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Intergenerational Entrepreneurship in Family Business:

Conceptualising ways Entrepreneurial Family Businesses can be Sustained across Generations

Paul J. Woodfield

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy, The University of Auckland, 2012
ABSTRACT

Family businesses are known to contribute significantly to economies around the world. With the option to harvest their businesses at any one point, there is a pressing need to promote the sustainability of family businesses, for economic and social prosperity. This study investigates how entrepreneurial family businesses can be sustained across generations, and speaks to the nexus of three significant bodies of literature – family business, succession, and entrepreneurship.

Three in-depth case studies of medium-sized intergenerational winegrowers in New Zealand, informed the basis of this qualitative study. An appreciative inquiry approach was influential in carrying out fieldwork. All family members involved in the business were interviewed, as were a sample of employees. Data were presented through illustrative within-case findings and then distilled into themes. From the emergent themes, three theoretical dimensions were derived: knowledge sharing, entrepreneurial orientation, and resource capabilities. These dimensions, contingent on the influence a family has over their business (as assessed by the F-PEC scale), were displayed as a theoretical model promoting sustainable entrepreneurial family businesses across generations. Beyond this theoretical model, each of the dimensions were explored individually, and developed further, in light of this thesis’s primary research question: “In what ways can entrepreneurial family businesses be sustained across generations?”. The purpose of presenting these extensions was to provide practical explanation, and potential tools that could be utilised in future academic research, and as practical explanatory aides for family businesses themselves.

The main conclusion of this research is that entrepreneurial family businesses can be sustained across generations through the promotion of knowledge sharing, adopting an appropriate entrepreneurial orientation, and being explicitly aware of their resource capabilities. For a family business to be sustained across generations with the promotion of these dimensions, the importance of influence that the family has over the business was highlighted. This conclusion contributes to family business and entrepreneurship theory by linking family business and entrepreneurship through the succession process. In addition, the application of an appreciative inquiry offers a perspective that is often overlooked. In contrast to most studies in family business and entrepreneurship research, this study develops an understanding of what works well in family businesses that have successfully managed family continuity across generations, and engaged in entrepreneurial behaviour through the life cycle of the business.
DEDICATION

This thesis is dedicated to my grandparents – the late George Elias Ataya, and the oldest living matriarch of the Corban family at 101 years old, Helena Jameli Assid Ataya (nee Corban).

You encouraged me to engage with my rich ancestry, which was the inspiration behind this study.
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I was fortunate to engage with family winegrowers that opened their businesses and their homes to me without hesitation. This study would not be possible without your openness and rich stories, for which I am eternally grateful. I appreciated the technical support I received from Miriam Downey who did a thorough and expert job of the transcription, and Lyn Lavery for her consultation on using NVivo.

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PROLOGUE

Entrepreneurship can be a lonely path. Originally a stonemason, Assid Abraham Corban emigrated to New Zealand and became a peddler and haberdasher selling his goods. A. A. Corban, as he would come to be known, became prosperous from selling imported fancy goods from his shop in Auckland, New Zealand. With this new prosperity, it was time to rekindle a three hundred year family history of winemaking. Able to identify a potential market in the Auckland region, the entrepreneur rose to the challenge of starting his own winery. The reaction was mixed.

Business acquaintances and personal friends had a fine time when they heard the Queen Street shopkeeper had brought land at Henderson. ‘Why didn’t you stop at Avondale?’ [the site of a psychiatric hospital], they asked. ‘Henderson? That’s just past Waikumete’ [a cemetery], they said. ‘Is it a graveyard or a vineyard you’re wanting?’ (Scott, 2002b, p. 35)

Ten children later, A. A. Corban and his wife had a family business. Everyone had a role in the new business and slowly but surely the business grew through adverse economic and political climates. With traditional winegrowing practices, alongside new knowledge, resources, and processes, the business continued to grow – with the competition. With the third generation entering the business, fresh knowledge and practices were introduced. At this point, the family business was New Zealand’s largest producer with a reputation for being instrumental in the commercialisation of New Zealand wine. Nevertheless, the pressure was on with emerging competitors. Corbans, now managed by both the second and third generations after the death of the founder, restructured its business by inviting key merchants to take up shares. Restructuring reinforced Corbans’ position in the market, mitigating entanglement with major breweries that were entering the new growth industry during the 1960s and 1970s. Corbans eventually succumbed to increased finance from Rothmans, a large tobacco company, resulting in the winery passing out of family hands in the late 1970s.

But did the first door have to close? Given the scale, the speed and the nature of developments in the liquor industry … there was no way that the family could itself provide finance at the level necessary to maintain its leading position as winemakers. A second alternative, to retrench to a medium-sized operation, was unattractive not only for reasons of pride. For all the years of Corban effort no individual had drawn on his share of family funds. Each had set up his own family trust but none had drawn money from the common pool. To have battled the liquor Goliaths would have meant postponement of that draw – indefinitely. (Scott, 2002b, p. 161)

---

1 This vignette draws upon, and paraphrases Dick Scott’s account of the Corban heritage (Scott, 1977, 2002b).
This vignette represents some of the challenges facing many family businesses. When the senior generation passes on a business to the next generation, there is always the risk of the business being passed out of the family’s stewardship, or meeting its demise. Perhaps there is a way to sustain entrepreneurial family businesses such as Corbans? What can we learn from the generative strengths and experiences of family businesses during a succession transition? Of relevance to this study, this vignette describes the researcher’s ancestry in the New Zealand wine industry. Assid Abraham Corban is the researcher’s great-grandfather.
CHAPTER ONE ∞ INTRODUCTION

1.1 Background and Theoretical Constructs

Sustainability of entrepreneurial family businesses is the focus of this study. To frame this investigation the intersections of research in the fields of family business, succession, and entrepreneurship will be explored. Guiding the researcher’s motivation to explore these fields is an appreciation of the role family businesses have in society and the challenges they face when addressing the transition between generations. As mentioned in the prologue, the researcher has an ancestry in the wine industry and found the family decision to sell their winegrowing business intriguing. Rich stories of the family legacy were passed on to the next generation who often wonder what it would be like if the family had “retrench[ed] to a medium-sized operation” and sustained the legacy set out by the founder (Scott, 2002b, p. 161). With an interest in the dynamics of family businesses, the researcher found entrepreneurship to be a rejoinder to this dynamic context. The juxtaposition of these areas is the focus of this study. With the theoretical constructs chosen, the researcher sought to go beyond “demonstrating that mainstream organizational theory works,” toward “add[ing] new theoretical insights to the study of family business topics and issues” (Reay and Whetten, 2011, p. 106).

Family business – the organisational context of this study – has had a proliferation of definitions (Astrachan, Klein, and Smyrnios, 2002; Chua, Chrisman, and Sharma, 1999; Litz, 1995). For this study, family businesses will be defined through a review of articles that acknowledge family businesses as being intergenerational. Making this distinction through an operational definition will guide the selection of businesses for this study. Another aspect of family businesses is the heterogeneity of their size. Often businesses are classified based on size – usually in relation to turnover or number of employees. However family businesses are not constrained by size and are recognised as making a major contribution to national GDP and employment in many parts of the world (Astrachan and Shanker, 2003). These attributes contribute to family businesses having more to offer industries, communities, and the wider society than previously recognised. Because family businesses are not constrained by size, they can be observed generally or segmented into small, medium, or large firms. This variety presented the researcher with several options for the current research, and latitude for future research.

Family business and succession are closely aligned in current research. Succession remains one of the most pressing issues facing family businesses (Chua, Chrisman, and Sharma, 2003; Handler, 1994; Miller, Steier, and Le Breton-Miller, 2003). Succession is well defined (Kesner and Sebora, 1994; Le Breton-Miller, Miller, and Steier, 2004), perhaps because the concept has been borrowed from the
ecology and geology literatures, and is well understood when discussed in relation to political or monarchical succession. Several articles have identified challenges that arise when businesses transition from the senior generation to the next generation, but few have considered other dynamics that could influence these transitions. An example of a dynamic that features in this study is entrepreneurship. Handler (1990) suggests that entrepreneurship is not a phenomenon that is centred on one generation, but occurs across generations. As such, there is some role adjustment or transition between the senior generation and their role as an entrepreneur. Also, the next generation is often “shaped by the role of the predecessor” which in turn is “critical to the effectiveness of succession in family businesses” (p. 43). Handler argues that “the influence of entrepreneurs on the creation, development, and succession of family firms requires ongoing consideration” (p. 49). The sentiment presented by Handler encapsulates the direction of this study through the aforementioned research fields – family business, succession, and entrepreneurship – referred to here as theoretical constructs.

Entrepreneurship is often described as a process (Bygrave, 1993; Bygrave and Hofer, 1991) and specifically as a process that is dynamic (Hofer and Bygrave, 1992). Bygrave (1989) describes this dynamic process as one that needs to be treated in an applied manner.

If we force sophisticated methods from advanced fields such as economics onto entrepreneurship, we may be investigating contrived problems…. Instead, we should be studying central questions with appropriate tools, whether they are simple or complex. (Bygrave, 1989, p. 8, emphasis added).

The more entrepreneurship is investigated, the more it appears to be an enigma of sorts. This may be because there is no one definition of the role and behaviours of an entrepreneur, or agreed antecedents that qualify the entrepreneur. Instead authors have commented that entrepreneurship “has become a broad label under which a hodgepodge of research is housed” (Shane and Venkataraman, 2000, p. 217), or a “coat of many colors” (Zahra and Dess, 2001, p. 9), or indeed “entrepreneurship research as potpourri” (Low, 2001, pp. 20-21). The sentiment that entrepreneurship is eclectic appears to be ubiquitous. Gartner (1988) suggests:

The creation of an organization is a very complicated and intricate process, influenced by many factors and influencing us even as we look at it. The entrepreneur is not a fixed state of existence; rather entrepreneurship is a role that individuals undertake to create organizations. (p. 28)

Beyond the creation of an organisation, this study considers entrepreneurship to be an ongoing role that features in a family business across generations. As such, entrepreneurship has the potential to be a main feature in the sustainability of a family business.
Richard Cantillon’s (1931) definitions strongly influenced how entrepreneurship is viewed in this study. With many different facets of entrepreneurship to consider, Cantillon presented a somewhat practical view of the entrepreneur as one who undertakes projects. He framed the entrepreneur as someone who assumes risk and legitimately appropriates any profits (Bruyat and Julien, 2001). The entrepreneur is considered to be the central economic actor (Hébert and Link, 1989). In relation to the family business context, the role of the entrepreneur is considered dynamic and not always one person, but a role that can be fulfilled collectively with involvement at different stages of the organisation’s life cycle (Swedberg, 1991).

In summary, Figure 1 illustrates the interacting theoretical constructs. The nexus of the constructs represents the domain under investigation.

![Diagram](image)

**Figure 1: Theoretical domain of family business, entrepreneurship and succession nexus (Woodfield, 2008)**

Figure 1 is inspired by Tagiuri and Davis’ (1992) systems theory-based “Three-Circle Model of Family Business” which is a “symbolic generalization” within the family business scholars community (Moores, 2009, p. 168).
1.2 Industry Context

The winegrowing industry is traditional but no less entrepreneurial than other industries. Aspects such as farming, craft, innovation, and a long history give the industry unique characteristics. The winegrowing industry and its global positioning are of interest to New Zealand. Winegrowing incorporates a broad commodity chain from procuring land through to the promotion and distribution of the final product. Winegrowing also has an influence in the tourism and hospitality industries. Although small in terms of the global wine industry, winegrowing in New Zealand has remained competitive through wine quality and branding and has a high profile internationally (New Zealand Winegrowers, 2011b, 2011c). As a small new world industry, it is influential through its innovative practices, for example, organic or biodynamic growing methods, and continues to have an excellent reputation for Sauvignon Blanc and Pinot Noir, amongst other varieties. The industry also consists of winegrowers that are comparable in size, from small to large, with many of the winegrowers around the world.²

There is evidence that family winegrowing businesses are prevalent in New Zealand, particularly amongst smaller and medium sized enterprises (Scott, 2002a; Stewart, 2010). A small number of early pioneers led the industry’s growth through the 1900s but few remained family owned as they increased in size. The recent increase in winegrowers meant the industry went from just over 100 wineries in 1991 to nearly 700 wineries in 2011 (New Zealand Winegrowers, 2002, 2011c). Further, “90% of New Zealand’s 700 wineries and almost all of [the] 1000+ independent grape growers are small, family-owned businesses” (New Zealand Winegrowers, 2011d, p. 3). Of these family winegrowers, many will be considering a transition between generations. With a majority of New Zealand winegrowers being family-owned there is an opportunity to explore the sustainability of family businesses across generations.

For this study, the industry context (Chapter Three) is reviewed separately to the theoretical constructs. Because the study is context bound, general assertions of “enduring value that are context free” were not the intention of this research (Lincoln and Guba, 1985, p. 110). Instead, it is intended that the conclusions from this study will be transferable to other industries. It is acknowledged that the winegrowing industry has its own nuances and idiosyncrasies, yet the principles that drive family togetherness, and a willingness to succeed their business to the next generation, can transcend industries.

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² The researcher has visited winegrowing regions around the world including Lebanon, Cyprus, France, Italy, Germany, Switzerland, and Australia, to highlight a few. These visits have contributed to a broad understanding of the industry.
1.3 Research Purpose, Objectives, and Questions

The overarching purpose of this study is to “contribute to family business and entrepreneurship theory by linking family business and entrepreneurship through the succession process.” This purpose statement incorporates the theoretical constructs of this study with the aim of contributing to the larger bodies of knowledge of family business and entrepreneurship with a positioning in the emerging scholarship of family entrepreneurship. Two broad objectives are introduced to focus this purpose:

- To explore how entrepreneurial family businesses in one industry promote sustainability across generations.
- To develop an understanding of what works well in entrepreneurial family businesses that have successfully managed continuity across multiple generations.

To achieve these objectives both the family business context and the industry context set the limits of this research. The three theoretical constructs and the appreciative lens of this study bound each of the objectives. The primary thesis question for this study is:

*In what ways can entrepreneurial family businesses be sustained across generations?*

To direct this primary thesis question, guiding questions will underpin this exploration.

1.4 Research Methodology

This investigation aims to contribute to theory through case studies (Eisenhardt, 1989). To carry out the investigation a grounded approach (Glaser and Strauss, 1967) is employed to draw on convergent concepts, patterns, differences, and similarities that are represented as themes that underpin the theoretical contribution. As qualitative research, this study is interpretive and can be subjective by its very nature (Nordqvist, Hall, and Melin, 2009). As such, understanding “meanings assigned to … actions, events, processes, objects, and actors” will be considered, which “involve[s] seeing patterns in the empirical material that, linked to a wider theoretical frame of interpretation, can provide novel and unexpected understanding” (Nordqvist, et al., 2009, p. 298).

A constructionist view, according to Crotty (1998), treats meaning as “not discovered but constructed” (p. 42).

... knowledge and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world and transmitted within an essentially social context. (Crotty, 1998, pp. 42-43)
From this stance, the researcher engaged in an appreciative inquiry as the lens of this research (Cooperrider and Srivestva, 1987). Borrowed from the organisation development discipline, an appreciative inquiry is considered an innovative, important, and significant paradigm shift in organisation development (Reed, 2007), and an “exemplar of the integration of theory and practice” (p. 182). This appreciative approach originated out of social constructionist thought and its application to organisational transformation (Cooperrider, Whitney, and Stavros, 2008). As such, Cooperrider and colleagues posited that “appreciative inquiry leaves behind deficit orientated approaches” and instead “involves the art and practice of asking questions that strengthen a systems capacity to apprehend, anticipate, and heighten positive potential” (Cooperrider, et al., 2008, pp. 2-3). In other words, instead of investigating problems, issues, and challenges, this research will investigate what works well in a family business. An appreciative approach will be adopted for the formulation of interview questions and subsequent analysis of data. It is acknowledged that problems, challenges, and issues will emerge which provides depth and contrast to what works well in a family business, and as such will not be omitted from the analysis and interpretation.

The primary strategy for this research was a case study approach. This strategy answers “how” and “why” questions which complement the primary and guiding research questions of this study (Yin, 2003). Three case sites were selected that were medium sized according to winegrowing industry categories, and all were intergenerational. In developing the sample, each of the family businesses were approached directly, and with their agreement, interviews commenced with family members and employees. For each of the case sites all family members involved in the business were interviewed. Speaking to all family members meant the researcher was able to understand the family and workplace dynamics as they often refer to one another. Further, the employees provided different perspectives on the family and the business, which was valuable.

1.5 Structure of the Manuscript

This study is organised into seven chapters. Following the prologue and this introduction, Chapter Two explores the literature surrounding the three theoretical constructs of this study: family business, succession, and entrepreneurship. This includes definitions, levels of analysis, and key concepts of each construct and their overlaps. The chapter then culminates in the research purpose, objectives, primary thesis question, and guiding questions that will direct this study. Chapter Three recognises the winegrowing industry context of this study. The review includes a historical timeline of the ancient, old, new, and emerging world of wine, and then a more specific review of the New Zealand winegrowing industry. Next, Chapter Four, Methodology, describes the research approach, strategies, data collection methods and research analysis techniques. In addition, the philosophical
foundations of the appreciative approach will be discussed along with how it will be applied in this study. Then, a descriptive account of the collection and analysis of data is provided.

Chapter Five presents the findings through illustrative cases. Each of the three case sites is illustrated through a consistent heading structure based on the guiding questions of this study. The illustrative within-case findings are summarised in Chapter Six through a cross-case summary, and an assessment of each family’s influence on their business. In addition, Chapter Six displays a further grounded approach analysis that culminates in three theoretical dimensions and their antecedent themes. Each of these dimensions and their antecedent themes will be discussed and related to the literature. Moreover, a theoretical model is proposed and addressed in relation to this thesis’s primary research question. In addition, further developments of the theoretical dimensions in relation to the primary research question are offered. Chapter Seven concludes with a reflection of the research and explication of the contributions, implications, strengths and limitations, and future research opportunities. Finally, concluding remarks will present a final reflection on the study. The organisation of the chapters is illustrated in Figure 2.

![Figure 2: Structure of the manuscript](image-url)
CHAPTER TWO ∞ LITERATURE REVIEW

As a body of literature develops, it is useful to stop occasionally, take inventory for the work that has been done, and identify new directions and challenges for the future. (Low and MacMillan, 1988, p. 139)

This chapter will review the theoretical constructs of this study: family business, succession, and entrepreneurship. The purpose of this review is to highlight the foundations and definitions of the constructs.

Figure 3: Theoretical domain of family business, entrepreneurship and succession nexus (Woodfield, 2008)

Family business denotes the focus of this study so it is represented as a bold circle. The entrepreneurship discipline, represented as a closed circle, is also an important feature of this study. Succession represents a transition in family businesses and characterised by a dashed circle. To investigate sustainable entrepreneurial family businesses across generations, the entrepreneurship discipline is reviewed alongside succession, each in the context of family business. First, the state of family business and succession literature will be reviewed with particular attention to the definitions that will frame this study. Next, the foundations of entrepreneurship will be reviewed. The entrepreneurship section will include a review of definitions and an overview of the role of the entrepreneur. Literature relating to the overlaps and nexus of each of the theoretical constructs will also be reviewed before summarising the research purpose and questions.
2.1 Family Business

Internationally, scholars and practitioners have acknowledged differences in the culture, growth, and sustainability of family businesses (Sharma, 2004). The rise in interest both academically and practically has influenced policy makers to review the way family businesses are treated. One example is the European Commission, which has an expert group that brings together nominated professionals from the member states to discuss issues family firms face. This shift towards political recognition acknowledges the influence family businesses have on the economy. To extend our understanding of why family businesses are important, an overview of the family business context is provided followed by a review of family business definitions. Finally, the levels of analysis for studying family businesses will be reviewed.

2.1.1 Family business context

Family business research is a recent phenomenon, with few business schools teaching family business studies until recently (Hoy and Sharma, 2006; Litz, 1997). However, family business centres – both academic and consultative – have been established to provide training and advisory services for family businesses. In addition to business centres, there is a variety of sources of family business statistics. Some of these statistics are generalisable between countries, but many are not. A review of the statistical literature shows that family businesses are a significant part of society. With about 80 to 90 per cent of all business enterprises in the USA contributing to 64 per cent of the U.S. GDP, and 62 per cent of the USA’S workforce being family businesses (Astrachan and Shanker, 2003), it is no wonder there is increasing attention being paid to such a dynamic and influential part of the economy. Moreover, a compilation of research facts and perspectives, provided by the Family Firm Institute (FFI), concluded that family businesses make up around 75 per cent of all businesses in the UK, 67 per cent in Australia, and over 90 per cent in Italy (Family Firm Institute, 2012). In contrast, Klein (2000) states that the percentage of family businesses in the UK ranged from 15 per cent to 78.5 per cent in the year 2000, depending on the criteria being used to define a family business. The international rise in recognition of family business provides a fertile ground for further research that accounts for different disciplines and perspectives.

In 2007, a survey conducted in Australia specifically focused on New Zealand family businesses, aimed to find “special characteristics, challenges and priorities” of family businesses (Smyrnios and Dana, 2007, p. 2). The sample for the MGI New Zealand Family and Private Business Survey was a random selection of 5000 companies in proportion to New Zealand’s “regions, industry, number of

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3 In addition, reports have been produced recommending reducing/abolishing inheritance/gift tax for family businesses and establishing access to finance which does not involve the loss of control of business decisions (Mandl, 2008).
employees, and sales turnover” (Smyrnios and Dana, 2007, p. 12). It was reported that 70 per cent of businesses surveyed were family businesses with the larger proportion being first generation (57 per cent), halving in the second generation (30 per cent), and halving again to the third generation (13 per cent). Unfortunately, the MGI report did not indicate the extent of which family businesses contribute to the workforce or the economy. However, based on global reports it is estimated that New Zealand family businesses contribute to over 50 per cent of the workforce (Family Firm Institute, 2012; Glassop, Ho, and Waddell, 2006; Smyrnios and Dana, 2007), and the contribution to New Zealand GDP would be in the order of 40 to 50 per cent (Astrachan and Shanker, 2003; Shanker and Astrachan, 1996).

Another feature of family businesses is that they can be segmented according to size. As such, family businesses are not confined to small and medium sized enterprises with some of the largest firms in the world being family owned and managed. La Porta, Lopez de Silanes and Shleifer (1999) present insights from the perspective of ownership which they contrast with Berle and Means’ (1932) classic “The Modern Corporation and Private Property.” La Porta and colleagues queried who the significant owners of firms were, and whether they were families, government, financial institutions, or other entities. They divided firms into those that are “widely held” and those with “ultimate owners” which included families, the State, financial institutions, corporations and other miscellaneous entities such as cooperatives and trusts (La Porta, et al., 1999, p. 476). The authors found, based on a sample of large firms, that the principal owner types are families and the State. They go on to say, “by far the dominant form of controlling ownership in the world is not the banks and other corporations, but rather by families” (La Porta, et al., 1999, p. 496). An implication of the influence family businesses have is their impact in the political realm where macro decisions within industries and nationally are made (La Porta, et al., 1999). It therefore seems important that sustainability of reputable family firms be encouraged.

Given the significant representation of family businesses in the workforce and the economy, there is a pressing need to investigate their sustainability. In particular, there is a need to gain knowledge about the reasons some businesses relinquish family control, and understand why other businesses maintain continuity within the family. Understanding these options for family businesses will provide some foundation to ways family businesses might sustain their business across generations. A review of family business definitions will now help to frame the boundaries of this research area.

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4 MGI is a medium-sized accountancy practice. The MGI report will be discussed further when reviewing succession.
5 For example, Fiat (Agnelli Family, Italy), LG Group (Koo family, South Korea), Comcast (Roberts family, USA), TelMex and TelCel (Helú family, Mexico), BMW (Quandt family, Germany), Samsung (Lee family, South Korea), Trump Organisation (Trump family, USA), to mention a few.
6 This compendium drew attention to the dominance of widely held corporations in the United States, where ownership is dispersed among shareholders and control is in the hands of managers (La Porta, et al., 1999, p. 471).
2.1.2 Defining family business

Family business as a context is broad and encompasses a large proportion of all businesses. As such, various compendiums explore the state of family business research. Historically, business and family business were synonymous. According to Aldrich and Cliff (2003), “one hundred years ago, ‘business’ meant ‘family business,’ and thus the adjective ‘family’ was redundant” (p. 575, emphasis added). Moreover, family and business are said to represent two social institutions that have become differentiated from each other:

We believe the massive sociohistorical changes of the past century have led us to think of the two institutions as disconnected systems, needlessly fragmenting the study of each. This distinction has become enshrined in academia, as the scholarly study of ‘families’ and ‘business’ now takes place in different departments, even colleges. (Aldrich and Cliff, 2003, p. 575)

In addition to family businesses being seen as social institutions, they can be referred to as systems within systems or subsystems (Gersick, Davis, Hampton, and Lansberg, 1997; Moores, 2009; Pieper and Klein, 2007; Poza, 2007). An example of a framework that draws on systems theory is Tagiuri and Davis’ three-circle Venn diagram (1996). This model inspired the theoretical domain presented earlier in this chapter (Figure 3). Drawing on Kuhn’s (1970) “Seven Stages of Evolution of a Scientific Discipline,” Moores (2009) referred to three-circle diagram as the “field’s prevailing paradigm” and argued that it is a “symbolic generalization [that has] largely been accepted by the community of family business scholars since J. A. Davis (1982) first articulated the idea” (Moores, 2009, pp. 168-169, emphasis in original). Moores added that the essence of the systems theory-inspired model approach is:

... that the family firm can be modeled as comprising three overlapping, interacting, and interdependent subsystems of family, managers, and owners. As an open systems model, each subsystem maintains boundaries that separate it from the other subsystems and the general external environment within which the family firm operates. (Moores, 2009, p. 169)

Moores believed that a “paradigm consensus requires that a common body of belief among practicing scientists within the discipline has emerged” and that this common paradigm is the “widely accepted systems theory–based paradigm, the symbolic generalization of which is the three-circle Venn description of family business” (Moores, 2009, p. 170). The research of Gersick and colleagues reflects this systems approach (Gersick, et al., 1997; Gersick, Lansberg, Desjardins, and

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Dunn, 1999). Gersick et al., (1997) referred to the three-circle model for a better understanding of dynamics in family businesses at a particular point of time. Moreover, and important to this study regarding entrepreneurial family businesses across generations, they found it valuable “transform[ing] the three-circle concept into a developmental model in which each of the three subsystems moves through a sequence of stages over time” (Gersick, et al., 1999, p. 287).

Building on this systems approach, Pieper and Klein (2007) refer to the family business system being made up of subsystems: environment, family, business, ownership, management, and individual. Pieper and Klein’s article is a comprehensive compendium of the systems approach and aimed to:

... develop a model of family business that accounts for the unique characteristics of family businesses, accommodates the diversity of family businesses, and addresses the dynamics among family business subsystems. (2007, p. 301)

Pieper and Klein suggested their proposed open systems model guided research with an “openness and flexibility of the systems approach [which] allow[s] the researcher to integrate multiple mainstream theories that fit to the particular research context” (Pieper and Klein, 2007, p. 309). For this study, the theoretical domain (Figure 3) is informed by Systems Theory and referred to when reviewing the constructs and the industry context, including the interactions between the constructs. Furthermore, the theoretical domain is reflected in the primary research question, the guiding questions, and the structure of the findings.

Beyond family businesses being acknowledged as social institutions or a system with subsystems, definitions of family business vary and continue to be revised (Astrachan, et al., 2002; Brockhaus, 2004; Chua, et al., 1999; Handler, 1989). One of the complexities of family business research is agreement upon what constitutes a family business, and when a family business ceases to be defined as a family business. Chua and colleagues (1999) carried out a review of 250 family business papers, excluding papers that did not define family business explicitly, or differentiate between family and non-family businesses. From these articles, 21 definitions were chosen for their common link to describing the degree or nature of family involvement. The resulting observations were that governance and management were undifferentiated in most definitions. All definitions that were reviewed agreed a business that is family owned and family managed is a family business. However, some authors suggested a family business may only be owned by the family and not managed by the family. Furthermore, a business may be considered a family business if the family managed the business but did not own the business (Chua, et al., 1999). To demonstrate the complexities of defining a family business, Colli (2003) presented a broad definition based on three key elements: kin, property and control. Kin was defined as individuals who are related by blood or marriage “within a particular cultural framework,” property related to “ownership of a significant fraction of
the enterprise’s capital,” and control was the “authority over the strategic management” of the business (Colli, 2003, p. 20). The changing face of what constitutes a family further complicates this. Aldrich and Cliff (2003) observed that over the past one hundred years, family composition, roles, and relationships have all changed. Specific examples include the increased number of single person households, and cohabiting-couple households. 

At this point, the definition discussion becomes even less clear. Scholars have attempted to review definitions by consolidating what is known about a family business into a single definition (Chua, et al., 1999; Handler, 1989; Howorth, Rose, and Hamilton, 2006; Litz, 1995). No one definition has gained widespread recognition. Sharma (2004) clarified this phenomena by suggesting authors have “captured the varying extent and mode of family involvement in firms” (p. 4). Sharma condensed the mode of family involvement into three general directions. First, there was the “articulation of multiple operational definitions of family firms” suggesting that in order for the family business domain to be properly defined, boundaries need to be presented that distinguish family businesses from non-family businesses (p. 4). Next, the “development of scales to capture various types of family involvement” has provided a measurement and assessment tool that can be used in empirical and theoretical studies (p. 4). Finally, Sharma (2004) stated that the “development of family firm typologies” provided further classification beyond operational definitions (p. 4). As such, a review of alternative definitions will result in the adoption of an operational definition that will guide this study. In addition, a scale that assesses a family’s influence on their business will be reviewed, and rationale provided for its application.

The adoption of a family business definition will be based on definitions that have a focus across generations. For example, only a small number of family business definitions in extant research suggested a business aims to continue across generations or have a succession strategy to promote continuity beyond the incumbent generation. For this study, an operational definition needed to define a family business beyond ownership and management. Because an operational definition contributed toward the selection criteria for choosing case sites, the chosen definition needed to encapsulate an intergenerational view. Table 1 represents selected definitions that suggest a family business is passed from one generation to another.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Chua, Chrisman and Sharma (1999, p. 25)</td>
<td>A business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.</td>
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<tr>
<td>Donnelley (1988, p. 428) and (1964, p. 94)</td>
<td>A company is considered a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family.</td>
</tr>
<tr>
<td>Gasson et al. (1988, p. 2)</td>
<td>A family business satisfied one or more of the following conditions: a) principals are related by kinship or marriage b) business ownership is usually combined with managerial control, and c) control is passed from one generation to another within the same family.</td>
</tr>
<tr>
<td>Handler (1989, p. 262)</td>
<td>A family business is defined here as an organization whose major operating decisions and plans for leadership succession are influenced by the family members serving in management or on the board, ... this definition indicates that current family involvement in the business, even though these family members may not necessarily be in line for succession, would qualify the organization as a family business.</td>
</tr>
<tr>
<td>Litz (1995, p. 103)</td>
<td>P3: A business firm may be considered a family business to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve, and/or maintain, intra-organizational family-based relatedness.</td>
</tr>
<tr>
<td>Miller, Le Breton-Miller, Lester and Cannella Jr (2007, p. 836)</td>
<td>... a family firm [is] one in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time.</td>
</tr>
<tr>
<td>Sharma, Chrisman and Chua (1997, p. 2)</td>
<td>A business governed and/or managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families.</td>
</tr>
<tr>
<td>Shanker and Astrachan (1996, p. 108-109)</td>
<td>Broad: Effective control of strategic direction, intended to remain in family, little direct family involvement. Middle: Founder/descendant runs the company, legal control of voting stock, some family involvement. Narrow: Multiple generations, family involved in running and owning, more than one member of owners’ family having significant management responsibility, a lot of family involvement.</td>
</tr>
<tr>
<td>Ward (1987, p. 252)</td>
<td>A firm passed on for the family’s next generation to manage and control.</td>
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</table>

As mentioned earlier, what distinguishes these definitions, and what is important to this study, is that they suggest family businesses need to be intergenerational. As such, the definition proposed by Chua, Chrisman and Sharma (1999) will be adopted:

The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. (p. 25)

This definition summarises the family’s influence in the family business system and provides a platform on which sustainability is recognised through the family’s “intention to shape and pursue the vision of the business” with the assumption that the vision is cross generational by nature (Chua, et al., 1999, p. 25). It is also accepted that there is potential for vision to change across the
generations. If vision is underpinned by family principles, and the influence of the founder, the intrinsic value of the vision can be sustainable, and distinctly recognisable, across generations. In addition, at the core of this definition is the fact the business needs to be controlled by a dominant coalition of family members. This can be critical to the culture and values of the business (Chua, et al., 1999).

In addition to the adoption of an operational definition, a scale that assesses a family’s influence on their business will be applied to each of the case sites. Astrachan, Klein and Smyrnios (2002) developed the F-PEC scale with a view that “a relevant issue ... is not whether a business is family or nonfamily, but the extent and manner of family involvement in and influence on the enterprise” (Astrachan, et al., 2002, p. 47). The F-PEC scale considers three dimensions of family(F) influence: power(P), experience(E), and culture(C). Figure 4 presents the F-PEC scale including the antecedents that underpin each subscale.8

![The F-PEC Scale](image)

**Figure 4: The F-PEC scale of family influence (Astrachan, et al., 2002, p. 52)**

The power dimension is the influence a family has on ownership, governance, and management. Ownership can be difficult to decipher given the different business structures, for example trusts,

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8 Astrachan and colleagues revisited the F-PEC Scale a few years later and “tested [the scale] rigorously, utilising a sample of more than 1,000 randomly selected companies, through the application of exploratory and confirmatory factor analytic techniques” (Klein, Astrachan, and Smyrnios, 2005, p. 321).
companies, or holding companies (Astrachan, et al., 2002). Determining the governance and management of a family business has fewer limitations. Family influence on the management team and on the board of directors is weighted according to the family members involved on each (Astrachan, et al., 2002). Next, the experience dimension relates to succession and the number of family members contributing to the business. Astrachan and colleagues suggest that each succession a family business goes through can “add considerably more valuable experience to the family and the company” (p. 49). Moreover, the number of family members contributing to the business can broaden the experience that the business gains from the family (Astrachan, et al., 2002). Finally, the culture scale relates to family and business values and commitment to the business. Core values of key members of the family can be influential in the culture of a business as they are usually “embedded in internal political matters” and the “ways in which conflicts are handled” (p. 50). As such, families are more likely to make a substantial impact on the business if they are highly committed to their business through “a personal belief and support of the organization’s goals and visions, a willingness to contribute to the organization, and a desire for a relationship with the organization” (p. 51). According to Astrachan and colleagues:

The F-PEC assesses the extent to which family and business values overlap, as well as the family’s commitment to the business.... The F-PEC measures the extent of family influence on any enterprise.... The F-PEC is not concerned with arriving at a precise or all-encompassing definition of family business or with differentiating this type of enterprise from its counterparts. (pp. 50-51)

Using the F-PEC scale has been described as a way to “encourage researchers to move away from bipolar treatment of firms as family or non-family firms toward exploring the mediating and moderating effects of family involvement” (Sharma, 2004, p. 4). As a result, the F-PEC scale has been referred to and used by a number of authors (for example, Björnberg and Nicholson, 2007; Chrisman, Chua, and Steier, 2005; Corbetta and Salvato, 2004; Craig and Moores, 2005; Jaskiewicz, González, Menéndez, and Schiereck, 2005). In this study, the F-PEC scale will be applied in the cross-case summary in Chapter Six (Discussion). The purpose of having a better understanding of the influence the family has on the business is two-fold. Firstly, the assessment offers criteria used in selecting the case sites. As a “reliable instrument measuring the overall influence as well as the different types of family influence on a business” (Klein, et al., 2005, p. 333), the F-PEC scale serves to confirm, and provide further rigour to the case findings in Chapter Five. The second purpose is to provide a lens for the cross-case analysis. The F-PEC scale accounts for two of the three constructs in this study (family and succession), and infers the third (entrepreneurship) through the culture subscale. Moreover, the influence a family has on their business can have an effect on the continuity of a family business, for example, if the business moves away from having day-to-day family involvement, or toward an external stakeholder model. Using the F-PEC as an assessment “provides a means to
explore all businesses along a continuum from intensive family involvement to no family at all” (Klein, et al., 2005, p. 333). An assessment of family influence through the F-PEC scale contributes to the theoretical dimensions that will be presented in this study. Next, the possible levels of analysis will be reviewed.

2.1.3 Analysing family businesses

Based on Low and MacMillan’s (1988) levels of analysis, Sharma (2004) identified four levels of analysis for family business studies. First, there is the individual level which Sharma bases on Freeman’s (1984) identified stakeholders. Sharma split the individual level into internal and external. Individuals involved in the business such as employees, owners, or family members, are internal and the focus of this study. Those that have no link as an employee, owner or family member but influence the long-term survival of the business are external, for example, non-family board members. For this study, there are three categories on the individual level: senior generation, next-generation, and non-family member employees.

Next, there is the interpersonal/group level, which includes contractual agreements, sources of conflict, management strategies, and intergenerational transitions. In the current study, this level will identify what the relationships are between the generations, and between the family and the employees. Third, there is the organisational level which observes the unique resources a family business has. The way the family interacts with the business can result in both benefits and challenges, and needs to incorporate the role of family beliefs and culture. The unique resources the family has in this study may include its story and tradition. Finally, there is the societal/environmental level which concentrates on the economic importance of family businesses in various countries. Less emphasis will be placed on this level, but it will be acknowledged as an important output of a successful, sustainable, and intergenerational family business.

2.2 Succession

As previously mentioned, one of the pressing issues for family business is succession. The succession process, as it relates to a firm, has often been associated with leadership, board, or family succession. In this section, succession, as a transition between generations, is explained followed by

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9 Low and MacMillan (1988) presented five levels of analysis for entrepreneurship research. They are the “individual, group, organisational, industry and societal levels” (p. 151). Low and MacMillan add that “most of the research to date has been at a single level of analysis. [The] relationships between phenomena that can be observed at different levels of analysis are important not just for academics, but for both practitioners and public policy makers as well” (pp. 151-152).

10 That is “Owners, employees, unions, customers, consumer, advocates, competitors, suppliers, media, environmentalists, governments, local community organizations, political groups, financial community, trade associations, activist groups, and special interest groups” (Freeman, 1984, pp. 25, 55).
how succession relates to family businesses. Then, succession in New Zealand is explored followed by a summary on prompting intergenerationality in family businesses.

2.2.1 Succession as a transition

Commonly, succession is recognised in terms of political or monarchical succession. Gersick and colleagues suggest succession is a process, not an event (Gersick, et al., 1997, p. 271; Lansberg, 1999, p. 6). Continuity is another way to describe the process and is a term commonly used in succession literature (Drozdow, 1998). This distinction suggests succession is not merely a task, but a process that is not necessarily time bound, and can be of vital importance to the life and future of the business. Using a monarchical example, succession is what happens upon the death (event) of the King or Queen, but the grooming of the successor (Prince or Princess) is part of the process. The grooming prepares the successor for the tasks of the incumbent so there is a continuation of the legacy.

From a business perspective, Kesner and Sebora (1994) present a compendium of research that summarises succession in firms. They ask the questions “Why is succession so important?” and “What makes CEO succession different from other types of turnover?”. The essence of their review was to provide direction of future succession research, and present a succession model. Of particular interest for this study was their review of the foundations of succession literature. Kesner and Sebora break the literature into three phases. The first phase was the emergence of the field from the 1950s to the 1960s; second, there was a period of theory building and empirical building over the 1970s; and third, a review of the field and subsequent explosive growth in the area of research occurred from the 1980s into the 1990s (Kesner and Sebora, 1994).

Successor origin, that is successors originating from inside or outside the organisation, was consistently studied across each phase, and continued to be researched (Chrisman, Chua, and Sharma, 1998; Keating and Little, 1997; Venter, Boshoff, and Maas, 2005). During the 1970s there was a focus on successor characteristics and succession frequency, followed by a focus on the rate of succession, the consequences of succession, and then succession planning and process in the 1980s. Since the late 1980s, and coinciding with the establishment of the journal Family Business Review (FBR), there has been considerable focus on succession in family businesses. Kesner and Sebora (1994) suggest three key areas for further succession research:

\[\text{11} \] In addition, special issues have been published in leading journals addressing family business and succession. For example, Journal of Business Venturing (JBV), Entrepreneurship Theory and Practice (ETP), Journal of Small Business Management (JSBM), Journal of Business Research (JBR), to mention a few (Craig, et al., 2009).
First, it should focus on identifying a basic model which uses a multi-disciplinary perspective. Second, researchers should continue their efforts to identify how the various succession variables fit together and where gaps in the literature exist. Finally, researchers should explore the possibility of new methodologies. (p. 366)

On the first point, succession is recognised in the family business context and accounts for literature in the entrepreneurship discipline. With regard to the second point, methodologically this study observes succession through an appreciative lens, which presents a perspective beyond problems, issues, and challenges.

