau's (1997) study identified opportunities that could materialise by transforming the potential of the Tannat varietal into a niche and differentiating product of Uruguay's wine industry.

More recently, Duarte Alonso (2013) discussed the cultural importance of the Tannat varietal, and the opportunities for Uruguay to gain international exposure from these wine products. For example, the establishment of a 'Tannat and Lamb' event, with its seventh edition held in 2015, brings together several wineries, all of which provide food and wine experiences to both domestic and international guests (Duarte Alonso, 2013). As Uruguay's adopted signature wine, Tannat is the highlight of the event, serving as a link between guests and Uruguay's culinary traditions, including its red meats prepared in the popular local 'parrilladas' (barbeques). The event also underlines the importance of collaborative efforts to showcasing the local wines.

1.1 Research questions

The following study takes an exploratory approach to shed more light into this relatively little known emerging wine producer. Given its key importance, including in the acquisition of vital resources, including knowledge and innovation (Doloreux et al., 2015), the aspect of collaboration is at the centre of this investigation. Collaboration, and the gains that can be obtained through collaborative efforts, have been discussed in a multitude of research areas and contexts (e.g., Cetindamar et al., 2005; Lee & Bozeman, 2005; Yoon et al., 2011). For instance, Black et al. (2003) posit that collaboration, together with knowledge sharing and trust are key elements in gaining effectiveness at interorganisational level. In turn, these elements are closely associated with various theoretical perspectives (Black et al., 2003). Further, research in the field of public policy at state level (Roberts & Bradley, 1991) highlights the significance of collaboration as a source of innovation through incremental as opposed to radical growth.

The study gathers the views of primarily owners and managers of Uruguay's exporting wineries; the following research questions (RQs) are examined:

RQ1: To what extent do the participating exporting wineries collaborate?

RQ2: What are participants' perceived *potential* gains from collaboration?

RQ3: What are their perceived *actual* gains from collaboration?

Participants' perceptions of barriers preventing collaboration, as well as perceptions of challenges in the local wine industry are also examined.

In investigating these themes, the study makes a number of contributions. First, new information concerning perceived potential and actual gains from collaboration could assist the wine industry to identify such gains, which could lead to increasing current efforts, and further develop a culture of collaboration to strengthen the country's image as a wine producer, and position its wines in an increasingly competitive wine consumer market. Second, examining the perceived challenges to collaboration, as well as general challenges from the perspective of Uruguay's wine exporters could provide practical information to the local industry in its efforts to make needed improvements. Finally, the use of some of the tenets of the TOC (e.g., Gray, 1989; Wood & Gray, 1991) could identify the potential

applicability of the theory in the context of wine entrepreneurship. Moreover, the applicability of the theory may help inform this and future wine entrepreneurship research.

2 Literature review

2.1 Collaboration - Theoretical background

According to Wood and Gray (1991) definitions are vital to theory development. The academic literature has defined collaboration in a variety of ways; for instance, as “cooperation or relations between individuals in social groups” (Egghe, 1991, p. 177). Collaboration is also referred to as “a style for interaction between at least two co-equal parties voluntarily engaged in shared decision-making as the work forward toward a common goal” (Friend & Cook, 1990, p. 72). According to Gajda (2004) collaboration has been championed as a dominant strategy to attain a vision that would otherwise not be achievable when independent parties work alone. At an organisational level, collaboration can occur over time as different organisations interact informally or formally through a repetitive sequence of developing and executing commitments, as well as negotiations (Thomson & Perry, 2006).

Part of the foundation of the TOC is associated with the work of Gray (1989), among other authors. Gray (1989) states that “Collaboration occurs when a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structures, to act or decide on issues related to that domain” (p. 11). Wood and Gray (1991) expand and defend various key elements included in Gray’s (1989) definition. While these elements only provide a preliminary guide to further explore theoretical underpinnings of the TOC, they are nevertheless very significant:

Stakeholders of a problem domain, suggesting that organisations or groups have common interests in a problem domain. Stakeholders may have differing or common interests at the beginning of establishing collaboration; however, these interests may be redefined or even changed as the collaborative process continues (Wood & Gray, 1991).

Autonomy: While stakeholders may initially agree to accept shared rules within collaborative alliances, they can still “retain their independent decision-making powers” (Wood & Gray, 1991, p. 146).

Interactive process: Wood and Gray (1991) use this term to point out the existence of change-oriented relationships of certain duration, “and that all participating stakeholders are involved” (p. 149) in those relationships.

Shared rules, norms, and structures: These elements appear to be implicit in collaborative relationships whereby “participants already share a negotiated order” (Wood & Gray, 1991, p. 148). However, usually, participating stakeholders must agree to norms and rules governing their interactive processes in an explicit manner. Wood and Gray (1991) also identify collaborations as evolving and temporary structures.

Action or decision: Arguably, collaboration focusses on objectives, and can exist as long as the participating stakeholders engage in processes meant to result in decisions or actions (Wood & Gray, 1991).

