



## LJMU Research Online

**Duarte Alonso, A**

**Wineries' contribution to the local community: A stakeholder view**

<http://researchonline.ljmu.ac.uk/id/eprint/4079/>

### Article

**Citation** (please note it is advisable to refer to the publisher's version if you intend to cite from this work)

**Duarte Alonso, A (2016) Wineries' contribution to the local community: A stakeholder view. International Journal of Economics and Business Research, 12 (4). pp. 295-312. ISSN 1756-9869**

LJMU has developed **LJMU Research Online** for users to access the research output of the University more effectively. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LJMU Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain.

The version presented here may differ from the published version or from the version of the record. Please see the repository URL above for details on accessing the published version and note that access may require a subscription.

For more information please contact [researchonline@ljmu.ac.uk](mailto:researchonline@ljmu.ac.uk)

<http://researchonline.ljmu.ac.uk/>

# Wineries' contribution to the local community: A stakeholder view

**Author: Abel D. Alonso**

## **Abstract**

While various authors recognise the socioeconomic importance of wineries in various nations, this area continues to be under-researched, including in major wine producing countries and regions. This exploratory study adds to the currently limited literature, adopting stakeholder theory to investigate wineries' contribution towards the community from the perspective of predominantly micro and small Italian winery operators. The findings reveal wineries' strong socioeconomic impacts, particularly through the dissemination of knowledge about the wine region and wine tourism development. In addition to providers, sponsors, guardians and promoters, other important stakeholder groups, such as educators, reorganisers, and engagers were identified. Furthermore, several alignments with various theses of stakeholder theory emerged, namely, between the descriptive thesis and intrinsic value, instrumental thesis and implicit benefits, and normative thesis and consideration of stakeholders' interests. Given the significance of the wine industry, both in Italy and in neighbouring nations, the overall findings have important implications.

**Keywords:** Wine industry, socioeconomic contribution, community, micro and small winery firms, stakeholder theory, Italy.

## **1 Introduction**

### *1.1 The context of the study*

Different authors have highlighted the significance of the wine industry, including in economic terms, and in various regions (e.g., Anderson, Nelgen, Wittwer, and Valenzuela, 2009; Barbieri and Xu, 2015; Larreina and Aguado, 2008; Rendleman, Peterson, and Beck, 2003; Watts, 2008). Similarly, and expectedly as being one of the world's leaders in wine production, the importance of the wine industry for Italy's economy is well documented. For example, despite recent declines in consumption and production, Italy accounts for nearly 16% of total world wine production, only second to France (Wine Institute, 2015). In 2011, wine was Italy's main export commodity, with an export value of \$US 6.8 billion (Faostat, 2015); this amount has been consistent, with latest figures indicating \$ US 6.7 billion in 2014 (Bettini, 2015).

Recent research (Giuliani, Lorenzoni, and Visentin, 2015) also highlights the profound changes Italy's wine industry has undertaken since the mid-1980s, with many wineries focusing on a new business model based on primarily improved quality, branding and bottling techniques. The emergence of independent, professional winemakers, wine consultants, and wine guides has also contributed to the further enhancement of ratings of many Italian wines (Corrado and Odorici, 2009). While many challenges remain, these changes have positively affected the industry in recent decades, with direct implications for its international reputation, a critical element for the marketing of wines, and overall for the industry (e.g., Castriota and Delmastro, 2008; Delmastro, 2005; Marchini, Riganelli, Diotallevi, and Paffarini, 2014).

Despite the substantial economic significance of Italy's wine industry, few empirical studies have examined Italian wineries' contribution towards the communities where they

operate. Only one study (Duarte Alonso and Bressan, 2013) focusing on this theme included several Italian wineries among the 36 participants. Previous research has documented links between wine events in Italy and other stakeholders, including farmer unions, public institutions and consumer associations, or at the comprising of wineries, restaurateurs, and artisans (e.g., Cavichi, Santini, and Belletti, 2013). However, research specifically focusing on Italian wineries' contribution and involvement is very limited; similarly, this line of research is scant in other major wine producing countries. This dearth of knowledge is more obvious from the perspective of micro and small winery firms, a group that includes many thousands of firms scattered throughout Italy. Recent research (Giuliani et al., 2015) reports that 69% of the nation's wineries produce under 500,000 bottles per year, clearly illustrating the small size of most winery firms, and suggesting the potentially substantial impact, they can make.

The purpose of this exploratory research is to contribute to this under-researched area, addressing the following overarching research question (RQ) from a sample of micro and small winery operators:

RQ: To what extent are winery operators contributing to the community where they operate? More specifically, in what forms, if any, are wineries businesses making such contribution?

Although wineries only represent one among other important stakeholders (e.g., consumers, suppliers, the local community), they nevertheless can have significant socioeconomic implications for the region and community. Earlier research (Duarte Alonso and Northcote, 2008; Duarte Alonso and Bressan, 2013; Sheridan, Alonso, and Scherrer, 2009) demonstrates that wineries make socioeconomic contributions, for instance, donating wines during local events, or providing employment. Thus, new knowledge resulting from addressing the questions above could inform and illuminate the community in regions, including rural regions where many wineries operate, government institutions, researchers, the wine industry, and society in general about winery operators' extent of impact and commitment. In turn, enhanced knowledge could also result in a stronger understanding of the critical role Italian wineries play, and be considered when researching wineries' involvement with the community elsewhere in the world. This study makes a further contribution to the academic literature, adopting stakeholder theory (Donaldson and Preston, 1999) as the theoretical foundation; the theory is discussed in the next section.

## **2 Literature Review**

### *2.1 Stakeholder theory (ST)*

Definitions are vital for theory development (Wood and Gray, 1991). Nelson and Winter (1977) refer to a theory as "a reasonably coherent intellectual framework" (p. 37), which incorporates existing knowledge, and supports predictions that can be taken beyond observations. Furthermore, a theory concerns existing associations among various phenomena, as well as 'stories' that help clarify why acts, events, thoughts, or structures occur (Sutton and Staw, 1995). This research adopts Freeman's (1984) definition of stakeholders as any individual or group who is affected by or can affect the achievements of an organisation's objectives.