### 2.2.2 Family business and succession overlap

Studies of succession show that approximately one-third of post-start-up family businesses survive and reach the second generation of ownership. Beyond that, viability for survival as a family business drops significantly (Astrachan and Shanker, 2003; Kets de Vries, 1993; Ward, 1987). This drop can concern family members because the goodwill within the family, and the family brand itself, can be lost. To address such challenges, a recent handbook of studies included a section dedicated to “Family Business Succession” (Poutziouris, Smyrinos, and Klein, 2006). The handbook included literature on intergenerational succession, change, and failure in family business (Miller, Steier, and Le Breton-Miller, 2006); creating a dynasty (Lambrecht and Donckels, 2006); the strategic planning process for family business (Mazzola, Marchisio, and Astrachan, 2006); and a framework for testing the success of family business succession (Pyromalis, Vozikis, Kalkanteras, Rogdaki, and Sigalas, 2006). Key conclusions included scope for addressing the dynamic succession process through careful planning and consultation.\(^\text{12}\)

In the present study, the succession process was addressed by reviewing the four levels of analysis presented earlier in this chapter (Sharma, 2004). At an individual level, attention was paid to the founder(s) and the next generation(s). Both were important when discussing succession but the founder was identified as having considerable influence in the business. For example, Sharma (2004) recognised the importance of the founder through the centrality and influence of their position, and their tenure. The founder leads the entrepreneurial vision and culture of a family business. This in turn translates into the next generation through the interpersonal/group level sub-category of intergenerational transition. This transition is where a change in the entrepreneurial vision and

\(^{12}\) Consulting companies are starting to recognise the need for planning and consultation in the form of succession and estate planning, and wealth management. One example is McKinsey and Company who produced an article in their Quarterly journal acknowledging attributes of enduring family businesses. The authors conclude that “To ensure high performance and continual improvement, family foundations must combine passion with professionalism and a strict assessment of their impact.... family foundations should focus their monitoring and evaluation efforts around learning and improved decision making” (Caspar, Dias, and Elstrodt, 2010, p. 10)
culture of the business can be observed and subsequently where knowledge is exchanged between generations. Any change in direction the family business might take during an intergenerational transition can be assessed at the organisational and societal/environmental levels, showing the family business’ contribution, and economic importance to society. For the current study, the multi-level analysis will not incorporate the societal/environmental level but as previously mentioned this level will be acknowledged as an important output of a successful, sustainable, and intergenerational family business.

There are numerous relationships in family businesses. A primary relationship in a family business is between the senior generation and the next generation family members. In addition, there are the new relationships formed through marriage, and the family’s relationship with their employees to consider. The family business literature presents extensive discussion pertaining to challenges within relationships. The challenges include family conflict (P. S. Davis and Harveston, 1999; Grote, 2003; Kellermanns and Eddleston, 2004, 2007; Levinson, 1971; Paul, 2003; Ritch, 1999; Smyrnios et al., 2003); succession (Birley, 1986; Brockhaus, 2004; Chua, et al., 2003; P. S. Davis and Harveston, 1998; Handler, 1994; Lansberg, 1988; Miller, et al., 2003; Sharma, Chrisman, and Chua, 2003); and governance (Bartholomeusz and Tanewski, 2006; Carney, 2005; Martin, 2001; Morck, 2005; Steier, 2001a; Villanueva and Sapienza, 2009). As one of the main challenges of a family business, succession can affect governance and the function of the business if not planned well.

The success of the family business succession depends on the values of the future business leader (and the current/past leader). There is much research to be done in understanding these relationships and the ‘best’ structure for succession. (Shepherd and Zacharakis, 2000, p. 36)

If succession is managed poorly this can result in conflict within the family and in the broader business. However, if a succession is managed well it can be rewarding for the business and encourage reinvigorated vision and purpose.

Bird et al. (2002), studied relevant articles from the Family Business Review (FBR), Entrepreneurship Theory and Practice (ETP), Journal of Business Venturing (JBV), and the Journal of Small Business Management (JSBM), concluding that succession is a popular primary topic in family business research. This was echoed by other prominent authors who stated that the “focus of the literature on succession mirrors the primary concern of family business managers” (Zahra and Sharma, 2004, p. 335). With the prominence of succession as a primary concern in family business literature, the question could be raised whether the business should continue in the family or with new stakeholders. For this study, the focus is on the family business being sustained across generations. This means that the family, or families, that own and manage the business are important actors in the promotion of a sustainable family business. However, as a result of this focus, succession can
become more complex with high importance placed on family members maintaining control through management and stake holding. Davis (1968) proposed that “the first succession in leadership is crucial, because it can determine whether the organization will continue to exist beyond the life of its founders” (p. 403). As such, there can be a tendency for the founder to retain some control past their tenure. There are reputation benefits and competitive advantages that can be retained through leadership within the family, and idiosyncratic knowledge that is more efficiently transferred through the family members (Sharma, 2004). In summary, there is a growing concern in extant family business research over succession issues – whether transferring the business to a non-family member or intergenerational transfer within the family. The next section will present a more specific overview of succession in New Zealand family businesses.

2.2.3 Succession in New Zealand family businesses

As previously mentioned, the *MGI New Zealand Family and Private Business Survey* presented findings about succession in family businesses (Smyrnios and Dana, 2007). Continuity and succession were at the top of the survey highlights, prompted by questions about the “desirability” and “feasibility” of each. There appeared to be a lack of desire from family businesses to form policy around the future ownership of a family business. According to this survey, only 24 per cent of New Zealand business owners had a policy that the business will remain family owned, with 40 per cent having no specific policy at all regarding the future ownership. Moreover, 84 per cent regarded succession planning as important, however for different reasons not evident through the survey there seemed to be a lack of motivation to address this. Over 75 per cent of family business owners had not documented management or ownership succession plans and only 44 per cent had actually sought advice about their succession options (Smyrnios and Dana, 2007). The reason for these inconsistencies could be that family business owners thought there was no interest from the family to take on the business, or simply that there was no one suitable within the family. Another reason could be that there was plenty of thought about succession but there was just no documentation to formalise this (Smyrnios and Dana, 2007).

Further findings of the MGI survey showed that family businesses did not see that family continuity through succession is feasible. For example, over half of family business owners did not believe the younger generation was interested in the business. Also, a fifth of those family business owners planned to sell their businesses because there was a lack of a family successor, or they had concern about successor selection (Smyrnios and Dana, 2007, p. 3). Conclusions in the MGI survey included family owned businesses not considering continued family ownership to be either “desirable” or “feasible” (Smyrnios and Dana, 2007, p. 3). The question is why this was the case, and what were the factors that contributed to these sentiments. In addition, was there a discrepancy between
generations in the way they thought and operated, or was it the way the process of succession was handled, and by whom? Or both? The answer could be in the way family members shared their knowledge through a grooming process, or perhaps the business was under resourced and undesirable to the next generation. In contrast, the business may have been over resourced in a way that enticed the next generation to benefit through the sale of the business. Possibly, particular industries suffer the continuity problem more than others do. Traditionally, the grooming of family members to succeed the incumbent would start at an early age and planning would be taken from there (Spector, 2004). However, according to Smyrnios and Dana (2007) this was not the objective of family business owners surveyed, who placed more importance on accumulating family wealth, or increasing the value of the business, or growing the business, than handing the business to the next generation or even employing family members.

A similar report to the MGI Survey that is carried out annually is the ANZ Privately-Owned Business Barometer. The survey was sent to 2,275 private businesses in New Zealand with a 35 per cent response rate (ANZ, 2010, p. 2). A shift that occurred between the 2008 report and the 2010 report was what respondents defined as succession. In 2008, succession was predominantly defined as a change over time; however in 2010 respondents’ predominantly defined succession as finding an appropriate successor (ANZ, 2010, p. 27). This suggested the emergence of some urgency and awareness of succession as an issue. Further, the method of exit was likely to be selling to a trade or industry buyer (24 per cent), partial exit (18 per cent), or financial buyer (12 per cent), or handing over to family (10 per cent) (ANZ, 2010, p. 28). Consistent with the MGI survey, the ANZ barometer reported that one of the largest perceived barriers to succession was finding a suitable successor. Similar results from surveys can be found in other countries (Family Firm Institute, 2012; Glassop, et al., 2006; Stovisky et al., 2010). These statistics illustrate the need for more investigation into how family businesses can promote a sustainable future for subsequent generations. Given that the current preference is to seek an exit strategy for the family business rather than continuity across generations, this study seeks to present what works well in a family business, and describe how these attributes can promote a sustainable family business.

2.2.4 Prompting intergenerationality

Miller, Steier, and Le Breton-Miller (2006) suggest the core of a problematic succession relates to an inappropriate relationship between an organisation’s past and present. They suggested:

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13 Other examples include surveys and conferences globally that have presented results: MassMutual – American Family Business surveys (USA); KPMG/Family Business Association (FBA) surveys (Australia); Kellogg Family Business Conference (USA); Institute for Family Business (IFB) surveys; Global Entrepreneurship Monitor (GEM) (International); to mention a few.
[Many business] founders try to perpetuate their legacy and ensure continued family control via intergenerational succession ... [but] many intergenerational successions fail soon after the second generation takes control.... Intergenerational succession failure, then, is a challenge that merits investigation. (p. 371)

For a variety of reasons, the role of the incumbent generation nearing the end of their tenure is often difficult. Handler (1990) attributes this difficulty to the founder (or the incumbent generation) not wanting to give up what they have created, and developed. This reluctance can frustrate the preparation for succession and can lead to the founder ignoring the need to choose and mentor a successor. As such, Handler recognised that some successors are doomed for failure:

... they include the ‘loyal servant’ (a conscientious helper but an incompetent leader), the ‘watchful waiter’ (a star performer from outside, who must wait sometimes indefinitely for power to be granted), or the ‘false prophet’ (a person whose area of competence is not related to the role required). (p. 37)

An additional problem highlighted in the family business literature is the founder’s gravitation toward molding a protégé to be like them rather than creating what the business is likely to need for growth (Lansberg, 1999). That is, the founder may not find a successor with an entrepreneurial drive to build on the successes of the past. For example, founders are predisposed to seeking internal validity with their own skills, activities, environments, roles, and relationships. This can lead to the founder seeking internal continuity (ongoing reinforcement of their personal identity, self-esteem, and ego strength), and external continuity (predictable social responsibilities, relationships and roles) (Atchley, 1989; Handler, 1990). Other factors that influence resistance to succession are the organisation’s characteristics, culture, and structure. For example, if there is environmental and financial instability there could be resistance to succession. On the other hand, if change is not seen as a threat and rather as an opportunity to grow, there may be little resistance to succession. Davis and Harveston (1998) suggested that the “drive and extensiveness of the succession planning process [are] unique to particular generations” (p. 50). Succession can have a different disposition from generation to generation, and succession to succession. Part of this disposition will be the knowledge each generation possesses, and how that knowledge is transmitted between the generations.

Succession is a complex process. The succession discussion is advancing, and timely, given that the baby boomer generation is currently approaching retirement. An implication of an increase of family business owners retiring in New Zealand is the need for the incumbent owners to choose a successor for their business or seek alternative exit strategies. To add to this, the recent economic crisis could

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14 This difficulty may also occur in subsequent generations.
have potential successors concerned about prospects into the future. The question is whether there needs to be more awareness of how family businesses can be sustained across generations. The argument here is that there is a way forward when the problems and issues are known. However, knowing what works well in family businesses, and how problems and issues have been overcome in the past, can prompt intergenerationality. The generative aspects of a succession within a family business are considered through the appreciative lens of this study. The next section will review the field of entrepreneurship and its role in this study.

2.3 Entrepreneurship

Entrepreneurship as a field of study is considered “one of the most complex in the social sciences” (Bruyat and Julien, 2001, p. 177). The purpose of this section is to provide a short review of the historical foundations and key influences in the field of entrepreneurship. The entrepreneur’s role and behaviour in relationship to a family business will be reviewed before presenting a definition that will be adopted for this study. There is a great deal of debate in the field of entrepreneurship, that will not be entered into. Instead, a demonstration of key distinctions in the entrepreneurship field that guide this study will be made.

2.3.1 Background of the entrepreneurship field of study

There continues to be considerable discussion surrounding the entrepreneur and the meaning of entrepreneurship.15 The entrepreneurship literature suggests a vast array of definitions and variations of the word entrepreneur, but frequently the historic foundation and meaning is lost.16 The initial idea of entrepreneurship started modestly – “a person who undertakes a project” – for example a manufacturer or master builder (Cantillon, 1931; Hérbert and Link, 1988, p. 17). Although humble, this definition presented a fundamental underlying meaning of what it is to be entrepreneurial. Hérbert and Link (1988) went on to add, “the crucial role of the entrepreneur in economic theory was first and foremost recognized by Cantillon [who was the] progenitor of the idea that subsequent economists sought to elaborate” (p. 42). In the 18th century, Richard Cantillon influenced the foundations concerning the entrepreneur with his view that “the entrepreneur is someone who assumes the risk and may legitimately appropriate any profits” (Bruyat and Julien, 2001, p. 167). Following Cantillon’s tradition, Hérbert and Link (2009) acknowledged the origin of


16 Variations of the word entrepreneur include, intrapreneur, copreneur, ecopreneur, technopreneur, to mention a few.
three general intellectual traditions of entrepreneurship that trace their origins back to Cantillon. They are the “the German Tradition (von Thünen-Schumpeter), the Chicago Tradition (Knight-Schultz), and the Austrian Tradition (Mises-Kirzner-Shackle)” (p. 101). Although these traditions have added significant depth to our understanding of entrepreneurship and the entrepreneur, for the current study Richard Cantillon’s work influenced the shaping of an operational definition of entrepreneurship in relation to family businesses. Cantillon’s perspective lent itself well to the winegrowing industry, as it was practical and acknowledged the long history of the industry. As such, this study will build on Cantillon’s foundation to help understand better the role of an entrepreneur in the context of a family business in the winegrowing industry.

### 2.3.2 Role of the entrepreneur

Cantillon’s entrepreneur was considered to be the central economic actor and was recognised through three classes of economic agents: the landowners, the entrepreneurs, and the hirelings (Hérbert and Link, 1989). While the landowners “were financially independent,” the entrepreneurs “would engage in market exchanges at their own risk in order to make a profit,” while the hirelings “eschew (avoid) active decision making in order to secure contractual guarantees of stable income (i.e., fixed wage contracts)” (p. 42). The role of the entrepreneur according to Cantillon was also described as “an innovator, and therefore a relatively exceptional person who changes the economy in some way or another” (Bruyat and Julien, 2001, p. 167). Further, Casson described Cantillon’s entrepreneur as someone whose role “emphasises investment in hiring labour and materials to produce consumer goods in anticipation of future sales” (Casson, 2005, p. 329). According to these descriptions, the entrepreneur’s role was to create economic benefit from engaging in the market by bringing together resources in order to make a profit. Building on Cantillon’s description of an entrepreneur, there is evidence that entrepreneurs can be serial in their approach (Westhead, Ucbasaran, Wright, and Binks, 2005; Westhead and Wright, 1998b). In other words, entrepreneurs can undertake one project then move onto the next, and possibly be involved in concurrent ventures (Westhead and Wright, 1998a, 1998b). Based on the operational definitions and selection criteria of this study, the family business and individuals in the business can be considered entrepreneurial. In this study, entrepreneurship is considered one of the more important behaviours of a family business that contributes to its sustainability across generations.

In a broader context, Hérbert and Link recapitulated the history of the entrepreneur’s role according to the roles presented in economics literature. According to them “throughout history the entrepreneur has worn many faces and played many roles” (Hérbert and Link, 2009, p. xviii). Table 2 summarises the roles that the entrepreneur fills according to the stances of various authors. The roles are then summarised with an opinion on each role.
Table 2: The entrepreneurs role as portrayed through economics literature (Hérbert and Link, 2009, p. 100)

<table>
<thead>
<tr>
<th>Role taken on by the entrepreneur</th>
<th>Economics literature</th>
<th>Researcher’s summary on the role of the entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>The entrepreneur is the person who assumes the risk associated with uncertainty. [Dynamic]</td>
<td>Cantillon, von Thünen, von Mangolt, Mill, Hawley, Knight, von Mises, Cole, Shackle</td>
<td>The entrepreneur is someone who knows how to mitigate risk and minimises uncertainty with contingency.</td>
</tr>
<tr>
<td>The entrepreneur is the person who supplies financial capital. [Static]</td>
<td>Smith, Turgot, von Böhm-Bawerk, Edgeworth, Pigou, von Mises</td>
<td>The entrepreneur is resourceful through his or her own means financially but equally resourceful obtaining external finances.</td>
</tr>
<tr>
<td>The entrepreneur is innovator. [Dynamic]</td>
<td>Baudeau, Bentham, von Thünen, Schmoller, Sombart, Weber, Schumpeter</td>
<td>The entrepreneur has a tangential mindset; but is grounded in good timing.</td>
</tr>
<tr>
<td>The entrepreneur is decision maker. [Dynamic]</td>
<td>Cantillon, Menger, Marshall, von Wieser, Amasa Walker, Francis Walker, Keynes, von Mises, Schackle, Cole, Schultz</td>
<td>The entrepreneur is a person who makes good decisions but equally employs good decision makers.</td>
</tr>
<tr>
<td>The entrepreneur is industrial leader. [Dynamic]</td>
<td>Say, Saint-Simon, Amasa Walker, Francis Walker, Marshall, von Wieser, Sombart, Weber, Schumpeter</td>
<td>The entrepreneur is not always an industrial leader but someone who leads in changing some aspect of industrial, social, or environmental dimensions.</td>
</tr>
<tr>
<td>The entrepreneur is a manager or superintendent. [Static]</td>
<td>Say, Mill, Marshall, Menger</td>
<td>An entrepreneur project manages and oversees their resources wisely.</td>
</tr>
<tr>
<td>The entrepreneur is an organiser and coordinator of economic resources. [Dynamic]</td>
<td>Say, Walras, von Wieser, Schmoller, Sombart, Weber, Clark, Davenport, Schumpeter, Coase</td>
<td>The entrepreneur organises and coordinates resources, economic or otherwise.</td>
</tr>
<tr>
<td>The entrepreneur is the owner of an enterprise. [Static]</td>
<td>Quesnay, von Wieser, Pigou, Hawley</td>
<td>The entrepreneur aims to establish an enterprise(s) but may share ownership.</td>
</tr>
<tr>
<td>The entrepreneur is an employer of factors of production. [Static]</td>
<td>Amasa Walker, Francis Walker, von Wieser, Keynes</td>
<td>The entrepreneur factors in production alongside other functions.</td>
</tr>
<tr>
<td>The entrepreneur is a contractor. [Dynamic]</td>
<td>Bentham</td>
<td>The entrepreneur can be contracted under financial capital agreements.</td>
</tr>
<tr>
<td>The entrepreneur is an arbitrageur. [Dynamic]</td>
<td>Cantillon, Walras, Kirzner</td>
<td>The entrepreneur can create and/or exploit arbitrage but doesn’t rely on arbitrage as a motivator.</td>
</tr>
<tr>
<td>The entrepreneur is an allocator of resources among alternative uses. [Dynamic]</td>
<td>Cantillon, Kirzner, Schultz</td>
<td>An entrepreneur can allocate resources to alternative uses or create new uses for them.</td>
</tr>
</tbody>
</table>

Hérbert and Link suggested that entrepreneurship theories, and indeed the roles of the entrepreneur, “may be either static or dynamic, but only dynamic theories of entrepreneurship have any significant operational meaning” (Hérbert and Link, 1989, p. 41). According to the roles presented in Table 2, Cantillon’s entrepreneur was considered dynamic, in particular as a person that took on risk and uncertainty, was a decision maker, an arbitrageur, and an allocator of resources. Another way to interpret dynamism could be in relation to innovation, creativity, and inventiveness.
in the market. As such, the entrepreneur is frequently associated with new venture startups, commercialisation, Technology Transfer Offices (TTOs), and the increasingly important role of science, and engineering spinoffs. In the current study, the family business is considered an important context for the entrepreneur, or entrepreneurs, to engage in new market entries. Schumpeter’s (1951) essays expressed that the role of the entrepreneur was not just “embodied in a physical person, in particular in a single physical person. Every social environment has its own way of filling the entrepreneurial function [and] may be, and often is, filled cooperatively” (as cited in Swedberg, 1991, p. 173). As such, a family business can be entrepreneurial through the sum of the family and potentially their employees.

2.3.3 Defining entrepreneurship

Reducing the entrepreneur to one combination of attributes is not straightforward. For this study, the definition of the entrepreneur is a culmination of the historical roots of the word “entrepreneur” and the key influencers in the literature. According to Gartner (1993):

The choice of words we use to define entrepreneurship sets the boundaries for how we think about and study it. Language governs thought and action. The vocabulary used to talk about entrepreneurship is critical to the development of a theory about this phenomenon. (p. 232)

As outlined earlier, of particular influence is Cantillon’s use of the French word entrepreneur meaning a person who undertakes a project; a manufacturer; a master builder (Hérbert and Link, 2009, p. 5). For this study, the following definition has been adopted:

An entrepreneur is someone who undertakes innovative projects. These projects involve taking a product or service to market, and/or establishing new markets.

Further rationale for this definition is that undertaking projects inherently means taking on risk and uncertainty of some degree. The next section will build on the review of entrepreneurship and relate it to family businesses.

2.3.4 Entrepreneurship and family business overlap

Fletcher (2004) observed that “the relationship, intercept or overlap of entrepreneurial and family domains in the context of small and/or family businesses is an important, yet underdeveloped, area of research” (p. 36). During the 1990s there was some exploration of the connections between family

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business and entrepreneurship (Brockhaus, 1994; Dyer Jr and Handler, 1994; Hoy and Verser, 1994). Over the past decade, this scholarship has continued (Heck, Hoy, Poutziouris, and Steier, 2008; Heck and Mishra, 2008; Rogoff and Heck, 2003). A practical example of the link between family business and entrepreneurship is that an entrepreneur can be reliant on the immediate pool of resources within the family to start a venture. As such, intergenerational family businesses can be entrepreneurial from generation to generation allowing them to survive and flourish in rapidly changing environments (Gersick, et al., 1997; Hoy and Sharma, 2009; Miller and Le Breton-Miller, 2005).

The intersection of family business and entrepreneurship has been discussed from a variety of perspectives. These include organisational culture and entrepreneurial processes (Hall, Melin, and Nordqvist, 2001), managing social capital with next-generation entrepreneurs in family businesses (Steier, 2001b), entrepreneurial risk taking in family businesses (Naldi, Nordqvist, Sjöberg, and Wiklund, 2007; Zahra, 2005), entrepreneurship research having a family embeddedness perspective (Aldrich and Cliff, 2003), and the role of family members in entrepreneurial networks (Anderson, Jack, and Dodd, 2005). A study that represented common themes between the entrepreneurship and family business domains was Hoy and Verser’s (1994) often referred to paper entitled “Emerging business, emerging field: Entrepreneurship and the family firm.” Hoy and Verser’s question was “what is the nature of the overlap between entrepreneurship and family business?” (p. 17). With this question, they referred to Gartner’s eight themes in the study of entrepreneurship. These include:

1. The Entrepreneur: ... the idea that entrepreneurship involves individuals with unique personality characteristics and abilities. 2. Innovation: ... characterized as doing something new as an idea, product, service, market, or technology in a new or established organization. 3. Organization Creation: ... described the behaviors involved in creating organizations. 4. Creating Value: ... the idea that entrepreneurship creates value. 5. Profit or Non-profit: ... concerned with whether entrepreneurship involves profit-making organizations only. 6. Growth: ... the importance of growth as a characteristic of entrepreneurship. 7. Uniqueness: ... suggests that entrepreneurship must involve uniqueness. 8. The Owner-Manager: ... suggested that entrepreneurship involves individuals who are owners and managers of their businesses. (Gartner, 1990, pp. 15-16, emphasis and numbering added)

Table 3 presents a continuum between the entrepreneurship and family business domains. Of the common areas between the entrepreneurship and family business domains, several themes stand out as relevant for this study. According to the overlapping domains of entrepreneurship and family business, “the entrepreneur” and “innovation” are important because they can support the growth and vision of the business. Also, the “owner/manager” theme is relevant in relation to the “business/family life cycle” and its relationship to succession planning and sustainability of the family business into the future (Hoy and Verser, 1994, p. 18).
Table 3: The overlapping domains of entrepreneurship and family business (Hoy and Verser, 1994, p. 18)

<table>
<thead>
<tr>
<th>Entrepreneurship Domain</th>
<th>Theme</th>
<th>Family Business Domain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Entrepreneur</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk-taker</td>
<td>Creator</td>
<td>Founder</td>
</tr>
<tr>
<td>Creator</td>
<td>Owner</td>
<td>Manager</td>
</tr>
<tr>
<td>Owner</td>
<td>Relative</td>
<td>Employer</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New concept</td>
<td>New organization</td>
<td>Within existing organization</td>
</tr>
<tr>
<td>New organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organization Creation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity</td>
<td>Resource acquisition</td>
<td>Resource distribution</td>
</tr>
<tr>
<td><strong>Creating Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating business</td>
<td>Growing business</td>
<td>Creating wealth</td>
</tr>
<tr>
<td>Growing business</td>
<td>Destroying status quo</td>
<td>Transforming business</td>
</tr>
<tr>
<td><strong>Profit/Non-profit</strong></td>
<td></td>
<td>Family foundation</td>
</tr>
<tr>
<td>Creation of business</td>
<td>Creation of tax exempt organization</td>
<td></td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmet needs</td>
<td>Unique combination</td>
<td>Vision</td>
</tr>
<tr>
<td>Unique combination</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Owner Manager</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creation</td>
<td>Purchase</td>
<td>Business life cycle</td>
</tr>
<tr>
<td>Purchase</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As identified earlier, family businesses and succession are implicitly linked, although family businesses are not always succeeded to the next generation. In addition to recognising the family business and entrepreneurship research gap, there are bodies of literature that contribute to the link between family business and entrepreneurship. The next section will frame entrepreneurship in family businesses under the umbrella of the emerging “family entrepreneurship” scholarship.

2.3.5 Emerging Family Entrepreneurship Scholarship

Family entrepreneurship is an emerging scholarship that seeks to embody entrepreneurship as it relates to family businesses (Heck and Mishra, 2008). In recognition of this emerging path The Journal of Small Business Management (2008, 46(3)) dedicated a special issue to family entrepreneurship with a fresh compendium of the history and the way forward for family business (and entrepreneurship) research. Some emerging paths of family entrepreneurship are summarised in Table 4.

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18 In addition, the Journal of Business Venturing (JBV) released a special issue on “The Evolving Family/Entrepreneurship Business Relationship” in 2003 (18(5)). This journal and articles in the Family Business Review (FBR) and Entrepreneurship Theory and Practice (ETP), provide a premise for discussion on the link between family business and entrepreneurship.
Table 4: Suggested emerging paths or directions for future research into family entrepreneurship (Heck, et al., 2008, pp. 325-327)

<table>
<thead>
<tr>
<th>Path</th>
<th>Emerging paths or directions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What are the fundamental constructs or elements which might constitute a theory or theoretical base for family entrepreneurship?</td>
</tr>
<tr>
<td>2</td>
<td>What are the attributes or determining characteristics of an entrepreneurial family?</td>
</tr>
<tr>
<td>3</td>
<td>Does the corporate entrepreneurship literature offer any models applicable to developing entrepreneurial tendencies among family members, especially successors?</td>
</tr>
<tr>
<td>4</td>
<td>What additional family studies literature, models, and theories can be used to enhance the study of family entrepreneurship?</td>
</tr>
<tr>
<td>5</td>
<td>Are creativity and innovativeness inherent in entrepreneurial families, or do they disrupt family traditions and relationships?</td>
</tr>
<tr>
<td>6</td>
<td>How does the non-business nature and activities of entrepreneurial families impinge and enhance the business organization and processes therein?</td>
</tr>
<tr>
<td>7</td>
<td>What levels of business or firm growth are necessary to provide entrepreneurial opportunities for additional family members to join the business?</td>
</tr>
<tr>
<td>8</td>
<td>What levels of family growth impose expansion demands on the family firm?</td>
</tr>
<tr>
<td>9</td>
<td>Is the modern emphasis on angel and venture capital and the need for exit strategies reducing the likelihood of businesses being passed on from generation to generation?</td>
</tr>
<tr>
<td>10</td>
<td>How do family angels and family venture capital contribute to the launch, survival, growth, and longevity of family firms?</td>
</tr>
</tbody>
</table>

Of particular relevance to this study are paths two, three, five, and ten. Path two features the initial speculation about attributes and characteristics that contribute to a family being entrepreneurial. The attributes and characteristics of entrepreneurial families could be asked alongside path five, which refers to the creativity and innovativeness in entrepreneurial families. The attributes and characteristics (path two), and creativity and innovativeness (path five), might lead to path ten coming into effect (family angels/venture capitalists). If family members carry the right attributes and characteristics for an entrepreneurial family business, it could be assumed that seed and growth capital from the family would ignite entrepreneurial activity. Path three (developing entrepreneurial tendencies) recognises corporate entrepreneurship literature as a source for studies in family entrepreneurship and refers to the entrepreneurial orientation of a family business. In addition, these emerging paths or directions present gaps in the literature, which this study aims to contribute to theoretically.

Another distinguishing feature when considering entrepreneurial family businesses is the difference between a “family business” and a “business family” (Degadt, 2003; Litz, 2008; Moores, 2009). The paths mentioned in Table 4 may prompt discussion on this difference. For example, path ten implies the family and not the family business might contribute capital for launching a business. This would

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19 Each of the identified paths, although not research questions, are implicit in the questions asked in interviews.
infer a business family rather than a family business. Litz (2008) explored this dynamic with his examination of “analogical similarities between the Möbius strip and the family business and its reciprocal institution, the business family” (p. 219). Litz elaborates:

The family-business interface is, therefore, like two pieces of paper (analogous to the two institutions of family and firm) being overlaid (analogous to being deemed interdependent) and then twisted and connected (analogous to being co-enacted interdependently). This creates a ‘one-sidedness’ in which the business and family become a single unified entity where each is reflected in the other. The operative word here is reflected, insofar as the distinctive difference of traveling on a Möbius strip versus a regular band is that its traveler always returns to a mirrored reality. (p. 220, emphasis in original)

This nuance needs to be considered when studying entrepreneurial family businesses because it removes semantics through an understanding that there is a flow between the two roles. More and more, it is recognised that family businesses can become broader than the original business through new ventures. Similarly, families can provide the environment for the next generation to start their own businesses and therefore making the subtle shift towards being defined as a business family. In this study both family business and the business family are explored as a mirrored reality of each other. Litz (2008) relates this reality through the third stage of his “Process Model of Family-Business Interface” as “existence” defined as:

... the state of co-existence in which the business family and the family business achieve some form of reflective equilibrium where some, or, in extreme situations, all, of each institution’s needs are met by the other. Unless it is disrupted, this stage can, like the Möbius strip, continue indefinitely. (p. 226)

The state of co-existence represents what might be considered a favourable state for a family business.

As an emerging scholarship, family entrepreneurship still lacks a theoretical foundation. However, closely aligned bodies of knowledge can support its development. As mentioned earlier, one of the emerging paths of family entrepreneurship is the body of literature that relates to entrepreneurship in established businesses. Corporate entrepreneurship literature implies change through entrepreneurial activity within the corporate environment (Covin and Miles, 1999; Dess et al., 2003; Phan, Wright, Ucbasaran, and Tan, 2009; Sharma and Chrisman, 1999; Zahra and Covin, 1995). The corporate entrepreneurship literature is relatively sparse in relation to family businesses, although there have been calls for more attention to be paid to the link between corporate entrepreneurship

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20 A Möbius strip is a one-sided band with a 180 degree twist that can appear to have only one side, hence the article suggesting that family business and business family are one and the same yet a reflection of the other (refer Appendix A).
and the sustainable future of a family business (Kellermanns and Eddleston, 2006). In support of this study is Kellermanns and Eddleston’s (2006) acknowledgement that:

... understanding how succession issues affect corporate entrepreneurship and how corporate entrepreneurship sustains family firms across generations is of the utmost importance for firms trying to remain in the family while also increasing their success and market share. (p. 823)

The first part of this statement addresses the succession/entrepreneurship overlap, which will be discussed in the next section. The observation that corporate entrepreneurship may be the modus operandi for sustaining family firms across generations, presented an opportunity in the literature that contributed to the direction of this study. As a further link between entrepreneurship and family business, Sharma and Chrisman (1999) defined corporate entrepreneurship as the “process whereby an individual or a group of individuals, in association with an existing organization, create a new organization, or instigate renewal or innovation within that organization” (p. 18). From this definition, a “family” could be determined “corporate” based on a family being a “group of individuals.” This classification is only for convenience as the more mature corporate entrepreneurship literature was used as a foundation to understand the phenomenon of entrepreneurship in family businesses. There are two main schools of thought under the umbrella of corporate entrepreneurship (Guth and Ginsberg, 1990; Schendel, 1990) – strategic renewal, and corporate venturing (refer Table 5). 21

The key difference between the definitions in Table 5 is that corporate venturing results in the creation of a new organisation where strategic renewal results in changing relationships with in the existing organisation. Further, strategic renewal has centrality in the strategy literature (Schendel, 1990), while corporate venturing stems from the venture capital industry (Rind, 1981). Zahra, Nielson, and Bogner (1999) argued that “formal and informal corporate entrepreneurship activities can enrich a company’s performance by creating new knowledge that becomes a foundation for building new competencies or revitalizing existing ones” (p. 196). In an earlier study, Zahra and Covin (1995) demonstrated positive associations between corporate entrepreneurship and a company’s financial performance, particularly if corporate entrepreneurship is treated as a long term strategy rather than a short term fix. This is particularly relevant to family businesses as they tend to have a long-term orientation, and the possible continuity of leadership.

21 Strategy and entrepreneurship is another stream of entrepreneurship literature that relates corporate entrepreneurship and organisational development “Strategic Entrepreneurship” (Hitt, Ireland, Camp, and Sexton, 2001; Kelley, 2011; Kraus, Kauranen, and Reschke, 2011; Kyrigiou and Hughes, 2010; Schindehutte and Morris, 2009; Shulman and Stallkamp, 2011; Thompson, 1999). A founding article making this distinction suggested “Entrepreneurial strategy is the means through which an organization establishes and re-establishes its fundamental set of relationships with its environment. It is strategy characterized by widespread and more-or-less simultaneous change in the pattern of decisions taken by an organization” (Murray, 1984, p. 1).
Table 5: Strategic renewal and corporate venturing (Sharma and Chrisman, 1999, p. 19)

<table>
<thead>
<tr>
<th>Corporate Entrepreneurship</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic renewal(^{22})</td>
<td>... refers to the corporate entrepreneurial efforts that result in significant changes to an organization’s business or corporate level strategy or structure. These changes alter pre-existing relationships within the organization or between the organization and its external environment and in most cases will involve some sort of innovation. Renewal activities reside within an existing organization and are not treated as new businesses by the organization.</td>
</tr>
<tr>
<td>Corporate venturing(^{23})</td>
<td>... refers to corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. They may follow from or lead to innovations that exploit new markets, or new product offerings, or both. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense (e.g., a new division).</td>
</tr>
</tbody>
</table>

Another study entitled “Creating Corporate Entrepreneurship” concluded that “change can be stimulated by opportunity as well as by threat,” with emphasis on “ambition exceeding current capabilities” (Stopford and Baden-Fuller, 1994, p. 533). The argument in Stopford and Bader-Fuller’s article was that change is a positive force, which extends an organisation to be better. In the case of a family business, this can be represented across generations where succession can be seen as an opportunity or a threat that stimulates change. Moreover, the next generation could be the stimulus for ambition to go beyond current capabilities. Kelley (2011) suggested a “conscious effort is required to build a corporation’s capacity for sustainable entrepreneurship.... Over time ... managers need to maintain a link between entrepreneurial activity and the organisation’s mainstream [to do so]” (p. 73). Kelley (2011) summarised by suggesting that “true corporate entrepreneurship relies on people: the entrepreneurs developing these businesses and the managers that guide and support them. It reflects, at its core, an entrepreneurial ability held by the organization” (p. 74). Corporate entrepreneurship involves an entrepreneur within an organisation that is supported by managers to implement corporate ventures and/or strategic renewal. This may not always be the case for corporate ventures, which may employ from outside the organisation. However, during a corporate venture start-up it is entirely possible that managers within the organisation support the entrepreneur in the early stages. In the present study, the families could be considered the support and guidance for the entrepreneurial family member or members. As a body of literature, corporate entrepreneurship provides a foundation that satisfies the aims in this study where the link between entrepreneurship in family businesses in family business scholarship is still emerging.

\(^{22}\) Prominent literature in the “strategic renewal” division of corporate entrepreneurship include, Floyd and Lane (2000), Guth and Ginsberg (1990), Sharma and Chrisman (1999), Verbeke, Chrisman, and Yuan (2007), Volberda, and Baden-Fuller, and van den Bosch (2001).

\(^{23}\) Prominent and influential literature in the “corporate venturing” division of corporate entrepreneurship include Biggadike (1979), Block and Macmillan (1993), Covin and Miles (2007), M. P. Miles and Covin (2002), and Sykes and Block (1989). Also, “corporate venturing” is emerging in family business literature including Hoy (2006), Marchisio, Mazzola, Sciascia, Miles, and Astrachan (2010).
As a field of study, entrepreneurial orientation is starting to eclipse corporate entrepreneurship. Covin and Lumpkin (2011) stated that “within the field of entrepreneurship, there is now greater attention paid to the topic of [entrepreneurial orientation] than to corporate entrepreneurship” (p. 855). Covin and Lumpkin further suggested that entrepreneurial orientation is often discussed in relation to corporate entrepreneurship as “many scholars consider [entrepreneurial orientation] to be an aspect of corporate entrepreneurship” (p. 856). Dess and Lumpkin (2005) made the following observation:

Firms that want to engage in successful corporate entrepreneurship need to have an entrepreneurial orientation…. [Entrepreneurial orientation] refers to the strategy-making practices that businesses use to identify and launch corporate ventures. It represents a frame of mind and a perspective about entrepreneurship that are reflected in a firm’s ongoing processes and corporate culture. (p. 147)

Dess and Lumpkin (2005) discussed “how [entrepreneurial orientation] can be used to stimulate [corporate entrepreneurship], enhance internal venture development, and foster strategic renewal” (p. 149). They suggested five dimensions that underpin entrepreneurial orientation which were derived from strategy and entrepreneurship scholarship:

Collectively, these five dimensions – autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk-taking – permeate the decision making styles and practices of a firm’s members. The factors often work together to enhance a firm’s entrepreneurial performance. But even some firms that are strong in only a few aspects of [entrepreneurial orientation] can be very successful. (pp. 147-148)

In the current study, corporate entrepreneurship is recognised as a vehicle for the sustainability of family businesses. Furthermore, it is acknowledged that family businesses need to have an entrepreneurial orientation, or as mentioned above, strategy-making practices that contribute to the identification of family ventures (Dess and Lumpkin, 2005). In addition, Dess and Lumpkin suggested that “analyzing the ‘best practices’ of leading edge organizations can provide useful insights into the [entrepreneurial orientation]-performance relationship” (p. 154). In this study, performance relates to the family business being sustained across generations. This call to analyse “best practices” aligns with the intention of this study, namely what “works well” in family businesses. Although there are

24 “Autonomy: Independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion; Innovativeness: A willingness to introduce newness and novelty through experimentation and creative processes aimed at developing new products and services, as well as new processes; Proactiveness: A forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand; Competitive aggressiveness: An intense effort to outperform industry rivals. It is characterized by a combative posture or an aggressive response aimed at improving position or overcoming a threat in a competitive marketplace; Risk-taking: Making decisions and taking action without certain knowledge of probable outcomes; some undertakings may also involve making substantial resource commitments in the process of venturing forward” (Dess and Lumpkin, 2005, p. 148) based on scholarship from (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Miller, 1983).

37
subtle differences between what is best practice and what works well, the overarching aim is to pursue what promotes the sustainability of a family enterprise. Thus, Dess and Lumpkin’s reference to the “EO-performance” in organisations is referred to in this study as the potential for a family business to be sustainable across generations.

2.3.6 Entrepreneurship and succession overlap

As identified earlier, a key area of concern for family businesses is succession or intergenerational transfer of the business (Fletcher, 2004; Hoy and Verser, 1994; Sharma, 2004; Zahra and Sharma, 2004). Moreover, there is the question of how the senior generation’s vision is transferred to other family members (Hoy and Verser, 1994), or indeed how each family members visions are developed toward a sustainable business future. Hoy and Verser (1994) commented that:

At the start-up stage, strategy and vision are often in the mind of the founder. Effective leadership is a reflection of the founder’s ability to convey that vision to others, especially family members. The family firm may begin with or eventually develop into plural leadership, requiring a shared vision. (p. 12, emphasis added)

An ongoing conversation between various researchers has identified issues that arise when a business is transferred from a family business founder, or incumbent generation, to the next generation (for example, Ambrose, 1983; Barach, Gantisky, Carson, and Doochin, 1988; Barnes and Hershon, 1976, 1989, 1994; Handler, 1992). Handler (1990) suggested entrepreneurship is not a phenomenon that is centred on one generation and argued that “the influence of entrepreneurs on the creation, development, and succession of family firms requires ongoing consideration” (p. 49). One of the earliest introductions to “entrepreneurial succession” was a study by Davis (1968) that focused on family businesses with the view that the extended family is “the most basic and stable unit of social organization in traditional society” (p. 404). Davis described the entrepreneur as an important person who has an ability to take risks and innovate. Entrepreneurial succession has been interpreted as the continuation of entrepreneurial behaviour from one generation to the next (Woodfield, 2008). This behaviour could be manifested in a founder sharing their vision with the next generation through the succession process. This process would most likely be with respect being given to the successor’s own vision for the future of the business.

With the sharing of vision between generations, it is possible for there to be a change in the entrepreneurial orientation of the business. Hoy and Verser (1994) further emphasised the need for research into “the transfer of the founder’s vision to other family members” (p. 19). The question is how this vision and tacit knowledge is shared with the next generation so entrepreneurial fervour is not lost (Cabrera-Suárez, De Saá-Pérez, and García-Almeida, 2001). From the view of a consultant,
Williams (1992) suggested that knowledge can be lost if the senior generation do not spend time with the next generation.