Domain orientation: Collaboration demands from participating stakeholders to orientate their actions, decisions and processes toward issues associated with the ‘problem domain’, which initially brings stakeholders together (Wood & Gray, 1991).

In addition, research by Gajda (2004) identifies several principles of ‘collaboration theory’, namely:

Collaboration is an imperative: In referring to the work of Hesselbein and Whitehead (2000), Gajda (1995) underlines the need for different groups and individuals to work collaboratively

to address complex issues affecting society. Working together can benefit individual entities, for instance, by accessing scarce resources or minimising duplication of services.

Collaboration is known by many names: While Gajda (2004) acknowledges that definitions of collaboration are elusive, and pose challenges for practitioners to make assessments with certainty, he also points out that collaboration is referred to by many names, including joining forces, pooling resources, or cooperating with one another.

Collaboration is a journey and not a destination: According to Gajda (2004), collaboration theorist argue “that collaborative efforts fall across a continuum of low to high integration” (p. 68). Gajda (2004) then proposes a framework to define strategic alliances across such continuum. At one, low end, cooperation is exemplified by mutual support and shared information, whereas at the other, high end ‘coadunation’ emerges in the form of combined cultures and unified structure (Gajda, 2004).

With collaboration the personal is as important as the procedural: The notion that a foundation of healthy interpersonal relationships and trust among individuals is paramount for strategic alliances to develop.

Collaboration develops in stages: In referring to the work of Tuckman (1965) and Tuckman and Jensen (1977), Gajda (2004) further underlines the long-term nature of collaboration when he conceptualises four different stages of collaboration development: assemble and form; storm and order; norm and perform; transform and adjourn.

2.2 Collaboration and the wine industry

Various authors address the significance of collaboration in the wine business and wine tourism literature (e.g., Cassi et al., 2012; Doloreux et al., 2015; Doloreux & Lord-Tarte, 2014; Duarte Alonso, 2011; Jordan et al., 2007; Lorentzen, 2011). Roberts and Enright (2004) document the long-standing collaborative culture within various Australian wine regions. Both learning and collaborative action were spearheaded by Australia’s wine industry in 1993, with significant impacts on export development and innovation (Roberts & Enright, 2004). A ‘learning industry’ resulted from these strategies, whereby an environment of sharing knowledge and information, particularly regionally, drove various important developments in innovation and collaboration (Roberts & Enright, 2004). One key benefit or outcome was wine blending, an area which has become one of pillars of Australia’s wine sector (Roberts & Enright, 2004), and undoubtedly a source of competitive advantage. Partly supported by an industry which encourages collaborative relationships, Australia’s wine sector has continued its evolution, with increased involvement in buy-ins of distribution networks and producers, and in building strategic alliances (Roberts & Enright, 2004).

In the Canadian wine sector, Doloreux and Lord-Tarte (2014) identify suppliers of components, winery material and equipment as wineries’ most significant collaborators. This strategic collaborative relationship illustrates channels through which innovation and technology can be acquired (Doloreux & Lord-Tarte, 2014). Overall, Doloreux and Lord-Tarte’s (2014) study found that having access to research and development (R&D), knowledge and critical expertise were the main objectives of collaboration for wineries.

An earlier comparative study between Australian and French wineries (Jordan et al., 2007) revealed that Australian wineries were more proactive, and focussed more on collaboration as part of their strategic plans than French wineries. However, the importance of collaboration emerged for both groups, albeit with differences. For instance, while logistic support, promotion and production were key collaborative areas among French wine producers, those of Australian wineries were promotion, exchange of information (e.g., about competitors, the market), and logistic support (Jordan et al., 2007). Other benefits of collaboration, such as exchanging ideas, reciprocal promotion, or even intrinsic aspects, including a perceived stronger sense of belonging and camaraderie among wineries were

identified in research conducted among Southern United States wineries (Duarte Alonso, 2011).

The contrary, that is, marginal or limited collaboration, has also been noticed in wine research. In fact, a study examining resilience among Italian wineries issues (Duarte Alonso & Bressan, 2015) found that participants (wineries) recognised modest engagement in collaboration, with as many 30% collaborating very little or not at all. Similarly, research conducted on wine tourism in Germany (Koch, Martin, & Nash, 2013) noticed the concern among some participants in that more collaboration and links were needed between wineries and tourism managers in maximising the potential of wine tourism. In fact, an absence of collaboration was acknowledged among wine stakeholders (Koch et al., 2013). At the same time, participants perceived the value of collaboration both at a micro (within their sector), as well as at a macro level, to comprise entire towns, cities, their communities, businesses and entities (tourist information offices, media, regional food stakeholders). Together, these businesses and institutions were perceived as valuable partners of the wine sector in its quest for developing “a collective brand identity” (Koch et al., 2013, p.65).