Since the academic studies conducted in earlier years (e.g., Freeman, 1994; 1999; Freeman, Wicks, and Parmar, 2004; Jensen, 2001; Jones, 1995; Jones and Wicks, 1999; Parmar et al., 2010; Rowley, 1997), ST has been, and it still is, widely integrated in numerous empirical and conceptual investigations. This study predominantly focuses on the pioneering contribution by Donaldson and Preston (1995), who, aligned with Freeman's (1984) definition of stakeholders, proposed several central theses that form the foundation of ST.

These theses will be discussed in relation to the winery businesses' role as key stakeholders in the wine industry.

*Thesis 1 – Descriptive ST:* Donaldson and Preston (1995) explain that the descriptive thesis presents a framework illustrating what corporations are, describing them as a collection of competitive and cooperative interests with intrinsic value. Further, Freeman's (1999) interpretation of this thesis underlines organisations' interaction with and management of stakeholders. Just as the term 'stakeholder' has interpretative breadth (Phillips, Freeman, and Wicks, 2003), 'corporation' could also be understood in various ways. In fact, Phillips et al. (2003) criticise the prevalence for stakeholder theorists to focus primarily on large organisations, thereby ignoring other organisational forms, including family-owned, small businesses, non-profit, government, partnership organisations, or "privately owned concerns of any size" (p. 495). Moreover, Phillips et al. (2003) also contend that for ST to emerge as a theory of organisational ethics and strategic management, "it will need to be applied to more than just the large, publicly held corporation" (p. 495). Aligned with the authors' recommendations, this study interprets the corporation as a winery business that, given the nature of the participating firms, is predominantly micro and small.

Previous research suggests that some winery operators are known to be individualistic (Brouard and Ditter, 2008). However, in other cases there is also evidence of operators' cooperation, for example, forming groups or alliances with other wineries (Dalmoro, 2013, Lewis, Byrom, and Grimmer, 2015). In either scenario, wine businesses exist to earn revenues and achieve profitability. Hence, competitiveness, even at an individual level, and cooperation are two crucial factors that, if ingrained within the culture and behaviour of the firm could have significant intrinsic, as well as extrinsic value. This value may then reflect on financial/economic spillovers for the winery's staff, through employment and enhancement of quality of life, and for the local community in benefiting from staff's income and from the winery's overall wealth.

*Thesis 2 – Instrumental:* This thesis highlights the links between practices of stakeholder management, and the achievement of different corporate performance objectives (Donaldson and Preston, 1995). Moreover, its purpose is to describe potential outcomes for stakeholders when managers behave in certain ways (Jones, 1995). Thus, a crucial element of the thesis is the suggestion that practicing stakeholder management is associated with the achievement of conventional forms of corporate performance, including growth, stability, and profitability (Donaldson and Preston, 1995).

Although implicitly, various outcomes of practicing stakeholder management in the wine industry have been illustrated in previous research. For example, Gabzdylova, Raffensperger, and Castka's (2009) study of wineries' environmental sustainability/guardianship that included water utilisation and waste and chemical management revealed that personal values, satisfaction and preferences with the winery work, followed by consumers' demand and product quality were key justifications for engaging in environmental sound practices. Duarte Alonso and Bressan's (2013) investigation of wineries' community involvement found links between social capital (Putnam, 1993), and wineries' initiatives, whereby various key groups were identified. One of these groups, the guardians, acknowledged helping preserve the landscape, as well as historical and local patrimony, while a second, the promoters, sought to support tourism development within the region.

As these studies suggest, causal relationships between stakeholder management and financial outcomes may be difficult to measure, especially given the complexity of such

parameters as the length of time needed to make any reliable assessments. However, several intrinsic benefits associated with the above activities are subsequently demonstrated through wineries' growth and stability, either at an individual (the winery operator) at a local/regional level, or both. In addition, there might be extrinsic benefits based on the multiplier effects that could result from such preservation efforts, particularly through visitation to local wineries, wine trails, and food/wine events.

*Thesis 3 – Normative:* The acceptance of the following fundamental ideas is at the core of the normative thesis: 1) Stakeholders are groups or individuals with genuine interests in substantive and/or procedural facets of corporations' activities. Furthermore, regardless of corporations having any equivalent functional interest in stakeholders, these can be identified through "their interest in the corporation" (Donaldson and Preston, 1995, p. 67). 2) Stakeholders' interests "are of intrinsic value" (p. 67); in other words, "each group of stakeholders merits consideration for its own sake" (p. 67). Thus, the thesis seeks to prescribe how organisations should treat stakeholders (Freeman, 1999), and proposes moral responsibilities or 'propriety' of managers and/or firms (Jones, 1995).

In the wine industry, growers producing and selling the grapes to local wineries or wine cooperatives with available infrastructure and capacity to complete wine production represent a group that directly depends on income from the above entities, and therefore may have genuine interests in these. In contrast, the winery/cooperative may also consider grape growers of 'intrinsic' as well as of extrinsic value. At the other end, consumers may also have an interest in the winery firm regarding the quality and the safety of the wine product. Consequently, and for clear bottom-line related reasons, this group of stakeholders also merits significant consideration by wineries/cooperatives. Between these two stakeholders is the local community, where winery employees, small suppliers and contractors live and depend on the winery. The winery management also needs to consider these important stakeholders, as there are potential impacts for the winery in terms of quality of production, image, and reputation.

*Thesis 4 – Managerial:* Although studies frequently only consider the first three theses, Donaldson and Preston (1995) emphasise the significance of the managerial thesis, in that, in addition to predicting cause-effect relationships, it recommends structures, practices and attitudes that, together, represent stakeholder management. Moreover, as its key attribute, stakeholder management involves paying "simultaneous attention to the legitimate interests of all appropriate stakeholders" (Donaldson and Preston, 1995, p. 67), in case-by-case decision-making processes, or in establishing general policies and organisational structures. Arguably, this thesis usefully complements to the other three.