Because their entrepreneur parent does not spend much time with them, the children are denied the opportunity to assimilate important entrepreneurial values such as integrity, dependability, and accountability and skills such as assessing risks and making informed decisions. Thus the children do not acquire the habits and knowledge that enabled the entrepreneur to create and build the business in the first place. (Williams, 1992, p. 165)

The knowledge that can pass from generation to generation could influence the direction the family business takes into the future. An emerging direction in entrepreneurship research that recognises entrepreneurship as a continuing phenomenon in family business is sustainable entrepreneurship (Shepherd and Patzelt, 2008, 2011; Woodfield, 2010b). Currently, extant literature refers to the term sustainable entrepreneurship synonymously with environmental or social entrepreneurship (B. Cohen and Winn, 2007; Dean and McMullen, 2007). As such, sustainable entrepreneurship in a global and political context tends to be with regard to environmental sustainability or social responsibility. B. Cohen and Winn (2007) suggested harnessing innovative entrepreneurship to resolve environmental challenges. This provides a less inclusive view of sustainable entrepreneurship. The environment became a focal point of their argument with little regard to social systems. Their argument also explored the entrepreneurial firm as it related to society and the environment and not just from an economic perspective (p. 30). Similar to B. Cohen and Winn (2007), Dean and McMullen (2007) were of the view that “sustainable entrepreneurship [is a] subset of entrepreneurship, and environmental entrepreneurship [is a] subset of sustainable entrepreneurship” (p. 73). It is at this point that the concept of sustainable entrepreneurship translates beyond an environmental meaning as other subsets may emerge. For example, if environmental entrepreneurship is a subset of sustainable entrepreneurship there is latitude to present other subsets such as family businesses.

Within the current research, the emerging field of sustainable entrepreneurship is taken more broadly than the focus on the environment and social responsibility. Sustainable means “able to be maintained at a certain rate or level, [or] able to be upheld or defended” (Oxford Dictionaries, 2012a). For this study, sustainable refers to family businesses being able to be maintained across generations or the family business being upheld within the family. Guiding the foundation of sustainable entrepreneurship scholarship are definitions represented in Table 6.

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25 Other authors who have similar orientations include Schaltegger and Wagner (2010) who address categories and interactions between sustainable entrepreneurship and sustainable innovation. Also, Kuckertz and Wagner (2010) who investigated the role of business experience based on sustainability orientation and entrepreneurial intentions.
Table 6: Sustainable entrepreneurship definitions found in recent articles

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Cohen and Winn (2007, p. 35)</td>
<td>... we define sustainable entrepreneurship as the examination of “how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom, and with what economic, psychological, social, and environmental consequences.”</td>
</tr>
<tr>
<td>Dean and McMullen (2007, p. 58)</td>
<td>Sustainable entrepreneurship is defined to be: the process of discovering, evaluating, and exploiting economic opportunities that are present in market failures which detract from sustainability, including those that are environmentally relevant.</td>
</tr>
<tr>
<td>Katsikis and Kyrgidou (2007, p. 2)</td>
<td>... sustainable entrepreneurship as “the teleological process aiming at the achievement of sustainable development, by discovering, evaluating and exploiting opportunities and creating value that produces economic prosperity, social cohesion and environmental protection.”</td>
</tr>
<tr>
<td>Crals and Vereck (2004, p. 2)</td>
<td>Sustainable entrepreneurship can be defined as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local and global community as well as future generations (World Business Council for Sustainable Development).</td>
</tr>
<tr>
<td>Hockerts and Wüstenhagen (2010, p. 482)</td>
<td>We thus define sustainable entrepreneurship as the discovery and exploitation of economic opportunities through the generation of market disequilibria that initiate the transformation of a sector towards an environmentally and socially more sustainable state.</td>
</tr>
<tr>
<td>Schaltegger and Wagner (2010, p. 223)</td>
<td>Sustainable entrepreneurs destroy existing conventional production methods, products, market structures and consumption patterns, and replace them with superior environmental and social products and services. They create the market dynamics of environmental and societal progress.</td>
</tr>
</tbody>
</table>

Most of the definitions in Table 6 they are centred the on environmental and social aspects of business. As such, they represent a macro worldview. As such, For example, there is more focus on making the world a better place in a global sense than looking at sustainable entrepreneurship as a continuity of entrepreneurship at a micro level – that is, at the firm, or individual level (Sharma, 2004). As a result, there is less of a theoretical framework for a broader view of sustainable entrepreneurship.

With these definitional complexities in mind, sustainable entrepreneurship is beginning to be redefined (Shepherd and Patzelt, 2008, 2011). Shepherd and Patzelt distilled the background of sustainable entrepreneurship, and clarified what is “sustained” and what is “developed.” They asserted that sustainability is broader than environmental preservation and includes preserving “communities.” They summarise the conceptual definitions presented by various authors:

Sustainable entrepreneurship is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society. (Shepherd and Patzelt, 2011, p. 142)
For the purposes of this study, a family business is viewed as a community. In other words, families will be distinguished as a subset of communities. It is the sustainability of families, in the business context, that is of interest in this study. Table 7 highlights what sustainable entrepreneurship is, and is not.

### Table 7: What is sustainable entrepreneurship? (Shepherd and Patzelt, 2008, p. 29, adapted)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Supposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is to be Sustained in Sustainable Entrepreneurship?</td>
<td>Communities are to be sustained.</td>
</tr>
<tr>
<td>What is to be Developed in Sustainable Entrepreneurship?</td>
<td>Economic gain. Non-economic gains to people. Non-economic gains to society.</td>
</tr>
<tr>
<td>What “Sustainable Entrepreneurship” Is Not</td>
<td>Entrepreneurship research that focuses exclusively on the economic outcomes of entrepreneurial action (individuals, firms and/or society) and do not also simultaneously consider sustainability outcomes cannot be considered sustainable entrepreneurship research.</td>
</tr>
</tbody>
</table>

Highlighted in Table 7 are the aspects of sustainable entrepreneurship that are relevant to this study. As alluded to earlier, family businesses are a form of community that can possibly influence the wider community. One of the primary motivators for any business includes attaining economic gains, however non-economic gains to people and society are also priorities for family businesses. As outlined earlier, surveys such as the MGI Survey and the ANZ Privately-Owned Business Barometer indicate there is indifference towards succession planning giving the impression there is less interest in sustaining the business as a family business. This combination of family business, succession, and entrepreneurship brings us to the nexus of this study.

### 2.4 Sustainable Entrepreneurial Family Business across Generations

One of the many challenges for any business is recreating its competitive advantage to overcome economic decline, or stagnation. One of the implicit concerns for family businesses is retaining the entrepreneurial spirit across generations. According to Schwass (2005), the grooming of next generation needs to be adopted as both a mindset and an objective that is implemented over time. The rationale is that families grow over time increasing the number of stakeholders/owners and changing market conditions require continual adaptation and renewal. The business vision needs to be developed and implemented, and potentially altogether changed, by successive generations to provide growth and give a sense of ownership to the business (Schwass, 2005). According to Schwass:

> The next generation leaders need to be seen and recognized as entrepreneurs, in their own right, and as a really powerful engine for business growth in the family business. (p. 30)
Schwass distilled the family business into three archetypes. First, the “ephemeral family business” is a single-generation business that fails early in the second generation. An example would be a business that is centred on the entrepreneur and lacking a transition from an “individualistic business” to a “collective family business.” Second, there is the “preserving family business” which lasts several generations but suffers from slow, or indeed no growth. Third, and most relevant to this research, is the “entrepreneurial family business.” Unlike the aforementioned family businesses, entrepreneurial family businesses “embrace complexity” and have an “underlying vision [that] family members benefit from keeping the business together” (Schwass, 2005, p. 31). Moreover, Schwass (2005) described the entrepreneurial family business archetype as “noble [and an] answer to those critics who see no future for family businesses ... which best reinforces the strengths of family businesses while acknowledging – and accommodating – their potential weaknesses” (Schwass, 2005, p. 32).

Another view of entrepreneurial family businesses was introduced by Dyer and Handler (1994) as they concluded their discussion about the connections between family business and entrepreneurship. From their summary, they identified a gap in the literature regarding entrepreneurial succession. Entrepreneurship literature tends to focus on business start-up, neglects the proposition that the entrepreneur inevitably faces retirement, and needs to transfer the business to a successor. There is a need in the literature for an understanding of the complex and dynamic nature of an active entrepreneurial family business succession (Woodfield, 2008). Equally there is a need to understand the changes in the founder, the family, and the business itself over time (Handler, 1994). In summary, family businesses are at times idiosyncratic, and possess unique succession processes when compared to non-family businesses. Moreover, succession processes differ from family to family. While there is a body of literature on succession issues, there is a lack of integration of family business and entrepreneurial endeavour in the research literature.\textsuperscript{26} For this study, “entrepreneurial family business” will be used to describe the case sites. The entrepreneurial nature of the selected family businesses will be illustrated in the Findings chapter (Five). From a methodological standpoint, the earlier acknowledgement from Schwass that entrepreneurial family businesses reinforce the strengths of family businesses aligns with the appreciative lens of this study.

\textsuperscript{26} From Stanley Davis’ studies we learn that family businesses have a “positive impetus to entrepreneurial activity” (S. M. Davis, 1968, p. 406). Furthermore, Davis did observe that there can be a problem when “social function” takes over from “economic profit,” or, putting it differently, “enterprise stability” and “perpetuity,” which can lead to conflict with “new economic goals of sustained investment and expansion” (p. 406).
2.5 Research Purpose and Questions

The subject of question asking is primary and universal; it is fundamental to any consideration about the ways we human beings perceive, think, feel, and make meaning. Questions are also at the core of how we listen, behave, and relate – as individuals and in organizations. Virtually everything we think and do is generated by questions. In this sense, questions exert a gravitational pull, compelling engagement, in a manner quite similar to the impulse of wanting to close a gestalt (Cooperrider and Avital, 2004, p. 107).

Constructing a primary research question is an iterative process. As Cooperrider and Avital (2004) suggest, questions “exert a gravitational pull” and a “compelling engagement” and are “fundamental [to how we] make meaning,” so care needs to be taken in encapsulating the essence of the thesis (p. 107). This study captures entrepreneurship in the intergenerational transition of family businesses. The preceding literature review has highlighted several contribution opportunities for this research. So far an outline of the possibilities has been given but expressed questions have not been posed. According to Hindle (2004) the research question “has centrality and primacy and is the heart of the matter” (2004, p. 590). Further, Reay and Whetten (2011) suggest that the research question “can help to clarify the nature of [the] contribution and also assist [in] organizing [the] overall argument,” and advise that the research question “foreshadows the theoretical contribution,” whilst enabling an understanding of the key construct in relation to the “desired theoretical contribution” (p. 108).

Now the constructs, their overlaps, and nexus have been explored with regard to gaps in the literature and prospective theoretical contributions, this thesis’s primary and guiding research questions can be outlined. The purpose of this study is to “contribute to family business and entrepreneurship theory by linking family business and entrepreneurship through the succession process.” This purpose will be accomplished through two broad objectives. First, “to explore how entrepreneurial family businesses in one industry promote sustainability across generations,” and second, “to develop an understanding of what works well in entrepreneurial family businesses that have successfully managed continuity across multiple generations.” The primary thesis question is: In what ways can entrepreneurial family businesses be sustained across generations?

In relationship to the theoretical constructs and the appreciative approach of this study, both the interview schedule and the structure of the Findings chapter (Five) in this study reflect the guiding questions that support the primary research question.27

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27 Eisenhardt (1989) suggested that the early identification of the research question and possible constructs – that is a set of dimensions used by individuals to differentiate between people, things, and events – can be helpful, but it is equally important to recognise that these are tentative as the research question could shift during the research (p. 536).
• What is the family business’s entrepreneurial history?
• What are the antecedents for succession?
• Is the senior generation ready to step back, and the next generation willing to step up in the family business?
• Who are the visionary members of the family business, past, present, and future?
• Does the family business and individuals in it behave entrepreneurially?
• What are the generative strengths and experiences in the family business?

These questions guide the headings in the Findings chapter (Five). All main headings in the findings chapter will be consistent across the cases.

2.6 Chapter Summary

The purpose of this review was to bring awareness to definitions and the foundations of the three relevant theoretical constructs: family business, succession, and entrepreneurship. It has been established that about 70 per cent of businesses around the world are family businesses, which contribute to a significant percentage of the workforce and GDP. A common misconception that family businesses are small was discounted. The F-PEC scale was introduced and will be applied to the family businesses represented in this study. This study engages a multi-level analysis with particular attention to the individual, interpersonal/group level, and organisational levels. The operational definition of family business adopted for this study is:

The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. (Chua, et al., 1999, p. 25)

Succession was reviewed as a transition between generations and related to succession in New Zealand family businesses. There is some indifference towards planning and choosing someone to take over the family business upon the retirement or death of the senior generation. It was argued that knowing what works well in a family business and how problems and issues have been overcome in the past can prompt intergenerationality.

Moreover, the background of the entrepreneurship field of study and role of the entrepreneur were reviewed, reflecting of their centrality in economic development. The prominent influencer of entrepreneurship for this study is Cantillon whose sentiments are embedded in the operational definition for entrepreneurship:
An entrepreneur is someone who undertakes innovative projects. These projects involve taking a product or service to market, and/or establishing new markets.

The overlapping domains of entrepreneurship and family business were reviewed and as an emerging body of literature, family entrepreneurship was introduced offering promising paths for investigation. An example of a path that relates to this study is the applicability of corporate entrepreneurship and its two major streams – strategic renewal and corporate venturing. A distinction made in emerging family business literature is the difference between “family business” and “business family.” The state of co-existence between family business and business family might be considered a favourable state for an entrepreneurial family business. Moreover, sustainable entrepreneurship was addressed in terms of its evolving definition to include community as something that can be sustained, with family business being presented as a subset of community. Upon reviewing the nexus of entrepreneurship, family business, and succession, three family business archetypes were introduced – the ephemeral family business, the preserving family business, and the entrepreneurial family business (Schwass, 2005). Of these three archetypes introduced, entrepreneurial family business will be applied to describe the case sites in this study.

In each of the primary areas of interest (family business, succession, and entrepreneurship), there is relatively extensive literature. The overlaps, however, are disproportionate. The entrepreneurship/family business overlap and the family business/succession overlap have been increasing their prominence in literature, but the entrepreneurship/succession overlap has not been explored extensively. The entrepreneurship/family business/succession nexus is largely unexplored. Contributions can be made at each overlap of the theoretical constructs but it is the nexus that expands knowledge further and will be the greatest contribution of this study. Furthermore, the purpose, objectives, and primary thesis question were revealed. This study is centred on the primary thesis question:

**In what ways can entrepreneurial family businesses sustained across generations?**

Of particular interest will be how entrepreneurial family businesses promote sustainability across generations and the development of understanding of what works well in a family business. As such, this study aims to contribute to family business and entrepreneurship theory by linking family business and entrepreneurship through the succession process.
CHAPTER THREE ∞ INDUSTRY CONTEXT

There’s an affinity, somehow, between wine and family businesses. (Ray, 2004, p. 6)

Family businesses are a prominent feature of the global winegrowing industry and promoting a winery as a family business can be a competitive advantage. This chapter aims to provide a perspective on the industry and suggest why the winegrowing industry is an appropriate context for studying the sustainability of entrepreneurial family businesses across generations. The purpose of this chapter is to provide an understanding of the world of wine globally with a narrower review of New Zealand’s winegrowing industry. For this study, the world of wine will be separated into four categories: ancient, old, new, and emerging. These regions provide context to the nature of the global wine industry and some of the idiosyncrasies that make it unique. After describing the world of wine, emphasis will be placed on the New Zealand industry. This review will be broken down into important milestones over the three centuries winegrowing has been active in New Zealand. As such, the review of the New Zealand industry will have more emphasis on family winegrowing businesses. Figure 5 extends the Venn diagram presented in Chapter Two (Literature Review) by presenting the theoretical constructs within the industry context.

![Venn diagram](image)

*Figure 5: Family business, entrepreneurship and succession nexus and the industry context (Woodfield, 2008, 2010a)*

The intention of this review is to provide a detailed description of the winegrowing industry. Attempts will also be made to capture an entrepreneurial story of the winegrowing tradition while also emphasising the role of family businesses in the industry. An important theme for this study is that winegrowers are dynastic by nature with some of the world’s oldest businesses being family wine businesses.
3.1 World of Wine – Story of a Dynamic Industry

The world of wine has indistinct boundaries. Throughout time wine has been replicated in different regions, styles have been copied, winemakers have travelled to produce in other regions, and vines have been grafted from other parts of the world. To some extent, this was in an effort to remain competitive and produce good quality wine. At a macro level, there are four distinguishable worlds of wine – each world overlapping with the others. These are the ancient, old, new, and emerging worlds. Typically, the old and new worlds are spoken of in relation to the origin of wine (old world) followed by the wine in the colonies (new world). In addition, by way of providing context, the ancient world will be discussed in terms of the roots of the winegrowing tradition, while the emerging world includes those countries starting to make their mark, or at least incorporating wine within their culture.

3.1.1 Ancient world wine – Early entrepreneurs

No individual can claim to have invented wine (H. Johnson, 1991, 2004). The evolution of wine has a long history that involves the establishment of trade routes, containment, preservation and innovative science, technology and marketing. Wine has stood the test of time through prohibition, political intervention, and religious elimination. Throughout time wine has been a commodity that has continued to be inventive, innovative, and attractive to entrepreneurs.

Wine is thought to have been first domesticated in Caucasus (now known as Georgia) about 5500BC. The Georgians produced wine for their own use and established some customs that still exist today. By 4500 BC wine had made its way south to Babylon and Ur (now known as Iraq) establishing itself as a luxury drink by 3000 BC. Evidence of wine drinking was expressed on the Ur-Nammu tablets showing slaves serving wine to the royal household Nimrod, in the Assyrian capital. The journey of wine continued to Syria and Palestine and by 2125 BC vineyards had reached Egypt, spreading though Lebanon, Cyprus, Crete, and Greece, eventually arriving in Italy. From 600 BC Spain, Portugal and the hinterlands of the Rhone Valley, France were establishing vineyards. Crude labeling existed by 100 BC with other innovations such as amphorae for transporting wine, glassware from Syria, colour coded bottles acknowledging the varieties and regions, and price being based on quality. The recognition of new containment methods and the discernment of quality and identification of varieties led to what would now be commonly known as sommeliers. The ancient cultures believed in the beneficial effects of wine, not only for its pleasurable inebriation, but also as medicine.

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28 For example, the appointment of a “tamada,” or a person in charge of toasting. This was a way of moderating drinking as speeches could go on for half an hour before the next drink was had. Typically winegrowing was a family affair which flowed over into the nature in which it was consumed through family meals and hospitality.
the ancient times, wine was associated with luxury and great pleasure and was somewhat elitist. Wine was used extensively in religion, particularly around marriage, celebration, ritual and covenants (Campbell and Guibert, 2008; Clarke, 2002; Estreicher, 2006; Jenster, Smith, Mitry, and Jenster, 2008; H. Johnson, 1991, 2004; H. Johnson and Robinson, 2007).

![Figure 6: A brief timeline of the ancient world of wine](image)

### 3.1.2 Old world wine – Establishing the market

The shift from wine being a rudimentary commodity to a product that was differentiated on quality and region can be associated with the establishment of vineyards in France. From the first century AD, French wines gained prominent recognition in other markets. France can give credit to the Italians for the introduction to wine and to this day wine remains one of the most recognised commodities of France. By the middle of the first millennium, vineyards were planted in Bordeaux, Burgundy, the Loire Valley, the Parisian Basin, and Champagne regions with the first plantings in Brittany established in the sixth century. By the middle ages, wine had become France’s major export commodity with premiums introduced where there were not easily navigable waterways. This was a sign of the solidification of the old world wine producing and marketing structures. While French wines were shipped to non-producing regions (for example Britain, Netherlands, Scandinavia), in the Mediterranean they produced a large variety of cheap wines from small family farms to a mainly local market (Campbell and Guibert, 2008; Clarke, 2002; Estreicher, 2006; Jenster, et al., 2008; H. Johnson, 1991, 2004; H. Johnson and Robinson, 2007).

Because wine characteristics and production are so dependent on climate, opportunities continued to present themselves – whether it was the establishment of new regions or modifying the process given the change in conditions. For example, a significant period in the world of winemaking was the Little Ice Age between 1300 and 1850 AD. Because of disrupted weather and temperature patterns, the structure of wine production and trade was modified. Viticulture retreated from northern regions and the Champagne region switched from red to white wines. In the Mediterranean region, sweet wines were developed and new markets opened. The Portuguese winegrowers found a niche in the...
British market with the destruction of the Bordeaux harvest at the peak of the little ice age. Port also gained better recognition at this time. During the seventeenth century, there was enhanced demand for sweet wines in Northern Europe leading to more exports from France. New heights were reached in Bordeaux during the eighteenth century because of increased demand for sweet wine in Britain, and the opening of the American market. This led to a mass market for wine being established in the late nineteenth century as a result of demand for cheap wine for the expanding working class and urban populations of Northern France. This was not to say the traditional demand for elite wines for the wealthier classes of Northern Europe and the eastern seaboard of the United States of America had diminished (Campbell and Guibert, 2008; Clarke, 2002; Estreicher, 2006; Jenster, et al., 2008; H. Johnson, 1991, 2004; H. Johnson and Robinson, 2007).

A devastating yet opportunistic time for French viticulture was when their vineyards were hit hard by a series of catastrophes. In particular, phylloxera wreaked havoc on the well-established French industry.\(^\text{29}\) Vines died indiscriminately and needed to be uprooted. The only cure for phylloxera was the mass introduction of American hybrid vines that were resistant to phylloxera in the 1890s. This was followed by the development of European hybrids at the start of the twentieth century. The unseen benefit was that the newly grafted vines brought a lighter taste to the otherwise heavy tasting wines in certain regions. Another example was how the change in infrastructure influenced the winegrowing industry. A major shift at the start of the twentieth century in the distribution of wines came with the expansion of French railways around the Languedoc plains, transforming the region into a large supplier of light red wines for the markets of Northern France (Campbell and Guibert, 2008; Clarke, 2002; Estreicher, 2006; Jenster, et al., 2008; H. Johnson, 1991, 2004; H. Johnson and Robinson, 2007).

During this time, the Germans were grappling over their preoccupation with beer and their attraction to the newly introduced wine. However, Germany stands strong in the history of wine. One example is the Cistercian monks of Kloster Eberbach who during the twelfth and thirteenth centuries boasted the largest winegrowing establishment in the world. The Cistercians came from Burgundy and were known for their entrepreneurial spirit. The Order grew into what resembled a transnational corporation that had investments in agriculture, fisheries, and forestry. In particular, the Cistercians of Kloster Eberbach, who resided in a forested valley in the hills near the Rheingau, “founded the first great era of expansion [in the world of wine]” (H. Johnson, 2004, p. 74). They identified that the easiest way to establish income was to produce wine. They did this by trying white grapes on the steepest slopes of the Rheingau. The Cistercians were particularly known for their experimentation, and prudent reinvestment while slowly increasing the quality of their wine (H. Johnson, 2004).

\(^{29}\) A sap-sucking insect that destroyed the roots of vines.
An innovative milestone that influenced winegrowing was the invention of sparkling wine by Dom Pérignon – the world’s only invented wine. Dom Pérignon was also recognised for using the flavor of red grapes (Pinot Noir) in white wine without the tannin from the skin and the controlled process of producing bubbles in Champagne (Estreicher, 2006; H. Johnson, 2004; H. Johnson and Robinson, 2007). The processes used to produce Champagne have led the way for sparkling wine worldwide. Further to Dom Pérignon’s discovery, the old world contributed to the consolidation of winegrowing science in the nineteenth and twentieth centuries. For example, Louis Pasteur enlightened the wine world in the late nineteenth century with the discovery of fermentation, owing to the action of yeast cells reproducing. The implication of this was the ability to preserve of wine through pasteurisation. The importance of such scientific events is their influence on process and industrialisation. Also, the twentieth century saw the introduction of formal education within the wine industry (H. Johnson and Robinson, 2007).

A turning point in the old world of wine was the introduction of robust regulation. In 1923, the Appellation of d’Origine Controlee (AOC) system was established. This formed the basis of similar controls in Germany, Italy, and Spain. France maintained its position as the world’s chief producer and supplier for most of the twentieth century. However, the French industry hit crisis point at the close of the twentieth century with a shrinking domestic market and the French share of foreign markets decreasing. This was attributable to the new world of wine proving itself through quality, innovation, and shrewd marketing. The reaction from the old world included defensive appeals for more government and European Union (EU) subsidies, an opposition to new world marketing practices which were undermining old world norms, and an offensive adoption of the new world’s innovative strategies to improve efficiency in production and distribution (Campbell and Guibert, 2008; Clarke, 2002; Estreicher, 2006; Jenster, et al., 2008; H. Johnson, 1991; H. Johnson and Robinson, 2007).

The old world established the marketplace for wine. Throughout time, the old world refined the containment, labeling, process, and transportation of wine using traditional and occasionally breakthrough methods. Although these methods are still used today, the new world has influenced

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30 This new wine led to other innovation such as that of the “Great Dame of Champagne,” Madame Clicquot Ponsardin, who conceived “riddling” which referred to a process of storing champagne at increasingly sharp angles – regularly turning the bottles so the dead yeast could fall to the neck of the bottle making it easier to discard before final corking. This may sound trivial, however, champagne previously had large bubbles and sediment of the remaining yeast, so riddling essentially purified the product causing finer bubbles and a less gritty taste (Estreicher, 2006; H. Johnson, 2004; H. Johnson and Robinson, 2007).
31 This was done by heating the wine in its bottle for long enough to kill the microbes or bacteria. This has been superseded with the use of sulphur dioxide, another age old process for preservation.
32 Departments of viticulture were opened at Bordeaux, Montpellier, Geisenheim, Davis in California, and Roseworthy in Australia to solve the problems of the established wine world (H. Johnson and Robinson, 2007, p. 16).
33 A similar phenomenon was happening in Portugal, Spain and Italy.
the old world through innovation, business models, and sustainability. They also forged and promoted a market structure, which incorporated distribution, infrastructure, science, and education.

![Figure 7: A brief timeline of the old world of wine](image)

### 3.1.3 New world wine – Breaking down barriers

There is a significant overlap in timelines between the old and new worlds. Artisanship and the advancement of wine were precedents set by the old world. The Portuguese and Spanish carried viticulture via the Atlantic islands and introduced it to Mexico by the 1520s; Peru, Bolivia and Columbia by the 1530s; Chile by the 1540s; and Argentina, South America’s largest producer, by the 1550s. Eventually, in 1619, the Spanish Franciscan Brothers established themselves in California. With a need for communion wine, the Franciscan Brothers produced wine similar to the missionaries who had made their way across Europe. There were a series of contributions made by the Californians including their famed Zinfandel variety; Robert Mondavi’s experimentation and advancement of knowledge using oak barrels; and the scientists at the University of California (Davis) contributing to the common wine grammar we experience today. Moreover, the competition that Californian wines created with the old world wines contributed to the lively market that the new world experiences today.

The story of wine arriving in other new world countries was quite different. The Protestant Dutch introduced viticulture to South Africa in the 1650s via the Cape of Good Hope at the southernmost headland. All ships needed to stop there before heading east across the vast Indian Ocean so there was a captive market. Later, the British introduced vines to Australia in 1788 where, eight months after the colony was founded, Governor Philips stated:

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34 These countries enjoyed a rise in recognition and have export programs that introduced their wine to the rest of the world.
In a climate so favorable the cultivation of the vine may be carried to any degree of perfection, should not other articles of commerce divert the settler’s attention, the wine of New South Wales may perhaps hereafter become an indispensable part of European tables. (H. Johnson, 1991, Episode 11, The Migration of Wine: Wine in Australia)

Indeed, the Australian wine industry is today a leading producer rivaling its European counterparts. Later in the early 1800s, James Busby, a Scotsman, was recognised as the “father of Australian wine” after establishing himself in the Hunter Valley with cuttings he gathered from all over Europe and subsequently cultivated. Australia has led the new world, particularly through the 1980s and 1990s, with efficient production, distribution and marketing techniques. These practices helped them gain more ground in the globalisation era, claiming a growing market share of Northern Europe, North America and Southeast and East Asia (Campbell and Guibert, 2008; Clarke, 2002; Jenster, et al., 2008; H. Johnson, 1991; H. Johnson and Robinson, 2007).

With the exception of the USA, the new world was unique in that they had small local markets and difficulties with transportation because of the distance from the large wine drinking markets. The industrialisation and new technologies of the twentieth and twenty first centuries has evened the playing field, arguably to the point that the new world is influencing the old world with its innovative mindset and entrepreneurial spirit. If the old world refined the containment, labeling, process and transportation of wine, then the new world reinvented it.

![Timeline of wine introduction](image.png)

**Figure 8: Introduction of wine to the new world countries**

### 3.1.4 Emerging world wine – Hidden gems

What can be considered emerging in the wine world is very subjective. For example, places like China produce significantly more wine than many of the South American winegrowers – in fact their wine production sits between that of South Africa and Australia (H. Johnson and Robinson, 2007, p. 10-11). In addition, China imported wines from Persia as early as 128 BC and vines were planted around this time, however it was not until the 1980s that a Western style winery was established in China, which may have been a consequence of regulatory laws. There is also a large domestic market in China, although relative to the population the consumption per head is very low compared to the Western world (H. Johnson, 2004; H. Johnson and Robinson, 2007). Japan, India, and Thailand also
produce wine and all have significant populations that consume wine, however it may take some time before wines from these countries will be seen in large quantities in Western countries.

Winegrowing is one of the oldest and most influential industries in the world. Until recently, winemaking countries were limited with France being the most prominent with almost universal recognition of their wines. Since the 1990s, there has been significant globalisation with a shift from wine drinking being elitist, to being wide spread owing to mass produced wine. Today the old world is fighting the new world for international markets. However, there is still a sense of nostalgia and mystique about European wines. New regions are establishing themselves with wine providing a greater contribution to growing economies, including developing countries.

In summary, there is a strong association with the story of wine that is reflected in wine labels. Importance is placed on the vintage, year, region, and the identification of the makers. Increasingly wine labels refer to the estate or family as a way to promote the association of wine with being traditional. Moreover, throughout history winegrowing had entered new markets. For some time wine was the drink of the elite, but eventually became a beverage enjoyed by the wider population. New regions were established as demand grew and because some of the main producing regions had difficulty producing grapes owing to disease and changes in the climate. The spread of winegrowing to the new world meant new markets were established and the science and innovation of winegrowing continued to advance. The history of winegrowing is rich with entrepreneurial behaviour, which is further evident in the emerging markets, for example, China and India.

3.2 New Zealand Winegrowing Industry – Innovation Nation

Winegrowing in New Zealand spans three centuries. This section will highlight key events over the past 200 years and tell the story of a rapidly growing yet increasingly prudent winegrowing industry. The purpose of this section is to distinguish the New Zealand wine industry as the context for this study. Again, the lens of entrepreneurship needs to be adopted with the understanding that most wine businesses throughout New Zealand are family owned and managed.

3.2.1 Nineteenth century – Nurturing a new industry

Beginning in the early 1800s, the colonisation and subsequent exponential rise in the population of New Zealand, brought a demand for wine speculation and cultivation. Three distinct stages are evident in the history of wine in New Zealand. First, where and how winegrowing started in New Zealand will be reviewed followed by some discussion on a change in mindset that encouraged the beginnings of the industry. Finally, it will be noted that a visit from an expert in viticulture further stimulated the prospects of winegrowing in New Zealand.
Starting out

It is widely accepted that James Busby was the pioneer of New Zealand wine (Rankine, 1995; Scott, 2002a). Busby resided as the Official British Resident in New Zealand with the austere task of maintaining intercultural relations including drafting the Treaty of Waitangi. Busby realised early on the potential for winegrowing in New Zealand. In 1923, at the age of 22, Busby visited Bordeaux to study viticulture and winemaking in turn writing “A treatise on the culture of the vine and the art of making wine” in 1925, and coming to own 2000 acres in the Hunter valley, Australia. Before his arrival in New Zealand, Busby had travelled to many of the European wine regions before arriving in London in late 1932 with 570 varieties of grapevines for both winemaking and fruit production. The vines were from viticultural research institutions in Montpellier and the Luxembourg Gardens in Paris with a further 74 varieties from vineyards he visited. The vines were cared for by Kew Gardens before being shipped to Sydney to be planted in the Botanic Gardens. These varieties proved to be instrumental to New Zealand’s winegrowing success.

As mentioned earlier, Busby was considered the “father of Australian wine” before accepting his role in New Zealand as the Official British Resident in 1933. Upon his arrival in New Zealand, Busby planted his Waitangi vineyard from cuttings despatched from the Sydney Botanic Gardens, with more sent in 1836 for the general supply in New Zealand. There is diarised evidence by the French explorer Jules Dumont d’Urville that the original wine vintage in New Zealand was in 1940 by Busby. It is entirely possible that wine was produced before this time and it is widely known that grapes were planted prior to Busby’s vineyard, such as those planted by Samuel Marsden and his missionaries. 35 However, Busby was orderly and well informed through his experiences in Bordeaux which may be why Admiral Dumont d’Urville, a French explorer, spoke favorably about Busby’s wine (Cooper, 2002; Rankine, 1995; Scott, 2002a; Stewart, 2010).

A change of mindset

Respect is due to the French Catholic missionaries – the Marist brotherhood – who sustained the spirit of wine for 135 years. Etienne Marin, known as Brother Eli-Regis, led the way while part of the Catholic Mission under Bishop Jean Baptiste François Pompellier. Eli-Regis brought a mindset based on terroir – that is the European concept that suggests a wine’s character is strongly tied to its social and geographic origins, including soil, rock, aspect, and climate – not to mention the traditions with

35 For example, William Powditch, known for his entrepreneurial nature and shipping experience, had an enthusiasm for winegrowing from a brief time in the Hunter Valley, New South Wales. He arrived in New Zealand in 1831 where he subsequently planted vines and was credited for providing most of the details of early viticulture in New Zealand.
which it is farmed and made into wine. This distinction is made against the Anglo mindset of wine as a romantic emblem, to a mindset that wine is at the core of the human connection with the land.

This distinction contrasts with today’s entrepreneurial movement in the wine industry compared to the traditional family connectedness that was first emulated by the Marist Brotherhood, and later the mainly Mediterranean families who pioneered the wine industry. The Marist Brothers planted vines in most places where they led the Mission including Totara Point, Purakau, Tangiteroria (Hokianga), Kororareka (Bay of Islands), Okura (Whangaroa Harbor), Taranga (Gisborne), Whanganui, Nelson, and the Hawkes Bay.\(^{36}\) The Brotherhood cultivated their grapes from Busby’s stock and established collections, including those of missionary Samuel Marsden’s vines planted in 1819 at the Church Missionary Society’s Kerikeri station. The fervent missioners influenced religion and education but it was the nexus of their mission and wine that created a connectedness that is “terroir” and replicated as a key component of New Zealand’s winemaking culture (Cooper, 2002; Rankine, 1995; Scott, 2002a; Stewart, 2010).

**Bragato**

Up until the late 1800s there were various official attempts to initiate a wine industry. However these attempts had no substance. Although Busby and Powditch (who was credited for providing details of early viticulture in New Zealand) provided an entrepreneurial spirit during the early 1800s, the emerging industry was lacking momentum toward the twentieth century. At this point, the New Zealand government stepped in to ascertain the viability of a wine industry, and identify where vines would be best planted. Scott (2002a) reported that Romeo Bragato, an Italian viticulturalist employed by the government of Victoria, Australia, made his way to New Zealand in 1895 to identify suitable regions for winegrowing in New Zealand.\(^{37}\) Bragato did not limit his comments to just the production of wine. While visiting Lower and Upper Moutere near Nelson he made the following recommendation:

> The Government would, in my opinion, be taking a decidedly wise step were it to determine in the future to convert portions of these districts into oak forests, in view of the possibility of New Zealand becoming a large wine-producing colony. It will be readily conceded that it would be a great national advantage to be able to draw upon your own forest for the oak timber required to make staves for casks and other winemaking utensils. (Scott, 2002a, p. 92)

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\(^{36}\) The Hawkes Bay winery, known now as The Mission Estate has produced over 150 years’ worth of vintages consistently, making it the oldest existing winery.

\(^{37}\) Bragato was escorted around New Zealand by Government officials by request of the Prime Minister, Richard Sneddon, with the objective of producing a report to the Department of Agriculture.
Although only on loan from the Victorian government, it is fair to say that Bragato made an impression on the wine industry and motivated winegrowers with his “stamp of approval.” In saying this, Bragato did not visit Marlborough or Waipara, both of which are thriving winegrowing regions today. At the conclusion of his report he gave glowing recommendations about the Hawkes Bay and Wairarapa but also reported on the threat of phylloxera to vineyards (Stewart, 2010).

Bragato was called back to New Zealand in 1902, this time to establish Waerenga (Te Kauwhata, as it was later known) as a State Viticulturalist. From Waerenga, Bragato produced wines from wine varieties recommended in his 1895 report. Bragato’s Wines were submitted to the Franco-British exhibition in 1908, and these wines won awards. But Bragato become disillusioned with his position in the Department of Agriculture, possibly because of a lack of support from the government, and left his post in 1908 (Scott, 2002a; Stewart, 2010). Bragato’s legacy carries on through scholarships, awards, and a conference bearing his name.

3.2.2 Twentieth century – Expanding the regions

At the turn of the twentieth century, a series of events consolidated the few winegrowers to a more industrial structure. By virtue of the Temperance Movement, wine became more regulated and largely the industry’s growth was slow.

Prohibition

Somewhat ironically, the president of the first Temperance Society (which had its roots in Britain), was James Busby (Scott, 2002a, p. 117). Busby’s view was that wine was a “cure” for the “social ills” of alcoholism caused by drinking beer and spirits. Temperance gained strength when the New Zealand independent order of Rechabites was established in 1863, promoting total abstinence. Others quickly followed suit advocating against all alcohol. The Licensing Act came into effect in 1873 providing a platform for the temperance movement members to establish some 100 petitions with over 30,000 signatures for greater control of liquor. With this activity, it is no wonder winegrowers found it hard to gain ground with the New Zealand public in the late 1800s. A licensing law change in 1893 allowed general electorates to declare they were alcohol free. It was not until 1910 that a prohibition mandate took effect through law. The implication was that winegrowers were disadvantaged with each general election because votes for prohibition would mean not being able to sell their wine from their cellar door. The worst-case scenario was national prohibition meaning

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38 During this time, he set in place a regime to import rootstock from the United States as well as expanding the Waerenga’s experimental vineyard with rootstock that could be supplied to vineyards around New Zealand in an effort to protect the future industry from diseases such as the phylloxera insect.

39 This view could be considered classist as at the time wine was considered a middle-class drink whereas peasants drank beer and spirits.
their vineyards were redundant and many would need to close without recourse or compensation. In 1919 this almost happened. If it wasn’t for the high percentage of armed forces personnel serving overseas tipping the vote to 51% for continuance versus 49% for prohibition, New Zealand’s liquor industry would have dramatically declined (Cooper, 2002; Scott, 2002a; Stewart, 2010). Prohibition was a major step backwards for the young winegrowing industry because more energy was placed in fighting prohibition then concentrating on the cultivating the industry.

**Commercialisation by families**

The commercialisation of the New Zealand wine industry can be considered at various levels. Factors that need to be considered include the size of the winery and its capacity to produce large quantities; the qualifications and expertise of the viticulturalists and winemakers; the marketing power and consumer brand awareness; and distribution channels domestically and globally. Naturally, the older wineries possessed these qualities early on and were involved in commercialising wine in New Zealand earlier.\(^4^0\) Beside many of the pioneering wineries being family-owned, the culture of the pioneers was somewhat collaborative, perhaps because they needed to engage in politics to stave off the prohibitionists in the Temperance movement. However, these families contributed to the industry being more commercialised than the attempts made in the 19\(^{th}\) century. As mentioned in the prologue of this study, the Corban family had a reputation for being instrumental in the commercialisation of the New Zealand wine industry, in particular Assid Abraham Corban, the founder (Cooper, 2002).

Assid Corban did not start the New Zealand wine industry but he and his family did more to commercialise it than anyone else.... Virtually all the developments that led to Corbans Wines’ success can be traced to the Corban family and its New Zealand founder. (New Zealand Business Hall of Fame, 2011, para. 1 and 3)

The Corban family earned the title of New Zealand’s largest winegrower in 1925 and maintained this status through to the 1960s when it became a public company and continued to be the largest into the 1970s.\(^4^1\)

Commercialisation is not just based on the size of the business or their output. Other factors include new knowledge through education (particularly in the science of wine), the advancement of vineyard practices and winemaking processes and equipment, opening up of the domestic market despite

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\(^4^0\) The list of pioneers is long and includes winegrowers mostly from the Mediterranean (Lebanese, Dalmatian, Italian, Spanish), as well as Northern European (French, German, Austrian, United Kingdom).

\(^4^1\) When Charles Woodfin, the Department of Agriculture’s vine and wine instructor, wrote “in the previous year ‘only 20 acres [8.1 hectares] of vines were newly planted and one brave man was responsible for eight of these’” (Cooper, 2002, p. 16).
threats of prohibition, and opening up of the global market and the acceptance of New Zealand wine as a quality product. ⁴² An example of a “profound step in the context of New Zealand wine” (Cooper, 2002, p. 228), was when Alex Corban, grandson of Assid Corban, convinced his uncles that in order for a fine dry sherry to be produced he needed certain grape varieties to do so. This was the first evidence of investing in appropriate grape varieties in view of a better quality wine. ⁴³ Alex Corban went on to develop wine styles that broke new ground including Corbans Premier Cuvée and what is described as the “seminal wine in New Zealand’s gradual ascent to wine literacy,” the Riverlea Riesling (Cooper, 2002, p. 230). With the help of Alex’s brother Joe, the Riverlea Riesling became a wine sensation, becoming a champion in wine competitions making a mark with what was considered “New Zealand wine in its modern form” (Cooper, 2002, p. 232).