3 Research methodology

3.1 Conceptual framework

In incorporating part of the TOC literature, as well as existing literature on collaboration within the wine sector, a conceptual framework is proposed in the context of the present study (Figure 1). As identified, the wine sector is at the centre of the six elements of collaboration referred to and defended by Wood and Gray (1991). The alignment with these elements pertaining to collaboration by individuals or groups, in this case, by the participating wineries, is suggested to be associated with both perceived and actual benefits. At the same time, there are perceived challenges in the achievement of collaboration. Both perceived/actual benefits and challenges may have several implications for various stakeholders, including wineries, consumers, and the image of Uruguayan wines. In terms of benefits, collaborative efforts may help further develop and enhance the image of the local wines. For instance, improvements and consistency of product/service delivery across the industry, also during the Tannat and Lamb event, or during national/international wine fairs could be the result of collaborative efforts. In contrast, challenges originating from limited or no collaboration may result in lack of sharing knowledge and resources, with efforts predominantly occurring at an individual level, potentially leading to fragmentation or alienation within the industry.

Figure 1 Here

3.2 Methods

The present study examines the case of an emerging wine producer, Uruguay, which has received very limited attention in contemporary wine research. As the research questions illustrate, the aspect of collaboration among wineries is a central part of this research.

In the early stages of the study, all currently exporting Uruguayan wineries, a total of 23, were identified through Wines of Uruguay's website, and contacted via email. The message explained the nature of the study, and formally invited owners and managers of wineries to participate by completing an online questionnaire following an internet link (URL). Several reasons justified this data collection approach. First and foremost, the geographic distance between some of the wineries was considerable; in fact, nearly half of them are located over one hundred kilometres apart. As a result, there were significant time demands in travelling to each of the wineries; these challenges were compounded by limited transport and human resources. The unavailability of some winery owners/managers during

the month of December of 2014 and most of January of 2015 due to work and other commitments were additional barriers that resulted in the decision of conducting the study using a predominantly qualitative approach.

Arrangements were however made to conduct two in-depth, face-to-face interviews, one with the manager of Wines of Uruguay, and one with one of the country's first established wineries, located at the outskirts of the capital, Montevideo.

Part of the content of the questionnaire was designed based on a review of the literature of wine research. Consideration was given to research highlighting some of the gains that can be accrued through collaboration discussed previously (Doloreux et al., 2015; Doloreux & Lord-Tarte, 2014; Duarte Alonso, 2011; Jordan et al., 2007). Studies addressing contemporary issues and challenges in the wine sector (e.g., Fensterseifer, 2007; Hussain et al., 2008; Kunc, 2007) were also considered. For the purposes of this study, one section of the questionnaire gathered demographic information of wineries and participants. Another explored the extent to which wineries collaborate with each other, with other entities, their perceived potential and actual benefits from collaboration, and challenges in collaborating. An additional section asked participants to indicate their agreement regarding challenges occurring within their sector.

The online questionnaire, which was edited in Spanish, remained available to wineries between November of 2014 and the end of January of 2015. By the cut-off date (end of January of 2015), 15 of the 23 exporting wineries had participated, a 65.2% response rate. An additional participant (16), whose winery is in the process of starting exports, was not considered in the research. The two in-depth, unstructured, face-to-face interviews took place during December of 2014. These interviews lasted approximately two hours each, were recorded and then transcribed and translated into English by the researcher, who is fluent in both languages. Content analysis was used to group the different themes that emerged from the qualitative data gathered (e.g., Table 2). Hsieh and Shannon (2005) define content analysis "as a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns" (p. 1278). In the following sections, participants' verbatim comments are labelled as follows: Participant 1= P1, Participant 2= P2 and so forth.

3.3 Demographic information of participants and wineries

As illustrated (Table 1), the bulk of participants (60%) were male, over 36 years of age (66.7%), and have worked at their winery for four or more years; within this last group, 53.3% have worked for over a decade. The large majority of wineries (80%) employ fewer than 20 employees, with only three employing between 20 and 99 employees. According to Gatto (1999), micro enterprises in Uruguay are defined as those employing between one and four employees; small enterprises employ between five and 19 and medium-sized between 20 and 99 employees. Also, 80% of the participating wineries have exported for at least four years, with 40% exporting for over a decade.

Further, the Tannat varietal appears to be a vital component of participants' wine production, with 86.7% producing at least 30% of these traditional varietal. Finally, while the Brazilian market appears to be the most considered, wineries are also and significantly targeting the United States and the European Union as preferred markets for their wines. In terms of (US) dollar value, information provided by the manager of Wines of Uruguay (P1) illustrates that, by far, Brazil represents the bulk of export revenues (USD 3.8 million), followed by the United States (USD 1.3 million). In recent years, there has been an increase of exports to the UK (USD 385,000, third market), Russia (USD 361,000, fourth market), and Canada (USD 307,500, fifth market), followed by Mexico, Colombia, Belgium, and even France. P1 also explained that the currently 23 exporting wineries in Uruguay account for

99% of bottled wines.

Table 1 Here

4 Results

4.1 *Perceptions of collaboration*

Participants were first asked to use a 5-point Likert-type scale, where 1 represented ‘not at all’, and 5 ‘very strong’ to indicate their level of collaboration with other wineries/vineyards. The resulting mean (3.87) falls nearly under ‘strong collaboration’, with four participants (26.7%) indicating moderate, nine (60%) strong, and only two (13.3%) very strong involvement in collaboration. A second question asked participants to indicate the number of collaborative relationships they are involved in, with 10 (66.7%) indicating 11 or more, and 5 (33.3%) between one and 10.