Aspects related to quality control, including when purchasing grapes from local growers, or in seeking high wine quality and consistency of wine production, are associated forms of stakeholder management in the wine industry. In these scenarios, a cause-effect relationship is apparent; also, in processes of growing or maintaining winery-grower networks, practices, structures, or attitudes need to be nurtured and given utmost consideration for these networks and relationships to be sustainable in the long-term.

The usefulness of ST in facilitating understanding of relationships between a corporation and its stakeholders is well documented in numerous publications. Despite its value, however, very few studies have adopted ST in wine business research. An extensive literature review of the last five years only identified Marshall, Akoorie, Hamann, and Sinha's (2010) research, where the authors applied both the theory of reasoned action and ST to investigate environmental practices among New Zealand and United States wineries. Among

other findings, the research revealed internal, as opposed to external, stakeholder pressures were factors influencing participants' adoption of environmental practices.

This exploratory study partly addresses this knowledge gap, contributing to the academic literature, fundamentally incorporating ST to examine predominantly micro and small Italian winery operators' perceived contribution to the local community.

### **3 Methods**

The present exploratory research is mainly concerned with the extent of contribution, and ways in which Italian wineries contribute to the local community; this theme is examined through the lens of ST. The importance of Italy as one of the world's leaders in wine production and exports, the absence of previous research on wineries' involvement/contribution to the community, added to the researcher's background knowledge of the wine industry, and previous fieldwork experience in Italy were key reasons for choosing this country.

In order to gather winery data, different options were considered, including through online, paper questionnaires, or conducting face-to-face or telephone interviews. Given existing budget constraints the latter two alternatives were ruled out, and while there is evidence of various limitations of online questionnaire data gathering (Bardach, Hibbard, Greaves, and Dudley, 2015; Manfreda et al., 2008; Shih and Fan, 2008), this medium was chosen. Earlier wine business research has also adopted this data collection method (e.g., Johnson and Bruwer, 2007; McCutcheon, Bruwer and Li, 2009).

Previous research discussing wineries' engagement with the local community (Duarte Alonso and Northcote, 2008; Duarte Alonso and Bressan, 2013; Sheridan, Alonso, and Scherrer, 2009) was consulted, particularly in the process of designing the research question. The questionnaire, which also studied other themes that are not part of this research and may be addressed in future investigations, was divided in several sections. For the purpose of this study, one section was designed to gather demographic information of participants and wineries, while another, open-ended section, provided space for participants to indicate, in typing, the contribution, if any, that the winery made the local community.

The identification of websites of Italian winery associations across the country helped collate the email addresses of winery 2,150 firms. An email message explaining the rationale for conducting the study was sent to these businesses. The message also included an invitation for recipients to take part by clicking on a URL link directing them to the online questionnaire. Immediately after sending the message, 152 or 7.1% of the total were returned as undeliverable. During the following weeks, several reminders were sent to the remaining 1,998 email addresses. For this study, 145 useable responses were collected, a 7.3% response rate, which is similar to that obtained in previous wine business research (Johnson and Bruwer, 2007). While this response rate is clearly modest, the exploratory study nevertheless provides new practical knowledge concerning a very important, yet under-researched, aspect of the winery industry. The study and its findings could therefore be useful in guiding future research, for example, seeking to operationalise the research question in Italy or in other wine producing countries or individual regions.

The 145 collected verbatim responses were translated into English by the researcher, who is multilingual, and has over two decades of working in multilingual environments. The qualitative data were subsequently analysed using word association and qualitative content analysis, and word association. According to Roininen, Arvola, and Lähtenmäki (2006) word association involves the presentation of target stimuli to subjects (participants), and asking them to indicate the first images or thoughts that come to their mind. In this exploratory study,

such target stimuli are represented by participants' responses to the question regarding the extent of involvement and/or contribution(s) of wineries to the local community (Table 2).

Schreier (2012) defines qualitative content analysis (QCA) as “a method for describing the meaning of qualitative material in a systematic way” (p. 1). The author explains that, with QCA, successive parts of data material are assigned to categories of coding frames. Further, QCA is an option when researchers “have to engage in some degree of interpretation to arrive at the meaning of” (Schreier, 2012, p. 2) their data. Schreier (2012) also states that “Meaning is not a given, but we construct meaning” (p. 2). In line with Schreier (2012), interpretation was consistently implemented during the data analysis process, and subsequently operationalised in the form of the various groups or categories that emerged in Table 3. Selected responses appearing in the following sections will be abbreviated by letters and numbers, with P1, for instance, representing Participant 1.

### *3.1 Demographic characteristics of wineries and participants*

Table 1 indicates that, except for two wineries, all other 143 fit the category of micro (less than 10 employees) and small businesses (less than 50 employees) as specified by the European Commission (2015). Another indication of wineries' smaller size is demonstrated by wine production, with the majority (57.2%) producing less than 100,000 bottles of wine per year. Regarding participants' role at the winery, both the owner and owner/winemaker groups represent the majority (95, 65.5%). Partly reflecting the historic/traditional nature of Italy's wine industry documented in earlier research (Brunori and Rossi, 2000; Giuliani, Morrison, Pietrobelli, and Rabellotti (2010), 107 (73.7%) of wineries are at least two, and over half at least three or more decades old. To a lesser extent, though still illustrating vast experience in the industry, 105 (72.4%) have worked at the winery for at least one decade, and 80 (55.2%) for over two. Finally, male participants are the predominant group, an almost 2:1 ratio as compared to female participants, and the large majority of the wineries export and are open to the public.