**From family firms to corporates**

Corbans were not the only ones driving the industry towards commercialisation. ⁴⁴ The breweries and liquor companies that had a foothold in McWilliams, Penfolds and Montana, provided impetus for Corbans to seek further investment in order to maintain their share of the market. Of particular note was the extraordinary growth of Montana in the 1960s. Montana had the support of New Zealand Wines and Spirits, New Zealand’s largest liquor distributor. Montana had successes through their Marlborough plantings and rose to become a direct competitor with Corbans on size and output. Capital was received by Corbans to sustain growth and management control went to Rothmans Industries in the early 1970s (Stewart, 2010). The company passed out of the hands of the family in its 75th year in 1977 (Scott, 1977, 2002b).

This was the end of an era. A significant family firm had given way to a corporation. Keith Stewart (2010) made an observation of the state of wine businesses in the 1970s when commenting on its largest players:

Corbans and Montana represented different paths to industrial winemaking. Corbans had grown through traditional winemaking and steady development of wine craft and technology, while Montana had taken the direct route via mass production of gimmick beverages. (p. 323)

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⁴² An example of the traditional commodity chain versus the contemporary commodity chain of the wine industry can be found in Appendix B. The contemporary approach represents a shift in the industry towards consultancy, outsourcing and new outlets for the distribution, sale and consumption of wine.

⁴³ As an affirmation of this insight, Corbans Flor Fino sherry went on to win gold at the Industries and Commerce National Wine competition indicating the potential for New Zealand to compete at an international level.

⁴⁴ A couple of other stand out entrepreneurs that impacted wine commercialisation in the New Zealand industry include David Hohnen’s Cloudy Bay – famous for its trademark sauvignon blanc, and Daniel Le Brun’s introduction of quality sparkling wines based on his experience and heritage in Champagne (Stewart, 2010, p. 349-353).
Without the older generation of winemakers, New Zealand would not be enjoying the vibrant industry that exists today. Other important figureheads in the industry include the Babich family, the Brajkovich family (Kumeu River), Nobilo family (Nobilo brand), Frank Yukich (Montana brand), George Fistonich (Villa Maria), the Delegat siblings (Delegats), Tom McDonald (McDonalds Wines, later part of McWilliams), Spence family (Matua), and the Seifried family (Seifried Family Estate). Alex Corban summed up the sentiment of commercialisation profoundly when commenting on his time as President of the Wine Institute of New Zealand:

> Commercialisation had capsized creativity. District potentials were lost in blending for volume. Environment – varietal relationships were unassessed. Vinification was following a recipe approach. Identifying with the old world was abandoning the individualism of a new world. (Corban, 1992, p. 105)

Despite several significant family businesses having been bought by corporations, their brands have endured. The temerity these families had, encouraged the commercialisation of New Zealand wine beyond its shores. With these successes, the once collaborative and fraternal industry moved toward being an institution.

**Wine Institute**

With the successes of New Zealand wine there was a natural progression towards formalising the industry under a common umbrella. Previously there were attempts by the government to “forge an official peace between the wine industry’s factions” (Stewart, 2010, p. 309). The Viticultural Association, the Wine Council, and the Hawkes Bay Grape Growers’ Association each had their own agendas. Friction between the institutions was owing to the nature of their memberships and financial backing. What they all had in common were consumers. In 1975, under the Chairmanship of Alex Corban, history was made with the first meeting of the provisional executive committee of the Wine Institute of New Zealand.

The new institute was created to bring together the different factions of the industry and was given support by the Winemakers Levy Act 1976, which prescribed that levies received ought to be spent by the Wine Institute for “promotion, development, and organisation of the winemaking industry” (New Zealand Government, 1976, Section 9(1)). The wine industry is categorised into three tiers in favour of the large producers (refer Table 8).
Table 8: Wine industry categories (New Zealand Winegrowers, 2011c)

<table>
<thead>
<tr>
<th>Category*</th>
<th>Wine Institute of New Zealand (1975)</th>
<th>New Zealand Winegrowers (after 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Not exceeding 200,000 litres</td>
<td>Not exceeding 200,000 litres annually</td>
</tr>
<tr>
<td>Two</td>
<td>Between 200,000 and 2,000,000 litres</td>
<td>Between 200,000 and 4,000,000 litres</td>
</tr>
<tr>
<td>Three</td>
<td>Exceeding 2,000,000 litres</td>
<td>Exceeding 4,000,000 litres</td>
</tr>
</tbody>
</table>

* Based on annual sales

In 2001 a further consolidation which brought growers and wine producers closer together was the establishment of New Zealand Winegrowers (Stewart, 2010). Similar to the committee ratio in 1975, today 43 per cent of the committee (Category 3) represents one per cent of the membership; 29 per cent (Category 2) represents 10 per cent of the membership; and a further 29 per cent (Category 1) of the executive committee represents 89 per cent of the membership (Stewart, 2010, p. 310, based on New Zealand Winegrowers 2008 annual report). New Zealand Winegrowers continues to be a well-respected and innovative association for wine makers and growers.

**Corporatisation, trade liberalisation and regulation**

A significant intervention that contributed to changing the focus of winegrowing was that of the vine pull in the early 1980s. By the mid-eighties, the Government paid growers to uproot vines with the aim of alleviating the wine glut apparent at that time. About a quarter of all vines were uprooted. However, growers shrewdly removed the less economic grape varieties, such as Müller Thurgau, replacing them with more commercialisable varieties like Chardonnay and Sauvignon Blanc (Stewart, 2010). This may have profoundly changed the direction of the industry, variety wise, but it came with some loss of investor confidence at the time as bottom lines dropped for some of the largest producers (Cooper, 2002).

Around this time, the industry went through more restructuring. This was arguably more debilitating than the planting of new varieties and large capital investments into plant and technology of the 1960s and 1970s. With the “tidal wave of imported wines” there was a need to concentrate on exporting (Cooper, 2002, p. 25). In 1987, imported wines made up five per cent of the total New Zealand wine market. By 1992 this had risen to 21 per cent. On the back of the vine-uprooting scheme, the Government had been removing barriers for imported wines which subsequently put pressure on New Zealand wines to compete and look for other markets (Cooper, 2002). A working paper published in 1992 summarised the shift to a more export led future for New Zealand wine:

The New Zealand wine industry originally developed to serve the domestic market within a heavily regulated economy. From 1984 onwards, as tax breaks were phased out and imports were
substantially liberalised, the industry underwent a traumatic adjustment which greatly improved its long term health and viability ... the new emphasis on competition within a predictable medium-term economic framework increased the industry’s confidence in its own future. Grape-growers and wineries responded with a burst of new investment in quality plantings and unprecedented emphasis on international standards of quality. The industry began for the first time to explore the world in search of significant export markets. (New Zealand Wine 1993-2000, A working paper, 1992, p. 1 as cited in Cooper, 2002, p. 25)

It is with this new fervour that the New Zealand winegrowing industry thrives today. At the close of the twentieth century, New Zealand saw exponential growth and a surge of entrepreneurial activity as winegrowing was seen to be a lucrative investment and fashionable pastime. At the other end of the spectrum, large liquor brand companies such as Dominion Breweries (DB), Allied Domecq, and Pernod Ricard dominate the wine industry with some of New Zealand’s largest wine brands in their portfolios.

3.2.3 Twenty first century – Reconsolidation and recognition

After a century of blood, toil, tears and sweat the New Zealand wine industry is maturing and bursting with potential. This section reports the current situation within the winegrowing industry and the way forward.

Current situation

The wine industry has experienced rapid growth, particularly over the past 20 years. To put this into perspective, the value of wine exports in 1982 was NZD1.3million (Cooper, 2002). Today wine exports have increased to NZD1.041billion (New Zealand Winegrowers, 2010). There is a forecast of NZD2billion by 2019 (New Zealand Winegrowers, 2011b). Table 9 shows this growth through the number of wineries, production area, exports and domestic sales (Benson-Rea, Woodfield, Brodie, and Lewis, 2011). Despite its growth, the New Zealand wine industry remains small on a global scale at less than one per cent of both global output and exports (Benson-Rea, et al., 2011).

In relation to varieties planted, New Zealand winegrowers have concentrated on classic French varieties including Sauvignon Blanc (51 per cent of the total vineyard area), Pinot Noir (14 per cent), and Chardonnay (11 per cent) (New Zealand Winegrowers, 2011c). New Zealand Winegrowers (NZWG) play a significant role in promoting the united New Zealand Wine brand through a generic marketing strategy based on developing international recognition of New Zealand’s highly distinctive premium-quality wines (Benson-Rea, et al., 2011).
Table 9: Key growth indicators of the New Zealand wine industry (Benson-Rea, et al., 2011, p. 16; New Zealand Winegrowers, 2002, 2010, 2011c)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>Change 1990-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of wineries</td>
<td>131</td>
<td>358</td>
<td>672</td>
<td>413%↑</td>
</tr>
<tr>
<td>Producing area (hectares)</td>
<td>4880</td>
<td>10,197</td>
<td>33,428</td>
<td>585%↑</td>
</tr>
<tr>
<td>Average yield (tonnes per hectare)</td>
<td>14.4</td>
<td>7.8</td>
<td>8</td>
<td>-44%↓</td>
</tr>
<tr>
<td>Tonnes crushed</td>
<td>70,000</td>
<td>80,100</td>
<td>266,000</td>
<td>280%↑</td>
</tr>
<tr>
<td>Wine exports (million litres)</td>
<td>4</td>
<td>19.2</td>
<td>142</td>
<td>3,450%↑</td>
</tr>
<tr>
<td>Wine exports ($million)</td>
<td>18.4</td>
<td>168.6</td>
<td>1,041</td>
<td>5,558%↑</td>
</tr>
<tr>
<td>Domestic sales of NZ wine (million litres)</td>
<td>39.2</td>
<td>41.3</td>
<td>56.7</td>
<td>45%↑</td>
</tr>
<tr>
<td>Imported wine (million litres)</td>
<td>4.5</td>
<td>28.556</td>
<td>35.1</td>
<td>680%↑</td>
</tr>
<tr>
<td>Imported wine ($million)</td>
<td>27.8</td>
<td>175 (est.*)</td>
<td>200 (est.*)</td>
<td>700%↑</td>
</tr>
</tbody>
</table>

*Import values not reported in 2000/2010 Annual Reports

While NZWG has been influential in the industry’s development, challenges remain for the future of the industry. Table 10 shows some of the key challenges facing the New Zealand industry at present. Of particular note for this study are the challenges around competition. The number of new entrants to the industry has diluted the tradition of the industry, including family ownership, to that of an environment for entrepreneurs with excess capital.


<table>
<thead>
<tr>
<th>Dimension</th>
<th>Key Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>- Managing growth under supply/resource constraints, current over-capacity and composition of the NZ industry; continued high quality; production planning; controlling production costs</td>
</tr>
<tr>
<td>Demand</td>
<td>- Growing global demand, new markets; strategically balanced market portfolio; domestic demand faces challenges; more discerning consumers; recession</td>
</tr>
<tr>
<td>Competition</td>
<td>- New entrants; collaboration; innovation</td>
</tr>
<tr>
<td>Governance</td>
<td>- Collaboration; international trade barriers; renewed interest in cluster policy</td>
</tr>
<tr>
<td>Retail</td>
<td>- Managing increasing retailer power; pressure on premium prices</td>
</tr>
<tr>
<td>Marketing</td>
<td>- Further international development of generic “brand NZ wine”; top-end focus; brand building; assuring integrity; bulk commodity trading</td>
</tr>
<tr>
<td>Economic</td>
<td>- NZD will remain high; access to capital difficult; excise and other levies; interest rates; drop in per capita income; low wage growth</td>
</tr>
</tbody>
</table>

The industry has shifted from tradition, to commercialisation, to entrepreneurship in forty years. The number of winegrowers has grown significantly since the 1990s. As such, it has largely been the established family businesses or corporatised wineries that have fared well. The entrepreneurs that
created businesses because they were following the trend may be suffering overtly or investing more money in their business disguising the severity of their situation. With these challenges, there is the impetus to diversify and innovate, or collaborate and cooperate. The alternative has been reflected in an increase in receiverships and takeovers.

**Way forward**

There are some positive implications of the industry's rapid growth. For example, the tourism and hospitality industry has recognised the potential of including wineries in tour packages and wine trails. Most places in the world where there are wine regions there is a thriving tourism and hospitality industry. In addition, there are initiatives such as Sustainable Winegrowing – an accreditation process principally aimed at “Providing a 'best practice' model of environmental practices in the vineyard and winery” (New Zealand Winegrowers, 2011a, para. 1), the Family of Twelve – an export-focused marketing alliance of twelve New Zealand winemakers (The Family of Twelve, 2012), and examples of regional terroir, collectively promoted, such as Gimblett Gravels (Gimblett Gravels, 2011).

In the New Zealand Winegrowers (NZWG) 2010 Annual Report, the industry figures reflected continued growth. However, over the past financial year, total exports increased by 5%, down from increases of 14% for the year ending 2008, and 20% for the year ending 2009. The way forward, according to NZWG, is to maintain progress at 265,000 tons (as opposed to the predicted 300,000 tons) of grapes to enable a restoration of supply and demand balance in the industry (New Zealand Winegrowers, 2011b). New Zealand commentators are suggesting recovery in the market will be gradual while consumers adjust to a more cautious and sustainable new normal with an expectation consumers will be more discerning regarding price and quality (Ballingall, 2010).

The oversupply of wine in the market from recent vintages is a major threat to future growth (Sedgman, 2011). The consequence of this oversupply will require winegrowers to reduce or discontinue vine growing, and most small and medium sized wineries will be faced with uncertain future prospects (Global Market Information Database, 2010). The short-term tactics that have been suggested by Hayes (2010) include: managing supply, reducing inputs, pulling vines out or reducing the crop, contracting out/restructuring/merging/selling, and strong promotion based on a strategic positioning for now and the future. Hayes (2010) suggested that in the long term New Zealand needs to optimise by defining and/or redefining how New Zealand wine is branded. This can be done through promoting regional premiums relative to the product of New Zealand through emphasising geographical characteristics (terroir) and production features (organic, biodynamic, sustainable
winegrowing) (Hayes, 2010). Innovative thinking (and doing) has always been a part of the New Zealand wine industry. The future will be no exception.

In summary, the winegrowing industry in New Zealand is particularly collaborative. From the early settlers, to the religious orders, there has been a sense of community around wine. When the first wine families emerged, there was again a sense of community amongst winegrowers, particularly when fighting for their livelihood through prohibition. These early families established the industry, and its associations, providing foundation and stability to what we understand the industry to be today. Moreover, these families mentored the newer winegrowers through sharing their knowledge, often directly and openly as if giving back to an industry that had served them well. As outlined earlier, there has been a marked increase in the number of wineries in the past 20 years. What has not changed, and has increased with the industry’s growth, is the large proportion of family winegrowers. Some are entrepreneurs, and some have established wineries for the lifestyle. Despite some major family winegrowers giving way to corporates through the commercialisation of the industry, there has been a resurgence of family operators. The next section will discuss in more detail the proliferation of family businesses in the winegrowing industry.

![Figure 9: A brief timeline of the New Zealand (NZ) wine industry’s evolution](image)

### 3.3 Winegrowing Tradition – Family

As quoted by James Busby:

> One recommendation the settler’s own wine will have is it is of their own production – that they have planted the vines and pruned them – that their children, and families have gathered the grapes and ‘brought home the vintage with shouting’ juice – that they have pressed them, and watched the fermentation of juice – and that, in fact, the wine may be said in every respect to be their own. (Stewart, 2010, p. 60)
There is a rich history of families being involved in the wine industry. Some of the oldest businesses in the world are family wine businesses. Examples include the Ricasoli family (Italy), Antinori family (Italy), Fonjallaz family (Switzerland), Codorniu family (Spain), and the Hugel family (France), to mention a few. Coupled with the celebrity of wine in history, wine merchants have prominence as family businesses. Berry Brothers and Rudd are a good example and to celebrate families in wine they supported the writing of a book on the great wine making families of the world (Ray, 2004).

New Zealand has also benefited from the toil and labour of the old families who paved the way for the young industry to flourish and make a profound stamp in the global market. The Marist Brothers may be included in the category of family as their mandate to live collectively and give back to the community set an example. Typically, if a family was not governing a winegrowing business, a religious order was. As the years moved on, what was considered a family winery changed. For instance, many of the wineries that started in the 1990s are in their first generation and may not consider themselves to be family wineries, however many of the wineries established in the 1970s may view their businesses as being family owned and managed as the second generation reaches an age they can decide to join the business.

Through the history of wine, family has been a prominent feature in the culture and branding of the industry. Perhaps it is the tradition of being involved from the procurement of land, through to the distribution of the wine that personalises the product. This can provide a rich story and a sense that care has been taken in its production. The importance of terroir is once again seen as relevant and not just an elitist culture conjured up in France, particularly Burgundy. Marketing and geography scholars are in agreement that the story of the wine, particularly if it is trans-generational, can add importance, status and even celebrity to wine especially if it is marketed this way (Lewis, 2004).

In New Zealand, about 20 per cent of the category three (large) wineries, 50 per cent of category two (medium), and 70 per cent of the category one (small) wineries, are family owned and managed.45 The oldest recorded family winery in New Zealand is the Dalmatian Jelich (Anglicised as Yelas) family who established their vineyards in Pleasant Valley in the 1890s (Stewart, 2010). George Mazuran, another of the older generation Dalmatian settlers, was particularly vocal about the importance of family owned wineries during his lobbying years and as President of the Viticultural Association. In a letter to the then Minister of Agriculture (1973) and through interviews (circa 1977), Mazuran stressed:

45 Based on the categories presented in Table 8. These figures are approximate, however they are representative of what was indicated on the winegrowers websites – particularly the medium and large winegrowers.
The value to the community of ‘winegrowing families and children [being spoken for], the most important point of all … is the fact that the members of the Viticultural Association are 100% New Zealand-owned and private winemaking companies, family units … who have established the New Zealand wine industry without the foreign capital and/or domination…. All my life … I have been protecting the family winemaker from the [investment] monster getting in behind’. (Cooper, 1977, p. 44)

However, as previously mentioned, commercialisation took hold around this time (1960s and 70s) so it is understandable that Mazuran was protective of the industry becoming over commercialised. Unfortunately, as outlined earlier, the Viticulture Association merged with other winegrowing associations including the nemesis organisations. This could be considered a closing chapter for an industry that was steeped in tradition and private ownership, to an industry of increased commercialisation and corporate ownership. As a result, many of the early wine families are not involved in their original wine businesses with many of them being acquired by larger corporations, or merged with other winegrowers since the 1960s. Into the future, it is likely there will be a resurgence of the number of family businesses that established themselves since the 1970s who are starting to see their children become involved in the business. This is perhaps because there are nearly 700 small and medium sized wineries that have the potential to succeed to the next generation.

The paradox contained in the commercialisation of what were mostly family wineries is that branding is still heavily centred on an association with tradition. Wine labels often openly display family estate or family winemakers on their labels and where possible the story is summarised on the back of the bottle. Even if the wine is a part of a portfolio of brands and no longer owned by the family that appears on the label. An example of a shift toward emphasising family again in the winegrowing tradition is the cooperative marketing efforts of wineries such as the “Family of Twelve.” They play on the family aspect, not just as family wineries, but a family of wineries.

Like all interesting families we’re made up of very distinct individuals. There are the bold ones who will always gravitate to the head of the table and the quiet ones content to watch and listen. There are the old and the young; the ones with the experience of years and the ones with energies and enthusiasms of youth. A typical family. (The Family of Twelve, 2012, para. 1).

In summary, family ownership and management is still prevalent in the winegrowing industry today.

3.4 Chapter Summary

The purpose of this chapter was to describe the world of wine and New Zealand’s winegrowing industry. First, the entrepreneurial story of winegrowing was presented, followed by an account of
important milestones in New Zealand’s winegrowing history. Second, emphasis was placed on the role of family businesses in the industry. Although the worlds of wine differ in style, heritage, and culture, there is a general sense that the industry is somewhat homogenous now that the new world has gained recognition. It could be argued these worlds are leading the way with their innovative practices and new styles. The elitist nature of the world of wine is withering away and concession is being made in the old world for the highly competitive nature of the new world for the hearts of the largest target markets.

The importance of drawing upon the history of wine globally, and within the New Zealand context, is to understand the changes in the industry. Examples were provided where new industries have emerged owing to demand, the shift from wine being a drink of the elite to one that is enjoyed by the wider population, changes in the climate, and the establishment of new regions. These attributes are important for building a picture of the entrepreneurial environment that the wine industry is bounded by as well as the opportunities that may be found for the future sustainability of the industry.

Rich data can be drawn from the industry context when considered with the theoretical constructs reviewed in Chapter Two (Literature Review): family business, succession, and entrepreneurship. In particular, the new world and emerging world industries have seen considerable entrepreneurial activity. This may be because winegrowing is a fashionable and potentially lucrative occupation for those with surplus resources (for example, farms, inherited land, etc.), and disposable income. On the other hand there are the traditional pioneers, who themselves are entrepreneurial through the hard work they contributed to establish the industry in which the recent entrepreneurs could thrive. There is also a trend toward acknowledging the family status in branding to portray the ground roots and traditional nature of the vocation. In addition, given the cycle the New Zealand wine industry is in, there are a considerable number of wineries started in the 1970s that will be considering succession planning, and identification of potential successors. This is a particular concern across all family businesses, in any industry, as the baby-boomer generation reaches retirement.

Wine business as a research field is relatively new (Orth, Lockshin, and d’Hauteville, 2007). Mostly, wine is considered in terms of winemaking and viticulture practices, geography, science, policy, even anthropology. There is a lack of empirical studies into wine businesses. More established in wine business literature is the marketing and branding function of the wine business. Innovation and entrepreneurship are not widely discussed. For this study, the apparent lack of research on innovation and entrepreneurship in family winegrowing businesses is an opportunity to create a

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46 Studies are particularly sparse when observed in terms of the constructs of this study – family business, succession, and entrepreneurship.
relevant stream for future studies. Table 11 is indicative of the literature at the intersections of the theoretical constructs and the industry context of this study.

Table 11: Matrix of the bodies of literature in this study

<table>
<thead>
<tr>
<th></th>
<th>Entrepreneurship</th>
<th>Family business</th>
<th>Succession</th>
<th>Wine business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship</td>
<td>Established</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Family business</td>
<td>Emerging</td>
<td>Established</td>
<td>Established</td>
<td>-</td>
</tr>
<tr>
<td>Succession</td>
<td>Minimal</td>
<td>Established</td>
<td>Established</td>
<td>-</td>
</tr>
<tr>
<td>Wine business</td>
<td>Minimal</td>
<td>Minimal</td>
<td>Minimal</td>
<td>Emerging</td>
</tr>
</tbody>
</table>

NEXUS of all constructs and industry context

Research into the continuity of family winegrowing businesses, with a focus on the entrepreneurial nature across generations is viable, and arguably, timely. To extend this further, the industry context is central to distinguishing the research from similar studies. It is expected that findings will be transferable vertically (that is into other industries) and horizontally (that is to wine industries in other parts of the world).
CHAPTER FOUR ∞ METHODOLOGY

Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. Such researchers emphasize the value-laden nature of inquiry. They seek answers to questions that stress how social experience is created and given meaning. (Denzin and Lincoln, 2005a, p. 10)

Denzin and Lincoln (2005a) suggest the qualitative research process is made up of five phases. These phases include: 1) an understanding of the researcher, 2) positioning the research in a theoretical paradigm and perspective, 3) the research strategies chosen to carry out the research, 4) the methods of data collection, and 5) analysis implemented to complement the chosen strategies, and the art, practices, and politics of interpretation and evaluation. The purpose of this chapter is to present the traditions, paradigm, and chosen methods for collection, analysis, and presentation. Each of these will be discussed, rationalised, and justified in this chapter starting with the research approach, followed by a rationale and justification of the research strategies, and then how data were collected, processed, analysed, and presented.

4.1  Research Approach

What makes qualitative research particularly difficult to pin down is its flexibility and emergent character. Qualitative research is most often designed as it is being done. It is anything but standardized or, more tellingly, impersonal. (Van Maanen, 1998, p. xi)

The research approach represents the philosophical paradigm of the study and the ethical care and reflexive nature needed to perform the research. First, the role of the researcher is reviewed by discussing the philosophical context that predicated the strategies used to examine “In what ways can entrepreneurial family businesses be sustained across generations?” Second, the appreciative lens through which the researcher conducted the research is explained.

4.1.1  Role of the Researcher

[Interpretive research] is guided by the researcher’s set of beliefs and feelings about the world and how it should be understood and studied…. Each interpretive paradigm makes particular demands on the researcher, including the questions the researcher asks and the interpretations he or she brings to them. (Denzin and Lincoln, 2005a, p. 22)

Creswell (2009) proposed that “qualitative research is interpretive research, with the inquirer typically involved in a sustained and intensive experience with participants. This introduces a range of strategic, ethical, and personal values into the qualitative research process” (p. 177). As such,
Denzin and Lincoln (2005b) referred to the researcher as a multicultural subject who is the carrier of a complex and contradictory history. As a researcher has an accumulation of knowledge and values, there needs to be some alignment with an appropriate research paradigm. In addition to the core philosophies driving the researcher, there can be external drivers such as the external influence to pursue quantitative research. This influence is demonstrated by the proliferation of quantitative research in the top journals in the entrepreneurship field of study. However, there is a burgeoning body of rigorous qualitative research conducted in natural settings, with a growing acceptance from top management and entrepreneurship journals (Gartner and Birley, 2002; Gephart Jr, 2004; Hindle, 2004; Nordqvist, et al., 2009).

**Philosophical perspective**

By its very nature, qualitative research is highly interpretive. Interpretive research can be described as being “bricoleur,” that is it borrows from different disciplines. Other descriptions of the qualitative researcher are a “maker of quilts,” a “filmmaker” or person assembling images into “montages” (Denzin and Lincoln, 2005a, pp. 4-6). The interpretive approach features prominently in entrepreneurship research, especially when using a case study strategy. Hindle (2004) defines the interpretive approach as “[embracing] the systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds” (p. 581). In Nordqvist, Hall and Melins’ (2009) recent article “Qualitative research on family businesses: the relevance and usefulness of the interpretive approach,” there was a strong assertion that there is a need for more interpretive research relating to family businesses. Nordqvist and colleagues describe interpretive researchers as those who:

... seek to reach understanding through interpretation of meanings assigned to, for instance, actions, events, processes, objects, and actors.... This can, for instance, involve seeing patterns in the empirical material that, linked to a wider theoretical frame of interpretation, can provide novel and unexpected understanding. (Nordqvist, et al., 2009, p. 298)

The tendency for the qualitative researcher to be subjective in their approach was presented as “interpretations [that] are made both by the actors under study and by the researcher studying them” (Nordqvist, et al., 2009, p. 298). In other words “researchers are no more ‘detached’ from their objects of their study than are their informants” (M. B. Miles and Huberman, 1994, p. 8), and the researcher and the subjects can “construct meaning in a given situation” (Creswell, 2009, p. 8).
This perspective is commonly known as constructionist. Cooperrider and Avital (2004) introduced constructionism as:

... an approach to human science inquiry and practice that replaces the individual with the relationship as the locus of knowledge. Philosophically, constructionism involves a decisive shift in Western intellectual tradition from cogito ergo sum [I think, therefore I am] to communicamus ergo sum [we communicate, therefore I am]. It involves a concern with the dialogic processes by which human beings, their values, and their common sense, scientific knowledge and communities are both produced and reproduced in conversation. (Cooperrider and Avital, 2004, p. xvii-xviii)

Constructionism is an ontological perspective that has its foundations in the social sciences. Gergen (2009) suggested “for the constructionist, [their] actions are not constrained by anything traditionally accepted as true, rational, or right. Standing before [them] is a vast spectrum of possibility, an endless invitation of innovation” (p. 5). This sentiment is congruent with the values of the researcher in the present study. Constructionism was defined by Crotty (1998) as a view that:

All knowledge and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world and transmitted within an essentially social context. (p. 42)

Constructionism holds that “meaning is not discovered but constructed,” particularly when we engage with the world we are interpreting (Crotty, 1998, p. 43). According to Crotty, the constructionist view also brings together objectivity and subjectivity but does not promote that there is one true or valid interpretation. Further, and of particular interest for this study, is the flexible nature of constructionism and that it is more concerned with curiosity than being right (Crotty, 1998). This choice of a constructionist ontology predicates the “researcher’s lens” and the rationale for conducting a qualitative study. In summary, a qualitative approach is well suited to family business and entrepreneurship research at a paradigmatic and methodological level.

**Ethical considerations**

As the main actor in the research process, the onus was on the researcher to declare interests, assumptions, biases, and personal values as the researcher’s own background can shape their interpretation and can be detrimental or advantageous to the study (Creswell, 2009; Creswell and

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47 The other term in common use is “constructivist.” Constructivism stems from writings of Lev Vygotsky, Jerome Bruner, Jean Piaget and George Kelly. Importance is placed on stressing “the constructions of something mental produced through interaction with objects or some features from the external world” (Jupp, 2006, p. 38). Furthermore, Crotty suggested “It would appear useful, then, to reserve the term constructivism for epistemological considerations focusing exclusively on ‘the meaning-making activity of the individual mind’ and to use constructionism where the focus includes ‘the collective generation [and transmission] of meaning’” (Crotty, 1998, p. 58).
Miller, 2000). This study involved human participants and was subject to The University of Auckland (UoA) Human Participants Guidelines. Ethical issues relating to the UoA guidelines included informed and voluntary consent; respect for privacy and rights of participants; social and cultural sensitivity; acknowledgement of the Treaty of Waitangi; transparency; and avoidance of conflict of interest (The University of Auckland, 2003). For this study, all care was taken with disguising names of individuals and of the organisations themselves.

Reflexivity in this research

The importance of reflexivity is emphasised by authors in different disciplines (Finlay, 2002; P. Johnson and Cassell, 2001; Linsteadl, 1994; Malterud, 2001; Yin, 2011); particularly in organisation and management studies (Alvesson, 2010; Cunliffe, 2003; Hardy, Phillips, and Clegg, 2001; P. Johnson and Duberley, 2003; Weick, 1999). Relevant to this study, reflexivity has been highlighted in both the family business (Melin and Nordqvist, 2007; Nordqvist, et al., 2009), and entrepreneurship contexts (Cutcliffe, 2003; McKenna, 2007). During the research process, it is easy to focus on data without reflecting on one’s own influence on the collection and interpretation of these data. Johnson and Duberley (2003) suggested “to make unexamined meta-theoretical commitments, and remain unaware of their origins, amounts to an abdication of intellectual responsibility which results in poor research practices” (p. 1280). In the current study, the researcher had a responsibility to realise he was involved in the research process and accordingly needed to reflect upon his role in the research process. Holland (1999) defined reflexivity as:

Applied to that which turns back upon, or takes account of, itself or a person's self, especially methods that take into consideration the effect of the personality or presence of the researcher on the investigation. (p. 464)

Holland’s summation is a reminder of the task a researcher undertakes when in the depths of cleaning and sorting data, particularly in qualitative research. As a subjective approach, the researcher needs to stand back from time to time and reflect upon personal bias and worldviews. Willig (2001) described this as “personal reflexivity” involving reflection on the ways:

… our own values, experiences, interests, beliefs, political commitments, wider aims in life and social identities [shape our] research. [This] also involves thinking about how the research may have affected and possibly changed us, as people and as researchers. (p. 10)

With this in mind, at the outset of this research the decision was made to study an area that was both interesting to the researcher and within the sphere of this author’s experience and knowledge. In doing this there has been continuous reflexivity during the research process. Creswell and Miller summarised the importance of self-disclosure:
... researchers [need] to self-disclose their assumptions, beliefs, and biases. This is the process whereby researchers report on personal beliefs, values, and biases that may shape their inquiry. It is particularly important for researchers to acknowledge and describe their entering beliefs and biases early in the research process to allow readers to understand their positions, and then to bracket or suspend those researcher biases as the study proceeds.... Researchers might use several options for incorporating this reflexivity into a narrative account. They may create a separate section on the ‘role of the researcher,’ provide an epilogue, use interpretive commentary throughout the discussion of the findings. (Creswell and Miller, 2000, p. 127)

In this study, the researcher has an academic interest in the constructs presented. Moreover, the researcher has a family ancestry in the wine industry and knowledge of the innovation and entrepreneurship fields. Given these attributes, any negative connotation of being saturated in a subject area was mitigated by the reflexive nature of this study and the richness of data that was obtained by an insider of the wine industry. Of importance when considering the winegrowing industry, was whether the researcher was sufficiently detached from what was being researched. After consideration, any bias or views were found complementary to the research process, particularly when there was openness about the researcher’s background. For example, the researchers’ ancestry was disclosed to each of the respondents. In retrospect, this proved advantageous in providing a level of comfort and mutual respect. Consequently, respondents were more open as there was a level of commonality between the researcher and the respondents. To this end, a vignette of the researcher’s ancestry was introduced as the prologue of this study. There are no other known conflicting biases regarding the selected case sites and the participants do not personally know the researcher. The only personal value congruence was in the way the research was conducted through an appreciative inquiry.

Another reflexivity described by Willig (2001) is “epistemological reflexivity.” The researcher needs to “reflect upon the assumptions (about the world and knowledge) that [are] made in the course of the research. [In doing this the researcher needs to] think about the implications of such assumptions for the research and its findings” (p. 10). These sentiments will be expounded in Chapter Six (Discussion) after the findings have been revealed.

4.1.2 Researcher’s appreciative lens

Yin (2011) emphasised the importance of being explicit about the researcher’s lens (pp. 270-272). The philosophical, ethical, and reflexive characteristics of the researcher influenced the lens of this study. As a result, the role and the lens are not mutually exclusive. For example, the appreciative inquiry lens described here was an extension of the role of the researcher’s constructionist ontology.
In this section, the appreciative inquiry concept will be explained with the objective of presenting a lens for this study followed by a short review of the “sensemaking” perspective.

Appreciative inquiry as method

Appreciative inquiry is a forward-thinking process for the evaluation of organisations. To many scholars and practitioners, an appreciative inquiry is considered innovative, important, and a significant paradigm shift in Organisation Development (Cady and Caster, 2000; Egan and Lancaster, 2005; Hammond, 1998; Reed, 2007). It is also considered to be an “exemplar of the integration of theory and practice” (Reed, 2007, p. 182).

We have reached the end of traditional problem solving. Appreciative Inquiry is a powerful approach to transformation as a mode of inquiry capable of inspiring, mobilizing, and sustaining human system change. The future of Organization Development belongs, instead, to methods that affirm, compel, and accelerate anticipatory learning involving larger and larger levels of collectivity. (Cooperrider, et al., 2008, p. 2)

The intention of this study is to present theory that is both academically rigorous and practical. It is suggested that a methodology based on appreciative inquiry can achieve this. Definitions of appreciative inquiry may be academic or practice-oriented. First, an academic definition for appreciative inquiry is:

... an organization development process and approach to change management that grows out of the social constructionist thought and its applications to management and organizational transformation. Through its deliberately positive assumptions about people, organizations and relationships, Appreciative Inquiry leaves behind deficit-oriented approaches to management and vitally transforms the ways to approach questions of organizational improvement and effectiveness. (Cooperrider, et al., 2008, p. 2)

In a practical sense appreciative inquiry is:

... the cooperative co-evolutionary search for the best in people, their organizations, and the world around them. It involves the discovery of what gives ‘life’ to a living system when it is most effective, alive, and constructively capable in economic, ecological, and human terms. Appreciative Inquiry

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48 Four core principles of organisation development are complimentary to the constructs in this study (family business, succession, and entrepreneurship). First, organisation development is a practice in which an organisation’s health and effectiveness are important. Second, there are strategies that can benefit the organisation including planned interventions and education. Third, organisation development is effective when considered throughout the organisation as a program that engages top level executives (of family) and employees. Finally, and consistently the catalyst across definitions, is change (Beckhard, 1969; Bennis, 1969; Burke, 1997; French, 1969, 1982; French, Bell, and Zawacki, 1989; Schein, 1969).
involves the art and practice of asking questions that strengthen a systems capacity to apprehend, anticipate, and heighten positive potential. (Cooperrider, et al., 2008, p. 3)

Furthermore, an appreciative inquiry crafts the “unconditional positive question,” and “focus on the speed of imagination and innovation – instead of the negative, critical, and spiralling diagnoses” (Cooperrider, et al., 2008, p. 3). Yaeger and Sorensen (2006) suggested that the “most influential and frequently cited illustration of positive planned change is Appreciative Inquiry” (p. 13). The assumption was made that every organisation has strengths and areas that work well, and that positive change can be created in an organisation through this form of inquiry (Cooperrider, et al., 2008). The underlying focus of this study was to construct what works well in an organisation.

There are very few academic examples of using an appreciative inquiry in a family business setting, one exception being Ernesto Poza’s work (Poza, 2010; Poza, Johnson, and Alfred, 1998; Poza and Messer, 2001). Instead, appreciative inquiry is typically used in action research studies and in a consulting environment (Cady and Caster, 2000; Cooperrider, Sorenson, Whitney, and Yaeger, 2000; Cooperrider, et al., 2008; Egan and Lancaster, 2005; Yaeger, Sorensen, and Bengtsson, 2005). These studies usually relate to strategic or micro-level applications such as culture change, strategic planning and crafting a vision, but have also been used in succession planning, leadership development, and creating dialogue in an organisation (Yaeger, et al., 2005). Cooperrider and Srivastva (1987) devoted a section to the “reawakening the spirit of action research” in their foundation article for appreciative inquiry (p. 147). They argued that there was a “lack of generative theorizing in the literature” and that the traditional “deficiency perspective” (that is a problem and challenge focused paradigm) focused on a “visible but narrow realm of reality” (p. 153). Adopting an action research methodology can result in a consultative, ethnographic approach. For this study, more emphasis has been placed on interviews and observation using the appreciative inquiry “mode” of questioning (refer Appendix C for the interview questions), rather that the appreciative inquiry method as it relates to action research.

Traditionally, researchers observe problems, conflicts, and issues as opposed to inquiring about what is going well. An appreciative inquiry focuses on what works well in an organisation, rather than the problems, challenges and issues (Cooperrider, et al., 2000; Cooperrider and Srivestva, 1987; Fitzgerald, Oliver, and Hoxsey, 2010; Reed, 2007; Whitney and Trosten-Bloom, 2003). This is not to say problems, challenges, and issues do not arise in an appreciative inquiry. Inevitably, people discuss what does not work well, which provides excellent contrast and depth to what works well. Table 12 demonstrates the difference between problem solving and an appreciative inquiry.
The interview questionnaire reflected the theoretical constructs. In addition, the questionnaire was aligned with the purpose and primary research question of the study. A comprehensive appreciative inquiry handbook was referred to for guidance on the focus of questions (Cooperrider, et al., 2008). However, the handbook was tailored for organisation development consultative practice. For example, the handbook presented a model called the “Appreciative Inquiry 4D cycle” (Cooperrider, et al., 2008, p. 5). The cycle represented the process where an “affirmative topic” is chosen. The model included Discovery (appreciating and valuing), Dream (envisioning), Design (co-constructing the future), and Destiny (learning, empowering, and improvising to sustain the future) (Cooperrider, et al., 2008, p. 5). In this study, the “Appreciative Inquiry 4D cycle” process was reflected in the interview questions. This model was used conceptually rather than practically.

*Focusing through sensemaking*

If appreciative inquiry protocols were the lens for this study, sensemaking was the magnification for the lens. An analogy that best encapsulates the richness that can be gained from magnifying the lens is the term “crystallisation.” Richardson (1998) explained that the crystal “combines symmetry and substance with the infinite variety of shapes, substances, transmutations, multi-dimensionalities, and angles of approach. Crystals grow, change, alter, but are not amorphous [lacking definite form]” (p. 358). With the crystal metaphor in mind, sensemaking was employed as a perspective or focus of inquiry, as data collection and analysis proceeded.

Weick (1995a) described sensemaking as a concept rather than a theory and noted that it was congruent with the constructionist world view. He suggested that the central questions of sensemaking are how people construct what they construct, and why, and with what effects. Sensemaking is “making something sensible” (Weick, 1995a, p. 16). There was a natural congruence between the chosen philosophical context of interpretive inquiry, via an appreciative inquiry, and the lens through which interpretation was derived through sensemaking. Furthermore, an appreciative
inquiry and sensemaking complemented the constructionist ontology. Table 13 presents some of the characteristics that assisted the focus of inquiry.

Table 13: Characteristics of ambiguous, changing situations (Caskey, 1982, as cited in Weick, 1995a, p. 93, adapted)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description and Comments</th>
<th>This study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple, conflicting interpretations</td>
<td>For those data that do exist, players develop multiple, and sometimes conflicting interpretations. The facts and their significance can be read several different ways.</td>
<td>Conflicting interpretations between founder, next generation, and employees (within case). The same is true for cross case analysis.</td>
</tr>
<tr>
<td>Different value orientations, political/emotional clashes</td>
<td>Without objective criteria, players rely more on personal and/or professional values to make sense of the situation. The clash of different values often politically and emotionally changes the situation.</td>
<td>Differing values between founder and successive generations. The same is true for between the family and employees.</td>
</tr>
<tr>
<td>Roles are vague, responsibilities are unclear</td>
<td>Players do not have a clearly defined set of activities they are expected to perform. On important issues, the locus of decision making and other responsibilities is vague or in dispute.</td>
<td>Family and business roles cross over and can be a source of conflict.</td>
</tr>
<tr>
<td>Participation in decision making fluid</td>
<td>Who the key decision makers and influence holders are changes as players enter and leave the decision arena.</td>
<td>During the succession process there will be a shift in influence.</td>
</tr>
</tbody>
</table>

4.2 Research Strategy

The primary thesis question and guiding questions outlined in Chapter Two are framed as “how” and “why” questions (Yin, 2003). Yin (2003) presented a summary of relevant situations for the various research strategies available. Three prominent strategies answer “how and why” questions, namely experiment, history, and case study. However, only history and case study are strategies that are congruent with qualitative research and require no control of behavioural events. The other important factor was history and case studies have differing foci when it comes to contemporary events. Case studies as a research strategy can be, in part, a reflection of historic events while predominantly concentrating on contemporary events. Merriam (1998) suggested that the elements of historical research and case study often merge. Yin (1994) confirmed “each case study relies on many of the same techniques as history, but it adds two sources of evidence not usually included in the historian’s repertoire: direct observation and systematic interviewing” (p. 8). As such, the chosen strategies for this research were both the case study approach and historical approach.