Participants’ comments highlighted specific ways in which wineries are collaborating (Table 2); four main themes highlighted the benefits of collaboration. Two themes were predominant in the verbatim comments (i.e. four responses each), namely, a) benefits of collaborating as a means of building relationships and supporting each other, and b) benefits through promoting the wine region as a destination. These comments are aligned with earlier research by Duarte Alonso (2011), who identifies benefits of collaboration in such intrinsic ways as the sense of belonging and friendship, and that are associated with social capital. Associated with this aspect, early research (Appley & Winder, 1977) identifies individuals’ concern and care for others, as well their commitment to work with others over time as characteristic conceptualisations and aspirations of collaboration.

Regarding the promotion of the wine region, and aligned with the study by Koch et al. (2013), the interviewed winery co-owner (P2) further confirmed the significance of collaborative efforts, in this case, with neighbouring wineries in organising one single event on a weekend, or events in multiple sites, such as Tannat and Lamb, which includes visits, tastings and gastronomic experiences in as many as 13 wineries. These efforts have direct implications, namely, benefits in the form of wine exports, as visitors, particularly the burgeoning Brazilian tourism segment (P2) make purchases to bring with them upon their return. Two other benefits (two responses each) were also important to participants, one being the ‘feel good factor’ that could be gained through collaboration, and enhancing the profile of local wines. P2 also reflected on these aspects, as both in the past and present, her winery had been involved in guiding or supporting the less experienced wineries to become involved in exports through joint efforts.

Table 2 Here

4.2 *Perceived potential gains from collaboration*

The study also sought to gather participants’ perceptions of potential benefits that could be achieved through collaboration. To this end, several items were proposed, and ranked according to level of agreement presented in a 5-point Likert-type scale, where 1= strongly disagree and 5= strongly agree. In calculating the internal consistency of the scales, a Cronbach’s Alpha of .77 was noticed. Table 3 illustrates that participants’ perceptions of the benefits of collaboration primarily underline a) better coordination of efforts; b) personal benefits, in terms of growing at an individual and professional level; c) ‘social’ benefits, including an interest in helping each other; and d) increasing the knowledge base of the wine industry. In contrast, economic benefits through collaboration (mean=3.67) was the least regarded benefit, or echoed by least agreement, further suggesting that participants are more concerned with more intrinsic outcomes (i.e. social benefits), as well as practical outcomes

(increasing their knowledge base) through collaboration.

However, using analysis of variance (ANOVA), a statistically significant difference ($p < 0.02$) was noticed between age groups and perceptions of economic benefits. In fact, the group aged between 36-45 years (mean= 4.20) clearly agreed more with economic benefits than those aged 46 and more (mean=3.00), and those aged below 45 years (mean=3.80). One possible explanation for this result is that that this group of participants may be already operating their wineries for a number of years and expecting returns on their initial investments. A closer look at the participant group aged between 36 and 45 years identified that one of their members has worked in the industry for three years or less, two between six and 10 years, and two 11 years of more.

Table 3 Here

In comparison, within the ‘younger’ group (below 36 years of age), only one participant has worked in the industry for 11 or more years, and four between one and five years, while all five members aged 46 years old or above have worked for 11 or more years. The ‘younger’ participants may be new entrants and still in the process of making investments and becoming established in their industry. In contrast, the mature participants may already have established overseas clients and may be generating higher returns on exports. As a result, this group of participants may consider other aspects of their firm more important than engaging in collaborative efforts, or be less open to collaboration.

The finding related to better coordination of efforts (Table 3) seems to align with research by Jordan et al. (2007), when the authors noticed greater proactiveness among Australian wineries as compared to their French counterparts. This level of proactiveness resulted in willingness to expand further and to anticipate events (Jordan et al., 2007). In the case of Uruguayan wineries, proactiveness through coordination of efforts may be conducive to initiatives to learn overseas consumer markets, including trends and emerging markets.

4.3 Perceived actual gains from collaboration

A list of items addressing actual benefits through collaboration was also designed, whereby participants were asked to indicate their level of agreement using a 5-point Likert-type scale (Table 4). Measuring the internal reliability of this set of items resulted in a Cronbach’s Alpha of .71. As illustrated, participants’ overall responses are more modest in comparison to their level of agreement with perceptions of benefits through collaboration. Once again, ‘More direct economic benefits’ was the item participants agreed the least, further suggesting that, for them, collaboration is more beneficial as a tool to build knowledge, personal growth and networks. Indeed, while ‘Increasing the knowledge base of our wine industry’ as a result of collaboration had been ranked fourth in terms of perceptions (Table 3), when it came to actual benefits, it was by far the item they most agreed upon (mean=4.27).