Table 1 Here

## **4 Results**

### *4.1 Extent of wineries' contribution, and ways of contributing to the local community*

Through content analysis and word association, as many as 17 forms of wineries' contribution to the local community were identified; all of these contributions have implicit as well as explicit socioeconomic implications. As illustrated (Table 2), six forms were particularly predominant. Aligned with the few existing studies in this area to date (e.g., Duarte Alonso and Northcote, 2008; Duarte Alonso and Bressan, 2013; Sheridan, Duarte Alonso, and Scherrer, 2009), two of these forms, creating or maintaining jobs (22.8%), and maintaining/preserving the landscape (16.6%) emerged as significant. Overall, however, the dissemination of knowledge about the region was the most indicated form. Among many other comments, the following three succinctly illustrated this important contribution:

*P1: Displaying Italy [on the label] and the region around the world; a piece of terroir on a cover page for millions of consumers.*

*P2: The efforts made in not only promoting our own brands, but also the region where the brands originate, showing the images of the region's scenery and culture to the world... new created jobs contribute to the welfare of the region in which the winery operates.*

*P3: The reputation and pride of living in a region where one local product [wine] enriches and brings happiness to those who consume it, and transmits the story, the scents, and the region to anyone tasting the wine around the world [wine label].*

In the main, the large majority of responses identified more than contribution; in contrast, only 25 (17.2%) responses referred to one contribution. Importantly, some comments, including the following, were clearly demonstrative of ways in which both the winery and its stakeholders can affect one another, and related to Freeman's (1984) definition of stakeholders:

*P4: Investing more to become a wine tourism destination, and developing collaborative relationships with travel agents, tour operators to bring more visitors to a still relatively known destination (Monferrato). Obviously, through wine sales the winery also helps support the local grape growers, and therefore the region, and incentivises the younger generations to take up this occupation.*

*P5: The winery helps add value to the region's products; it creates employment and wealth within the region. Its determination to be socially responsible makes it interact with growers, associations, and with the region's residents. The wealth of this winery is closely interdependent to that of the region where it operates.*

P4 perceived a variety of positive impacts the winery could have. For example, the participant made explicit links between economic benefits, wine sales, supporting local grape growers, enhancing the social fabric by maintaining distinctive and traditional features of the region, and incentivising future generations of grape growers to extend the tradition. This aspect has been referred to in contemporary wine entrepreneurship research (Ciasullo and Festa, 2014; Duarte Alonso, 2014; Duarte Alonso and Bressan, 2013). Furthermore, P5's reference to interdependence between the winery and its external environment highlights the vital contribution of other stakeholders for the winery's survival.

Table 2 Here

Also aligned with the earlier studies above, helping develop wine tourism was yet another key contribution highlighted by nearly 30% of participants. The following two selected comments underlined the importance of one form of multiplier effect, whereby it was assumed that wine tourists/visitors also made additional expenditures locally, with implications for other businesses. These implications include paying staff, paying taxes, engaging suppliers (e.g., artisan producers), or reinvesting part of the sales within the business, and therefore the region:

*P6: [By our winery] helping make the wines and the region more known around the world increases tourism, and therefore adds jobs through needed infrastructure and commercial activities in the area.*

*P7: Our winery... contributes to the image of the region, emphasising its value in a qualitative manner. This effort promotes visits from a group of well-educated public, who, once in the region, also looks for other food products and asks us where to go to eat locally, buy local olive oil or cheeses.*

While Anderson et al. (2009) caution of potential distortions in multiplier effect calculations, which may exaggerate the wine industry's actual economic contribution, the



above and other participants' comments do nevertheless imply that, albeit at different, intrinsic levels, various forms of multiplier effects occur.

Regarding wine tourism development, Poitras and Getz's (2006) research makes various recommendations for sustainable wine tourism in the context of the town of Oliver, a Canadian wine region. These recommendations emphasise the significance of different stakeholders, and the links between them. For the wine industry, Poitras and Getz (2006) recommended promotional efforts of the area, as well as maintaining and improving the quality of the wines. These initiatives, which, given the content of participants' comments could also be interpreted in the context of the present research, have implications for effective management of stakeholders and their interests, in this case, of winery operators and end consumers. Implications include the impacts on the image of the region, repeat visits, improving or maintaining various quality standards, such as product and service, as well as the future consistency of tangible and intangible offerings.

Pearson Chi-Square was used to test any potential associations between the different emerging groups (e.g., disseminating knowledge, creating/maintaining jobs, helping develop wine tourism) and demographic characteristics of wineries and/or participants. However, no statistically significant differences were found. Despite this outcome, additional qualitative analysis from collating the 17 contributions revealed seven prevalent groups (Table 3). Four of these, providers, sponsors, guardians, and promoters are associated with research conducted by Duarte Alonso and Bressan (2013) among small wineries operating in four different countries. In the present study, three of the groups were also apparent; in contrast, sponsors' significance was more modest. One of the significant comments gathered (P8) among sponsors indicated: *"We organise numerous social activities beyond wine and food events, for example, painting workshops, book presentations, theatre pieces, and more."*

Table 3

This study extends from this original four-group categorisation, with the addition of three groups that became apparent. Importantly, while these categories provide a guide of emerging themes in the research, based on the content and tone of participants, they are not mutually exclusive:

*Educators:* This group was involved in informing visitors about the region and its products, particularly during the winery visitation. Also, as noted earlier (P1, P3), operators also informed end consumers through other means, including by adding suggestive labels in the wine bottles (P9): *"...some of our wines carry names associated to historic events in this area."*

*Reorganisers:* Distinctively, this group contributed in various, non-financial, intangible, yet strategically critical ways, through reputation of the brand/winery. This form of involvement suggests spillovers for wineries and the region. The spillovers include the enhancement of the reputation / prestige of other local products, motivating business operators to make quality improvements, and may have beneficial outcomes, maximising the 'multiplier effects' by drawing visitors.

*Engagers:* Members of this group sought to create/strengthen relationships and alliances with local business operators through collaboration and the formation of business networks. Similarly, by displaying passion and seeking to produce highly satisfying products/experiences, engagers helped establish or reinforce existing bonds with end consumers, with clear implications for the region's economic development.

## 5 Discussion

A number of associations between the different theses proposed by Donaldson and Preston (1995) and the study's findings were revealed, supporting the consideration of this theoretical framework in the context of winery operators' contribution to the local community. As the following discussion illustrates, and as explained earlier, relationships between the different theses and the findings are not mutually exclusive, and crossovers between these findings and the different theses are possible.