4.2.1 Defining theory building

Dubin (1969) explored the difference between the term “theory” and other similar terms:
Theory, theoretical model, model and system interchangeably [stand for] a closed system which are generated predictions about the nature of man’s world – predictions that, when made, the theorist agrees must be open of some kind of empirical test. (Dubin, 1969, p. 9)

More succinctly, Gioia and Pitre (1990) defined theory as “any coherent description or explanation of observed or experienced phenomena,” which by their own admission was a broad statement but it encapsulated the essence of the “wide scope of theoretical representation found in alternative paradigms” (p. 587). Further to Gioia and Pitre’s (1990) definition of theory, “theory building refers to the process or cycle by which such representations are generated, tested, and refined ... and grounded in appropriate paradigmatic assumptions” (p. 587).

This study aims to generate theory based on the gaps and questions raised through the review of existing studies. This generation of theory will be presented through a theoretical model reflecting this thesis’s primary research question. In addition, models, classifications, and matrices will be presented to support the theoretical model. The challenge is for theory building to have a practical element. Corley and Gioia (2011) set in motion a challenge for research to be both scientifically and pragmatically useful. Corley and Gioia believed that theoretical contributions had not anticipated important conceptual and practical needs for business and social organisations.

If we embrace the idea that we are scholars charged with the responsibility of generating and disseminating useful knowledge, then the notion of utility simply must extend beyond the implicitly accepted idea that ‘useful for theory development’ is the sole criterion of consequence and begin to account for relevance to practice in a much more substantive manner. (p. 27)

Corley and Gioia (2011) summarised the argument of Shapiro, Kirkman, and Courtney (2007) who identified two distinct knowledge transfer problems in management research. First there was the “lost before translation” problem which referred to “ideas that are essentially irrelevant to practice even before theories are formulated or studies are conducted,” and the “lost in translation” problem referring to “difficulty in explaining the relevance of theories or findings to practice” (Corley and Gioia, 2011, p. 21). As such, translation can be an issue because “there is no accepted ‘boilerplate’ for writing up qualitative methods and determining quality” (Pratt, 2009, p. 856). In summary, it was the researcher’s intention to make a theoretical contribution in an academically rigorous and applicable way that “honors the world view of informants ... [while providing] sufficient evidence of claims, and ... significantly contributing to extant theory” (Pratt, 2009, p. 857). The theoretical constructs of this study were not precursors to a theoretical contribution in and of themselves. However, the careful crafting of an appropriate research approach and strategy were important for drawing out empirical findings based on these constructs. The philosophical choices, the choice of
research lens, and the strategy chosen for this study will contribute to addressing “translation” problems.

4.2.2 Case study

There is a strong argument for the use of case studies, however some authors have emphasised the need for methodological rigour (Eisenhardt, 1989, 1991; Gibbert, Ruigrok, and Wicki, 2008; Merriam, 1988; Siggelkow, 2007; Stake, 1995; Yin, 1981). Nordqvist, Hall and Melin (2009) posited that “case research is a common way to carry out interpretive fieldwork” (p. 300). This was confirmed through their exemplar of family business studies using an interpretive approach. Of eleven recently published studies using an interpretive approach, most used case studies and used interviews and observations as the method of gathering data (Nordqvist, et al., 2009). Further, in entrepreneurship research conducted since 1994 there has been growth in the qualitative base despite a propensity for quantitative studies to dominate in number and influence (Chandler and Lyon, 2001; Forbes, 1999).

Eisenhardt (1989) defined the case study strategy “as a research strategy that focuses on the dynamics present within a single setting” (p. 534). According to Eisenhardt, case studies could be used to accomplish the researcher’s aims by providing description, whilst testing and/or generating theory. However, there are contrasting views regarding the approach to case study research. There is some argument about whether multiple or single case studies are necessary to create good theory. On one side, Eisenhardt (1989) takes the stance that “while there is no ideal number of cases, a number between 4 and 10 usually works well” (p. 545). On the other hand, this “ideal number of cases” is challenged with a critique by Dyer Jr and Wilkins (1991) who had a view that single in-depth case studies can have more validity than multiple case studies. The essential argument is that Eisenhardt’s method focuses on “surface data rather than deeper social dynamics,” (Dyer Jr and Wilkins, 1991, p. 615). The argument was explored further by Eisenhardt (1991) who conceded some of Dyer Jr and Wilkin’s critique but reiterated her original stance that multiple case studies provided a good theoretical base for research. In the current study, a compromise between the two viewpoints was adopted.

Three case sites were visited and all were treated as in-depth studies. On the one hand, it was acknowledged that one in-depth study may be sufficient is more suitable for large organisations where there is a greater pool of people to interview. On the other hand, multiple case studies could provide more validity and was considered better suited to the study of medium-sized businesses. One reason why multiple in-depth case studies were better suited for smaller businesses was the lesser pool of family members and employees. Further validity was accomplished through
interviewing all family members involved in the business as well as employees. In summary, according to Romano (1989):

The literature recommending the use of case studies rarely specifies how many cases should be developed. This decision is left to the researcher but should not be influenced by the view that the more case studies one consults the greater it will increase generalisability and validity. Multiple case studies can overload the researcher because of the amount of ground to cover, and level of analysis to be conducted. (p. 36)

Case “studies” is synonymous with case “sites” for this study. The rationale was that a case site refers to a family business and each of the three case sites had participants that could be referred to as “cases.” The reason for these distinctions was to allow flexibility when assigning classifications such as gender or age, which in turn allowed for more comparisons and pattern recognition to occur.

4.2.3 Historical

Hindle (2004) recognised historical research as providing good illumination and understanding of phenomena within the field of entrepreneurship. Historical research was observed with respect to both the “psychological complexities” and the “circumstantial complexities” of the range of time-construed environments (Hindle, 2004, p. 597). In support of the case study strategy, it has been resolved that history plays an important role in supporting the contemporary focus that case studies represent. For this study, it was necessary to explore the history of the family, their previous relationships, and intergenerational transfers (if any), to crystallise their generative strengths, achievements, and experiences, and make sense of these. Pettigrew (1990) suggested:

If the phenomena to be observed have to be contained within a single or relatively small number of cases then choose cases where the progress is transparently observable. The point of studying a sequence of social dramas longitudinally is that they provide a transparent look at the growth, evolution, transformation, and conceivably decay of an organisation over time. (p. 275)

The focus of this study was on the former elements, not the latter, given the appreciative inquiry approach. However, it was inevitable that participants would talk about past issues, and those past issues would be mentioned even when asked in an “appreciative” way. This study did not exclude these perspectives.

4.3 Data Collection Methods

Case study data can come from a variety of sources. Stake (1995, 2005) identified six sources from which qualitative research data are collected for case studies. They are: “the nature of the case,
particularly its activity and functioning; its historical background; its physical setting; other contexts, such as economic, political, legal, and aesthetic; other cases through which the case is recognized; those informants through whom the case can be known” (Stake, 2005, p. 447). In this study, the methods for collecting data from these sources involve in-depth interviews, observation, and documentation/archival evidence. Before detailing the methods, the selection of the case sites will be discussed.

4.3.1 Selection of case sites

In addition to the earlier debate about the appropriate number of cases, there needed to be a determination of whether the phenomenon being studied was sufficiently bounded (Merriam, 1988, 1998; M. B. Miles and Huberman, 1994). Merriam (1998) suggested that boundedness can be assessed by establishing how finite the data collection will be. There needed to be a limit to the number of people involved, whether through observation or interviews. The limitation or boundedness of this research was confined to the chosen family businesses. Another consideration was the winegrowing industry in which the research is situated. Family businesses are prevalent in most industries, especially those in the horticultural (including viticulture), and agricultural industries.

For selection, the family businesses needed to reflect the operational definition reviewed in Chapter Two.49 Also the winegrowing businesses selected needed to meet certain criteria (Kuzel, 1992; M. B. Miles and Huberman, 1994; Patton, 1990). The New Zealand Winegrowers publish an annual report that lists all winegrowers. The method for sampling was based on the following criteria:

- The winegrowers would be medium sized (Category 2) according to NZ Winegrowers categories50
- There needed to be at least two generations currently in the business (not specific on whether one was the founding generation; gender was not accounted for)
- The family needed to have majority shares (confirmed against the Companies Office register)
- No restriction on location within New Zealand

A spreadsheet was established to analyse which winegrowers would be appropriate given the criteria. Initially, winegrowers from all categories were considered for selection. However, there was a lack of family winegrowers with more than one generation in the business in the smallest category

49 “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua, et al., 1999, p. 25)

50 Category 1 – annual sales not exceeding 200,000 litres. Category 2 – annual sales between 200,000 and 4,000,000 litres. Category 3 – annual sales exceeding 4,000,000 litres.
and those in the largest category were typically widely held even if the family had controlling shares. Having eliminated these groups, the medium sized winegrowers had more than adequate examples of family businesses and they had typically been established for at least twenty years. Further shortlisting of winegrowers referring to themselves as family winegrowers helped with the elimination process. This was usually found on their websites and through their advertising. Moreover, conversations with scholars, winegrowers, faculty, and family helped to narrow down the most appropriate from the shortlist.

Also considered when choosing the cases sites was whether they were “transparently observable … [that is] they provide a transparent look at the growth, evolution, transformation, and conceivably decay of the organisation over time” (Pettigrew, 1990, p. 275). Pettigrew’s suggestion was to choose “extreme situations” or “polar types.” For this study, the family businesses selected were similar in relation to their selection criteria but differences such as the age of the business and demographics of the participants were evident. Some extreme situations and polarity emerged.

4.3.2 Interviews

In total, twenty-seven interviews were conducted. Without exception, all family members employed at the three family businesses were interviewed. This set the limit on the possible participants from the family. Moreover, at least three employees were interviewed at each case site, which provided objective accounts of the family and their business (Appendix D presents the case study legend). There was no clear restriction on how long interviews would be, or how many questions were required when considering the number of interviews.

Interviews are an important source of case study data (Dexter, 1970; Gorden, 1991; Gubrium and Holstein, 2002; Lincoln and Guba, 1985; Spardley, 1979). Fontana and Frey (2005) provided an in-depth investigation into interviews in Denzin and Lincoln’s (2005b) oft referred “Handbook on Qualitative Research.” Although their compendium of knowledge is worth further comment, for the sake of brevity, an illustration that sums up their view of interviewing is “not merely the neutral exchange of asking questions and getting answers. Two (or more) people are involved in the process, and their exchanges lead to the creation of a collaborative effort called the interview” (Fontana and Frey, 2005, p. 696, emphasis in original). The “creation of a collaborative effort” implicitly suggested that the interviewer and interviewee (participant) co-create the interview. This is important to this study for two reasons. First, it is congruent with the epistemological and ontological assumptions elucidated earlier in this chapter. Second, as alluded to earlier, the researcher is somewhat of an insider to the wine industry. A particular advantage of having an ancestry in winemaking, but no
personal involvement, is it creates a benchmark or point of reference from which to build the interview. For these reasons, the notion of co-creating the interview is seen as mutually respectful.

Yin (2003) identified two tasks that need to be achieved in the interview process. First, there is a need to follow a line of inquiry – in this case an appreciative inquiry. Second, there is a need to ask the actual questions in an unbiased manner serving the needs of the line of inquiry. The questions in the interviews were open-ended and encouraged unsolicited discussion. The strength of data collection through interviews is that questions can focus directly on the case study topic and can be insightful. The downside is that there could be bias, or inaccuracies by reason of poor recall, or simply the participant tells the interviewer what he or she wants to hear (L. Cohen, Manion, and Morrison, 2001, p. 271; Yin, 2003, p. 86). Historical data were gathered through the interview process, particularly when obtaining the founder(s) and business(es) history. As mentioned earlier, interviews were carried out with key people in the business including the senior generation (for example, father and mother), the next generation (for example, children), and employees. The interviews form the main contribution to the study.

Addressing ethical requirements

Obligations under the UoA research guidelines included the need to clearly identify who the participants were and whether they had the capacity to consent (refer Appendix E for an example of the participant consent documents). The consent was formalised through a written agreement identifying the boundaries and extent of the permission to interview participants. Each participant was asked for his or her consent to audio and/or video record the interview.

This research was conducted based on four guidelines (Christians, 2005). First, “informed consent” from subjects who voluntarily agree to participate based on full and open information. Next, a basic moral principle is that “deception and misrepresentation” are not credible means to extract information from participants. Third, “privacy and confidentiality” need to be respected, however, privacy protection can be meaningless if “there is no consensus or unanimity on what is public and private,” (Punch, 1994, p. 94 as cited in Christians, 2005). All care was taken to make sure names and places were disguised and not identifiable. This was achieved using aliases and use of fictitious locations or company names. Further, the participant’s express written consent was required prior to commencing data collection.51

51 Furthermore, data are retained for at least seven years from the completion of the research and stored in a secure, fireproof place, only to be used as identified by informed consent from each participant. At the expiration of the retention period a review of whether there is continued need for the data is made, otherwise data will be destroyed by shredding or burning.
Interview process

The process by which the case sites were engaged, followed up, and visited, was as follows. All family businesses were communicated with via telecommunications in the first instance. An email was then sent to confirm the meeting details and a copy of the Participant Information Sheet and Consent Form (refer Appendix E) were sent via email. The person engaged initially was someone who could give permission for access to the family and their employees. A typical interview was held at the premises of the family businesses. In most instances, the interview was conducted in a meeting room or in an office. However, in two instances the interviews were held off the business premises including a shopping mall food court, and another at the family holiday home.

The interviews were semi-formal and semi-structured. First, the researcher obtained consent from the person who initially provided permission to conduct interviews. The participant was provided with a Participant Information Sheet and Consent Form tailored for express permission to have access to family members and employees. Similar forms were used for all participants. The researcher was given freedom to speak to any family member or employee. At the start of each interview, the researcher gave an introduction and explained the reason for the interview. Following this, the participant was provided with a Participant Information Sheet and Consent Form which emphasised the preference that the interview was voice recorded. All participants consented to their interview being recorded. The researcher conducted the interview in a semi-structured way allowing interruptions and, from time to time, a second person in the room. In two cases the interview was split into two sessions. The same questions were asked of all participants to retain consistency for subsequent comparison and analysis. Finally, once the interview was formally over, time was spent in conversation where appropriate.52

Before any interviews were conducted in the field, the interview protocols were trialed. The first trials were based on making sure the questions made sense and that there were appropriate questions to capture the purpose of the study. This was done informally with colleagues and family with two pilot interviews carried out. The first pilot interview was with a senior generation member of a winegrowing family that was not associated with the three case sites chosen. The second pilot was with a German winegrower who came from a legacy of eleven generations in the industry. Both pilot interviews validated the questions as appropriate with the second pilot strengthening resolve around the relevance of the questions. The pilot interviews were similar to what the field interviews would be like. For example, the second pilot interview was held in the tasting room where direct

52 Refer to Appendix C for the interview schedule for this study.
reference could be made to the winegrowers’ products while overlooking the vineyards. All of the case sites visited replicated this atmosphere, which was relaxed and congenial.

4.3.3 Observation

It can be difficult to know whether what is being observed will be useful or not in the future (Eisenhardt, 1989). One of the strengths of data collection through observation is that it covers events in real time, which captures the context of an event. However, the downside is that observation is “time consuming” and “event[s] may proceed differently because it is being observed” (Yin, 2003, p. 86). While there is less emphasis on observation as a strategy, it played a role in this study. Sensemaking, according to Weick (1995b), provides distinctive interpretation, allowing examination and interpretation beyond empirical data, whilst identifying underlying structures and mechanisms. Together with the interviews, observations fulfil Weick’s attributes to “make sense” of data.

Field notes are important in capturing the essence of what is being observed. This means writing down whatever impressions occur. Observation in this study included spending time with the respondents outside of the interview. It is estimated that the interviews took up about thirty per cent of the actual time spent at the business premises while seventy per cent of the time was spent outside of the interviews. For example, all three case sites consented to the researcher walking around the business premises, spending time with them during their breaks, or helping out in some way. The researcher was invited to dinner by one family and taken on extensive tours of all the wineries and vineyards – all of which provided rich data that was documented in the field notes. This type of participation demonstrated the naturalistic element of the research process. Furthermore, a voice-recorded journal of the day’s observations was made over and above notes taken during the day.

4.3.4 Documentation and archival evidence

Documentation can span a long period and is useful for obtaining historical data that may be otherwise inaccessible through observation or interviews. Archival evidence such as history books, newspaper articles, and websites can provide a significant part of the study storyline from the perspective on an outsider. One weakness of documentation and archival evidence is that there tends to be a bias towards that of the author and access can sometimes be a problem owing to privacy reasons. However, documentation such as annual reports can provide secondary data on the growth of the business.
4.4 Research Analysis

For some there is no release from the overwhelming weight of information, from the task of structuring and clarifying, from the requirement for inductive conceptualization. The result is death by data asphyxiation—the slow and inexorable sinking into the swimming pool which started so cool, clear and inviting and now has become a clinging mass of maple syrup. (Pettigrew, 1990, p. 281)

According to M. B. Miles and Huberman (1994), qualitative data analysis follows three steps once the data are gathered: data reduction (selecting, focusing, simplifying, abstracting, transforming), data display (organised, compressed), and conclusion drawing/verification (noting irregularities, patterns, explanations, possible configurations, propositions). With this in mind, data analysis followed a process of transcription, coding, analysis, and presentation of results.

4.4.1 Process of data analysis

After gathering data, these were coded and reduced then presented in illustrative case studies. Data were further organised through an integrative diagram drawing out themes, concepts, and patterns (Creswell, 2009). As a guide, Figure 10 presents Creswell’s hierarchical approach with each stage of the process being interactive and interrelated “and not always in the order presented” (p. 185).

![Diagram: Data analysis in qualitative research (Creswell, 2009, p. 186)](image)

Figure 10: Data analysis in qualitative research (Creswell, 2009, p. 186)
During the coding of data process, Creswell’s (2009, p. 186) eight steps were adopted:

1. Get a sense of the whole. Read all the transcriptions carefully. Perhaps jot down some ideas as they come to mind.
2. Pick one document (i.e., one interview) – the most interesting one, the shortest, the one on top of the pile. Go through it, asking yourself, “What is this about?” Do not think about the substance of the information but its underlying meaning. Write thoughts in the margin.
3. When you have completed this task for several participants, make a list of topics. Cluster together similar topics. From these topics into columns, perhaps arrayed as major topics, unique topics, and left overs.
4. Now take this list and go back to your data. Abbreviate the topics as codes next to the appropriate segments of the text. Try this preliminary organizing scheme to see if new categories and codes emerge.
5. Find the most descriptive wording for your topics and turn them into categories. Look for ways of reducing your total list of categories by grouping topics that relate to each other. Perhaps draw lines between your categories to show interrelationships.
6. Make a final decision on the abbreviation for each category and alphabetize these codes.
7. Assemble the data material belonging to each category in one place and perform a preliminary analysis.
8. If necessary, recode your existing data.

Further to these steps, the relationships between the themes were identified and collated into a “thematic conceptual matrix” (M. B. Miles and Huberman, 1994, pp. 131-132). Each data collection method can benefit from content analysis, and either manual or computer assisted codification (for example, NVivo 9 qualitative research software from QSR International was used). As suggested by Creswell (2009) there is some interaction and interrelationship within the analysis process. For this reason, when describing the thematic analysis and coding, a three stage process was described to demonstrate rigor. As Tracy (2010) suggested qualitative researchers “should evidence their due diligence, exercising appropriate time, effort, care, and thoroughness” (p. 841). Tracy advised that:

Rigorous data analysis may be achieved through providing the reader with an explanation about the process by which the raw data are transformed and organized into the research report. Despite the data-analysis approach, rigorous analysis is marked by transparency regarding the process of sorting, choosing, and organizing the data. (p. 841)

To demonstrate the process adopted, the analysis is described.
**Transcribing, organising, and preparing data**

The first stage of analysis included the transcription management and first impression coding of data. After interviews were conducted, all the voice recordings were filed appropriately and checked to see that the recordings were of good quality for transcribing. Fortunately the recordings were of excellent quality with minor challenges associated with accents and background noise. An external professional transcriber then transcribed the voice-recorded interviews. The transcription was typed out verbatim capturing pauses, laughter, and intonations. Any recording that was unclear was noted within the transcript and clarified by the researcher. This was usually because of jargon used, accents, or interruptions. Once each transcript was completed, the researcher went through the transcript to ensure the protocols necessary for coding were followed, including references to the interviewer and participant, and anyone that may have interrupted the interview. This read through was conducted in conjunction with listening to the voice recording. Once all the raw transcripts were “cleaned” of transcription errors, a further read through commenced, this time making comments with preliminary coding.

In addition to transcribing the interviews, the field notes were compiled and transcribed. The researcher conducted this transcription as it was often hand written or voice recorded. The field notes included recordings of conversations that occurred during breaks (including winery tours and at the end of interviews), and summations made after each day in the field. These transcriptions were less reliable in that they are impressions, but are none-the-less important. Field note transcriptions were used secondary to the interview transcriptions and used to contextualise the interviews as needed.

**Data management and coding**

Once the interviews and field notes transcripts were “clean” they were uploaded to NVivo 9 (QSR International qualitative research software). NVivo 9 was chosen for its manageability and search functions. The transcriptions were managed in categories based on NVivo 9’s tree-node hierarchy (refer Appendix F for an example of the hierarchy). All transcriptions were categorised according to the case site. Next, the participants were categorised according to their role in the family business: senior generation, next generation, or employee. A separate category was set up for the field notes for each case site.

The original names of the businesses and the participants were maintained until all were categorised. The reason for this was so interviews were not mixed up during a preliminary trial of word frequency searches and coding. Once the researcher was familiar with using NVivo 9’s functions, all names were converted to a classification system based on the format shown in Table 14.
To avoid confusion, the empirical chapters of this study adopt pseudonyms to distinguish the participants. The purpose of doing this was to encourage engagement with the story in each case, avoiding a lack of flow because of unnecessary deciphering of classifications. Dyer Jr and Wilkins (1991) posited that:

The emphasis of the classic case study approach is to highlight a construct by showing its operation in an ongoing social context. The result is that the classic case study becomes a much more coherent, credible, and memorable story. And we argue that good storytelling is what makes the most difference in the generative capacity of the classic studies we cite. (p. 616)

The Findings chapter (Five) will reflect the stories of each of the three case sites in their social contexts.

When text and/or file names were changed in the original source files uploaded to NVivo 9, they automatically changed throughout the analysis. In this way, NVivo 9 was flexible if further cleaning of data was required. Further, each participant was set up as a case. This set up was prepared so any one “case” (participant) could be compared against another. This resulted in more flexibility in manipulating the data for analysis resulted. Another level of sorting was identifying the transcript content of all participants according to each question asked in the interview. In doing this, a second read through of the interview transcriptions was conducted. This was approximate, as sometimes questions were answered out of turn. For example, when asked about the foundation of their businesses, participants would often mention periods of growth (which linked to another interview question). As such, interview questions were grouped as past, present, and future. An example of a “past” question included the foundation of the business; an example of a “present” question included the strengths of the business; and an example of a “future” question included opportunities facing the business. This grouping was part of the iterative process guiding the researcher toward refining the categories further.

A third read of the interview transcriptions revealed some of the frequently used phrases and “power” words, including words that emphasised themes relevant to the study. Word count analyses, word frequency queries, and queries based on classifications and attributes such as

<table>
<thead>
<tr>
<th>Case code</th>
<th>Generation code</th>
<th>Respondent code</th>
<th>Sex code</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS1 = Case Site 1</td>
<td>sengen = senior generation</td>
<td>A-ZZ</td>
<td>M = male</td>
</tr>
<tr>
<td>CS2 = Case Site 2</td>
<td>nexgen = next generation</td>
<td>F = female</td>
<td></td>
</tr>
<tr>
<td>CS3 = Case Site 3</td>
<td>emp = employee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For example, CS2sengenGm = Case Site 2; senior generation; participant ‘G’; male
demographics were also carried out (refer Appendix G). Part of the process throughout data
collection and analysis was recording the results in the form of memos. Initially ad hoc impressions
were made in note form, which subsequently were derived from coding and thematic analysis. Using
NVivo 9 was a new experience for the researcher so some trial and error was involved initially when
organising and coding data. In addition, an expert consultant was engaged to provide advice on the
correct and optimal use of NVivo 9. This was a purely objective process. At this point data were
considered “clean” and ready to be incorporated into the thesis document through illustrative
findings. These illustrative cases were then evaluated through a cross-case summary followed by an
assessment of each family’s influence on the business. The within- and cross-case presentation will
be discussed later in this section.

Further reduction and synthesising of data

A dual phase analysis was adopted for this study. Essentially this meant that the process displayed in
Figure 10 was repeated with a further grounded approach. In other words, in addition to the
illustrative cases and their interpretation, final iterations of selected data were made. From the
selected rich data introduced in the findings, a grounded approach to coding was employed (Glaser
and Strauss, 1967), reducing data in a “matrix display” (M. B. Miles and Huberman, 1994, pp. 240-
244). These data were originally selected for their richness and relevance to the research questions,
and constructs. Rigour was encouraged through establishing a matrix display (M. B. Miles and
Huberman, 1994).

There are no fixed canons for constructing a matrix. Rather, matrix construction is creative – yet
systematic – task that furthers your understanding of the substance and meaning of your database,
even before you begin entering information. Thus the issue is not whether you are building the
‘correct’ matrix, but whether it is a helpful one that will give you reasonable answers to the questions
you are asking – or suggest promising new ways to lay out the data to get answers. At a deeper level,
the message ... is not ‘use these matrices,’ but ‘think display, and invent formats that will serve you
best’. (M. B. Miles and Huberman, 1994, p. 240)

Because the within-case analysis was guided by the research questions, and ultimately by the original
three constructs (entrepreneurship, family business, and succession), they were considered the
richest data representing the wider data set. These data were broken down and entered into the
spreadsheet line by line and coded accordingly, employing a grounded approach to “[induce]
thetically based generalizations from qualitative data” (Silverman, 2010, p. 356). Moreover,
Silverman (2010) suggested using grounded theory “imaginatively” while bearing in mind “theory
without data is empty; data without theory say nothing” (p. 356). Through this process, convergent
concepts, patterns, differences, and similarities were first open coded, then reduced to first order
themes, then synthesised to second order themes, from which aggregated theoretical dimensions emerged. Although NVivo 9 could have been used for this purpose, a spreadsheet was found to have more flexibility and could easily be converted into tables and graphs to support the iterative process (refer Appendix H for excerpts of the matrix and examples of graphs that supported the iteration process).\(^{53}\) Further iteration occurred through pivot tables to assist in pattern matching and drawing out themes – consequently displayed as aggregate theoretical dimensions.\(^{54}\) Data contained in NVivo were often referred to and contributed to affirming the internal validity of data.

4.4.2 Within- and cross-case analysis

As stated in Chapter Two (Literature Review) there are four levels of analysis for family business studies: the individual level (senior generation, next generation, employees), the interpersonal/group level (family), the organisational level (family business), and the societal/environmental level (wine industry).\(^{55}\) These levels of analysis were elucidated through the within-case findings. Moreover, the appreciative questions asked in the interviews matched the “lens” of the study to the theoretical constructs (family business, succession, and entrepreneurship), and consequently the questions proposed for this study. As such, consistency was maintained through the collection process and subsequent reported findings. Based on these appreciative questions, an F-PEC assessment was employed to summarise the level of influence each family business had in their business.

Beyond the levels of analysis, data were analysed within each case site and across each case site. The within-case analysis was based on each case site’s individual and interpersonal/group levels. As M. B. Miles and Huberman (1994) suggested “it is crucial to have understood the dynamics of each particular case before proceeding to cross-case explanations” (p. 207). Within each case site there was a senior generation (incumbent generation), there was the next generation (successor generation), and there were the employees who were non-family members. Comparisons could be made between any of these groups and arguably beyond (for example, sibling comparisons could be made, male and female comparisons, and so on). Eisenhardt (1989) suggested that within-case analysis is driven by the reality that case study research contains an astounding amount of data and recommended that a typical detailed write up of each of the case sites is often purely descriptive. In relation to this, it was important during the analysis stages “to maintain a chain of evidence” to increase reliability – such as that performed by forensic experts (Yin, 2009, p. 122).

\(^{53}\) Through this process the structured data from the original sources were incorporated as part of the iterative process. In particular, once themes and theoretical dimensions were settled the researcher went back to the original data set and categorised the hierarchies with the new themes and dimensions as an internal validity “bulk check” (refer to Appendix I for an example of this). This iteration proved to be a beneficial phase of the data analysis and revealed that the original methodical process governed by the construct and the research lens were congruent.

\(^{54}\) Refer to Appendix H for examples of pivot tables used to assist in pattern matching and drawing out themes.

\(^{55}\) Further review of the levels of analysis can be found in Chapter Two (Literature Review) of this study.
The cross-case analysis compared each case site, which was the organisation level. This could be done with corresponding senior generation, next generation, and employees’ data. M. B. Miles and Huberman (1994) advised that cross case analysis can help with increasing generalisability by noting that events and process are not idiosyncratic for each setting. They suggested that “the aim is to see processes and outcomes across many cases, to understand how they are qualified by local conditions, and thus to develop more sophisticated descriptions and more powerful explanations” (p. 172). As mentioned earlier when reviewing the research strategies, each participant was set up as an individual case to foster flexibility. Cross case analysis included pattern matching to identify each case site’s internal validity, and replication logic to identify external validity (Yin, 2009).

4.4.3 Validity and reliability

Keeves (1997) stated “the concept of validity is related to the possession of the quality of strength, worth, or value” (p. 279). Further:

Validity involves coherence with knowledge already established…. Validity indicates a strong correspondence between the result and the real world as represented by some mapping of the domain under investigation…. Validity is associated with the ongoing usefulness of the findings in practice, as well as in the undertaking of further inquiry. (Keeves, 1997, p. 279)

In this study, the literature mapped out the established knowledge, which was compared and contrasted with the knowledge obtained through conversations with participants about their past. In other words, the actors in this study represent the real world. In some cases, personal history and experiences of the actors confirm, or deny, the reality presented through the literature. The on-going usefulness of the findings can be summed up as the “so what?” question asked in terms of the contribution made by this study. A contribution that is transferable or generalisable needs to be credible (Golafshani, 2003) and authentic (Roulston, 2010). According to Yin (2011) the main ways to build trustworthiness are transparency of the research procedures, “methodic-ness” or carrying out the research methodically, and adherence to an explicit set of evidence (pp. 19-21).k Paton (1990) suggested that “the validity, meaningfulness and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size” (Patton, 1990, p. 185). As identified earlier in this chapter, reflexivity plays a role in encouraging credibility, authenticity, and trustworthiness.

56 That is, following “some orderly set of research procedures, ... minimising whimsical or careless work, ... avoiding unexplained bias or deliberate distortion in carrying out research, ... and bringing a sense of completeness to a research effort” (Yin, 2011, pp. 19-20).
Tracy (2010) asserted that “researcher reflexivity ... serves as an important means toward sincerity for research in a number of paradigms” (Tracy, 2010, p. 849).57

To increase credibility and validity, triangulation was considered when choosing the complimentary case study and historical strategies. Eisenhardt (1989) suggested that “triangulation made possible by multiple data collection methods provides stronger substantiation of constructs and hypotheses” (p. 538). In addition, interviews, observation and archival evidence were “crafting instruments” that were implemented (p. 537). As justified earlier, three case sites were used which with depth through replication and pattern recognition are important for obtaining strong findings (Keeves, 1997). Denzin (1997) posited that:

Scholars who employ the strategy of triangulation are committed to sophisticated rigor, which means they are committed to making their empirical, interpretive schemes as public as possible.... What is sought in triangulation is an interpretation of the phenomenon at hand that illuminates and reveals the subject matter in a thickly contextualized manner. (pp. 318-319)

This study used a replicable protocol and mode of questioning with the appreciative inquiry concept to provide rigour when interviewing family members and employees. In addition to within-case triangulation, cross-case triangulation was carried out across the three case sites. Furthermore, in addition to interviews, observations were made, and archival evidence reviewed. This was considered sufficient for presenting triangulated results. This research was carried out with the utmost care to produce a valid and reliable contribution through information rich cases. As such, Appendices Six to Eight present examples of the management and the iterative process of the analysis that contributed to the reliability and validity of the analysis.

4.5 Chapter Summary

The purpose of this chapter was to present the traditions, paradigm, and chosen methods for collection, analysis, and presentation of data. In doing this an overview of the role of the researcher, the researcher’s lens, the research strategies, and the methods for data collection and analysis, were presented. Table 15 summarises the assumptions made for this study.

It was posited that there is an underrepresentation of qualitative studies in family business and entrepreneurship research and that an interpretive approach suited the study given the constructs: entrepreneurship, family business, and succession. For research into “In what ways can

57 Furthermore, the “eight big tent criteria” for quality in qualitative research, presented by Tracy (2010) are borne in mind when considering the methodology and the effect it can have on the study. The eight key markers of quality include: “(a) worthy topic, (b) rich rigour, (c) sincerity, (d) credibility, (e) resonance, (f) significant contribution, (g) ethics, and (h) meaningful coherence” (p. 837).
entrepreneurial family businesses be sustained across generations? three case sites were chosen in the wine industry from which the researcher gathered qualitative data for interpretation and analysis. The rationale for three case sites was that good depth could be achieved with a smaller concentration of cases without relying on one case to provide all of the insights.

Table 15: Qualitative research design summary (Creswell, 1994, p. 5, adapted)

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Question</th>
<th>Qualitative</th>
<th>This study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontological</td>
<td>What is the nature of reality?</td>
<td>Reality is subjective and multiple as seen by participants in study.</td>
<td>A qualitative approach presented the different views of the senior and next generations as well as employees. A constructionist approach through an appreciative inquiry was implemented.</td>
</tr>
<tr>
<td>Epistemological</td>
<td>What is the relationship of the researcher to that researched?</td>
<td>Researcher interacts with that being researched.</td>
<td>The researcher interviewed and observed members of the family firm. Through appreciative questioning, the aim was to construct meaning based on the constructs of this study.</td>
</tr>
<tr>
<td>Axiological</td>
<td>What is the role of values?</td>
<td>Value-laden and biased.</td>
<td>A full disclosure of the researcher’s bias was required for the qualitative study. This disclosure was given in the written thesis and via openness with the respondents for the research.</td>
</tr>
<tr>
<td>Rhetorical</td>
<td>What is the language of the research?</td>
<td>Informal. Evolving decisions. Personal voice. Accepted qualitative words.</td>
<td>The study was more personalised and used a lexicon appropriate to qualitative research and the constructs being studied.</td>
</tr>
<tr>
<td>Methodological</td>
<td>What is the process of the research?</td>
<td>Inductive process. Mutual simultaneous shaping of factors. Emerging design-categories identified during research process. Context bound. Patterns, theories developed for understanding. Accurate and reliable through verification.</td>
<td>A case study strategy was implemented. The context of this study is family businesses in the winegrowing industry. Patterns were developed through the course of the inductive study. A methodical approach was needed to document the process of the research.</td>
</tr>
</tbody>
</table>

The research gaps emerging from the literature were investigated through observation, interviews, and archival evidence with continual interaction between the literature and fieldwork through the analysis process and discussion. This study engaged in an appreciative inquiry approach which recognised what works well in the business. Finally, reflexivity played a role in encouraging credibility, authenticity, and trustworthiness in this study and the researcher’s interests, assumptions, biases, and personal values were outlined. The next chapter will present the illustrative within-case findings.
CHAPTER FIVE ∞ WITHIN-CASE FINDINGS

Each generation imagines itself to be more intelligent than the one that went before it, and wiser than the one that comes after it. (George Orwell)

This chapter will present the within-case findings for the individual and interpersonal levels of this study, which will be presented in three sections representing each of the case sites. The purpose of the within-case findings was to present an individual and interpersonal level of analysis through illustrative cases. Patterns and anomalies will be identified and themes will emerge. As the lens of the study is grounded in an appreciative inquiry, generative qualities are highlighted for each case site. In addition, where challenges, issues, and problems arise, they will be presented. Identities of participants and of the case sites have been protected through pseudonyms. General information has been provided with regard to demographics. The structure presented in Figure 11 aligns with the three theoretical constructs – family business, succession, and entrepreneurship – which are related to the guiding questions represented through the headings.

![Case Site Diagram]

Figure 11: Structure of findings chapter
5.1 Merlot Family Vintners – One of the Early Pioneers

Figure 12: Merlot Family Vintners genealogy

When investigating Merlot Family Vintners, all senior and next generation family members working in the business, and two employees in senior positions, were interviewed. The family grow grapes on their own estate of nearly two hundred and fifty hectares, across four geographical regions. Wine production and storage are situated on the family's original estate where the main administrative office was located. The family also produces wine under a joint venture at one of their other estates. Some of the family still live on the original estate.

Table 16: Case Site One – Merlot Family Vintners demographics

<table>
<thead>
<tr>
<th>Respondent pseudonym</th>
<th>Generation</th>
<th>Age range</th>
<th>Years in business (approx.)</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melvin Merlot</td>
<td>Second</td>
<td>65+</td>
<td>60+</td>
<td>Chairman</td>
</tr>
<tr>
<td>Murray Merlot</td>
<td>Second</td>
<td>65+</td>
<td>50-60</td>
<td>Managing director</td>
</tr>
<tr>
<td>Madge Merlot</td>
<td>Second</td>
<td>65+</td>
<td>30-40</td>
<td>Administration</td>
</tr>
<tr>
<td>Morgan Merlot</td>
<td>Third</td>
<td>40-65</td>
<td>10-15</td>
<td>General manager</td>
</tr>
<tr>
<td>Trevor</td>
<td>N/A</td>
<td>40-65</td>
<td>10-15</td>
<td>Senior winemaker</td>
</tr>
<tr>
<td>Todd</td>
<td>N/A</td>
<td>40-65</td>
<td>≤5</td>
<td>Production manager</td>
</tr>
</tbody>
</table>

5.1.1 Business and family entrepreneurial history

**Anything to get cash**

The oldest of the case sites investigated, Merlot Family Vintners was established in the early 1900s. The first generation, and the founder of the winery, emigrated to New Zealand as a teenager and worked in the gumfields with his siblings. After a short period in the gumfields, the siblings purchased
land which they farmed. The winegrowing business was established in the early 1900s on a modest thirty hectares of land purchased for an orchard. This land was originally part of a larger plot owned by him and his siblings. Most of the land was bush and scrub with no dwelling. There was no water or power. Water was collected from a spring or creek within walking distance and most implements used in the vineyard and winery were manually operated. On the property, a small cottage was built and later expanded to become the family home. The founder pursued anything that would bring money in but eventually drew on his knowledge of winemaking and saw an opportunity to grow grapes. Within two years of planting grapes, the first production of wine commenced. At this point, the founder was only in his late teens. During the early years, the winegrowing enterprise was a mixed farm with a small fruit orchard of about three to four acres. The twenties and thirties were financially tough times with the threat of prohibition, war, and the great depression. At this time, wine was only part of the cashflow and was not the primary source of income.

So they moved down after the [First World] War and tried to make a go of this [land] and it was always as much a market garden and milk delivery business and anything to get some cash because you’re talking about some tough years, the Twenties and Thirties in particular…. You know, my grandfather was doing other things, just any way that he could bring cash in during those two decades. (Morgan Merlot)

While some of the family concentrated on farming and orcharding, the founder of Merlot Family Vintners focused on winemaking. The eclectic nature of the farm continued for some two decades before the farm was eventually split between the siblings and their families. Although there was relative harmony amongst the siblings, the women in the family clashed with the consequence of a split amongst the siblings’ business dealings. Their land was divided according to its produce. As the founder of Merlot Family Vintners was the winegrower of the siblings, he received the portion with grapes. The division of land was originally informal and later formally divided mid twentieth century. Further land was purchased to make up about 100 acres. With their new division, business was more harmonious and surplus land was leased back between the siblings.

After an incident where there was an accusation of selling wine outside of the law of that time, the founder engaged a lawyer. The lawyer advised the entrepreneurial winegrower that winemaking required a market.

The lawyer [who] acted for him [previously], said to him that winemaking requires a market and he said that the market was not ... where he is, he said you should go to the market which is down in [the big city]. And that’s what prompted him to come down here. (Murray Merlot)

These relationships with the lawyer and his law practice have been retained to this day.
Chief bottle washer

During the middle of the twentieth century, the largest wineries were starting to dominate the market and the need to be competitive was an imperative. Winegrowing began to prosper so grapes were sourced locally from growers and from the larger producers who maintained a surplus of grapes. At this time, the two second generation siblings entered the business through working on the vineyards from a very young age. The older sibling brought a new enthusiasm to the business followed by the younger sibling several years later. The younger sibling reminisces about his role in the business at that time.

[It was] just my father, Melvin, and then when I came home, myself, and maybe one other person.... And I suppose I was the youngest. I mean, the youngest gets the job of washing the bottles. I had to do them by hand.... And so when you think about it ... I genuinely liked the actual ... arty mix of science and winemaking. I actually really like the winery/cellar side more than the cultural and vineyard side of it. (Murray Merlot)

After a decade of working in the business, many of the wine making duties were passed to the second generation who followed the then current trend from fortified wines to table wines. As the market developed, new grape varieties such as Müller-Thurgau were planted so Merlot Family Vintners was expanded by establishing their own block close to Gisborne in the 1970s. With this came the need to upgrade technology and equipment used to make the table wine efficiently. This initial expansion fulfilled the increased demand for table wine and fortified wine became a thing of the past.