This finding is also in agreement with recent wine research (Doloreux & Lord-Tarte, 2014) regarding the importance for wineries of increasing their knowledge base through collaboration. These authors also refer to the work of Lorentzen (2011), who provides an illustration of linkages within South Africa’s wine industry, emphasising the importance of interactions and partnerships, including between the country’s wine council and private companies. In addition, interactions with both national and international wine organisations are crucial for knowledge gathering among South Africa’s wineries (Lorentzen, 2011).

Table 4 Here

Table 4 also shows that benefits at personal level and improvements through

innovation were ranked close to a level of agreement. Participants' perceptions of actual benefits appear to be more aligned with the level of collaboration they acknowledged (mean=3.87). Comparing both perceptions of potential and actual benefits using paired sample t-test yielded two statistically significant differences. For example, regarding the item 'Better coordination of efforts...' perceptions of potential benefits (mean=4.33) were significantly higher than perceptions of actual benefits (mean=3.80) ($p<0.05$). Similarly, concerning 'Benefits at personal level', perceptions of potential benefits (mean=4.20) were clearly higher than perceived actual benefits (mean=3.93) ($p<0.05$).

Further, and as had been the case when comparing age groups and perceived potential benefits of collaboration, running ANOVA identified a statistically significant difference between these groups and the perceived actual economic benefits. Indeed, participants aged between 36-45 years clearly agreed more with economic benefits (mean=4.40) than the more mature participants (mean=2.80) and with the group aged 35 years and below (mean=3.40). ($p<0.01$). Thus, the group aged between 36 and 45 years not only feels stronger that potential economic benefits can be obtained from collaboration, but also perceives the actual benefits in a clearly stronger manner than other groups, suggesting more engagement or willingness to engage in collaborative relationships than the other two groups. Plausible explanations for this finding include the time since members of this group had worked in the industry, predominantly six or more, and the rapid changes occurring in the wine industry globally. Together, these elements may have facilitated these participants' identification of benefits from collaboration, and influenced them to be more open to collaboration, as compared to those involved in the industry for over 11 years, or those who are relatively new.

4.4 Perceived challenges in collaborating

Despite the perceived benefits from collaborating efforts, space provided in the online questionnaire sought to gather participants' perceptions of existing barriers potentially preventing collaboration among wineries. The findings clearly identify a gap in this regard, with several participants, including the following, expressing frustration, for example, when referring to collaborations with other wineries that had not fully materialised:

P5: We established a consortium for wine exports in 1996 with another five wineries. Eventually, we realised that we were gaining absolutely nothing in participating [in collaborations], because, being by far the most forward-thinking winery in the group, we were providing lots of information to others and receiving nothing in return...

P6: It is important that we all agree on the benefits from working collaboratively. There have been some (luckily only a few) bad experiences due to selfishness or lack of knowledge.

Despite these negative experiences, other participants stressed the need for wineries to build or strengthen their level of collaboration:

P7: We should have more collaboration with each other, especially among wineries that are involved in exports.

P8: The wine industry needs to mature more, and go through serious crises to force us to become more open-minded and collaborate more amongst ourselves.

4.5 Perceived existing challenges in Uruguay's wine industry

Another Likert-type scale was designed to gather information about participants' perceived challenges in their industry. Internal reliability of the items designed was measured and a Cronbach's Alpha of .72 observed. As identified (Table 5), by far, the limited knowledge of Uruguay abroad (mean=4.53), followed by 'Lack of financial resources to promote our wines

overseas' (mean=4.20) are clearly the most serious concerns. Several comments identified additional challenges, and at the same time suggested the need for internationalisation efforts, and limitations in internationalising.

P3: *Challenges within Uruguay: lack of interest in professional marketing. My own challenge: we are a family enterprise, and have limited time to dedicate to developing exports.*

P4: *High costs associated with the country of destination and stopover (i.e. between Uruguay and other transit countries).*

Table 5 Here

P1, with over five years of experience managing Wines of Uruguay, extensively discussed a number of challenges that could decisively shape the future of Uruguay's wine industry. First, from over 250 mostly micro wineries in the country a few years ago, today there are fewer than 200. With an open market, and increased numbers of imported products, P1 underlined that wineries that have not adapted to a globalised market have vanished, are vanishing or will soon vanish. Moreover, if wineries are not prepared to internationalise, even if currently some have a presence in the local market, they would eventually enter a stagnation phase, and most likely disappear. Therefore, P1 explained that exporting is the only way out for Uruguay's winery industry: *"I try to instil a sense of urgency [among wineries], in that we need to keep focusing on exports, and that [country name] should be our first market. It is there we sell our wines at the best price; trade is facilitated by their government, and importers are willing to do business. All they want is that we do not make things complicated (for trading). Closer to Uruguay, however, MERCOSUR [a Southern Hemisphere common market comprising Argentina, Brazil, Paraguay and Uruguay] has not facilitated our development of wine exports; in fact it is difficult to export within the MERCOSUR."*

5 Discussion

Several associations were noticed between the findings and some of the tenets of the TOC presented by Wood and Gray (1991). These associations demonstrate that the theory is useful, helping in the process of understanding the significance of collaboration, including perceived benefits, challenges, ways in which wineries are collaborating, and the potential for further collaboration. The following paragraphs present the alignments between the findings and the different key elements discussed by Wood and Gray (1991) that are part of Gray's (1989) definition of collaboration:

Stakeholders of a problem domain: First, the exporting wineries illustrate the case of an organisation, Uruguay's wine industry, which, in this study, has common interests in various problem domains. Entering or having access to the world of wines, and addressing their industry's most pressing challenges, such as the marginal knowledge of Uruguay wines internationally, or limited resources to promote wines internationally, require strong collaborative ties and efforts among the exporting wineries, as well as with other partners (e.g., hotels, restaurants, distributors, chambers of commerce). These efforts may benefit all individual wineries.