*Descriptive thesis:* The competitive and/or cooperative interests (Donaldson and Preston, 1995), as well as the management/interaction with stakeholders (Freeman, 1999) were fundamentally demonstrated by the actions of the provider group. In particular, two actions emerge, with the first in the form of supporting the local grape growers, by buying the production, directly contributing to economic (tangible) gains. The second action was by providing employment to local residents, thus, securing an income, and encouraging expenditures locally, an alternative form of multiplier effect. Arguably, the latter aligns with the reorganiser group, particularly by enhancing residents' quality of life. Indeed, helping extend a wine culture/tradition might help secure future employment. As previous research (Duarte Alonso and Bressan, 2013) found, this contribution also helps prevent the outflow of residents from rural areas, which has important socioeconomic implications for individuals and for the local community. In both types of actions, a) cooperation, by considering the competitive interests of both winery and growers, and b) interaction with stakeholders, are key components.

*Instrumental:* The actions of winery operators identified above could be interpreted as practicing stakeholder management (Donaldson and Preston, 1995). These actions may lead to outcomes closely related to both the financial performance of the winery business, and the socioeconomic benefits that the region and the local community may gain. In fact, based on this thesis, the different contributions from the various groups identified (Table 3) are demonstrative of the links between stakeholder management, managers' behaviour (Jones, 1995), and the firm's achievement of objectives, which may be intrinsic/extrinsic and tangible/intangible.

For example, the commitment to purchase grape growers' yearly production, coupled with advice on ways to improve the quality of the grapes/vineyards may incentivise growers to devote more time, energy, and passion in looking after the welfare of their vineyards, or adopt new techniques. These efforts could potentially lead to the consistency of quality, or event to the higher quality of grapes, with implications in terms of sustained quality. This scenario could also result in more consistent, higher quality, and sought-after wine products, and overall, in enhanced reputation for the wine region. Similarly, providing jobs may positively affect workers' morale and their commitment to contribute to the winery business through sustained dedication and performance.

*Normative:* As suggested in the previous two theses, grape growers and employees clearly characterise two groups of stakeholders with genuine interests in the firm's activities (Donaldson and Preston, 1995). However, other important stakeholders may share the same interest in winery operators' actions and activities, including local and external consumers, visitors, and ultimately, the local community. Furthermore, these stakeholders may additionally have an interest in the activities of more than one local winery, including the region's wine industry, whose actions could also have important implications for the region's image and reputation. The findings (Table 3) demonstrate that, through their actions, winery

operators appear to have a genuine interest in local and external stakeholders. The above-described activities geared towards local stakeholders (provider group), or others focused on external stakeholders that equally consider internal stakeholders and the firm, such as helping develop wine tourism (promoter group), enhance the prestige of the region (reorganiser group), or disseminating knowledge about the region (educator group) are clearly in alignment with normative thesis.

*Managerial:* Many of the comments gathered, including those provided in this study (e.g., P2, P4-P8) clearly underline, both implicitly and explicitly, cause-effect relationships (Donaldson and Preston, 1995). At the same time, participants' tone in many of the comments that are additionally supported by the emerging contributing groups (Table 3) suggest a conscious, well-structured, and well-defined practices and an attitude of commitment to contributing through various activities. Again, winery operators' initiatives are not solely based on socially responsible contributions without any expectation of returns. In fact, the findings highlight that most, if not all, initiatives are intrinsically linked to the overall welfare of the region, and to furthering the knowledge of the region among external consumers, with clear direct implications for wineries' bottom line. However, of interest in this research is operators' commitment to create intrinsic as well as extrinsic value for other stakeholders. As suggested, this enhancement may then revert through revenues earned by different stakeholders that may further be applied to continue the cycle of economic development within the community.

## **6 Conclusions**

While there is agreement that the wine industry significantly contributes to the economy of many regions (e.g., Anderson et al., 2009; Larreina and Aguado, 2008; Rendleman et al., 2003), a relatively limited number of studies have examined wineries' contribution to the local community where they operate. This limitation is also noticed in the case of Italy, one of the world's leaders in wine production, consumption, and exports, as well as in the context of micro and small wineries, a very important group that represents the vast majority of enterprises, both in the European Union and elsewhere. In adopting ST, the present exploratory research examined wineries' contribution to the local community from the perspective of predominantly micro and small winery operators.

In alignment with earlier literature (e.g., Duarte Alonso and Bressan, 2013), the findings confirm the important role of wineries as guardians (preserving/maintaining the rural landscape), promoters (tourism development), providers (creating/maintain jobs), and sponsors (participating/contributing at local events). Importantly, the findings extend from previous research, identifying three additional key groups equally making significant tangible as well as intangible contributions. These groups include educators, who disseminate knowledge about the region and its products, reorganisers, those seeking to enhance the reputation of the region, or its products, and engagers, operators who, for instance, develop/strengthen collaborative relationships and networks locally.

The adoption of ST through the various theses (descriptive, instrumental, and normative) allowed for making implicit as well as explicit associations with many of the findings, thus, guiding the research by contributing to a more in-depth understanding of the themes under investigation. For example, the consideration of the instrumental thesis facilitated the analysis, and interpretation from participants' comments that the way they behave toward their local and external stakeholders can have a domino effect, with subsequent impacts for wineries' bottom line, for the region, and, ultimately, for the community. Furthermore, and as opposed to many previous academic studies, the incorporation and consideration of the managerial thesis further helped complement the

understanding of the previous three theses concerning potential associations between wineries and their stakeholders.