Exploring and expanding

Further expansion meant sourcing more grapes from another North Island region in the early 1980s, which subsequently led to purchases of land into the late 1980s. The family bought a vineyard that was about twelve hectares with the majority in grapes and the rest in kiwifruit; this was initially kept until it was found the orchard ran at a loss. This precipitated the pulling of the kiwifruit vines and planting of more grape vines. The family continued to buy land from the property next door, which expanded the vineyard area to about twenty hectares. During this period of expansion, the first exports were made into Europe marking a milestone for the growth of the business.

It got really busy and I think the first export order was in [the late 1970s] and I did all the administration for that, because it was a learning experience for everyone and, of course, our Dad was still alive then so he actually saw that container leave the premises. And it got busier and more busy and more busy ... (Madge Merlot)
During this period of expansion, and at a time where considerable growth was imminent, the founder passed away leaving the wine business in the hands of his children. The second generation had been in the business for a few decades and were capable of driving the business forward. Even with the recent purchase of land in a North Island region, there was still not enough land to maintain sustainable monetary growth so a further forty hectares were bought nearby. This new land was planted in the early 1990s, a time of significant growth in the number of winegrowers in New Zealand. There was a commensurate increase in the tonnage of grapes processed and consequently wine produced for markets including Australia, United Kingdom, North America, and Europe. This growth continued through the 1990s with more land purchases including over 150 hectares in the New Zealand’s South Island.

*Wisdom and education*

A significant milestone was reached when the first of the third generation entered the business. New brands were introduced and joint ventures formed to broaden the exposure of the wine product beyond the original family brand. Each generation in the business had served the community through sponsorships, wine judging, lobbying, and service to New Zealand Winegrowers. With the seasoned wisdom of the second generation and the espoused education of the third generation, the family business is safe for future years. As it stands, Merlot Family Vintners had grown incrementally with certain milestones, such as exporting, stimulating further growth. As a rule, the family always maintained a manageable level of debt and reinvested in the business to retain reserves for growing the business and financing any debt. The General Manager of Merlot Family Vintners summarised how they control debt and reinvestment with an example that contrasted family businesses with non-family businesses.

In my experience, you could probably only pull out about a third of your profitability. So two-thirds are reinvestment, one-third pulling out. Reinvestment in debt reduction, basically, and especially if you’re in a growth phase. If you’re consolidating, just sort of not growing, then you could probably itemise debt reduction, then you probably have a higher per cent of debt reduction and maybe you could up your percentage…. I think of some number between 25 and 33 [per cent] is a number that you could possibly sustain that for the shareholders. If you are then a shareholder investor and you had no involvement in the business operationally I think you’d struggle with the concept of getting a quarter of the profit out of it. Investors want to pull a bit more than that out. (Morgan Merlot)

Money did not seem to be a problem for the family. As such, family members were not driven by money and did not present themselves as people that required opulence in their business or personal lives. They came across as wealthy, understated, and grounded. Their winery was functional
with plenty of capacity for their operation and they have formed joint ventures with others where there was a need to extend their capacity without compromising their debt ratio.

I think the strength [of the business] is how long it has been around.... It proves that the long view is the long view to have, if you do want to be around a long time. And I guess financially, ... you’ve paid off a lot of your stuff, you’re not mortgaged to the hilt.... Things might be a bit tight but the banks are not knocking at your door like what they might do with a lot of places around. (Trevor)

From a financial perspective, the family maintained only a modest level of debt in the business. In doing so, the family had been able to make decisions to expand and acquire land when other businesses were unable to. Their leverage also meant they had the ability to retain their assets without downsizing or borrowing further from banks. Currently two generations own and manage the business (refer to the family tree in Figure 12. The second-generation siblings had principal control of the business and had multiple businesses with different share structures. One son from each of the senior generation siblings had a significant shareholding in the principal business. Although there was only one person from the third generation who had a significant management role, it was apparent there was a desire for a first cousin (third generation) to join the management of the business. Figure 13 summarises significant events during the evolution of Merlot Family Vintners.

![Figure 13: Merlot Family Vintners evolution](image)

### 5.1.2 Succession antecedents

**Good material**

Forethought had gone into who would fit into an owning and managing role. In terms of who would be suitable, the senior generation were upfront in deducing who would, and would not, be suitable from within the family. In particular, Melvin was direct about the reasons why there were no women managing the business.
When we got married we didn’t let our wives come into the business because we noticed that they’re [stirrers] by and large.... And women seem to get, you know, ‘you’re working too hard, you should be doing some of this,’ all that sort of rubbish. (Melvin Merlot)

Melvin continued:

The one lesson that was ... learnt by observing was by bringing ladies into the business, wives, they might be cheap bloody labour but they’re expensive in the long run. Most of those companies fall apart. Why do they fall apart? Because they ... start scrapping amongst themselves, and so now if my sisters [work here] they just get paid an hourly rate and if [our wives] come here they get paid an hourly rate. (Melvin Merlot)

It was later revealed that there had been conflict between the women in the first generation, which had brought about this attitude. It was evident that the women of the family were well looked after, particularly financially. One sister in particular had worked in the business on and off for thirty years. She had a unique position as a family employee because she would hear about what employees were not happy with and, where appropriate, was direct with her brothers about employees’ complaints.

But there have been times [when the employees] think they’ve been clever [and] they’ve all been tittle-tattling together.... As if I can’t see what they have got in mind. But, no, it is true that because I’m in this unusual position I can actually talk to [my brothers] in a certain way that other staff members couldn’t. And so sometimes I have to be quite honest.... Sometimes there will be something and I’ll get quite steamed up about it and it will come to the position where I’ve said to them many times, ‘look, 95% of the time I treat you guys as my brothers, a lot like my bosses, but that other 5% I’m sorry to tell you that ... you’re not my brothers, and if you need telling off, I’ll tell you off.’ (Madge Merlot)

Despite the women in the family not being considered suitable successors for the business, their role was important in supporting the men in the business. Melvin stated emphatically, “I couldn’t think of anything worse than if my wife wasn’t supportive at all of our dreams.” It was evident that the women in the family had some covert influence in the business despite not having management roles. Moreover, Madge praised her brothers on how they were level headed and how she had been looked after.

And as a team, Melvin and Murray, I can tell you, they had sort of like harmony and they’d not argue. I can’t ever remember Melvin and Murray having a blow-up. No. And that’s true. And if they had a difference of opinion and it starts to get tense or they can’t agree or whatever, they just actually walk away from it, think about it and they will come back and sort it out. (Madge Merlot)

Madge went on to add:
I’m supposed to be semi-retired. But when I sort of said I was going to retire, they didn’t believe me. But I meant it. And they bought me a nice car for a retirement present, so, you know, they’ve been good to me. But, as I say, it’s worked both ways. (Madge Merlot)

As a long-standing employee and family member, Madge appears alongside her brothers on printed and electronic literature about the business.

Swapping over quickly

Women would not be directly controlling the business. This leaves the sons of the senior generation siblings. Following the transition from the past generation founder to the now incumbent senior generation, there was a more purposeful selection of who would be appropriate to take the business into the future. This was evident through the senior generation realising succession is more transactional. This was not to say there were not good relationships within the family. However, through the growth of the business it was evident that there were now more formal processes and defined roles.

Murray, [he] left the winery and came over here and took over, and then Morgan [came], and then that made it a lot easier…. We started getting more [and more] people working and then Morgan joined us so … I’m the Chairman, Murray’s [the] Managing Director and Morgan [the] General Manager…. The power now is probably the next generation. That’s swapped over quite quickly I notice. (Melvin Merlot)

It was plausible that Murray moved into the Managing Director role as the successor of the older sibling. Melvin’s role of Chairman could be retained in retirement. With Melvin in this position, the first of the third generation, Melvin’s son, had an owning and managing role in the family business. Although brought up on the family land, Morgan pursued his interests in the corporate world before considering a role in the family business. With a prominent academic record in winemaking and business, coupled with experience from outside the family business, the new generation brought a new focus and energy to the already prospering enterprise.

Well, yeah we’ve achieved what we’ve set out. So you just keep rolling along at that point but when Morgan came the pressure was on straight away to up this and up that and then it’s just a case of supporting. Yeah, make sure he’s got the green light and give him moral support. (Melvin Merlot)

The senior generation were ready to pass the business to the next generation with the acknowledgement that the business had reached a new phase requiring new ideas and refreshed vision. Melvin and Murray did not seem perturbed by this happening and acknowledged that they were in a very good position for the next generation to move the business forward.
Who’s in, who’s out

The senior generation siblings were frank about which of their sons were targeted for succession, and which were not. It became clear that Morgan’s brothers were not suitable for the business.

Melvin’s son and my son, they have a financial interest in the business … the other extended family don’t. Melvin’s got two more boys as well… One I think is … just too focused on his own interests to take the sort of wide view which you need. And the other [son is] tremendously gifted in the artistic side of things but I tell you what, I don’t think he could do costing spread sheets, [or] work the margins. (Murray Merlot)

There was suggestion that Morgan’s cousin would join the business. This decision was to be made by Murray’s son. He already had a financial stake in the business and indicated to the family that his long-term plans were to continue in the family business alongside his cousin. This would alleviate the pressure on the senior generation to stay managing the business. They could be better off transitioning into retirement through governance and their interests in the political and social side of the industry. It was clear that the senior generation were passionate about the business staying in the hands of the family.

What does motivate me is the continuity of the family. If we didn’t have it – like Morgan has now taken a huge weight off. And now my son … had never really shown great interest in coming into this business and I’ve never really pressured him either, but it’s got to the stage lately where we’ve sort of mentioned to him, Morgan mentioned it to him, and he seemed to be – he finally has said that he sees his long-term view here rather than in merchant banking business so that might work out in the next year or two. (Murray Merlot)

Melvin was also confident there would be family continuity in the business.

I think that the brightest thing that has happened to us is that the next generation – we’ve got good material [with] Morgan and Murray’s son, if he comes in, so that looks after that side of it. (Melvin Merlot)

Suitable successors had been identified from the families of the senior generation and plans were in place. Merlot Family Vintners was in an excellent position to implement their plan further when the timing suits.
5.1.3 Succession readiness and willingness

**Failed retirement**

For Merlot Family Vintners the generations displayed a mutual respect that was positively acknowledged through the interviews. After the succession from the founder to the second generation, there was a succession between the siblings in the second generation. With a ten year age gap the siblings each had their roles in the business but it was not until recent years that the younger brother came out of the winery and into a management role succeeding the older brother upon retirement. When Melvin was young he was determined to retire early but decided to carry on.

I made the decision [that] I’m going to bloody well knuckle down and work as hard as I can and retire at 40. When I got to 40, retirement wasn’t an issue. In fact, I retired when I was 64. I lasted two hours. I didn’t like it. (Melvin Merlot)

Over ten years had passed since Melvin “retired” but there was some reluctance to leave the business altogether. Melvin acknowledged that he had less control of the business’ future and had stepped back from a management position to an adviser or overseer in the role of Chairman. Part of the process of succession between the siblings, and later with the next generation, was providing boundaries for the different management roles. Melvin stated that he had been running the business since he was thirty but that meant he was also the truck driver, winemaker and any other job that came up. When the business grew to include wine shops and other regions, he found himself being inefficient being the “boss of everything” (Melvin Merlot).

Family businesses are – how can I put it – you can get the oldest son or most capable son ... sit in the pound seat at the top and he doesn’t move over too easy and he’s not put to trial, but we sort of sorted it out. I noticed that I was sort of inefficient…. So we had a look at this and we drew up demarcation lines and Murray took over a whole lot of the production side and that was an area of responsibility. And if I went to the winery I took direction from him. It wasn’t me telling him what to do. So he was the boss of that and this end, the admin, and I looked after the vineyards. That fell into my lap, and a certain amount of marketing and what have you. (Melvin Merlot)

From a responsibility viewpoint, there was an equality between the brothers’ roles but it was apparent that the next generation was ready to take a share of the responsibility.

**Responsibility not stress**

The shift in roles was not just down to a need for efficiency. Melvin realised that Murray was still doing a lot of manual labour. After forty years in the office, Melvin came to the conclusion that he
needed to give his sibling a chance to manage and “being his older brother – for me he’s still my younger brother – I thought it’s bloody time for [him] to come out of the pulling hoses and for me to move over” (Melvin Merlot). This sentiment highlights the willingness for the senior generation, even between siblings, to step back.

Probably the hardest part for a period is letting go, you know. If you could bring others in you do have to let go. And my wife says to me quite often that she was impressed that I could let go. You have to. (Melvin Merlot)

The stepping back was also demonstrated between the senior and next generation. Taking a different approach, Morgan suggested his role was to take the stress away from the senior generation. It was evident that Morgan’s university education brought an understanding of what was needed to enter the next phase of the business’ growth.

When I came into the business I spent the first bit of time not really taking anybody’s job off them but working away to understand how I felt the business worked and then where I saw fairly flimsy systems, I created new systems…. I didn’t take any job off my father or uncle. So I created this area of work that I was working on – the financial area and systems area – which is going to make it that more robust…. My level of understanding of how the business actually ticks became better than my father’s and uncle’s, because I drilled down. (Morgan Merlot)

Morgan continued to explain his role alongside the senior generation:

As my area of, say, finance grew, I can just take a weight off my father in that area…. My attitude towards his job is de-stress his job, because that’s easy for me to handle and I don’t want him sweating about something to do with the bank or our debt levels or anything I just need to make sure I’m comfortable with it and then he’s comfortable with it. So a lot of it actually has been about acknowledging that he should be involved in the business and the jobs that he should do shouldn’t carry a great deal of stress. They carry responsibility but not stress. So the job has to be done. And he looks after a lot of the vineyards from a managerial position although I’m involved in that. (Morgan Merlot)

This view of entering the business and essentially creating a role in the business had been beneficial to the harmony within the family. Instead of Morgan threatening the senior generation by taking on one of their roles, he had transitioned himself into the business in a non-threatening, but no less influential way.
Go for it

The business was now reaching its potential with the next generation stepping up in the business. Through Morgan’s analysis of the business he was able to understand at a meta-level what was needed to project the family business into the future. Further on in the interview Morgan added that he felt unrestrained when entering the business:

I mean, you can obviously quite easily in these situations [see] that the old dog doesn’t want to give up and someone’s itching to go or given any leash, so that hasn’t been the situation with me. (Morgan Merlot)

The senior generation acknowledged that the business was run quite loosely until Morgan joined the management. Morgan introduced systems that were more sophisticated and moved the business toward being more computer based.

So Morgan comes in with a huge experience of the disciplines of big business and he’s able to actually install them into our business, which we probably lacked a bit…. Our company was run hugely by Melvin and myself and stuff in our heads, and run by the seat of your pants, whereas [Morgan’s into the] costings. (Murray Merlot)

From a more objective position, the employees commented on how Morgan had stepped up and taken on new roles. One of the shifts referred to include Morgan’s increasing role in front of the customers through international marketing trips and his involvement in the strategy and financial side of the business. In addition, the employees noticed that the senior generation were stepping back albeit incrementally.

I think what we’ve seen is Morgan moving in and doing what [our old winemaker] did, taking a bit of work off Murray as well, working on numbers and things and a bit of contractual stuff with the growers but the actual liaising with them and going and talking to them…. Melvin’s still doing that and I go down and look at the vineyards as well. And I imagine on top of that as Melvin retires I’ll probably be doing more of that rather [than] Morgan picking up all of that…. So I don’t think Murray’s a big fan of like cutting back to three days a week or something but maybe reducing the hours in a day might be something he might be interested in. But I sort of think, like Melvin, he’s just going to go on…. Melvin’s obviously been a leading light here [but] I think he wants to try and retire again soon. I don’t think Morgan will let him. (Trevor)

There was a transition taking place in the family business. The transition was not too structured but formalised through the establishment of new roles and introducing systems that resulted in more control over understanding risks and potential opportunities. Like the transition from the founding
generation to the second generation, the introduction of the third generation had produced a new level of enthusiasm.

I think there’s a period when you have to actually demonstrate ... what the hell you’re talking about and once that’s demonstrated, it’s like go for it.... I don’t think it would be right to say oh, that coincides with me turning up. I’m definitely a factor in it because of some of the things I have introduced have allowed us to analyse and make those decisions and be pretty comfortable about that, but a business certainly doesn’t revolve around one person. (Morgan Merlot)

As long as they live, the senior generation may never be ready to step back completely. Careful manoeuvring of roles mitigated a sense of loss of importance for the senior generation. It was apparent that the next generation were in a position to enact upon the responsibility entrusted to them, if either, or both, of the senior generation passed on.

5.1.4 Vision in the family business

**Putting it in black and white**

Family members had a real connection to the family story. Because of the family’s long history, the employees were well versed on the history of Merlot Family Vintners. An understanding of the company’s story could mean there was an understanding of the way forward. The engrained culture meant employees understood the family was there for the long term and this was incorporated in their vision. Through the interviews it was evident that “culture,” “vision,” “mission,” “principles,” and “values,” were used interchangeably. The family culture passed through the generations was what set the pace for where the business would go into the future. As a starting point for establishing whether family members had captured the vision of the founder, the culture was exemplified.

The culture of this company has been set up by my grandfather and his personality. He was fairly steady as you go.... But anyway the cultural things were set up by him and instilled in my father and uncle and consequently in me. And it doesn’t just permeate the business, it’s the family.... So it just comes down through the family. So the family and the business sort of overlap, intermix in cultural things.... It’s established culture [that] flows into the business of non-family. This is how we do things. This is what we hold dear. (Morgan Merlot)

From the senior generation there was some reflection of how the vision for the business was somewhat limited. There was a link between the need to make a living and a suppressed vision. With basic resources such as land and the skills to establish an income off it, there was more focus on subsistence than building the business. The limited vision did not mean there was a lack of success.
The second generation recognised the potential the business had with the means provided. This enabled the second generation to springboard their ideas and grow the business from one of subsistence – subsequently providing a comfortable living – to producing wealth for the family.

Dad got to a stage and then Dad quit. I think Dad was quite happy where he got to and thought how much do you need, we’re making a comfortable living now and, that’s enough.... And so he would have sort of chugged along like that but when we came along, you’ve got a different set of horizons and so Melvin and I basically, I think, have always had the same sort of goals as long as we’ve been doing well. We’ve been loathed to take serious gambles and risks, like that could jeopardise [the business].

(Murray Merlot)

Although the senior generation set similar goals to the founder, these goals were conservative with room for excelling. Melvin presented a similar view to his father, adding “by the time my father retired, ... he would have exceeded his wildest dreams.... And I suppose Murray and I fall into the same bracket [going beyond what we envisaged]” (Melvin Merlot). The brothers, and their father before them, were most focussed on short-term objectives and unconcerned with monetary success even though they were reaping benefits from their labour.

Do we need a value statement?

The next generation formalised the culture passed on from the senior generation. Beyond the implicit culture, the vision for the future needed to be portrayed to those employees who were more detached from the administrative hub of the business. During the interview with Morgan, he rationalised why a formal process needed to be followed. In his explanation, he had major input in the formalisation of the company’s mission statement and was involved in creating the vision for the business.

To me it’s we don’t have a mission statement, and so do we need one? You know, how the business reviewer would say of course and I kind of think, yeah, we should do. Do we need a value statement? The reason I would say not really is because I know what those values are and culturally we have those in our company. The reason why I say yes is because we now have employees in [other regions] who don’t agree with us and don’t interact with us and we have a growing base of people that need to understand these are our cultural cues, and these are our values, you need to operate like this, and you can’t say you haven’t been told, here it is in black and white. (Morgan Merlot)

Morgan set in motion a consultative process with a business development advisor and a marketing agency. Two aspects of the business were differentiated.
There’s the business itself, and the culture of the business and the platform that goes forward and does business from and who we do business with ... and then there’s the brand [which is an] intangible item that is personified within the business. (Morgan Merlot)

On the one hand the marketing agency worked on the “brand review process” which “will dovetail into the business values/culture/mission” (Morgan Merlot) that the business developer concentrated on. The result was a set of brand and cultural values that would “go out to the world will be expressed” (Morgan Merlot). With Morgan championing the process he was on the pulse of the vision going forward. There was no doubt the senior generation were consulted on the process but the initiative demonstrated the next generation capturing the founders, and indeed the senior generations, vision. Melvin verified this assertion:

The kids grew up in this culture, that part, I think, happens – is fairly automatic.... They’ve had time away and travelled and all this ... the culture’s probably established well before they get here.... But when they've grown up here and, ... they've played here, they've run here, everything, you know that culture. (Melvin Merlot)

Formalising the values process was not necessary during the first two generations because most of the staff, and the businesses intermediaries, were close to the original winery. The process acknowledged the business’ growth and that with maturity there was a need to be clear about what the business stood for. Further, the senior generation acknowledged Morgan’s input and how there had been renewed momentum in the business. There was a shift of focus between the generations. The next generation was picking up the capabilities needed to move forward whereas the senior generation was able to provide advice from their years of experience.

I can tell you one thing, that since Morgan has come in seven or eight years ago it’s obvious that there’s a new push in the company and it’s just an age thing, because you probably find that Murray and I are looking at the bigger picture. (Melvin Merlot)

Objectively the employees had recognised the shift in vision since the next generation had been involved in the business. Given that the values were intertwined with the brand it was no surprise that, from an operational view, employees identified the vision more with the brand. This was because the formal process of matching the values with the brand was still in progress. Employees identified a possible brand change with a change in direction for the company.

They are looking at rebranding ... part of that decision is where you go – what sort of branding do you want to convey? Do you want to stay with the same style and perception as you’ve always had or do you want to go completely different? And that’s always a risk. It can be quite a gutsy call and you probably need to spend a lot of money marketing the brand ... (Todd)
Vision was arguably progressive, and established in context. An example of how vision could be progressive was seen between the generations. For Merlot Family Vintners, expectations had surpassed what the senior generation envisaged for the business. With the next generation entering the business, vision was renewed, and in this case formalised with the help of external advisors. Regarding context, the phase of the business’ evolution and the economic climate can influence factors on the vision going forward. All of the family members demonstrated a conservative position in relation to risk and opportunity scanning. This could suggest the business was unlikely to grow exponentially, but rather steadily in relation to an acceptable level of debt.

5.1.5 Behaving entrepreneurially

*Well thought out*

Since the founding generation, it was apparent that the entrepreneurial behaviour had increased over time. It was evident that the family preferred to be known as hardworking and hands on but objectively they had the elements of an entrepreneurial family business. One notable comment was that the family “never looked [to] roll the dice” (Morgan Merlot). The family was conservative with respect to risk and there was congruency between the siblings in this regard.

I think our decisions have always been quite well thought out, well calculated and we have never ever tried to be the biggest just so that we were bigger than ‘Joe Blow’ next door. That just never worried us. (Murray Merlot)

This sentiment about risk taking did not sum up whether the family, or individuals in it, were entrepreneurial or not. However, it did sum up the approach members of the family take when scanning for opportunities. The senior generation compared their winery against people who started wineries with the finance in the first place to do so. Murray suggested, “there were quite a lot of vineyard developments that were the entrepreneurs [that] saw the opportunity, they went down there and put their million dollars into plant, vineyard and bang it was there.” This was very different from the establishment of Merlot Family Vintners but very much a reality of the wine industry.

*Understanding risks and opportunity*

In the past twenty years there had been a surge of opportunists entering this fashionable industry. This was not to say these opportunist entrepreneurs were “rolling the dice” so to speak, but it did suggest that pioneering families such as the Merlots had done the hard work of building the industry, at least partly. As a senior member of the industry, Melvin was invited to speak to tertiary students about how the family built the business, inferring his interpretation of entrepreneurship.
If you’ve got enough drive in you, you know everybody’s born different but if you happen to be fortunate enough to have natural drive, you’re going to get ahead no matter what sort of life, but it’s a harder course to take. It will help you no end and in today’s climate you can’t stop people who have high entrepreneurial skills, … they’re going to happen whether you like it or not. (Melvin Merlot)

Perhaps modestly, this well respected leader in the winegrowing industry went on to tell the students that he did not recommend the students follow the path his family took saying “it’s a bloody hard way, there’s got to be an easier way to go” (Melvin Merlot). Being the older brother by more than ten years, and perhaps reflective of the harder years during the foundation of the business, Melvin was open about being risk averse.

… plus sometimes I notice that [my] brother Murray and [son] Morgan would probably be a bit more flamboyant with capital than I am. I probably had my hand on the purse … I don’t know if that’s good or bad … there’s a certain amount of risk in business…. If you get there easily under Morgan and Murray’s push, it would pay off quicker, but I’d rather not. I suppose it gets down really to how high you’re prepared to leverage yourself. (Melvin Merlot)

From a different angle, Melvin recognised the industry was in a time of expansion, and that it was a modern industry, and not an old-fashioned one at all. He reminisced about once only having spades to plant vines when now the same tree planter would plant pines and vines. Murray echoed this advance in technology:

When I took over from my father and I started bringing in new techniques, like I started bringing in yeast cultures, cold fermentations, stainless steel, things like that, we were getting these quantum leaps in quality. (Murray Merlot)

Some understated entrepreneurial activity occurred under the guard of the senior generation. Although incremental, the family had transformed parts of its business through science and marketing techniques. Morgan clarified why entrepreneurship in winegrowing was not always based on financial return but agility in the practice of winemaking.

It’s steady as you go from a risk point of view, but we do push the envelope in a lot of areas…. But you can take a risk adverse approach to being entrepreneurial – you just don’t bank everything on. So we do a number of single vineyard wines in low volumes which are really high quality, possibly [with] atrocious cost data on them but they are demonstrating a certain thing for us. They’re either saying, this is what we can do or they are pushing our understanding of viticulture in our winemaking teams so they will benefit in the bulk of the wines we do. So you do things for reasons that aren’t necessarily financial return but they are very entrepreneurial within your field of winemaking and just pushing the envelope. So we do a lot of that sort of stuff. (Morgan Merlot)
Morgan acknowledged that innovative partnerships were important to the business. These partnerships ranged from supermarket chains, liquor stores, distributers, and production facilities. One relationship with a group of stores had proven mutually beneficial. The stores and Merlot Family Vintners produced a wine that had the hallmarks of the region where most stores reside, which had become the second largest seller for Merlot Family Vintners.

And we've got a few other things like that that we've done internationally, but we look for those opportunities that exist. They are kind of like loopholes in the general landscape of business. You can jump in this loophole and piss off all your competitors. (Morgan Merlot)

Another example was a joint venture with two other wineries in a co-operative winemaking facility. This facility had allowed Merlot Family Vintners to maintain their autonomy over their wine production while sharing operational costs. Morgan suggested, “they must be sustainable and beneficial and mutually fair [relationships] and everyone gets a good crack out of it” (Morgan Merlot). Other partnerships were strategic. As a personal investment, Morgan purchased an agriculture research establishment that included land, a restaurant, and a commercial winery. His business partner, who was independently wealthy, decided to exit the partnership leaving Morgan with facilities and a good brand that could be exploited internationally. These innovative partnerships highlight a level of entrepreneurial behaviour and orientation that was perhaps not overtly recognised.

**Introducing rigour**

Because these partnerships had been a result of identifying loopholes not previously exploited, Morgan was behaving entrepreneurially. As well as behaving entrepreneurially, Morgan was responsible for introducing systems to the family business that assisted in identifying risks and opportunities.

I wanted to bring some of the good stuff of the corporate … into what was quite a loosely run business, so a lot more systems and measurements and responsibility into the business. The business was run without budgets, without targets, without revenue expectations, nothing. And at the end the accountants would tell you how you’d done…. And so what I’ve wanted to do was have a milestone approach to the year and introduce rigour into the business, in effect, understand where your risks reside and where opportunities are. (Morgan Merlot)

This statement points to systems being introduced as part of the company culture to encourage opportunity spotting. A better understanding of the capabilities within the business can realise more potential than ad hoc management. As Morgan points out “systems run businesses and people run systems,” which highlighted the need for some control in the business from which good decisions can
be made. The employees view Morgan as someone who had brought change to the business, and in one employees view considered him to be “pretty much an entrepreneur” (Trevor). There was resistance to some of the changes that Morgan had brought about. An example was introducing a market focus which took the focus off the wine.

The thing is, Morgan has really brought that market focus, which I don’t always agree with, but at the end of the day you do have to look at the markets. But I think – well basically I do agree with it as long as you don’t forget that you still need wine. You know, you might think a market is everything. Well I know the market is very, very important and there is no point in making wine that people don’t want to buy but if you don’t have wine, and good wine at that, then you’re not either…. With Murray and Melvin on board that sort of, you know, that initial sort of impulse of Morgan’s was balanced. Now Morgan’s very much on board with not just the market. (Trevor)

The entrepreneurial behaviour introduced by the next generation was moderated by the senior generation. When Morgan entered the business he tried to introduce new ideas too fast, but over time had gained the respect of the employees. Trevor acknowledged that winegrowers need to be entrepreneurial and that the Merlot family were agile in making decisions.

Unless it’s kind of a monopoly or everything’s so grand that it can sit there and allocate things to people – which I mean when I started all of the wines were on allocation…. So now you’ve got to be entrepreneurial. [The family are] not terribly reckless workers but they can make decisions quickly. Like we need to buy another vineyard, go down and find one, do it, yeah it’s a lot of money [but the family can] make quick decisions. (Trevor)

As outlined in Chapter Three (Industry Context) of this study, producers like Trevor’s employers, need to be entrepreneurial because of the nature of the industry and its competitiveness.

*Keep moving forward*

From another angle, an employee considered the family entrepreneurial particularly around creating new brands and establishing relationships with non-traditional customers. An example was a value driven brand that was produced only for one of the major supermarket chains. A brand presence was created for the family business even though it is not their brand, just their wine.

Well, they are entrepreneurial as much as [they can be], especially domestically. I mean, since I’ve been here, [the] domestic side of the business has done a lot of work with non-traditional customers … so I think we were basically aligned with a distributor in New Zealand and that, like all distributors, they’ve got a number of brands so you wonder whether you’re getting your bangs for your buck. But Morgan’s since gone out and developed a brand for one of the major supermarket chains, which is specific for them. (Todd)
This diversity led to more opportunities to sell their products, particularly at a time where there was an oversupply of wine and the objective was to move inventory ready for the next harvest. Exploiting these gaps and establishing innovative partnerships demonstrated the family’s ability to be strategic in the placement of their wine and revealed their underlining entrepreneurial behaviour. Todd shares his views on the strengths of the family in relation to the way they run their business:

I think their ability to ... keep moving forward and to be proactive rather than reactive [is a strength]. [You need to] look for new opportunities or new varieties to produce to the market, or you’re going to keep your marketing up-to-date, or your packaging and that sort of thing, and not be afraid to actually spend a bit of there in the marketplace and try and expand. And that’s one of the strengths here. (Todd)

The sentiment from the employees was that the family business was progressive. The family had investigated new opportunities through branding, new varieties, and innovative partnerships, which requires some insight based on experience. For example, Morgan’s experience in the corporate world and his implementation of systems in the family’s business practices, would contribute to making sound decisions when opportunities arise. The family had the ability to make astute business decisions based on information gathered on the market, their finances, and their products as result of having these systems in place. However, the senior generation had foresight to grow the business, even if incrementally, before the next generation was involved. One of the employees identified this.

They obviously saw a long time ago that there was an opportunity to grow the business and to become a player, a reasonably large player in the business, and they’ve done that. (Todd)

From a traditional pioneering background, Merlot Family Vintners demonstrated an element of entrepreneurial behaviour passing through the generations. The family’s grounded approach to building the business had bursts of the entrepreneurial activity as each generation entered the business. The family was risk averse and conservative, but there was evidence that the measured approach they had taken had provided the leverage to be nimble in their decision making and innovative in their industry partnerships. The family also displayed a readiness to work with other family businesses that had a similar history of experiencing the vicissitudes of the industry. These family businesses were more trusted by the family and long term focussed.

5.1.6 Generative strengths and experiences

Shake of the hand

For Merlot Family Vintners the transition from the founding generation to the second generation siblings was relatively straightforward because the business was still small. In addition, the transition
between the siblings was still a succession of management roles even though it was unlikely to change the financial status of either of the siblings. These two successions contributed to experience and wisdom gained by the family, which can be viewed as a strength of the business. Murray extended the notion of longevity further by referring to the family’s interaction with other family businesses He also stated that the family tries to avoid opportunist growers.

We kept away from that sort of grower (the opportunists), we prefer to go for the old established farmers, the ones that had the land and had been there for generations ... because we thought there was more stability, and they had been in the ups and downs. (Murray Merlot)

As a family business, Merlot Family Vintners identified with other family businesses and were more trusting toward them. Many of the older family businesses would have been through similar experiences like recessions, generational transitions, and a highly competitive environment. This was considered an advantage where arrangements that are more informal might be held. An employee pointed out that contractual arrangements held by family businesses differed from those in the corporate environment.

Morgan’s certainly done a bit of the vineyard negotiation and ... actually gone and got some contracts in place with the growers that we’ve got rather than just a handshake, sort of. But, you know, not like 16-page contracts, like a corporate business would have.... It’s more of an understanding I think than if you put it on paper, which is another point of difference in a family business – a lot of the growers they’re dealing with are someone you shake your hand with and we’ll do it. (Trevor)

While the senior generation agreed upon a handshake, the next generation followed suit more formally, but without making the contracts onerous. The ability to have some openness with agreements can have advantages particularly the goodwill it encourages between the parties.

**Corporate versus family**

Because there was some stability of leadership in the family business, decisions can be made easier and faster without the bureaucracy that can be found in corporate businesses. Leadership was often framed in terms of “family business versus corporate.” Morgan defined the dichotomy in the winegrowing context. The example provided was that corporate businesses treat assets as dispensable. If having assets were not lucrative in relation to return on investment (ROI), they would sell assets and lease back if needed. For Merlot Family Vintners the attitude was the reverse.
I mean, I just see it as so black and white. This division in the wine world, it’s not red wine and white wine or old versus new, old world versus new world – it’s corporate versus family. And the values are different, the way of doing business, and structurally it’s different…. We grow assets, own assets, freehold assets, be asset-rich and have a gross profit objective not a ROI. (Morgan Merlot)

Why this was important lay in the length of lead-time for future goals. Where the family had a long-term plan, a corporate employee has a short-term horizon. Morgan suggested this difference also related to the business’ relationship with shareholders. While he was planning for decades ahead, corporate employees may only be planning for the months ahead.

I am planning for 10 and 20-year periods with regard to the investments we make because we look at it as an appreciated asset base. Some guy in his corporate position looks at his bonus in a 12-month timeframe and an appreciating asset doesn’t contribute to it, only return on investment and performance on the P&L. See, I’ve got, obviously, a very different way of looking at it than a corporate. (Morgan Merlot)

In addition to the difference in business models, family businesses can have a better response time with decision making. One of Merlot Family Vintners employees found corporates particularly frustrating and conceded prompt decision making was a strength of the family businesses.

When you’re dealing with corporates it’s a lot slower getting an answer out of them. You know, how do we do this? … The guy’s about to give an answer, [and then they say] ‘oh, no, he’s left,’ the new guy doesn’t even know the question that’s been asked of him. Or there’s a few people it’s got to filter through before it can filter back down again…. So sometimes family businesses can be a hell of a lot quicker. (Trevor)

The Merlot family have good communication in the management team resulting in any one of the family members in management being able to make decisions if the others were absent.

**Good, tight ship**

A related strength of family businesses was the retention of employees. The Merlot family promoted a work/life balance with their employees, which ranged from having regular breaks, to having a drink with the employees after work, to leaving work at an appropriate time.

Probably one of the strengths is that we attract and maintain people here in employment and I think that is first and foremost because we are a good employer and we see value not just in people’s contribution at work but in the balance in their lives – the enjoyment of their lives…. Because at five o’clock everyone needs to go home and be with their families. So we don’t treat people like animals. So there’s quite a strong work/life balance. (Morgan Merlot)
Objectively the employees agree with Morgan:

I think it’s still expected that you do your day’s work and you’ll get rewarded for it at the end of it…. They do place some emphasis – quite a lot of emphasis – on a work/life balance. They do realise it’s important that there is a balance between everything you do – that if you need to take time off, that’s fine…. They’ll find a way to make sure that the business is structured so that you can have time off and it can still run. (Todd)

What underpinned the strengths of the business was a culture of fairness. Murray reminisced about how his father allowed him and his brother to make mistakes and would debate decisions in a calm and non-judgemental manner and “if you made a mistake and it was wrong, he would never say a word” (Murray Merlot). From an employee perspective, Madge commented on the manner of her brothers and nephew:

I think [the greatest strength of the business is] it’s people, personally. And I’ve just always thought that Melvin and Murray, and now Morgan, of course, run a really good ship, tight ship, but they run a good ship. And Melvin and Murray … are always very fair…. They can somehow manage to … negotiate and … come to decisions and conclusions in a very fair manner to everyone. (Madge Merlot)

Their fairness to employees and in business dealings contributed to their reputation and longevity in the market.

5.1.7 Section summary

The Merlot family were one of the early pioneers of the New Zealand wine industry. With the family’s long history and experience, there was a maturity in their approach to business. For much of their history the business remained small but expanded heavily through the 1980s. During this time of expansion, wine was exported around the world and started to overtake their production for the domestic market.

Their strategy for retaining a manageable level of debt and growth had boded well for the family. In addition, only one third of their profit was drawn upon while the other two thirds was reinvested into paying off debt or growing the business. Moreover, since the next generation joined the family business there was a new level of professionalism. With the systems implemented, and the time spent in finding out the detailed cost of production, Morgan Merlot was confident in understanding the risks that the business faces and was able to screen opportunities as they arose. In contrast, Morgan’s father and uncle paid less attention to systems and welcomed his approach. As such, the family had entered into a few innovative partnerships such as production facilities, supermarkets and
other chain stores, and for the purchase of other wineries. Table 17 summarises the findings for Merlot Family Vintners.

### Table 17: Merlot Family Vintners – Individual and interpersonal level summary

<table>
<thead>
<tr>
<th>Section</th>
<th>Generation</th>
<th>Individual level</th>
<th>Interpersonal level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and Family Entrepreneurial History</td>
<td>Senior</td>
<td>Were involved in the business from an early age; evolving roles</td>
<td>Knowledge was shared between the generations</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Excellent understanding of business background; involved from an early age</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family story transferred to employees</td>
<td></td>
</tr>
<tr>
<td>Succession antecedents</td>
<td>Senior</td>
<td>Identified successors; no women</td>
<td>Succession process communicated between generations; family decisive about who were appropriate successors</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Understand they would succeed the senior generation; cousin likely to join</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Succession Readiness and Willingness</td>
<td>Senior</td>
<td>Resisted retirement; stepping back</td>
<td>Next generation has reduced the stress on the senior generation; knowledge sharing occurs through moral support</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>New systems implemented; significant shareholding;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Acknowledge changes occurring and succession process has begun</td>
<td></td>
</tr>
<tr>
<td>Vision in the Family Business</td>
<td>Senior</td>
<td>Conservative vision; business has gone beyond their expectations</td>
<td>Refreshed vision was apparent through next generation; formal recognition of vision occurring through consultative process; transfer of results to employees imminent</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Conservative but progressive; initiated a consultative process recognising the family’s vision</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Relate vision to branding</td>
<td></td>
</tr>
<tr>
<td>Behaving Entrepreneurially</td>
<td>Senior</td>
<td>Risk adverse; practical; conservative about growth</td>
<td>Next generation advances opportunities; senior generation apply brakes and not interested in being the biggest; innovative in their partnerships</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Balances risk and opportunity; market focussed; looking for loopholes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Identified next generation brought market focus</td>
<td></td>
</tr>
<tr>
<td>Generative Strengths and Experiences</td>
<td>Senior</td>
<td>Working with other family businesses; decision making</td>
<td>The family agree that prompt decision making was an advantage; working with other family businesses a good experience; business was structured to allow work/life balance for family and employees</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Long term planning; prompt decision making; valuing employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family businesses make quicker decisions; work/life balance</td>
<td></td>
</tr>
</tbody>
</table>

With the family’s long history and experience, there was a maturity in their approach to succession, and the sharing of knowledge between the generations. For example, because the family had already been through a succession from the founder to the senior generation, there was recognition of the need to plan. Although not all of the senior generation’s children were appropriate, or indeed willing to succeed their parents, there was evidence that the next generation would continue in the
business. Further, the next generation brought renewed vision and enthusiasm to the business, which was generally welcomed by the employees. In particular, Morgan Merlot had demonstrated that he behaved entrepreneurially through his diversification of brands and interest he held in wineries he purchased, or the joint venture’s in which he was involved.

The family and their employees identified several strengths. One strength that both agreed on was that family businesses have the ability to make decisions promptly. As such, a distinction was made between corporates and family businesses with reference to how slow corporates can be in giving answers. In contrast, family businesses were found to be more reliable for making decisions and have a vested interest in doing so. Contributing to this was that family businesses have a long-term orientation. To the Merlot family, assets were important but there was less focus placed on their return on investment. This was in contrast to a corporate entity that had a short-term horizon and a focus on returns.

Moreover, the Merlot family prefer to work with other established family businesses. They were seen to be more stable and trustworthy. Trustworthiness was evident in the way the family negotiated contracts with a preference to agree on a handshake rather than with written contracts. The Merlot family were found to be fair employers that promoted a work/life balance. Overall, the family were conservative with their spending within the business and lived modestly relative to their personal wealth.
5.2 Sauvignon Family Estates – Breaking New Ground

Figure 14: Sauvignon Family Estates genealogy

All senior and next generation family members working in the business, and five employees in various roles were interviewed. The family grow the majority of their grapes on their own estate of nearly two hundred hectares in one geographical region. Wine production and storage were situated on the family’s original estate where the main administrative office was located. The family was part of a cooperative marketing venture with other family businesses. None of the family members lives on the original estate.