Autonomy: Each winery is arguably committed to making profits on its own, and, as found in the study, in some cases acts independently when becoming involved in exports, thus, retaining its own decision-making powers (Wood & Gray, 1991). At the same time, however, being part of a collaborative relationship with other wineries to seek export markets, with hospitality businesses, as well as with associations (National Institute of Viticulture or

INAVI, Wines of Uruguay), individual players must abide by a set of rules.

Interactive process: Collaboration in the context of the participating wineries requires an interactive process within the industry, as well as with other collaborators outside the wine industry. In some cases collaborative relationships may cease to exist, as P5's comment suggested. At the same time, the problem domain(s) affecting wineries may demand change-oriented relationships that may evolve, and potentially grow over time, especially given the apparent need to build a niche wine market. This point was also suggested in P8's comment.

Shared rules, norms, and structures: When collaborating with other wineries, there are implicit as well as explicit rules governing those relationships. Explicit rules, norms, and structures could be based on written guidelines regarding quality, volume, or production processes to assist the wine industry to gain in consistency, reliability, image, and potentially in overall quality. Implicit rules, on the other hand, illustrate the importance of unwritten norms and protocols to be followed, for instance, when collaborating by sharing equipment, exchanging ideas, conducting activities at hotels/restaurants, or sharing knowledge about overseas markets.

Action or decision: Based on the most pressing challenges affecting wineries' capacity to grow internationally, arguably wineries' collaborative efforts have a clear objective, which is to strengthen rapports with other wineries, build critical mass, and jointly work to enhance the Uruguayan wine brand.

Domain orientation: While inevitably there will be challenges to collaborate, overall participants agreed with the benefits that could be gained from collaboration. Positioning Uruguayan wines in a very competitive international wine market appears to be a key objective some of the participants are working towards. Based in P1's comments, with the leadership of Wines of Uruguay and the most established wineries, actions, decisions, and processes may be orientated toward the achievement of such long-term objective.

6 Conclusions

The present study sought to contribute to the existing literature on collaboration in the wine industry, exploring the case of Uruguay's wineries involved in exports. The perceptions of winery owners/managers regarding collaboration, including benefits and challenges, and the perceived challenges Uruguay's wine industry faces were gathered and analysed through the lens of the TOC. The findings clearly indicate that, while actual benefits of collaboration may be more modest than perceptions of the potential of such outcomes, perceived benefits occur in a number of ways.

First, verbatim comments (Table 2) highlight that, interestingly, economic gains are relegated in favour of more 'intrinsic' benefits, such as reciprocal support, development of relationships, and in terms of promotion of the local wine region. Second, the findings from these comments are to a great extent confirmed through both perceptions of perceived potential benefits (Table 3), as well as perceived actual benefits (Table 4). Third, concerning perceptions of actual benefits, better coordination of efforts, and, again, the importance of intrinsic benefits in the form of personal growth, helping each other, and increasing the knowledge base of Uruguay's wine industry emerge. Fourth, statistically significant differences are identified regarding perceived economic benefits, with the members of the 36-45-year-old age group clearly agreeing more than other age groups, both with the perceived potential and actual economic benefits.

Fifth, a sense of frustration is noticed in some comments regarding the challenges in collaboration, including a lack of reciprocity and selfishness. However, other participants underline the critical importance of strengthening collaborative efforts if the industry is to move forward, especially in improving international exposure through exports. Finally, the little perceived knowledge of Uruguay overseas, and lack of finances to promote local wines

clearly emphasise current challenges that could be addressed through stronger collaboration.

6.1 Implications

Several implications can be drawn from the findings. From a practical, wine industry perspective, one fundamental implication is the key strategic value of collaboration for an emerging wine producing country, which aims to position itself in an increasingly complex and crowded wine market (Duarte Alonso et al., 2014; Rossi et al., 2012). Indeed, some of the responses underline that collaboration efforts could be conducive to more knowledge of Uruguayan wines internationally. The work of Gajda (2004), who explains that through collaboration a dominant strategy could be achieved, further supports this point.

Some researchers (e.g., Koch et al., 2013) have found that collaboration is very limited among wineries. Other studies (e.g., Doloreux and Lord-Tarte, 2014; Jordan et al., 2007; Roberts & Enright, 2004) present potential material and non-material benefits from collaborating. One argument from these studies could be that lack of collaboration may lead to forgone opportunities and benefits; therefore, the benefits from collaborating may significantly outweigh those from not collaborating.