### *6.1 Implications*

The overall findings have important practical implications. For example, the 17 types of contributions, subsequently leading to the development of an abstract framework illustrating seven predominant contributing groups, three of them additions to previous research, represents a useful tool to examine wineries' contribution. Moreover, identifying wineries' contributions could go a long way, particularly given that many are interrelated to internal, regional, and external stakeholders. This information has practical value, especially in informing the industry, wine associations, government, and European Union officials and policy makers regarding the crucial contribution made by wineries in regions/areas where they operate. Another practical implication concerns the potential for further operationalising the findings, including confirming or disconfirming the identified contributing groups (Table 3), in both established or emerging wine regions and countries. This strategy may help gather further valuable knowledge regarding micro and small businesses' contribution. Importantly, this strategy may also contribute to increased recognition and support for smaller firms, including through training and development, regional promotion, support for infrastructure development, and various forms of knowledge transfer, including in the areas of marketing, tourism, and exports.

In addition, the identification of various groups of contributors, together with the guidance of ST suggest important theoretical implications. In fact, combining both the theoretical framework based on the various theses proposed by Donaldson and Preston (1995), and the resulting conceptualisation of contributors (Table 3) represent an incremental increase, albeit modest, of theory development. The combination suggested above could therefore help illuminate future research conducted in the wine or in other industries. Moreover, the adoption of these abstract elements could be particularly useful in investigating micro and small firm's contribution to the community, adding depth to study businesses' contribution to the community. While numerous studies only consider three of the four postulated theses, the consideration of the managerial thesis could provide an additional useful theoretical perspective that would further complement the rigour other three theses.

Together, these considerations could also stimulate and lead to new theoretical discoveries, and the further development of ST in the context of the wine or other industries. Such theoretical discoveries and refinements could also be illustrated and presented in addition to the practical implications above to enhance the understanding of various stakeholders concerning businesses' socioeconomic impact, particularly in rural areas where many wineries operate. As suggested earlier, these stakeholders could include researchers, government and European Union policy makers, and industry.

### *6.2 Limitations and Future Research*

Various limitations were identified in this exploratory study, one being the small number of participating wineries. Thus, given the thousands of existing wineries across Italy, the overall results may not be generalizable or representative of the involvement, commitment, and contribution towards the community of micro and small Italian winery operators, or those from other nations. A further limitation is the absence of comparative evidence, for instance, data that would allow comparisons between Italian winery operators and those from neighbouring or distant wine producing nations. The collection of data during late spring and early summer of 2015, that is, at one point during the year, with no further collection during

other times of the year, also prevents from making potentially useful comparisons with other times of the year.

However, the above limitations could be addressed in future studies. In fact, given the identified dearth of knowledge of research examining wineries' contribution to their community, conducting such studies could break new ground, add originality, and expand the knowledge of this important area among industry, government, and university stakeholders. Research could also examine medium and larger wine enterprises, as well as wine cooperatives; these studies might reveal similarities, or potentially useful differences in the way winery operators behave and interact with their community, as compared to smaller firms. The further consideration of ST in various geographic scenarios and socioeconomic contexts (e.g., Northern versus Southern Hemisphere; more developed versus less developed wine regions/countries) could also and substantially help guide and inform researchers and practitioners, and contribute to further theory development.

## 7 References

- Anderson, K., Nelgen, S., Wittwer, G. and Valenzuela, E. (2009) *Economic contributions and characteristics of grapes and wine in Australia's wine regions*, The University of Adelaide, Centre for International Economic Studies Discussion Paper Series No: 0901.
- Barbieri, C. and Xu, S. (2015) *Residents' perceptions of the contributions of local wineries*, Tourism Travel and Research Association: Advancing Tourism Research Globally, Paper 19. University of Massachusetts – Amherst [online]  
[http://scholarworks.umass.edu/ttra/ttra2015/Academic\\_Papers\\_Visual/19](http://scholarworks.umass.edu/ttra/ttra2015/Academic_Papers_Visual/19).
- Bardach, N.S., Hibbard, J.H., Greaves, F. and Dudley, R.A. (2015) 'Sources of traffic and visitors' preferences regarding online public reports of quality: Web analytics and online survey results', *Journal of Medical Internet Research*, Vol. 17, No. 5, pp. 1439-4456.
- Bettini, O. (2015) *Wine annual report and statistics 2015*, USDA Foreign Agricultural Service [online]  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Wine%20Annual\\_Rome\\_EU-28\\_3-16-2015.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Wine%20Annual_Rome_EU-28_3-16-2015.pdf).
- Brouard, J. and Ditter, J.G. (2008) *Regional business systems in the wine industry and the example of Burgundy*, Paper presented at the Fourth International Conference of the Academy of Wine Business Research, 17–19 July, Siena, Italy.
- Brunori, G. and Rossi, A. (2000) 'Synergy and coherence through collective action: Some insights from wine routes in Tuscany', *Sociologia Ruralis*, Vol. 40 No. 4, pp. 409-423.
- Cavicchi, A., Santini, C. and Belletti, E. (2013), 'Preserving the authenticity of food and wine festivals: the case of Italy', *Il Capitale Culturale (Journal of the Department of Cultural Heritage)*, Vol. 8, pp. 251-271.
- Castriota, S. and Delmastro, M. (2008) *Individual and collective reputation: lessons from the wine market*, Working Paper No. 30, American Association of Wine Economists.
- Ciasullo, M.V. and Festa, G. (2014) 'Ethical capital for the renaissance of disadvantaged territories - The Libera Terra case study in the wine sector'. *Piccola Impresa / Small Business*, Vol. 3, pp. 39-62.
- Corrado, R. and Odorici, V. (2009) 'Winemakers and wineries in the evolution of the Italian wine industry: 1997–2006', *Journal of Wine Research*, Vol. 20 No. 2, pp. 111-124.
- Donaldson, T. and Preston, L.E. (1995) 'The stakeholder theory of the corporation: Concepts, evidence, and implications', *Academy of Management*, Vol. 20, No.1, pp. 65-91.