Table 18: Case Site Two – Sauvignon Family Estates demographics

<table>
<thead>
<tr>
<th>Respondent pseudonym</th>
<th>Generation</th>
<th>Age range</th>
<th>Years in business (approx.)</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solomon Sauvignon</td>
<td>First</td>
<td>40-65</td>
<td>30-40</td>
<td>Co-founder</td>
</tr>
<tr>
<td>Sylvia Sauvignon</td>
<td>First</td>
<td>40-65</td>
<td>30-40</td>
<td>Co-founder</td>
</tr>
<tr>
<td>Suzie Sauvignon</td>
<td>Second</td>
<td>30-40</td>
<td>10-15</td>
<td>Winemaker</td>
</tr>
<tr>
<td>Simon Sauvignon</td>
<td>Second</td>
<td>30-40</td>
<td>10-15</td>
<td>Winemaker</td>
</tr>
<tr>
<td>Stella Sauvignon</td>
<td>Second</td>
<td>20-30</td>
<td>5-10</td>
<td>Marketing</td>
</tr>
<tr>
<td>Nathan</td>
<td>N/A</td>
<td>30-40</td>
<td>≤5</td>
<td>Senior winemaker</td>
</tr>
<tr>
<td>Nicole</td>
<td>N/A</td>
<td>20-30</td>
<td>≤5</td>
<td>Accounts</td>
</tr>
<tr>
<td>Nigel</td>
<td>N/A</td>
<td>40-65</td>
<td>≤5</td>
<td>Cellar hand</td>
</tr>
<tr>
<td>Norma</td>
<td>N/A</td>
<td>40-65</td>
<td>30-40</td>
<td>Cellar hand</td>
</tr>
<tr>
<td>Natalie</td>
<td>N/A</td>
<td>20-30</td>
<td>≤5</td>
<td>Administration</td>
</tr>
</tbody>
</table>

5.2.1 Business and family entrepreneurial history

Following the All Blacks

For a young winery, Sauvignon Family Estates was a pioneering enterprise. The business was established in the 1970s with two generations now managing the business. The senior generation had principal control and ownership of the business, which was ultimately held in a trust. Of their
three children, only their son, Simon, had a small shareholding in the business. Each of the next generation siblings had returned to the family business and had significant roles. From a farming family in an Old World country, the founder of Sauvignon Family Estates was brought up amongst orchards, mostly apples. Solomon was from a large family that had varied interests in the family orchard. Each of Solomon’s siblings went into different vocations such as trucking, administration, and the police force.

And anyway the family has shaped up so I’m the one [that] stayed at home. But then I got into a college … just the basic horticulture college. We did winemaking there as well. And after I had been there six weeks my father died suddenly from a heart attack and so my older brother had to come home immediately…. And I finished the college and by the end of it I was reasonably keen on the wines…. I left there to the other side of [the country] and got a job in a winery and worked there, basically on the bottling. (Solomon Sauvignon)

Fortunately, Solomon was able to leave the business while his mother and an older brother shared the responsibility of the small family business. While working in the winery his manager told him “Solomon, you should go to university, you should go on, you should do more than you have done … you will have opportunities.” After a lucrative time truck driving, Solomon then moved on to study winemaking at a University elsewhere. His winemaking study allowed him to be exposed to new equipment and an experimental winery under a well-respected Professor. This experience opened doors to work for a large corporate winery in another New World country to attain the necessary practical experience. At the time Solomon came to leave this country, he was promoted.

When the day came for me to leave, the company offered me a job as a general manager [of one of the company’s wineries]. [The owner] had a number of wineries and I could go up there and manage [one] for an enormous amount of money – [but with] forty eight degrees Centigrade, [the people] … I said it doesn’t excite me anymore. Maybe I’ll go where the All Blacks come from. (Solomon Sauvignon)

The rationale to move to New Zealand was pragmatic and based on knowledge of the country. Although Solomon took a large pay cut, he considered being in New Zealand a good pay off. Soon after arriving he met his now wife through a love of skiing and hiking. Within months they were married. At about this time, the early to mid-1970s, winegrowers were starting to speculate in the South Island. With this new interest in winegrowing in the South Island, Solomon and his wife decided to settle and the young winemaker decided to pursue his passion for wine making.

Borrowing from a lawyer

At this time Solomon was working for a corporate agricultural company, which he remained in until the winery was established. The winegrowing operation was concentrated in one area where
Solomon believed there were the right elements for growing grapes and producing good wine. The area he chose was ridiculed by winegrowers but Solomon was confident the region would produce wine even if there would need to be some trial and error.

So it was really just to see what would grow down here because nobody would give us advice. You know, the Rural Bank at that stage was lending money to the farming community at 4%. They said, well, grapes? Go somewhere they grow grapes, we’re not lending money to you. So we actually borrowed money at 15% from a local, our lawyer ... when the neighbour was using 4% money. So it wasn’t actually very easy for a while. (Sylvia Sauvignon)

The couple grafted vines and planted two hectares of their twelve hectares. The rationale for grafting was to maintain phylloxera resistant vines, which later proved to be a wise decision and an important part of their business. The couple spent all their spare time outside working hours tending to the condition of the ground and the all-important vines. With grape crops pending, the next step was to establish a winery. With some tenacity the couple planned, and built, a small winery incorporating basic amenities, cellar, and a tank room. By the mid-1970s the vines were producing adequate grapes for wine production. At this time, Solomon was still working at the agriculture company to maintain cashflow, while Sylvia left her job coinciding with the birth of their first child and the pending harvest.

*The golden Kiwi*

This first harvest marked a milestone for the fledgling business. Five wines were produced which they entered into a national wine competition. Much to the surprise of the judges and the couple themselves, they came away with five awards. With this affirmation, and after their hard work in adverse conditions, the couple marked the beginning of what would become a successful medium sized winegrowing business. In addition, this new recognition proved their region was viable for winegrowing, which led others to follow suit. By this time the couple were expecting a second child. The cellar door was open and holidaymakers were passing by the only winery in the district and buying their award winning wines.

So then our cellar door was extremely busy because it was a bit of a novelty, there was nothing like it around, and we just sold huge volumes. And then, we’d run out and – I could show you – I’ve got upstairs address books where people said let us know when the next wine’s ready. So I thought, here we go, we’ve got a captive market. (Sylvia Sauvignon)

During this time, Solomon stopped working for the agricultural company and began treating the business as a full-time venture with his wife, planting two-and-a-half hectares at a time. Sylvia fastidiously maintained address books of all their customers, and those that missed out owing to
them selling out, which essentially created a mailing list. This attention to detail meant the winery always had ready customers and for years stamped self-addressed envelopes was the system, which grew their customer base nationally.

About 95% [on the mailing list] were active. And I can remember having meetings with New Zealand Post at that stage and they just couldn’t believe it. You know, mail order was quite new in those days. And they couldn’t believe you could have such a high percentage of active customers. But they all joined because they wanted to and because it was a novelty. They couldn’t buy this wine [wherever] they came from…. It’s always quite nice to have something on your table that nobody's seen before. (Sylvia Sauvignon)

Frugality assisted with managing the high interest payments. Bottles were collected from pubs and hotels and then washed and recycled using a makeshift rotary bath which Solomon created. Even corks were treated manually in the oven on a cage rotisserie. Grape growing was new to the region so they trialled a large assortment of varietals to see which worked best in the climate. In doing this they became proficient at grafting and retained a good stock of cuttings. This contributed to the business in two ways: First, they supplied many cuttings to the fast growing regions, which was excellent cashflow on top of their own production. Second, Solomon and Sylvia’s vineyards were not hit with the Phylloxera bug so they became a major supplier to the industry making a windfall.

We made in the late Seventies, early Eighties a lot, a lot of money. We suddenly fell into a Golden Kiwi. We built a new house. We got harvesters delivered from [another North Island region]. Yeah, we had a lot of money. Money was not an issue. We could buy land. We bought land over here…. We didn’t ask anybody for money. Because we had cuttings. (Solomon Sauvignon)

As a result the business reached a new milestone in their growth, which meant they were able to reduce their debt significantly. Sylvia stated:

I think when people said to Solomon 'you can’t grow grapes [there],' he thought ‘I can do what I like.’ And ... it wasn’t long before we had every bank in the region knocking on our door, you know, we’ll lend you money, we’ll lend you money, we’ll lend you money. And so we were able to refinance after a couple of years, well probably less than that, down from 15% to a more realistic level of debt of interest. (Sylvia Sauvignon)

Solomon’s tenacity became the basis for how he would continue run the business. He went against the norm and the enterprise benefitted, not only financially, but also from a strong reputation for leading the establishment of a new wine region.
**Never waste**

The winery was well recognised and had expanded to include a restaurant and function rooms. A recent example of expansion in the winery was the installation of new tanks and bottling capabilities, and new labelling technology. They had considerable assets and controlled their own distribution. The family brand had a loyal following due in part to the meticulous relationship management of their customer base, and the goodwill built from these customers.

[Today] we have six vineyards.... We’ve got an enormous, enormous amount of property. And when I think when I came to New Zealand with nothing. Nothing. And we never wasted anything. We all appreciate this land has value.... We have a lot of coastal land, you know commercial places and the vineyards and the farming, we’ve got cattle, we’ve got forestry, native bush there. It does mean how far do you want to expand? You know, the set up [that] we have now is a pretty good size. You triple that, you lose control. (Solomon Sauvignon)

Solomon’s concern that the family business could become too big to control might be simply that the business was not structured in a way that supports further expansion. An example of further structure needed in the business could be the employment of non-family management and the introduction of more formal governance. As it stands the family were perhaps wise in retaining their current size until the next generation were more experienced.

**Who’s the boss?**

Although Solomon had the credentials and was very hands on within the business, one of the employees made a general statement that reflected the difference of holding a position of leadership, and being the recognised leader in the business. Nathan suggested that “Sylvia is the boss. Like, I think you’ll find most wives in wineries. In wineries the wives are always the boss” (Nathan). This perception was because Solomon was integrated in the practice side of the business whereas Sylvia was involved more on the administrative side.

[Mum] kind of oversees everything. She’s office-based usually. [She takes care of] the new export markets. She does a lot of PR stuff if there’s tours or media or whoever coming in. (Stella Sauvignon)

In addition, for Solomon English was a second language so Sylvia tended to be the spokesperson for the business. As a result, there may be a perception that her role was most influential. Figure 15 summarises significant events during the evolution of Sauvignon Family Estates.
Figure 15: Sauvignon Family Estates evolution

5.2.2 Succession antecedents

*Nappy bags and baby bottles*

One distinction made by Solomon was how he considered the business to be the right size for his children to take over without requiring additional management. Solomon had distaste for additional managers, which may have something to do with historical management difficulties the family had with their restaurant. Simon recalled his parents employing a manager and assistant manager for the restaurant costing the family $100,000 per annum which ended up being a “hierarchy [like] the Navy” and an “absolute shemozzle.” This experience meant the restaurant was outsourced to trusted restaurateurs who would preserve the reputation and goodwill built upon the Sauvignon Family Estates brand. Both Solomon and Simon rationalised why non-family managers would not take key positions in the business based on the cost burden they incur. This was why the senior generation in particular controlled the size of the business.

You know, big enough for all three kids.... Everybody can have their own field. They’re not running into each other too often.... And from my point, it’s great to see ... the kids come on board and life goes on. (Solomon Sauvignon)

Each of the children had studied and travelled. There was cohesion between the siblings who had defined roles though Simon and Suzie share a winemaking role. The children were brought up in the vineyards as they were born in the startup phase of the business.

So I finished teaching and then with baby on back and a carrycot in the back of the [car] or whatever, I was out there then. While Solomon was at work I was sort of running the show there with the baby on my back. At the weekends we’d both be out there. We had nappy bags and nappy buckets, and food, and lunches, and dinners, and baby bottles and all the things you take with a baby. [Suzie] was only three months old when we picked the first grapes. (Sylvia Sauvignon)
Sylvia was very involved during the startup of the business, at least in the establishment of the vineyards. While Solomon was the person with experience in winegrowing, Sylvia gained experience while establishing the vineyards.

**Don’t get electrocuted**

With full immersion in the business from an early age the children would all come to work in the business, first laboring in the vineyards, and then on the bottling line. The children were encouraged to get an education of their choice with one studying medicine. Their parents placed importance on completing study and internships and did not discourage them from spending time at other wineries.

[Simon had] been in Australia up at university and then he worked for a number of wineries, some very smart ones, and once he was working somewhere and he rang me and said look, this is the worst place I’ve ever seen, there was electric cabling and black slinging in the water, ... and he said can I come home. I said, Simon, you’ve said you’ve got six weeks there, stay there. You’ve got to stay. You promised them six weeks but make sure you don’t get electrocuted. (Solomon Sauvignon)

There appeared to be no conflict between the next generation siblings regarding who would lead the business into the future. Simon was likely to succeed his parents with his sisters having key roles in the business. Evidence of this was that he was the only one of the siblings that had a shareholding (based on company records). In addition, he had shown an interest in educating himself into a leadership role – he had recently attended a program designed for managers and owners of businesses.

So there were ... probably 25 people on the course. Everyone had to have a shareholding in the companies ... so you were responsible for the company, had the ability to make it change in the direction of the company. He doesn’t have to go on a course and stuff and, of course, if they can’t do something with that. The company had to have a minimum turnover of, I think, a couple of million.... It didn’t really matter how long you had been in business or what type of business or anything. But that was basically all that was stipulated. (Simon Sauvignon)

Both sisters referred to their brother when questions were asked about the culture of the business. They also identified him as the person with the ideas. They further indicated that they were supportive of him. The daughters were clear that they had key roles and accepted their brother would take on the responsibility of the business. They were also very aware that their father still ultimately had the final say.

Simon tends to make good relationships with people so he does come back with ideas all the time. So probably, in terms of marketing and winemaking, he would probably lead the charge with most things ... even packaging design. (Stella Sauvignon)
Between Simon’s recent training and Solomon’s experience there was potential for conflicting views. Simon was increasingly taking a lead role in aspects of the business, including key relationships. The trust the senior generation had put into Simon was an indicator of their confidence in his ability. In addition, Simon’s sisters had indicated they were comfortable with his key position in the business and would support him in the future.

Putting the cards on the table

The difference in age between the children was another contributing factor for the choice of the leadership role. The two older siblings, Suzie and Simon respectively, were only one year apart followed by a four year gap to their younger sister, Stella. Although Simon was the middle child, he was committed full-time to the business where Suzie was committed to practicing medicine part-time. This split commitment indicated that, although committed for the time being, Suzie could easily go back to her professional background. Stella was the most ambivalent about coming back to the family business.

We’ve always known I guess we would come into the industry and I’m not sure about Stella. Well, Suzie’s probably the most interesting really because she trained in [medicine]. She trained … and still does work a day a week [in a practice] and then the rest of the week … in the winery here. So she … didn’t necessarily know she was going to come back to wine. (Simon Sauvignon)

Any ambivalence from the children was matched with their parents’ encouragement to come back to the business after study and travel. Stella recalled her father giving her an ultimatum.

Then Solomon rang me in early February and said ‘Okay, basically I’m going to put the cards on the table, and we are at a point where we need to employ someone to help Mum with the marketing side of things or the sale side of things, so either we give it to you or we advertise and get someone in and then, I mean the job is yours when – you know, like I mean you can’t just walk back into it if we’ve got someone in the role.’ So then I was real homesick because I hadn’t been home for Christmas and basically I said, yeah, I’ll do it. (Stella Sauvignon)

Stella goes on:

I can’t imagine us doing anything else. I don’t think there would ever be a time that we would sell it…. Yeah, so it was never really – like, no, it was never pushed on us. But I guess it’s like, you know, kids of farmers often become farmers, don’t they. (Stella Sauvignon)

For the most part the children came back to the business of their own free will. Even though Stella was called upon to fill a role in the business, it was highly likely she would have joined her brother and sister in running the business in time.
Regarding partners entering the business, Solomon did not seem to oppose this. When discussing whether any other family members, such as spouses, would enter the business he suggested that “you probably don’t want more family members because making three work together, it’s probably hard enough…. But their partners most likely won’t be coming into the wine business – they’re lawyers and doctors” (Solomon Sauvignon). Furthermore, Stella discussed her father’s concern that she was not married and that he would like to have a viticulturist join the family.

But I know Dad’s a bit concerned that I’m still single and I am thirty, and he’s always saying oh, you should find a viticulturist, all we need is a viticulturist to make the team. So, yeah, I’m not bringing in any grandchildren at a young age, like out in the vineyard. (Stella Sauvignon)

The competency of the next generation was not in question. The siblings were all educated for their roles and supportive of each other in what each did. From the senior generations’ perspective, they would like to see the family members running the business together. The business was big enough to accommodate each of the children having key roles and financially they were in a good position.

I know almost – I wouldn’t say every plant, but I know my way round the vineyards, and Suzie knows and Simon knows his way around the vineyards. We know when to sell it – there it is. But I think we are in a good situation. (Solomon Sauvignon)

Although there was no succession plan in place the family “keep getting the nudge from the lawyer and the accountant, [regarding] succession” (Suzie Sauvignon). Notably there were suitable successors within the family with the likely future leader being Simon. The children were aware of what was at stake for the business going forward, particularly as they get married and have children.

[These] are sort of issues that we need, you know, I think need to be dealt with but, and particularly maybe now. See I’m recently married, Simon is getting married soon, so not that that changes things too much but I guess there’s other things we need to consider when we’re talking about, [the] company and what’s at stake. (Suzie Sauvignon)

The next generation present themselves as concerned for the future of the family business. Evidence suggested the senior generation had been active in encouraging the next generation into the business, and that they would not be too concerned if the children’s spouses were involved.
5.2.3 Succession readiness and willingness

Stop and smell the roses

As the parents approached retirement age, they were slowing down a bit. The children still showed concern for the health of their father.

Dad works so bloody hard that he doesn’t sort of stop and smell the roses…. And us kids often worry about him and sort of joke with [him] ‘you’ve got to slow down.’ … But I mean that’s the way Dad is, you know. He would die – he would be dead in three weeks [if he didn’t work], I think. He just loves it.
(Simon Sauvignon)

His wife also commented on how Solomon was seen as someone always on the go and looking for another project to get involved in. There was some reluctance to stop working on Solomon’s part but there were signs of him easing back a little. Stepping back was hard for the senior generation because they had been consumed by the business through its history.

But I think Solomon is trying to step back. He’s trying to delegate more. But he always has these projects going on that he gets totally immersed in so it’s not actually so easy to step back from those.
(Sylvia Sauvignon)

An example of the senior generation stepping back was a recent holiday Solomon and Sylvia went on. Suzie commented on how her parents went away on a holiday for an unprecedented length of time leaving the children in control. The space given to the children to manage the business was a milestone for both generations. During their absence, Simon was also away leaving the sisters in control for a period.

Solomon and Sylvia were away in Europe for five weeks, and they’ve never done that…. And I was in control. Simon was away as well…. I think [it] was quite good for everyone. It was good for me [and] Stella [who was here as well], but also it was good because Solomon came back and he was relaxed and things were under control…. The work had been done that we were aiming to do … the business carries on when he’s not here. (Suzie Sauvignon)

It was recognised that the senior generation trusted the next generation.

Sylvia had health problems in the past and was finding time to be more social with her golf friends and through her community involvement. Although Solomon had found it harder to step back, Sylvia had been easing back particularly with Stella returning from overseas and increasingly taking on the marketing role. Possibly, retirement for Sylvia would involve working in community roles that
complement the business. Suzie confirmed that her mother had prominent roles in the community, which “says something about her standing in the community.” Suzie goes on to add:

Mum’s more happy to take time out…. She tries to get down there on Thursday morning and play golf and have lunch, and she’s been a member of that for about the last five years or so…. But she really enjoys doing it, and I think it’s really important for her to do that. But I think it’s a huge leap that she feels that she can do that now. [Work] keeps piling up on her desk, but she does take more time out. (Suzie Sauvignon)

Sylvia admitted she was making room for her daughter in their shared marketing role.

When Stella’s here I step right back. But when she’s not here, somebody’s got to do her job, I guess. But, yeah, I think probably I’m stepping back slightly. I mean, obviously not right now while Stella’s not here. (Sylvia Sauvignon)

Transition of roles between Sylvia and Stella was occurring. With Sylvia being happier to take time out, Stella had been given more autonomy, which suggested there was some confidence in her ability even though she had not been back in the family business long.

Grooming for responsibility

Stella was considered to be “very professional in everything she does” (Suzie Sauvignon). Her role in marketing naturally fills a gap that was not filled by her siblings. Stella’s responsibilities place her in a position of some influence because of her interaction with the market. However it was notable that the distinction between roles was somewhat blurred. Simon tended to be the face of the next generation when it came to meeting with the market, particularly overseas.

[Stella’s] more used to dealing with the public than I am…. But she’s also very good dealing with the staff in the office. Because she’s quite young she’s often dealing with people older than her [and] getting along with them. But also telling them what the boundaries are and when they’ve crossed the line and disciplining them if they’ve stepped out of line…. I’ve got a lot of respect for her for the way she can handle staff. Better than I can…. If there’s controversy she’s very definitely needed. (Suzie Sauvignon)

The employees had also observed the senior generation stepping back more and allowing the next generation take on more responsibility. One employee saw Solomon as the person that controlled the business suggesting everything would go through him. After spending some time employed there he had seen a change with Solomon stepping back more.
It’s interesting because when I first started Solomon was very much the voice, whether it be outside or in the winery. Yeah, and a lot of what happened went through him, It was just anything, from what’s bottling, small jobs, transfers, whatever, but now it’s just ... handed over and he doesn’t worry or anything. It was amazing.... And not only winemaking but I think, yeah, it’s just taking a step back and a bit more relaxed, I guess. (Nathan)

One employee questioned whether Solomon was capable of slowing down suggesting that when his main tasks were complete Solomon would be out on a tractor, or occupied himself some other way.

If anything happens to Sylvia and Solomon, whether they stay involved, my crystal ball doesn’t see. But at present they are, but they’re gearing up to basically take over and Solomon’s stepping back a little bit since I’ve been here, yes. But like I say, he still has the grand ‘no, you’re not doing that’ sort of style, or ‘yes, you can’. (Nigel)

Although Solomon was stepping back, he still asserted authority by making the last call on decisions. On the other side, the employees had observed that the children were being groomed to lead the business. They also showed awareness of Solomon’s health issues and how that might contribute to him handing over some of his workload. This awareness demonstrated some openness between the family and employees regarding the wellbeing of the senior generation. This could be considered a gentle approach to bringing awareness to imminent changes in family roles.

They’re being groomed for that now and they seem to be taking more and more responsibility.... Simon and Suzie have taken more responsibility in the three years that I have been here.... Solomon will be here until they carry him out or health dictates differently. But whether he has ... so much hands-on, is a different kettle of fish. (Nigel)

It was implicit in the culture of the family to be open with employees and to treat them like part of the extended family. Even employees that had not been in the business long had a good understanding of the roles, and the shifts in roles, within the family.

充满父亲，充满儿子

Part of the shift in responsibility had contributed to Solomon being less under pressure. As a result, employees reported that there was less tension between him and the employees. Solomon was known to be a hard taskmaster but as one employee expressed “He doesn’t roar and yell and tell you to hurry, hurry any more” (Norma). As a result the employees feel the business “runs smoother” when he was away and “it’s far more relaxed” (Norma). The employees felt that they were competent in their jobs, which suggested some accountability in the absence of family, and systems that had evolved with the business as it had grown. With their father being more relaxed came the next generation being under more pressure. Simon was described as being a lot like his father “apart
from that hard exterior” and certain traits come out “when the pressure comes on” (Nathan). Quite early on Simon was “quite a bolshie boy” and “got put down a few times by the workers” (Norma). This bolshiness showed Simon’s initial propensity to be like his father and stepping up at inappropriate times, at least for his age.

We were just … sitting out having smoko in the afternoon and then [Simon] hopped off the school bus … and he came down and he says, ‘isn’t it time you workers got back to work?’ And the permanent man turned around and said, ‘don’t you ever come around and tell us when to go back to work.’ … But that’s how he was. He was getting a bit like his father. (Norma)

This “bolshiness” caused some conflict between Simon and his father. This example could be construed as the next generation wanting to have input with new ideas but being blocked by the traditional views of the senior generation. It could also be considered as the next generation stepping up with their ideas and opinions.

Simon and Solomon, oh boy, they used to have some barnies years ago. Father and son, yeah. They don’t now because Solomon listens to Simon a lot now to what he used to. (Norma)

Norma was one of the longest standing employees and frequently told stories during her interview about the relationships of the children with their parents and between the parents themselves. With the stress of the business in the early years there was some conflict in the family, which is resolved now. Upon speaking to employees, the family were open with their disagreements but resolved issues promptly.

**Common sense prevails**

Although the next generation was able to make more decisions, final decisions were still made by the senior generation. This could continue until the next generation had worked together for longer. Because the youngest had only recently returned from study and travel, it was harder to discern how the siblings would work together over time. Importantly, they had demonstrated that they get along and respect each other’s roles. Although Solomon was still working in the business he acted as a “chairman” as a transition to relinquishing control of certain parts of the business. While there was no formal board, it was apparent that informally Solomon signs off on major decisions.

Solomon’s still involved in everything. But he spends a lot of time out in the vineyard. I don’t actually see him a lot. But, yeah, I do think he’s stepped back a little bit and let them make a few more decisions. But he still makes the final one. (Natalie)
Furthermore:

I think that’s helped a lot. He’s taken a step backwards now. I mean, letting them more or less run the place. He’s still in – they’ve got to discuss everything with him still, of course. What they do, where they go. (Norma)

Even though the senior generation retain veto rights within the business, they were cognisant of the next generation’s ability to lead. Their greatest fear was outside advisors disrupting the flow of common sense within the family business. The following comment resembled Solomon’s hope that his children stay level headed and did not follow examples of other family partnerships that had dissolved.

But in any society you have a farming partnership and everything goes wrong and the lawyers make good money out of it…. But hopefully common sense prevails and all three kids I think are pretty well … middle of the road and can see the good sides and the bad sides…. They all get on so far, so good. (Solomon Sauvignon)

With the next generation now in the business, the senior generation was starting to see the benefits of stepping back in their roles. There is perhaps a need for Solomon to be given a governing role over the business in the near future to allow the next generation to take more responsibility for decision making.

5.2.4 Vision in the family business

Giving it a go

The initial impression of Solomon was that he was driven. What became apparent was that his drive combined with foresight was how the family business had grown. His pragmatic capabilities contributed to his foresight and were attributable to his university training, and experience on vineyards in other parts of the world.

Everybody says at some point, why do you produce here? But we gave it a good go. And I, from the background from university – we had a professor what said hops, tobacco, grapes, go straight in and plant it. You don’t need to look at any climate and so on. (Solomon Sauvignon)

This pragmatism was expressed in what Solomon saw as his role in the business. His role was to keep the business moving forward by not taking too long to resolve issues. He tried to retain some balance between being visionary and being practical although this sometimes meant that to reach certain goals a great deal of extra work was required. An example of Solomon’s practical nature and vision working in tandem was the building of new tanks on site. Normally tanks were bought and installed
on site – but Solomon viewed this as a waste of time and money. The tanks would still need to be made but with a premium by the time they were delivered and erected. The solution was to build them on site with him project managing the workers and drawing upon his own engineering skills to help design and build them. Solomon’s attitude was that “[We’ve] got the expertise, we got the people, [and] we got the resources.” This mindset had contributed to the success of Sauvignon Family Estates.

So if you’re building those tanks out there, you know it would be so easy just to get a big company in…. But we will see what it really costs us at the end, but it will be half price. And it will be better. There will be the digger’s time – it will be two or three months’ time – and [the tanks will be] not too high, not too low. (Solomon Sauvignon)

Conflict arose between Solomon and the two older children who envisaged the tanks being positioned differently to accommodate future developments. The next generation displayed their vision based on a time line as opposed to an impulsive need to move forward. There was no agreement on the position of the tanks and Solomon’s vision prevailed.

So Solomon wanted them out there and we … fought to and fro [as] we felt out here would be better [for] the long-term sort of vision where one day the bottling will be bigger and we’ll need to move [things around]…. So where are we going to go in the next five, ten years sort of things. But he really had an idea in his head that out there would be best so despite all the discussion about it, that’s what’s happening…. He’s a very focused gentleman. (Suzie Sauvignon)

Suzie went on to add that she felt that Solomon’s focus made it “particularly hard for Simon who has a lot of ideas and sometimes wanted to try new things and head in new directions…. Stella and I are quite supportive as well and we have our own key roles.” This sentiment summarised the strain between the next generation emerging as leaders in the business and the senior generation finding it difficult to take on new ideas. Despite incongruence in some of the decisions made, the children had a deep respect for their parents and their vision for the business. One daughter suggested that she could not imagine her father being “an employee or working for somebody else too long” because he was “very motivated” (Suzie Sauvignon).

Tagging along

At times Solomon’s vision could be overtaken by opportunistic behavior. There were numerous examples provided where the senior generation deviated from the core vision of starting a vineyard to entertaining opportunities along the way. Usually the examples aligned with Solomon’s knowledge from his training in the Old World country and significant viticultural experience. An example that stood out was the opportunistic behavior involved the grafting of vines rather than the winemaking
itself. When starting out Solomon engaged a government employee who was responsible for propagating different varietals for winegrowing. Through some trial and error Solomon chose nearly twenty rootstock varieties most of which were originally from Europe. After some success with the first vintage, he and Sylvia grafted their own vines as the industry shifted from New Zealand’s North Island to the South Island.

[In the late 1970s] we grafted. The wine industry shifted [from the North Island] down to [the South Island] – the big days of farming of cuttings.... We grafted everything and then I found the root stocks ... that didn’t show much phylloxera [and] didn’t show much leafal virus ... with no scientific evidence of that but just by the eye. So we worked a lot for those we really propagated them up and expanded all our vineyards.... So, yeah, we propagated all grafts well. We expanded rapidly. (Solomon Sauvignon)

Because their vines were free from disease, along with the regional shift of grape growing, Solomon took the opportunity to build more business that created employment and significant cashflow.

So everybody lined up and wanted cuttings from us.... And we propagated them on clean deep cuttings and we preferred our own potting mix. So in the late Seventies, early Eighties we sold individual buds from Riesling, Silvaner, Gurwertz, Chardonnay for 10 cents a bud. And I remember we employed every woman in [in the area] we could find. What we pruned out there ... any cutting was picked up and taken into the shade and cut up into individual buds and sold to Montana or to Corbans or to Penfolds and so on. (Solomon Sauvignon)

From Sylvia’s perspective, Solomon was the visionary in the business “and we just all tag along” (Sylvia Sauvignon). The employees agree that Solomon championed the vision for the business from a decision making perspective. One employee went on to add that they were not sure whether Solomon was “still as visionary as the rest,” because he “tends to concentrate on more the workshop and outside field sort of stuff” (Nigel). Employees identified that Simon was following in his father’s footsteps suggesting “Solomon and Simon are the major visionaries and focus people and the other three are the ones that help it all go along” (Nicole). This notion that the “other three” in the family support Solomon and Simon with their visions suggested that the employees saw some continuity in the business with Simon. Nicole went on to add that “Stella would be the one that comes up with all the ideas to back their ones to start with” (Nicole). Stella was identified as a person that built on ideas because she had a marketing role in the business. Suzie discussed her brother’s role in the business:

I suppose Solomon and Sylvia [are the] leaders in the business. Simon has also taken on an important role sort of driving forward. He has a very important role in marketing. People naturally take a shine to him. (Suzie Sauvignon)
Stella adds:

Simon and Solomon are probably the most outspoken of everyone. And Simon, particularly, is quite ideas [focused and] he spends a lot of time travelling.... So Simon is probably the most ideas influenced. But then Solomon ... he's quite innovative in the vineyard as well, but he just tends to do it and probably no one really notices. (Stella Sauvignon)

Simon admitted that he liked to set goals:

You know, I did up the house and I thought what’s the next [thing]? Every year I like to [have] a sort of goal. This year is getting married. I don’t know what next year’s is. But I like to sort of have a goal. And I just thought, shit, this is good, let’s do that this year. (Simon Sauvignon)

Both of the sisters support Simon and identify him as having an important role in the future of the business.

**Determining old and new roles**

As identified earlier, Solomon was in a position where he made the final decisions based on his experience. Building on this notion, he was relinquishing some of the vision of the business to the next generation. Although the family did not have a formal board it was evident that they had an informal family council. Solomon’s role was becoming more like the “chairman of the council” as he allowed the next generation to have more input in the future of the business. This role allowed Solomon to have the right to veto decisions, for example, the location of tanks mentioned earlier. It is possible the business would benefit from formalising a role for Solomon if for nothing else than to give the next generation confidence in making decisions and creating a vision for the future. There would still be the benefit of reciprocity between the generations regarding decision making and planning for the future, but with the added benefit of having more defined roles. From one daughter’s perspective, individuals and sometimes the rest of the family could oppose Solomon’s views. Underlying the next statement, and others made by the family, the family relied on Solomon’s experience, but did not always agree with him. This can be a dilemma for the founder because he had expended so much energy growing the business and could feel threatened with the perceived loss of control when the next generation enters the business.

[Simon] can get quite frustrated because he's pretty ‘action man,’ quite determined like Solomon.... So more often than not it’s one or a combination of four – Stella, Simon, Suzie, Sylvia – versus Solomon and he can take that quite personally. But ... he’s got quite a lot of experience and he [usually has] good ideas but sometimes you just – but more often than not he has the last say. (Suzie Sauvignon)
There were ongoing challenges with Solomon retaining control and not completely stepping back to allow the next generation to flourish. From an employee perspective the children were becoming more proactive in parts of the business that Solomon traditionally handled. When asked who the visionary people in the business were, one employee answered:

I suppose that would be Simon and Suzie. Simon seems to be, at present he seems to be going for the market, and Suzie seems to be, at certain times, taking on the rest of the vineyard. I presume that’s for when anything happens to Solomon. (Nigel)

In particular, the employee referred to the children being groomed to take over from their father if anything happened to him. While Simon became the “face” of the business with his interaction with the market, Suzie was seen to be grounded in the day-to-day running of the business. Perhaps the reason why Stella was not mentioned was because she was still relatively new in the business and the employees had not had much interaction with her. Overall, the visionaries in the business were predominantly the father and son with support from the rest of the family. There did not appear to be any jealousy amongst the family members regarding their roles – just a mutual respect.

5.2.5 Behaving entrepreneurially

Cashing in

At various stages in the business’ history there had been times of incredible cashflow. The first was in the late 1970s when there was significant planting occurring in the South Island and Sauvignon Family Estates supplied cuttings to the major wineries. This allowed the family to buy more land and fund further growth in their operation. The next period of significant cashflow was in the late 1980s when producers found disease in their vines and large producers in particular started removing vines and replanting. The opportunity was two-fold. Uprooted vines needed to be replaced, and with the reduction in planted areas, there was more demand for Sauvignon Family Estate’s wine. Moreover, when vines were uprooted then replaced with cuttings, “it takes three to four years before he gets the first harvest off it” (Norma). This lead-time meant wineries were waiting a while before they could produce off their own vines so in the meantime would buy grapes from elsewhere, if they were available.

Then ’86, ’87 came, and phylloxera came to [the South Island] and clever people ... pulled them out because the phylloxera struck them so that’s how we could supply more cuttings. And then there was a shortage of wine on the market quickly when phylloxera came. It came so viciously. And we really had an extreme year. We went right through production. We really could cash in. (Solomon Sauvignon)
With the advantage of having been prudent with their own vines, and in a region that was largely safe from disease, the family were once again making significant gains without significant capital outlay. About this time there was a vine pull of substandard quality vine varieties which were replaced with new varieties. These strategic changes in the industry meant cuttings were again needed but there was also more land made available to buy.

And then that was at a time when [the] Labour [government] pulled things up and there was a lot of land for sale and we just looked at it and yes we’ll buy it without the bank or anything. Money was really not then issue again. (Solomon Sauvignon)

Solomon’s foresight had sustained the business at times when others were going bankrupt or downsizing. Solomon’s pragmatism and ability to go against what people were suggesting proved to be advantageous. Two entrepreneurial attributes were displayed when considering the foundation of the business. Solomon had found a gap in the market. The industry was well established at the time the business was established but wine grapes were mainly grown in the North Island. Second, based on his education and experience, Solomon intuitively knew that trialling grape varieties no one was growing at the time would give him a first mover advantage if he were successful.

The other interesting thing was that because we really searched out varieties and did a lot of trial work ... we had a lot of very good grape wood [and] grape material. And then when [South Island] really got going we supplied a LOT of cuttings. The main reason was the big variety that everybody wanted to but Corbans, Montana, Penfolds, to all those big guys ... we sold THOUSANDS of cuttings. We had four or five people just sitting there trying to do the pruning or turning it into cuttings. So that probably was one of the things that helped us get our feet on the ground in terms of financial support.... So we did a lot of things before our time really. (Sylvia Sauvignon, emphasis expressed by participant)

The careful grafting of vines meant they did not need to keep purchasing vines and they had more control over the quality of the vines. This intuition was most important and resulted in the family being able to grow while retaining a low level of debt.

**See the gap and go**

During these times of increased cashflow the winery was extended, new plant, irrigation systems, machinery was bought, and new property was purchased. The family were the first to have faxes, computers, and other technology in their district. New efficiency was introduced to the business and the ability to upgrade the business systems allowed the family to investigate other revenue streams. In addition, the ability to choose how they would diversify was a luxury they now had. When discussing some of the opportunities that faced the business it was apparent that even with the ability to make more money from their privileged position, the family did not necessarily choose to
pursue some opportunities. Even potentially lucrative opportunities, such as contract bottling or providing tank space for others, were entered into reluctantly:

And we do do quite a bit for other [wineries] – not a lot, because we don’t, we don’t really want to be a contract bottler, you know. We’re here to make our own wine, focus on our own product.... But we do do a bit and it can be quite worthwhile in terms of money. (Suzie Sauvignon)

In saying this, they were increasing their tank space and upgrading their bottling line to be more automated which would present them with opportunities to pursue contracts. Simon suggested that the amount they get “helps to pay the way in terms of just a bit of pocket money” and confirmed that one contract worth over half a million dollars would pay for a large part of their upgrades. Apart from the ability to be flexible with their decisions, the next generation behaved entrepreneurially. Simon would like to pursue internet opportunities and start a wine bar.

And I’ve got a few little ideas that I’d quite like to have a go at but I’m just so bloody busy with so much going on at the moment.... Some of them are wine-related but some of them are not wine-related in terms of setting up other stuff and having a go at a couple of Internet ideas.... Yes, so those are the sort of things I’m thinking about but ... I’m away a lot travelling. (Simon Sauvignon)

Although Simon felt too busy to pursue external ideas, within the family business he had been identifying opportunities such as new markets, branding and ways to optimise the winery through technology and equipment – “I really enjoy the stamina of trying to find the opportunities” (Simon Sauvignon). However, it was apparent that Simon was relatively conservative and not sure of the right timing for undertaking new ventures. Simon goes on to add:

And I guess going forward as the business hopefully grows or it changes with time, we, you can sort of go into every aspect of the business you want to. And as it gets bigger there will be more opportunity. (Simon Sauvignon)

Simon referred to his father as doing “anything to make a few dollars” and how his “entrepreneurial sort of spirit didn’t just end at winemaking.... He’d have a go at anything” (Simon Sauvignon). Simon would like his father’s role but realised that, at least for the time being, Solomon influenced the direction of the business. Sylvia stated that the business was entrepreneurial but acknowledged that the family did not assert themselves as being entrepreneurial. Instead she suggested they were proactive in engaging in opportunities.

A lot of the things that you do are being done by everybody, it’s hard to find the next entrepreneurial move, I guess. Yeah, but over the years we certainly have.... So, I don’t know. Yeah, entrepreneurial. I guess it probably is but we don’t think about it like that. You just sort of, you know, see the gap and go. (Sylvia Sauvignon)
The next generation had a similar entrepreneurial orientation to the senior generation and had the means financially and practically to enable them to implement their ideas. The question would be whether the next generation were made to feel comfortable in executing their ideas if the senior generation created a barrier by always having the final decision.

**Getting bigger and bigger**

Employees commented that the economic environment was in recession yet they had not noticed a significant difference in the output from the business. The family had been prepared as a result of their experience and longevity in the market.

At the moment they reckon we’re going through a recession and all this but I don’t think it’s affecting them that much, from what I heard…. It’s not that bad because [we’re] seeing the big pallets of wine going out, and going away – [there’s] quite a lot. (Norma)

With growth at times when others were struggling was a sign of the robustness of the business and a consequence of previous opportunities that had gained the family considerable wealth. The business was less structured than expected for a sizable winery, but this may be why the family were able to be flexible when they engaged in money producing ventures such as grafting and selling rootstock in the past. Another employee commented how the family were “always innovative” and “always coming up with new ideas” with “everyone [having] their opinions and input” (Natalie). Furthermore:

They’re growing every day. We sell wine to 15 different countries now. And it’s still just getting bigger and bigger and bigger, which is really awesome. (Natalie)

Evidence suggested that Sauvignon Family Estates had experienced strategic renewal in the past and continued to benefit from the wealth, and growth brought about from those times. It was plausible the next generation would continue this legacy of strategic renewal, as there were no significant signs of new ventures on the horizon.