The establishment of the Tannat and Lamb event, which rotates through various wineries, exposing visitors to various establishments, as well as to product and service standards illustrates some level of collaboration within Uruguay's wine industry. Tannat and Lamb, and wineries' involvement underline another practical implication, namely, that benefits could be achieved by collaborating through gastronomic, tourism, and educational experiences and events.

However, given the still relatively recent appearance of Uruguay's wines in some of the world's consumer markets, another practical implication is the need for 'stakeholders' outside the industry to help develop a culture of collaboration. The identified challenges of collaborating providing evidence that collaboration is far from being an established characteristic of the industry support the point above. Thus, the involvement of industry decision-makers and government agencies to nurture, instil, and support a culture of collaboration may be critical. Such support may also have important implications for other industries, including making improvements, or helping minimise forgone opportunities due to current lack or weak collaborative relationships.

The study's findings also identify theoretical implications. In fact, as previously discussed, the TOC contributed to the research in helping gain understanding of collaboration in the context of an emerging wine producer. Moreover, the various elements associated with the definition of the theory (Gray, 1989), such as stakeholders of a problem domain, action or decision, or domain orientation, emphasise the significance of joining forces and pursuing common objectives. These notions are particularly important, first, in studying collaboration within an emerging wine industry seeking to stand out in the crowded global wine market, and second, suggesting its potential adoption to study collaboration in other regions or countries whose wine industry may be more or less established.

6.2 Limitations and Future Research

While the study offers a number of valuable insights and provides various contributions, it also has several limitations. First, despite the participation of most of Uruguay's exporting wineries, the total number (23) of exporting companies could have provided a more robust data set. Second, more face-to-face, in-depth interviews with winery owners, particularly in light that not all of them participated, could have further enriched the data. Third, the perspective of other wineries whose owners/managers may be planning or already developing internationalisation strategies and initiatives could have also enhanced the quality of the overall findings. Lastly, other wine organisations could have been included in the research,

including the management of Uruguay's INAVI.

All these limitations also provide opportunities, and could be addressed in future research. The further investigation of the development of collaborative relationships in Uruguay's wine industry or in another wine region also merits future attention, as it could provide valuable information. In particular, such studies could help identify potential changes in perceived potential/actual benefits from collaboration among wineries, as well as changes in different types of collaboration, both within and outside the wine industry. Finally, future research could apply the elements of the TOC adopted in this study, or other elements from various authors researching this theory, and potentially help develop the theory in the context of the wine industry further.

7 References

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Figure 1: The TOC in the context of the present study