- Delmastro, M. (2005), 'An investigation into the quality of wine: Evidence from piedmont', *Journal of Wine Research*, Vol. 16, No. 1, pp. 1-17.
- Duarte Alonso, A. (2014) "Saborea (Tasting) Lanzarote": Building the foundation of a new food and wine event through collaborative efforts, *Tourism Planning and Development*, Vol. 11, No. 1, pp. 68-85.
- Duarte Alonso, A. and Bressan, A. (2013) 'Small rural family wineries as contributors to social capital and socioeconomic development,' *Community Development*, Vol. 44, No. 4, pp. 503-519.
- Duarte Alonso, D. and Northcote, N. (2008) 'Small winegrowers' views on their relationship with local communities,' *Journal of Wine Research*, Vol. 19, No. 3, pp. 143-158.
- European Commission (2015) *What is an SME?* [online] [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm).
- Faostat (2015) *Country profiles – Italy* [online] <http://faostat.fao.org/site/666/default.aspx>.
- Freeman, R.E. (1984) *Strategic management: A stakeholder approach*, Pitman, Boston, MA.
- Freeman, R.E. (1994) 'The politics of stakeholder theory: Some future directions,' *Business Ethics Quarterly*, Vol. 4 No. 4, pp. 409-421.
- Freeman, R.E. (1999) Response: Divergent stakeholder theory, *The Academy of Management Review*, Vol. 24, No. 2, pp. 233-236.
- Freeman, R.E., Wicks, A.C. and Parmar, B. (2004) 'Stakeholder theory and "The corporate objective revisited"', *Organization Science*, Vol. 15 No. 3, pp. 364-369.
- Gabzdylova, B., Raffensperber, J.F. and Castka, P. (2009) 'Sustainability in the New Zealand wine industry: drivers, stakeholders and practices', *Journal of Cleaner Production*, Vol. 17, No. 11, pp. 992-998.
- Giuliani, A.P., Lorenzoni, G. and Visentin, M. (2015) 'New wines in new bottles: The "renaissance" of the Italian wine industry', *Industry and Innovation*, Vol. 22, No. 8, pp. 729-752.
- Giuliani, E., Morrison, A., Pietrobelli, C. and Rabellotti, R. (2010) 'Who are the researchers that are collaborating with industry? An analysis of the wine sectors in Chile, South Africa and Italy', *Research Policy*, Vol. 39 No. 6, pp. 748-762.
- Jensen, M.C. (2001) 'Value maximisation, stakeholder theory, and the corporate objective function', *Journal of Applied Corporate Finance*, Vol. 14, No. 3, pp. 8-21.
- Johnson, R. and Bruwer, J. (2007) 'Regional brand image and perceived wine quality: the consumer perspective', *International Journal of Wine Business Research*, Vol. 19, No. 4, pp. 276-297.
- Jones, T.M. (1995) 'Instrumental stakeholder theory: A synthesis of ethics and economics', *The Academy of Management Review*, Vol. 20, No. 2, pp. 404-437.
- Jones, T.M. and Wicks, A.C. (1999) 'Convergent stakeholder theory', *The Academy of Management Review*, Vol. 24, No. 2, pp. 206-221.
- Larreina, M. and Aguado, R. (2008) 'Beyond the cluster: how wine drives regional economy to success "Oenopolis", the case of Rioja', *International Journal of Wine Business Research*, Vol. 20, No. 2, pp. 153-170.
- Lewis, G.K., Byron, J. and Grimmer, M. (2015) 'Collaborative marketing in a premium wine region: the role of horizontal networks', *International Journal of Wine Business Research*, Vol. 27, No. 3, pp. 203-219.
- Manfreda, K.L., Bosnjak, M., Berzelak, J., Haas, I. and Vehovar, V. (2008) 'Web surveys

- versus other survey modes: A meta-analysis comparing response rates', *International Journal of Market Research*, Vol. 50, No. 1, pp. 79–104.
- Marchini, A., Riganelli, C., Diotallevi, F., Paffarini, C. (2014) 'Factors of collective reputation of the Italian PDO wines: An analysis on central Italy', *Wine Economics and Policy*, Vol. 3, No. 2, pp. 127-137.
- Marshall, R.S., Akoorie, M.E.M., Hamann, R. and Sinha, P. (2010) 'Environmental practices in the wine industry: An empirical application of the theory of reasoned action and stakeholder theory in the United States and New Zealand', *Journal of World Business*, Vol. 45, No. 4, pp. 405-414.
- McCutcheon, E., Bruwer, J. and Li, E. (2009) 'Region of origin and its importance among choice factors in the wine-buying decision making of consumers', *International Journal of Wine Business Research*, Vol. 21, No. 3, pp. 212-234.
- Nelson, R.R. and Winter, S.G. (1977) 'In search of a useful theory of innovation', *Research Policy*, Vol. 6, No. 1, pp. 36-76.
- Parmar, B.L., Freeman, R.E., Harrison, J.S., Wicks, A.C., Purnell, L. and de Colle, S. (2010) 'Stakeholder theory: The state of the art', *The Academy of Management Annals*, Vol. 4, No. 1, pp. 403-445.
- Phillips, R., Freeman, R.E. and Wicks, A.C. (2003) 'What stakeholder theory is not', *Business Ethics Quarterly*, Vol. 13, No. 4, pp. 479-502.
- Poitras, L. and Getz, D. (2006) 'Sustainable wine tourism: The host community perspective', *Journal of Sustainable Tourism*, Vol. 14, No. 5, pp. 425-448.
- Putnam, R. D. (1993) 'The prosperous community. Social capital and economic growth', *The American Prospect*, Vol. 4, No. 13, pp. 35–42.
- Rendleman, M.C., W. Peterson, and R.J. Beck. (2003) *Illinois' grape and wine industry as a contributor to rural economic growth*, Paper presented at the Southern Agricultural Economics Association annual meeting, Mobile, AL, February 1-5, 2003.
- Roininen, K., Arvola, A. and Lähteenmäki, L. (2006) 'Exploring consumers' perceptions of local food with two different qualitative techniques: Laddering and word association', *Food Quality and Preference*, Vol. 17, No. 1-2, pp. 20-30.
- Rowley, T.J. (1997) 'Moving beyond dyadic ties: A network theory of stakeholder influences', *The Academy of Management Review*, Vol. 22, No. 4, pp. 887-910.
- Schreier, M. (2012) *Qualitative content analysis in practice*, Sage Publications Ltd., London, UK.
- Sheridan, L., Duarte Alonso, A. and Scherrer, P. (2009) 'Wine tourism as a development initiative in rural Canary Island communities', *Journal of Enterprising Communities: People and Places in the Global Economy*, Vol. 3, No. 3, pp. 291–305.
- Shi, T-H. and Fan, X. (2008) 'Comparing response rates from web and mail surveys: A meta-analysis', *Field Methods*, Vol. 20, No. 3, pp. 249-271.
- Sutton, R. I. and Staw, B.M. (1995) 'What theory is not', *Administrative Science Quarterly*, Vol. 40, No. 3, pp. 371-384.
- Watts, T. (2008) *The economic impact and importance of Georgia wineries* [online] [https://getd.libs.uga.edu/pdfs/watts\\_timothy\\_k\\_200812\\_ms.pdf](https://getd.libs.uga.edu/pdfs/watts_timothy_k_200812_ms.pdf)
- Weber R.P. (1990) *Basic content analysis*, Sage Publications, Newbury Park, CA.
- Wine Institute (2015) *World statistics* [online] [http://www.wineinstitute.org/files/World\\_Wine\\_Production\\_by\\_Country\\_2014\\_cTradeDataAndAnalysis.pdf](http://www.wineinstitute.org/files/World_Wine_Production_by_Country_2014_cTradeDataAndAnalysis.pdf)
- Wood, D.J. and Gray, B. (1991) 'Toward a comprehensive theory of collaboration', *Journal of Applied Behavioral Science*, Vol. 27, No. 2, pp. 139-162.