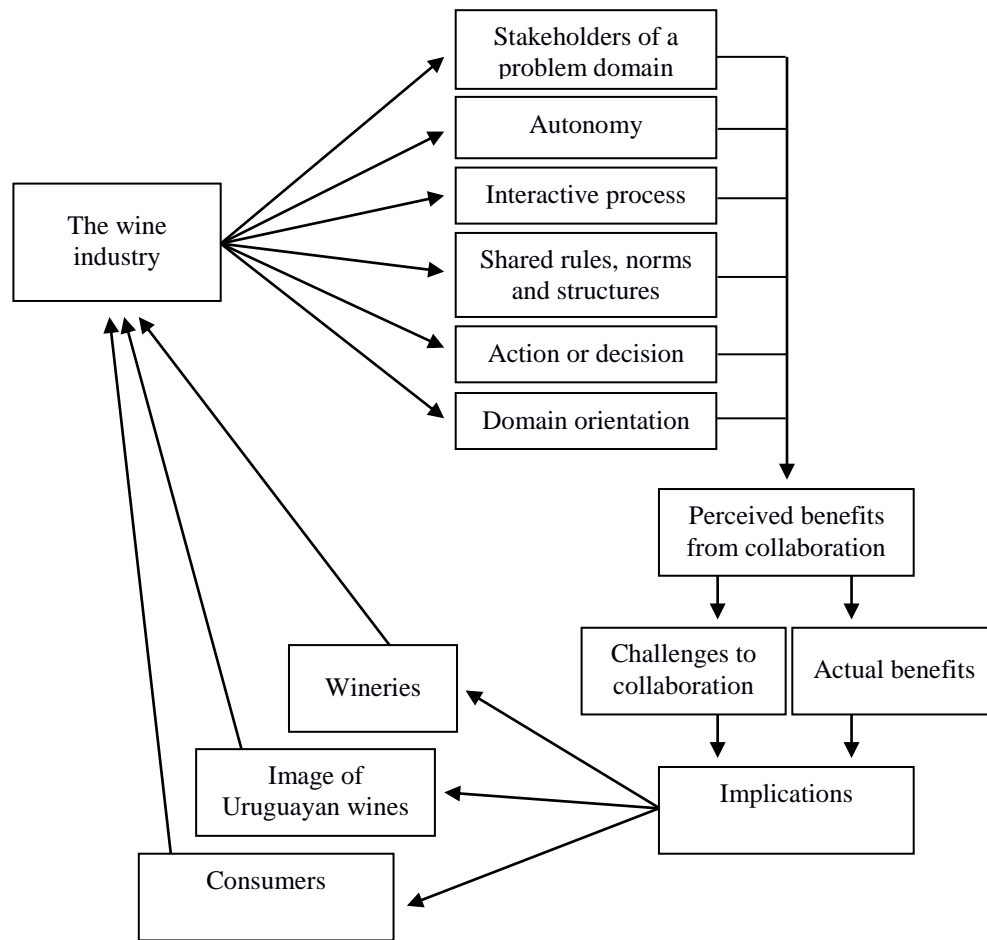


Table 1: Demographic information of the participating wineries

Demographic information		
Gender of the participant	n	%
Male	9	60.0
Female	6	40.0
Age of the participant		
35 years old or less	5	33.3
36-45 years	5	33.3
46-55 years	3	20.0
56+	2	13.4
Years working at the winery		
3 years or less	4	26.7
4-10 years	3	20.0
11 years or more	8	53.3
Number of employees (full-time)		
1-4	4	26.7
5-10	2	13.3
11-19	6	40.0
20+	3	20.0
Percentage of Tannat grapes produced		
Between 0 – 10%	0	0.0
11 – 30%	2	13.3
31 – 50%	6	40.0
51 – 75%	6	40.0
76%+	1	6.7
Time since the winery has exported wines		
Less than a year	0	0.0
Between 1-3 years	3	20.0
Between 4-10 years	6	40.0
11 + years	6	40.0
Countries wineries are exporting *		
Brazil	12	80.0
United States	11	73.3
European Union	11	73.3
Canada	7	46.7
Mexico	3	20.0
Australia	2	13.3
China	2	13.3
Russia	2	13.3

* Using a 5-point scale, where 1= very low exports and 5= very high exports.

Table 2: Collaboration and the participating wineries

Collaborating partners	Ways of collaboration	Outcomes/benefits	n
Local businesses (hospitality)	Promoting hotels, restaurants to visitors patronising the winery	Mutually promoting the region	4
Other wineries	Sharing equipment, knowledge and experiences	Savings in investment, personal gains (i.e. by working as a group) gaining in efficiencies	2
Wines of Uruguay, other viticulturists/wineries	Participating at meetings, exchanging ideas	Relationship building, mutual support	2
Other wineries	Activities in restaurants/hotels, working with these businesses	To increase appreciation for high-quality wine and local gastronomy consumption	1
Other wineries	Importing supplies jointly; export-related logistics	Savings, gaining in efficiencies	1
Other wineries	Volunteering in social causes through free tastings	Involvement with the local community, 'feel good factor'	1
Wines of Uruguay, other viticulturists/wineries	Participating at meetings, exchanging ideas	Relationship building, mutual support	1
Other viticulturists/wineries	Sharing experiences, situations.	Relationship building, mutual support	1
Joint venture (overseas), other wineries	Exporting with wineries with no previous export experience	'Feel good' factor, synergies	1
Other wineries, Wines of Uruguay	Participating at international fairs/events	Helping make Uruguayan wines known	1

Table 3: Potential perceived benefits of collaboration

Benefits	n	Mean	STD
Better coordination of efforts with other wineries	15	4.33	.488
Benefits at personal level (e.g., growing as a person through collaboration)	15	4.20	.561
Benefits at a social level (e.g., collaborating as a means of mutual support)	15	4.20	.561
Increasing the knowledge base of our wine industry	15	4.00	.926
Improvements through innovation (e.g., innovative practices/activities)	15	3.93	.458
Increase knowledge of business opportunities (e.g., in other markets)	15	3.93	.704
More direct economic benefits (more sales)	15	3.67	.724

Table 4: Actual perceived benefits of collaboration

Benefits	n	Mean	STD
Increasing the knowledge base of our wine industry	15	4.27	.458
Benefits at personal level (e.g., growing as a person through collaboration)	15	3.93	.799
Improvements through innovation (e.g., innovative practices/activities)	15	3.87	.516
Increase knowledge of business opportunities (e.g., in other markets)	15	3.80	.561
Better coordination of efforts with other wineries	15	3.80	.941
Benefits at a social level (e.g., collaborating as a means of mutual support)	15	3.80	.941
More direct economic benefits (more sales)	15	3.53	.915

Table 5: Main challenges perceived by respondents

Benefits	n	Mean	STD
The little knowledge of Uruguay overseas	15	4.53	.743
Lack of financial resources to promote our wines overseas	15	4.20	.862
Bureaucracy (e.g., excessive paperwork to export/grow the business)	15	3.60	.910
High costs in becoming involved in exports	15	3.53	.746
Instability/fluctuation of the Uruguayan Peso (currency)	15	3.53	1.302
Lack of skilled labour, for instance, with foreign language skills	15	3.00	1.069
Lack of skilled labour, for instance, with viticulture/oenology skills	15	2.67	.617
My own lack of knowledge (e.g., overseas markets, foreign languages)	15	2.60	1.121
Corruption (e.g., at institutional level)	15	2.20	1.146