**Table 1:** Demographic characteristics (participants, wineries)

<b>Characteristics</b>		
<b>Number of employees</b>	<b>n</b>	<b>%</b>
No employees	10	6.9
Between 1-9	96	66.2
Between 10-19	27	18.6
Between 20-49	10	6.9
50-100	2	1.4
<b>Yearly wine production (in 750 cc. bottles)</b>	<b>n</b>	<b>%</b>
Less than 20,000 bottles	28	19.3
Between 20,000 and 100,000 bottles	55	37.9
More than 100,000 bottles	62	42.8
<b>Role of the participant at the winery</b>	<b>n</b>	<b>%</b>
Owner	69	47.6
Both owner/winemaker	26	17.9
Winemaker	26	17.9
Other (e.g., Director, Chairman, Business partner)	24	16.6
<b>Age of the winery</b>	<b>n</b>	<b>%</b>
Three years or less	3	2.1
Between 4-10 years	12	8.3
Between 11-20 years	23	15.9
Between 21-30 years	23	15.9
31 years or more	84	57.8
<b>Time since the participant has worked at the winery</b>	<b>n</b>	<b>%</b>
Three years or less	17	11.7
Between 4-10 years	23	15.9
Between 11-20 years	38	26.2
Between 21-30 years	42	29.0
31 years or more	25	17.2
<b>Gender</b>	<b>n</b>	<b>%</b>
Male	97	66.9
Female	48	33.1
<b>Involvement in wine exports</b>	<b>n</b>	<b>%</b>
Yes	138	95.2
No	7	4.8
<b>Open to the public</b>	<b>n</b>	<b>%</b>
Yes	140	96.6
No	5	3.4



**Table 2:** Predominant ways in which wineries are involved/contribute to the community \*

<b>Involvement/contribution</b>	<b>n</b>	<b>%</b>	<b>Implications</b>
Disseminating knowledge about the region (e.g., to visitors, in labels)	49	33.8	Economic
Helping develop wine tourism regionally	43	29.7	Economic
Creating / maintaining jobs	33	22.8	Socioeconomic
Maintaining / preserving the rural landscape	24	16.6	Socioeconomic
Adding to the value/reputation of the region / the local products	20	13.8	Socioeconomic
Being engaged in sustainable / ethical production practices	18	12.4	Socioeconomic
Disseminating knowledge about the region's products	12	8.3	Socioeconomic
Contributing to the 'multiplier effect' (e.g., through wine tourism)	12	8.3	Economic
Helping maintain / preserve traditions, culture of wine production	9	6.2	Socioeconomic
Helping develop / create regional networks / collaboration	9	6.2	Socioeconomic
Enhancing the prestige of the territory / region (e.g., through quality wines)	6	4.1	Socioeconomic
Supporting local grape growers (buying production)	6	4.1	Socioeconomic
Contributes to vitality, quality of life, well-being/economy of the region	5	3.4	Socioeconomic
Producing high quality wines	5	3.4	Socioeconomic
Generating, competencies, high levels of productivity, vitality, leadership	4	2.8	Socioeconomic
Organising / being a sponsor at events	3	2.1	Socioeconomic
Through passion in working practices, providing joy to consumers	3	2.1	Socioeconomic

\* More than one answer per participant was possible

**Table 3:** Emerging groups identified through content analysis \*

<b>Contribution</b>	<b>Group</b>
Disseminating knowledge about the region (e.g., to visitors, in labels)	Educator
Disseminating knowledge about the region's products	Educator
Helping develop wine tourism regionally	Promoter
Creating / maintaining jobs	Provider
Supporting local grape growers (buying production)	Provider
Maintaining / preserving the rural landscape	Guardian
Being engaged in sustainable / ethical production practices	Guardian
Helping maintain / preserve traditions, culture of wine production	Guardian
Adding to the value/reputation of the region / the local products	Reorganiser
Contributing to the 'multiplier effect' (e.g., through wine tourism, jobs)	Reorganiser
Enhancing the prestige of the territory / region (e.g., through quality wines)	Reorganiser
Contributes to vitality, quality of life, well-being/economy of the region	Reorganiser
Producing high quality wines	Reorganiser
Providing leadership (e.g., generating competencies, high levels of productivity, vitality)	Reorganiser
Helping develop / create regional networks / collaboration	Engager
Through passion in working practices, providing joy to consumers	Engager
Organising / being a sponsor at events	Sponsor