5.2.6 Generative strengths and experiences

**We just buy it**

The Sauvignon family pride themselves with retaining control of their business. With competitors struggling because of the global wine glut, they find themselves in a fortunate position fiscally and with their human, and land resources. It was perhaps their intimacy with the business that allowed them to consider this a strength.
We’re very, very hands-on and a lot of people say ‘look, you’ve got a lot of … staff and you’ve got to do this and you’ve got to do that.’ I agree with a lot of it. And a lot of it is the secret of our business is we’re here – I don’t want to say the first ones here every morning – but I mean that we make the calls. I would hate to have someone on a hundred grand sitting up here telling me how I should be doing this or that I should be leasing the vehicles or doing that. (Simon Sauvignon)

The sentiment expressed was that the family was better off managing the business themselves while employing more labouring staff. Employing managers may cost them more in the end while employing more labour could mean getting two people for the price of a manager. A way the family mitigated unnecessary payroll burden and reduced lines of communication was by concentrating on being hands-on leaders. A consequence of reducing unnecessary outgoings was reinvestment in the business and ultimately wealth.

But there is something in the wine industry at the end of the day. Yes you made it; you achieved it…. You might not get the biggest amount of money out of it but, in saying that, we have done well out of it as well. We can drive the car we want. When we see something to buy, we just buy it. (Solomon Sauvignon)

The Sauvignon family’s present approach to business was to grow incrementally. The wealth accumulated by the senior generation provided the next generation with a foundation to build the business in the way they choose.

Money speaks tremendously

The ability to save money was a strength entrenched in each generation as a result of Solomon and Sylvia’s practical attributes. An example of this strength in the next generation came through in a story Simon recounts.

These tanks out here that we’re building…. Dad likes the challenge of working it [out himself]…. If we’re going to build these tanks, he gets a piece of paper [and] works out the tank size and how many litres…. It would be easy to ring someone … and say ‘we want a 150,000 litre tank and it’s got to hold wine,’ and they’ll make it … and you pay a $100,000. [Dad does] the maths and reckons we can get these tanks [built] out here for less than $50,000 [each] so Dad says ‘we’ll build the four tanks, we’ll save $200,000 and we can buy a Land Cruiser each. Easy. So there’s the money saved. (Simon Sauvignon)

Solomon’s thought processes on saving have been adopted in principal by the next generation. The next generation benefitted significantly from the wealth built up by the senior generation. This wealth can be considered a strength in the business as it provided the means for negotiating power and pragmatic decision making.
We’re a firm believer in owning everything. Everything you see here, we own and pay cash for. And whether it’s your computer system or your tractors or your forklift or whatever, we own everything. And we like that because we know what we paid, [there are] no hidden costs, there’s no exit clauses. We pay cash.... If a new Hilux is $58,000 and we go in there and say ‘we want to buy that one there and we’ve got cash and we can pay you tonight ... give us a good price.... Nine times out of ten they’ll turn around and say $42,000.... The power of money speaks tremendously. Absolutely tremendously. And no matter what it is, Dad says ‘I don’t need 20th of the following month, I can pay cash today’. [Simon Sauvignon]

The family were able to make immediate purchases without consultation. This flexibility with spending allowed the family to invest in new technology and provide room for experimentation and innovation. Sylvia commented on what she considered generative in the business by comparing against a corporate environment.

What works well? ... We’re not all working for our own agendas.... If you talk to a lot of people who are in a corporate environment, they’re obviously working to get themselves up the ladder, I guess. And if they can see that the opportunities to get further up the ladder stop there, they go somewhere else. Whereas in a business like this, it’s not so much about personal agendas I don’t think. It’s more about the good for the whole. And the benefit may not be so instant personally, in terms of financial reward.... It might be sort of further down the track. (Sylvia Sauvignon)

A sentiment expressed here was that the business was run collectively with some reliance on delayed gratification in relation to benefits. Evidence from the family’s stories suggested that this collective endurance was a strength of the business, which presented on going benefits for the next generation. From another perspective, Sylvia related the strengths of a family business to large multi-national companies.

I think [a strength is] the fact that we’re family.... I think there is a bit of a negative feeling [toward] the multi-national sort of companies, and we notice that when we are out in the international market.... There seems to be a lot more personal and individual thing going on in a family-owned winery. (Sylvia Sauvignon)

What multi-national companies and family or smaller businesses consider success was quite different. Where multi-nationals focus on making money for their widely-held stakeholders, family businesses focus on investment, reinvestment, and their family’s personal wealth.

Have we been successful? If you look at the winery and you say ‘oh well, they are only a medium size producer, if they were so bloody good, they’d be a big producer.’ But I mean we’ve got a lot of money in a lot of other things, like property ... that you don’t really see and no one can sort of really sort of put a value on some of it.... And I think now, looking back ... you realise how much further you’re
ahead [compared to those in 9 to 5 jobs]. I’ve got a nice place at the waterfront ... and we’ll want to buy a new car next year. A lot of people our age can’t afford to do that.... But we’re quite lucky, we’ll never go broke. (Simon Sauvignon)

Furthermore:

I’ve spent a lot of my time in Australia and people in Australia are saying ‘you’ve got a new Land Cruiser, oh you’ve got a new BMW – you must be doing alright.’ Whereas in New Zealand, ‘oh, you’ve got a new BMW, who are you ripping off?’ There’s sort of an attitude. And people like Dad are almost reluctant to show their wealth. (Simon Sauvignon)

The next generation were reaping significant benefits from their parents’ hard work. The impression given by the children was that they did not take this privilege for granted. Instead, they were modest in their spending and grounded in their attitude. The children demonstrated their understanding of where they had come from and considered it to be a strength for the future of the winery. Suzie stated, “we’re family-owned, family grown, estate grown.... We do the whole ‘kit and caboodle’ from start to finish.... We’re not a virtual winery (Suzie Sauvignon). Suzie’s view that the family was embedded in the winery was supplemented by Simon’s assessment of where he saw the business in the future.

I don’t really have any desire to get significantly bigger. I don’t want to be [a large winery], or have a winery in every region in the country. But at the same time, what I would really like to do, but is extremely difficult at present, is to lift the quality of the wines, which doesn’t happen overnight. (Simon Sauvignon)

By his own admission, Simon sees the business focussing on the quality of their product rather than grandiose plans to grow the business. The siblings’ inference about their family trademark and orientation toward producing quality wine could well be the strength of their brand going forward. As part of Stella’s marketing to prospective customers, she positioned the family story at the centre of her presentation. She provided a background of New Zealand and the regions wine, then differentiated Sauvignon Family Estates showing “photos of [the] kids helping on the bottling line.” Stella found that because she carried the Sauvignon name people “listen a bit better than they would if it’s a sales rep coming in reading off a tasting note that someone at Head Office wrote for them” (Stella Sauvignon).

**Honesty and loyalty**

Most employees acknowledged that the family was a strength of the business and that “they treat you like family” and their “dedication is second to none” (Nathan).
I’ve never seen it before. It’s 24/7. I simply couldn’t do it…. I’ve never seen a family run a business like it. Everything is for the business. Everything is put into the business. (Nathan)

Another employee commented on the relationships within the family and with their community.

I believe it is the fact that they are such a close-knit family. Also they’re very good at networking and maintaining friendships. I think that’s what helps. It’s not just being business people but maintaining friendships in the community as well…. And they always want to help people, really. You know, like they don’t focus on themselves…. They focus on other people and their workers and staff and if they’ve got any problems they always help. (Nicole)

Nicole told a story of how she had suffered health issues and found the family to be “incredibly supportive” and “whenever anyone’s had any problems or anything, they are so there…. They just show their support.” During Nicole’s interview, she became quite emotional as she spoke about the family’s support. While the family were modest about their support for their employees, it was evident they were very supportive. One example was when Solomon appeared concerned for an employee after finding out the employee’s partner had died. Solomon shared how he felt about the situation and related his concern for the employee back to the nature of a family business. Altruism toward the employees and the wider community was one of the main strengths of Sauvignon Family Estates. The family “believe in hard work and honesty” and expect “honesty and loyalty of all their staff” (Nicole). Natalie added that “you can really pretty much talk to them about almost anything” and that “they obviously all have a great interest in the business” (Natalie).

5.2.7 Section summary

This pioneering family had established a formidable enterprise off hard work and resilience. The family had made shrewd investments in property and equipment, and there was plenty of scope to diversify their enterprise through strategic renewal including contracting machinery, tank space, and bottling. The employees respect the family and knowledge was shared between the generations – although their ideas can be diverse.

As a pioneering family business, Sauvignon Family Estates had built an enterprise that had achieved good recognition and created wealth for the family. The initial vision to establish a winery despite what others thought demonstrated the entrepreneurial nature of the founder. The ability to establish the business with limited financial support meant the family needed to be self-sustainable in order to succeed. Arguably, the education and experience of the founder was the reason the opportunity to start a winegrowing enterprise was realised, and later became successful. Further, the sheer determination and practical application of his knowledge with the support from his wife was important. The family did not take shortcuts. An example of how this diligence paid off was the
grafting and propagation side of the enterprise. The excellent revenue they attained during sea changes in the industry meant they were able to be self-sufficient. In terms of their properties, plant, and equipment they were in a position to charge others for tank space, bottling, and storage. There were also many opportunities that could be exploited further, particularly given they owned everything and could lease out plant and equipment when not in use. Table 19 summarises this case through the individual and interpersonal levels of analysis.

Table 19: Sauvignon Family Estates – Individual and interpersonal level summary

<table>
<thead>
<tr>
<th>Section</th>
<th>Generation</th>
<th>Individual level</th>
<th>Interpersonal level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and Family Entrepreneurial History</td>
<td>Senior</td>
<td>Pioneered the business and region; father had education and experience prior to establishing the business</td>
<td>Knowledge was shared between the generations</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Excellent understanding of business background; involved from an early age</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family story transferred to employees</td>
<td></td>
</tr>
<tr>
<td>Succession antecedents</td>
<td>Senior</td>
<td>Identified successors; in-laws possible employees</td>
<td>Laissez-faire succession process; family encouraged back to business; next generation accepting of their roles</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Understood they would succeed the senior generation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Succession Readiness and Willingness</td>
<td>Senior</td>
<td>Father still hands-on; mother taking more time out; evidence both were stepping back</td>
<td>Evidence the next generation were stepping up; some contention with senior generation stepping back; knowledge was shared through mentoring; next generation bring new experience to business</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>All three children had a significant role; son likely to take future leadership role</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Acknowledge changes occurring and succession process had begun</td>
<td></td>
</tr>
<tr>
<td>Vision in the Family Business</td>
<td>Senior</td>
<td>Conservative but pragmatic</td>
<td>Refreshed vision was apparent through next generation; senior generation vision still overrides</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Conservative but progressive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Saw the next generation displaying vision</td>
<td></td>
</tr>
<tr>
<td>Behaving Entrepreneurially</td>
<td>Senior</td>
<td>Pragmatic when spotting opportunities; practical; project orientated</td>
<td>Next generation was risk adverse compared to senior generation; wealth was a means to take risks</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Balances risk and opportunity; could do contract work for others but want to concentrate on product quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Consider the family innovative and full of ideas; had noticed continual growth through a recession</td>
<td></td>
</tr>
<tr>
<td>Generative Strengths and Experiences</td>
<td>Senior</td>
<td>Wealth; hands-on leadership; decision making; not having own agendas</td>
<td>Wealth allowed for pragmatic decision making, but savings sought where possible; mutual respect between generations; family supports the employees</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Wealth; family ownership; prompt decision making; valuing employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family was close; honesty and loyalty; openness</td>
<td></td>
</tr>
</tbody>
</table>
There was a history of pragmatic behaviour at Sauvignon Family Estates. From the start the family faced obstruction and discrimination when trying to finance their venture with the founder’s practical nature prevailing. The senior generation improvised when cashflow was low, and with some determination, they turned opportunities, such as regional shifts and crop disease in the winegrowing industry, into revenue. Because they were pioneers of their region, with some success they were able to claim their position in the market. All the children had returned to the family winery and had distinctive roles. There was evidence to suggest there would be continuity in the business with the next generation and its likely Simon Sauvignon would lead the way with his sisters in support. Each of the children brought new ideas to the business but presently struggle with the senior generation’s traditional views. In addition, the next generation was noticing the senior generation stepping back enough for them to be confident with decision making. The family members could be described as having a conservative entrepreneurial orientation but the evidence of their financial success suggested the family matched opportunities with excellent timing. Overall, the family did not display their personal wealth excessively and were modest in their spending in the business.
5.3 Riesling Family Winegrowers – Following a Model that Works

![Genealogy Diagram]

Figure 16: Riesling Family Winegrowers genealogy

All senior and next generation family members working in the business, and six employees in varied positions were interviewed. The family grow grapes on nearly two hundred hectares, although they only own half of the land, and lease the remainder. Most of the land was in one geographical region with a small vineyard elsewhere. Wine production and storage were situated on the family’s original estate where the main administrative office was located. Some of the family still live on the original estate.

Table 20: Case Site Three – Riesling Family Winegrowers demographics

<table>
<thead>
<tr>
<th>Respondent pseudonym</th>
<th>Generation</th>
<th>Age range</th>
<th>Years in business (approx.)</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Riesling</td>
<td>First</td>
<td>40-65</td>
<td>30-40</td>
<td>Co-founder and Chair</td>
</tr>
<tr>
<td>Ruth Riesling</td>
<td>First</td>
<td>40-65</td>
<td>30-40</td>
<td>Co-founder</td>
</tr>
<tr>
<td>Rania Riesling</td>
<td>Second</td>
<td>30-40</td>
<td>10-15</td>
<td>Marketing director</td>
</tr>
<tr>
<td>Richie Riesling</td>
<td>Second</td>
<td>20-30</td>
<td>10-15</td>
<td>Winemaking director</td>
</tr>
<tr>
<td>Renée Riesling</td>
<td>Second</td>
<td>20-30</td>
<td>≤5</td>
<td>Viticulturist director</td>
</tr>
<tr>
<td>Gavin</td>
<td>N/A</td>
<td>30-40</td>
<td>5-10</td>
<td>Chief winemaker</td>
</tr>
<tr>
<td>Grant</td>
<td>N/A</td>
<td>40-65</td>
<td>≤5</td>
<td>Operations manager</td>
</tr>
<tr>
<td>Gerald</td>
<td>N/A</td>
<td>30-40</td>
<td>10-15</td>
<td>Financial manager</td>
</tr>
<tr>
<td>Gordon</td>
<td>N/A</td>
<td>30-40</td>
<td>≤5</td>
<td>Restaurant manager</td>
</tr>
<tr>
<td>Gina</td>
<td>N/A</td>
<td>30-40</td>
<td>5-10</td>
<td>Function/events manager</td>
</tr>
<tr>
<td>Gilbert</td>
<td>N/A</td>
<td>20-30</td>
<td>5-10</td>
<td>Vineyard manager</td>
</tr>
</tbody>
</table>

5.3.1 Business and family entrepreneurial history

Knowing the right places to go

As the youngest business in this study, Riesling Family Winegrowers was less of a pioneering enterprise and more opportunistic. The enterprise was based on the founder’s reputation and
experience. The land for Riesling Family Winegrowers was originally bought in the early 1970s and set up as a contract vineyard. Grapes were sold to wine producers and the vineyard became an additional revenue source while Roger worked as a viticulturalist for one of the larger wineries in the region. Eventually they sold their original vineyard in the mid-1980s and established another vineyard still selling grapes to others. During this time, Roger had gained respect in the industry and established some of the well-known brands still in existence today. This experience in commercial wineries provided a foundation to start winemaking.

[Riesling Family Winegrowers] didn’t really start until [the late eighties] so it was just really holding an interest, we didn’t really anticipate being of any size. We were probably lucky we had friends in the business, business acquaintances and colleagues and things, so, you know, we probably knew all the right places to go so we were fortunate. And we were reasonably well-known around the countryside, so it wasn’t a surprise that we actually set up on our own. (Roger Riesling)

In the late 1980s the winery was established. There were now two generations managing the business with the senior generation having principal control and ownership of the business. Each of the children were registered as directors but the shareholding was held by the senior generation through a separate holding company, in turn held in a trust. Each of the next generation siblings had returned to the family business and had significant roles. Both from a farming background, the founders of Riesling Family Winegrowers were used to the hard work involved with working the land. Apart from the practical experience, Roger was familiar with an effective business model that “seemed to be a successful formula” (Roger Riesling) and produced excellent returns for one of the sub-brands of his previous employer. The winery was branded with the family name somewhat reluctantly because of the shyness of the owners. The rationale was to capitalise on their name, which had goodwill in the industry and became an important feature in building the business. Each of the children were proud of the brand to the point the daughters were reluctant to change names when they were married. One daughter was interviewed shortly after her wedding and was still unsure whether she would give up her last name.

You know, when I got married, it was really hard. Like for me it was really a big thing to change my last name. And to me that’s like, I felt like I was losing being part of the [family] and haven’t changed it. But don’t tell him! So I will eventually like to but it’s just, [I’m just] so proud to walk around and be [from that family] and then people sort of … recognise you. Oh, are you from [that family]? (Renée Riesling)

There was a strong association with the family name that exemplified the pride family members have in the business.
The Riesling children were already born when the winery was established and would have had exposure to the industry through the land their parents owned from the early 1970s. There was nearly ten years age difference between the older sibling and the two younger siblings. In effect, this had meant the older sibling, Rania, had a better understanding of the establishment of the business as she was in her teens when it started.

In 1990 they were only going seven and eight, the oldest was thirteen or whatever, so, no, there was never any indication that they would come into the business. They knew everything, mind you. They were young and we all had to get out into the vineyard and do our work. So they had to do their share. (Roger Riesling)

Since their first harvest in the mid-1990s, the business continued to grow riding the wave of the industry. The family managed to maintain balance in their growth and debt during the early 2000s but the continued growth slowed down toward the mid-2000s. Contributing factors to a plateau in the business included the wine glut and the global recession.

It’s been growing up until 2004, 2005, I guess. We continued to grow and continued to grow. Oh, probably 2003, I think, is probably when we had continual growth for 13, 14 years. We could see things probably, possibly changing from 2000. No, it’s probably later than that – 2005 actually. You know, we could see things then were going to come to a screaming halt at some stage. So there was continual growth right through until, we really started to really worry about things in ’06, ’07, ’08 ... when we hit the walls. (Roger Riesling)

During this time, the children started to come back to the business after their study and travel. The oldest, Rania, had moved away from the family and trained in hospitality. Her training benefited the family business with the opening of their restaurant, which she managed alongside her mother. Although the restaurant was running well, the hours were long and with young children, working weekends was not feasible. Rania decided to leave the family business to focus on a marketing role for a regional tourism office. The new role gave her a new perspective on the region the family winery was in but illness was the impetus for her to leave and return to the family business in 2009. This experience was an example of the freedom the children had to come and go from the business.

Furthermore, the perspective of one of her siblings was that she had not really been brought up in the business and was not necessarily on the same level as the younger siblings.
She’s only just come back into the business just recently, like back in full-time. Renée and I have literally grown up in it, and she was away in those early years and then she went to [the tourism office] and was trained in hospitality. So like even though it seems, we’re all in the same level, it sort of feels she’s down in the pecking order of it because she doesn’t quite, have a grasp of the business yet. (Richie Riesling)

Despite this, Rania had contributed to the establishment of the restaurant even if she was not particularly involved in the winery. The family went through some trial and error with lease arrangements and employees and did not want to continue that way when Rania left. Instead, they employed a restaurant manager who had been retained upon Rania’s return. Her return in 2009 meant she was again engaged with a major responsibility. It was important to the family that they retain control of the restaurant because it had a significant relationship with the winery brand.

And I didn’t really know what I was going to do, so decided to help Mum and Dad with the setup of this place. And we opened the restaurant, and I just sort of fell in there into that area, so I guess my background has been hospitality with no formal training, tertiary training.... And I guess I’m a bit of an overseer of everything. The business has got so big now that it’s hard to chase Dad [for decisions] so now I make those calls with the budget [about] what we’re aiming for and where we are wanting to position ourselves in the market domestically and internationally. (Rania Riesling)

There was more control at Rania’s disposal than Richie realised. Rania had the ability to influence the business considerably and she was trusted to make major decisions in the business when her father was not present.

*Respect and talking things through*

Roger was sought after for his opinion. Beyond the brand, there was a deep respect for him in the industry and he often speaks at events and in the media. In particular, he was involved in the regional associations for winegrowing and tourism.

Those sorts of things, knowing who to go to – people – that’s sort of helped. I would like to think that our standards that we set were adhered to as well. You know, they’re a little different. I believed in what we were doing and believed in the single product, which was really [the] brand [of this region]. (Roger Riesling)

The founding couple saw themselves as a team yet often had opposing views on matters. Their diverse views were an advantage in their decision making. They challenge and stay accountable to each other in the business, and emphasise the importance of communication.
Well, probably every morning Roger will – while I’m probably still in bed – he’ll come up and he’ll run through a lot of things, like what has happened the previous day, and we just talk them through and away he goes. So it’s really just the pair of us talking thing through. (Ruth Riesling)

Riesling Family Winegrowers have had a short but eventful history. When the winery was established, the senior generation adopted a corporate business model immediately and before too long they had semi-formal governance with two non-executive directors. In doing so, the business appeared to be corporate without losing the family distinction. Figure 17 summarises significant events during the evolution of Riesling Family Winegrowers.

![Figure 17: Riesling Family Winegrowers evolution](image)

### 5.3.2 Succession antecedents

**Not leaving a monkey**

A concern for the founders of Riesling Family Winegrowers was making sure the business was robust for the next generation. They recognised that passing on the business to their children was not to be taken lightly and they were convinced that their children would fulfil the roles needed to move the business forward. The senior generation had also made the decision that only “blood family” would be involved in the business. Roger suggested he followed his father-in-laws example who was “very family-orientated” and managed the “diverse personalities” of his children in the family farming operation.

We sort of made a decision that its blood family only, not – we don’t have, we won’t have any sons-in-law, daughters-in-law involved directly, because that’s when you do have problems. (Roger Riesling)

Having established a guideline of who could be involved in the business, Roger was cognisant of the fact the business needed to be robust financially with no conflict or pressure placed on the children.

... it’s probably one of the hardest things the debt issue so you don’t want sort of to leave the family with a monkey so that’s probably the greatest issue to restructure things so there’s no pressures and
that’s very uppermost at the moment. And they’re part of that, so that the succession thing happens…. And I guess the other important part of that is ensuring that that’s all satisfactorily done so there is no conflict. (Roger Riesling)

All three children were back in the family business and were there for the long run. Each of the children had a different role in the business and each was accepting of the diversity each of the siblings brought to the business. Importantly, the children report that they get on well. It was common in the interviews to hear one sibling say positive things about the others but they were also unashamed to say they did not get on from time to time.

But back in the winery you can have a big blow-out and then because it’s your family you can get over it and be best friends next day. I have heard of families that have wicked fall-outs, but we’re not like that. We’re more strong-willed than that too and let nothing get between us, so. Renée’s the viticulturist and we have massive, massive fights at harvest. But we’re the best of friends and we train. I take her out training. I let her win, I let her draft me when cycling and stuff. So, yeah, it’s those kind of things are good. Yeah, she’s pretty strong. She’s very strong-willed. (Richie Riesling)

Richie mentored his younger sister who looked up to him. The relationship the younger siblings had was quite different with their older sister, a result of the age gap and their different priorities.

Weight of the world

Of the three children, Richie was the person that would bear the responsibility of the business in the future. He was the most driven and competitive, demonstrated through his sporting activities which he excelled in. Both of his sisters were accepting of this and admitted that he had a lot on his shoulders. There was an expectation that he would fill the role of his father to lead the firm.

And [he] probably feels he has to step up into Dad’s role, and he is and he’s doing it well. Mum and Dad sort of like started to let Richie do more of the day-to-day running sort of stuff. And I think Dad is just really overseeing everything. And I guess … I feel a little bit sorry for him because I feel he has got the weight of this, the weight of the world on his shoulders. But he’s doing a great job. And also it’s very difficult with [his other business venture] as well too because that’s becoming such a big business. (Rania Riesling)

The reason the sisters were accepting of the fact their brother would take on the leadership role was they recognise that it was always a passion of his to be a winemaker and follow his father’s example.
But I don’t think there’s ever any doubt that Richie was ever going to do anything else…. He’s been making wine since he was little, so, I mean at school … so that was always – like, it was never oh, you’ve got to be a winemaker and this is what you’ve got to do…. That was always just natural for him to come into that, which, in fact, makes Mum and Dad very, very proud. And I think all of us as well, too, it’s just a natural progression for us to come back. (Rania Riesling)

The employees were implicitly aware that Richie was likely to be their employer in the future.

Then Richie came on as winemaker. And he’s slowly being trained up to take over the business. So he’s pretty much doing that now [as the] General Manager…. Richie tells us what he wants and we get on with it, that’s all. (Gavin)

One employee assumed that because Richie was the son that he was most likely to take over the family business.

It’s family-driven. Absolutely family-driven. Good or bad, it’s family-driven. Roger’s top dog, Richie training to be there one day. And in some instances, yeah, he is…. I think Richie is the next natural, because he’s the son. (Grant)

Although the employees recognised that Richie was being groomed to take over the business there was some interest in how this would come about. Roger was seen as the face of the brand and the person that held the business, and the family, together.

Richie is taking on a lot more responsibility, of course, too. You know, he’s obviously the heir presumptive one. But it will be interesting to see, say in ten years’ time, when Roger – or twenty years’ time when Roger has well and truly retired, how it will all work between them. Because I think their glue at the moment is possibly Roger. (Gina)

The senior generation hold the respect of the employees. Increasingly so, the next generation were also seen as competent but there was some hesitation about whether they could take full responsibility yet.

**Dropping off the perch**

The retirement of the senior generation was in the forefront of the family’s minds. The founders have a choice of successors but only one was likely to be appropriate to take on the leadership role. A succession plan was in place to make sure it was clear how the transition would eventuate.

Yeah, well, that’s all been planned really with our – we’ve got a new lawyer – and we’ve just planned, we’re going through all that just at the moment. In fact, that’s what Roger’s gone [to do] today, part of
that. And so he will be bringing that back. So we are planning that too for them to succeed us and how that’s going to happen. (Ruth Riesling)

Despite his mother’s statements, Richie was unaware of any plan for succession. He even went as far to suggest he had read the Board members minutes to find a comparison had been made with one of the largest family wine producers who did not have a succession plan. This was perhaps because the senior generation had not discussed their intentions for succession with the next generation and possibly obscured this discussion through the Board meetings.

It is really unsaid. I know there are things that, gosh, like a trust of some level, but I mean that’s really just paperwork, nothing really. But an actual progression plan, there’s nothing drawn out. We’re just play it by ear. Literally, what I think Mum is waiting for is Dad to drop off the perch.... But, yeah, that’s pretty much what happened. It’s quite interesting because I was listening, reading the Board members’ meeting and things they had about [another family winery] and they were asking [the owner], exactly that question. Progression plan. And he said no, I won’t even talk about it. (Richie Riesling)

As such, the senior generation were discussing who would be an appropriate successor and formalising this through a succession plan. Evidence suggested that the successor was likely to be Richie with support from his sisters.

5.3.3 Succession readiness and willingness

Adopting roles

Having three children with distinctive roles in the business, suggested a good future for the business moving forward. From their fathers’ perspective, the children were an integral part of the future of the business. Roger stated “now that we’ve gone into it being a family they were all strategically important, so they hold the key because they – that’s where the future is.” There were signs that Roger had been stepping back in the business for some time – at least from the practical side. Coming from a corporate winery, and having worked his way through different roles, Roger was happy just to oversee the family business.

Well, it’s been a slow process.... [Regarding] physical work I probably really haven’t done anything for ten years .... I drive tractors or, you know, turning a pump on and stuff like that, but I haven’t really had to [do much else]. You can’t, as I always taught, you can’t actually run a business by being the truck driver, the mechanic and the sales manager and everything. You have to actually adopt a role and especially a business which is carrying your name where you have to do a lot of other things than the physical stuff. (Roger Riesling)
Each of the children made their own choices to come back to the family business. Having done so, there was pressure to make sure everything ran smoothly – including decision making. In particular, Richie expressed the pressure he felt to perform and succeed in his role of winemaker. When discussing the continuity of the business, and whether he saw his parents stepping back enough for him and his sisters to move into the business, he expressed some lack of confidence in his ability to make good decisions.

It will be interesting to see how that goes. I think [stepping up] will be alright. As I say, my biggest fear is about stuffing it up and making the wrong decisions, but I think now the way the industry has evolved we have to get some really good people in – good accountants, good general manager or something like that, so we don’t make the wrong decisions. Or the decisions we do make, we’ve thought about it. (Richie Riesling)

Perhaps because the business model for the winery was adopted from a corporate winemaker, the family were more willing to have non-family members manage parts of the business. The family already had a financial controller and an operations manager but employing a general manager was a large step for this family enterprise. There may be other underlying reasons for Richie’s tentativeness to take on management roles, including his own interests outside the business demanding more attention. These interests include sport and his business ventures.

**Don’t get on her wrong side**

The pressure Richie felt could be attributable to the culture set by his parents. Noticeably, everything in and around the winery was tidy and clean including the tanks and equipment. Ruth suggested that she “like[s] the standard to be kept really high,” for example “[the gardens] must look tidy at all times” (Ruth Riesling). From Roger’s point of view, being disciplined and tidy was an imperative.

I guess in lots of cases discipline is probably the, you know, disciplining yourself to be tidy, put things away ... be immaculate. You ... can really only make wines in a clean and tidy environment. If you’re in a bloody mess you’ll never make wine, so that’s sort of been the bottom line. (Roger Riesling)

When driving around the winery with Roger he showed his frustration with one of the workers working on his driveway. What was minor and inconsequential to the researcher, seemed to be a real problem to Roger. After speaking with the worker, he decided to get on the tractor and demonstrate exactly what he wanted. The employees also reported that the senior generation were perfectionists, particularly Ruth.

She’s a battle-axe. She’s renowned for it. She’s a great lady. And she ... also does have a great vision.... But when I came to work here, I was told ‘don’t get on the wrong side of Ruth’. (Gavin)
Another employee suggested that he had heard “horror stories” about Ruth and that she was a “real, real hard woman to work for and she’s a really hard kind of taskmaster” (Gordon). Conversely, the same employee said he gets worried if he had not heard from her in a while.

So I quite like the fact that Ruth still comes in every now and again and gives me a kick up the arse. It’s kind of nice. And if I don’t see her – I kind of worry. I get concerned and phone her up and go, Ruth, are you alright? I haven’t seen you for a day or so. And she will say, ‘oh, because I’m not worried about things. You know me. If you see me [I’m] a bit concerned…. But if you don’t see me, it means I’m not bothered, everything’s good’. (Gordon)

Two traits were displayed here in relation to the culture in the business. First, it was a known fact that Ruth was very particular about the way the business was run, and had a reputation for this. This reputation for being a perfectionist was not necessarily bad in and of itself, but could be seen as overbearing to the employees, and potential employees. Second, Ruth’s own children may see her this way as well. They did feel she was stepping back more but in doing so still managed to stay in control.

[Mum] usually hears about things in the family and then she wants to know why she wasn’t told earlier. But you’re not going to rush over there every five minutes and see her if something comes up. And she’s not very email savvy either. Which is a bit of a pain because you send her everything and she goes ‘why am I getting so many [damn] emails?’ It’s quite funny. (Richie Riesling)

Ruth was portrayed as demanding but well respected by both her family and employees.

Relinquishing control

There was evidence that Ruth had stepped back and the next generation were finding their father was relinquishing more control to them. One way this had been demonstrated was when Roger was away.

Dad will take more and more time out. He’s more and more overseas. It’s quite easy when he’s overseas. I found it quite easy to step into his role. So if people don’t really know the brand so well and I’m usually the first point of contact so it’s been quite good like that. (Richie Riesling)

This release of control to the next generation would contribute to them gaining more recognition in the industry beyond the reputation of their parents. People recognised Richie as the first point of contact in his father’s absence, which was a result of the increased exposure he had within the business, and with suppliers, distributors, and customers outside of the business. The fact Richie found it easy to take his father’s role while he was away demonstrated Richie’s ability as a potential leader for the business. Roger gave an example of how Richie had been getting more exposure.
Moreover, the upon creating back which Regarding An "very important another” which shows a willingness from both generations to work together with overlapping roles. I mean, Richie was on TV on Saturday.... And he said [after being asked by the journalist] what his role was and he said, ‘well, I’m really sort of filling in for Dad’s shoes.’ ... Which has never been said before. You know, we’ve automatically assumed that and the family all have a share of it, so it’s not as though I’m going to be struck down and go in one piece. (Roger Riesling)

Roger was adamant that he would “be of some sort of assistance” in the business but was equally “very happy for [the children] to take a role.” He went on to add that the family “all cover one another” which shows a willingness from both generations to work together with overlapping roles.

**Establishing a forum**

With the senior generation acknowledging the next generations’ role in the business, Roger reflected upon the advances in the children’s knowledge in the previous twelve months.

I’m a hell of a lot more comfortable than I was 12 months ago.... Twelve months ago [we] introduced [the] family forum so everybody knows what’s going on and people are aware of the financial affairs and things like that, [so] if anything happens to us, there’s a succession plan in place [and] things will just carry on. (Roger Riesling)

An important milestone in the history of the family business was the formalising of this family forum, creating some openness between the generations. In addition to the next generation understanding the details of the business more, they could also build the vision for the future of the business. Moreover, the employees perceived the business as a “family business” rather than just a business, which had the children working in it. The decision to start a family forum also recognised the trust the senior generation had in the next generation. The forum would assist in transitioning them into the leadership roles. In doing so, it was acknowledged that the senior generation would be stepping back from the business as they reach retirement age. Since the family forum was established, the children had increasingly appreciated the hard work that had gone into building the business.

I know when we first started off it was just like, you know, in the garage sticking labels on and now we have, like, a staff of [over 40], production lines, a restaurant [and other ventures].... But all I can see is that’s all that Dad and Mum have done and they’ve slaved to get it there. Now it’s our turn to build on that and to really ... let’s really push the [winery] label, let’s really get it out there. (Renée Riesling)

Regarding roles, the siblings were comfortable that each had a distinct function and accepted that each contributed to the business. Rania stated that she would “hate to be a winemaker and a viticulturist” and “the whole science behind it just bamboozles” her. She was much more comfortable in the hospitality and marketing side where her strengths lay.
Maybe if I was the guy or a boy I probably would have maybe felt that I should have [become a winemaker and a viticulturist]. I just know that I wouldn’t have enjoyed it. Whereas Richie, it’s always what he’s wanted to do. And Renée [is] quite like Dad too…. She’s sharp, really sharp. ‘This is what we’re going to do and this is how we’re going to do it and we’re going to do it now,’ kind of thing…. And she’s terribly organised because she’s a viticulturist…. Everything is all lined up ready to go. So, yeah, it’s hard really because everybody is good at what they do. Everybody. (Rania Riesling)

It was evident that Rania felt left out from time to time. This could be a result of spending so much time outside of the family business and because of the significant age difference between her and the younger siblings. Another reason was that her role was not directly related to making wine. Instead, Rania had an important role as marketing director and drew on idiosyncratic knowledge of her hospitality and tourism experience.

5.3.4 Vision in the family business

*Going off at different angles*

The family had an enthusiasm for the family business. Each family member was becoming the face of the business as they became more and more involved. The next generation was seen to be important for the future of the business, and the responsibility of making sure there was continuity between the generations fell on the senior generation.

And my role is sort of passing down those things as much as possible without sort of saying well, do it this way, you know keeping an open mind. They’re obviously key, plus the key people will pass the baton on to other staff and key companies in the business all have a role so it changes from being a very hands-on thing that I did everything to relying on the whole vestige of people here. (Roger Riesling)

A distinction made in Roger’s comment was that the “passing down” of the business was not conditional on the business running the same way the senior generation envisaged. Instead, Roger suggested that the next generation would need to create their vision for the business going forward. In addition, Roger had identified that beyond the family, the employees were part of the future of the business. Roger had observed that the family had been essential labour in the business whereas the future would have the next generation leading and diversifying the business further. Roger saw his contribution as “planning and thinking and selling, talking, following up.” The other contribution he suggested was “still having the vision and hoping that everyone else is sharing your vision” (Roger Riesling). Roger would like the next generation to carry on what had been started.
Well, pretty much just to stay family-owned. We pretty much try to deal with family-owned operations as possible. All our distributors are mostly family-owned businesses. We take comfort in that. We get a better understanding. Outsiders – you’re likely to lose those relationships after time because they give in or sell or whatever – doing the thing we like doing, doing the thing the way we like doing [it]. We don’t necessarily do things because we see other people do them. We sort of slowly go off on different angles with what we do. (Roger Riesling)

Roger had an established network with other family businesses. These businesses understood the dynamic relationships in his business and operated in similar ways. This cooperative and sometimes altruistic nature toward other family businesses can be one of the stronger attributes of a family business.

**Seeking wisdom**

With Roger’s experience building a corporate brand, he and his wife were in a good position to start their winegrowing business. Their foresight to grow grapes and supply the large wineries before starting a winery was a prudent move. In doing so, they built up the necessary capital to establish the winemaking enterprise while still working in their jobs. In particular, Roger retained his job as a viticulturalist bringing him in contact with the key industry networks, including their current Board.

But we’re very lucky because on the Board we have [a top industry professional]. [He] is amazing. We’re extremely lucky with him…. And he was Roger’s boss when Roger was at [the large corporate]. So he’s such a wise man. On anything. (Ruth Riesling)

There were two external directors on the board with one touted as being a significant mentor. Because the board member had worked with Roger in the past there was some external continuity as a result. As Roger’s superior in the industry, it seemed fitting that he would continue to advise the family in a director capacity. The continuity of advice and mentorship had continued for them beyond the relationship Roger had with the board member, to becoming a mentor for Richie. Ruth continues:

And he’s good for Richie too. He will sit down and really nut things out with Richie and so he’s [like an advisor]…. He’ll just ring Richie or come down and see him, just to help him through everything. (Ruth Riesling)

The advice conveyed by the Board was also practical and a source of accountability.

So they’re really there for disciplinary reasons and compliance, policy, keep an eye on things. I mean, we’ve been in a situation where we’ve looked at opportunities and rushed into them and regretted
them. So that doesn’t happen any longer. Having this Board was purely the reason. And they take an
interest, and a very active interest, which is much appreciated, really. (Roger Riesling)

The Board was the conscience of the business. Even though the board was made up of external
directors, there was a strong relationship between them and the family. This was to the extent they
were mentoring the next generation.

**Sustained growth**

Beyond accountability, Roger recalled what he considered the vision for the business. Instead of
providing a corporate-like statement of where he saw the family business being in the future, he
sagely outlined the practical side of being a winegrower. When asked about his vision he answered:

I don’t know. We just (laughs). We like taking something from putting it in the ground to growing it, to
harvesting it, to putting it in the bottle, and selling, and marketing it, I guess, so, it’s a wide range.... It’s
a little bit different from any other land-based business because normally [with] a farm you’re
sustaining from day to day with growth. We’re probably getting to that point now where we’ll have
sustained growth.... I guess our preoccupation now is ridding ourselves of debt. So consolidating, that’s
probably the name of the game really. (Roger Riesling)

Roger avoided the question only to provide what could be considered short to medium term goals.
When pressed further about what he considered his vision beyond these goals he stated, “It’s still
the same. We still think there [are] lots of opportunities ... but we certainly won’t go into the growth
mode that we’ve been in” (Roger Riesling). This answer equated to an entrepreneurial orientation
that focused on opportunities rather than any one vision for the business. Drawing on his statements
about sustained growth and the meaning of sustainability, Roger confirmed that “certainly first up is
the business has to be sustainable before you can you go into eco sustainability.” This statement was
contradictory to their practice because they had attained Sustainable Winegrowing certification and
had over ten hectares of organically grown vines. Stating that the business needed to be sustainable
did show the importance placed in making sure the future of the business was robust financially and
operationally. In saying this, Roger did have a vision toward being environmentally sustainable.

Roger has a vision for... covering that whole roof of that building over the warehouse with solar
panels. And he’s also quite keen to invest in a wind machine. (Gavin)

When asked about guiding principles or distinguishing values for the business, Roger considered the
organisation needed to “stay family owned.” It became apparent that Roger did not objectify his
business with a vision statement but there was evidence that his “foresight is amazing” (Ruth
Riesling), and that he “is a very lateral thinker [who is] always thinking of new ways to do things” (Grant).

**Generational steps**

From the next generation, Renée had similar visions of sustainability. While her father envisaged a sustainable winery, Renée envisaged a sustainable vineyard. Renée said to her father one day “[I] actually really want to go into viticulture and he goes, great – we need someone here” (Renée Riesling). With experience in other vineyards, Renée was keen to establish an organic vineyard. With some mentoring from her uncle she gained some more specialist knowledge.

And so I got into the viticulture and I really wanted to – because we’re a family company, we talk about generational steps, you know, the next generation, and I was like, well, folks, if you want to see the next generation you need to start preparing for it. So I convinced Dad to give me four hectares to turn into organics. (Renée Riesling)

The distinction made regarding generational steps indicated some foreknowledge about the senior generations’ vision for the business to continue for generations to come. Renée grafted her interests into what she knew the family would need in the future to diversify. As a winemaker, she was able to produce organic wine further proving her ability to make a difference in the business. The wine scored very well with the critics and she was given a further ten hectares to plant organically. Importantly, Renée found some commonality with her parent’s vision and changed part of the business’ future direction. One of the employees commented that the vision for going organic was “totally her” and “a totally different change to what we’ve done before” (Gilbert). Similarly, Richie maintained his position as a winemaker, but had other interests that were quite separate from the grape growing and wine production side of the family business. There was some division amongst the employees as to whether his interests were congruent with the vision of the family business. As the likely candidate to take over the leadership of the business, there were comments about Richie not being “100% on board” or being a “here and now person” (Gavin). Moreover, Richie was described as not being particularly visionary when compared to his father.

Whenever I talk to Roger I always get very excited because he has really good vision for the business and for the years ahead. And I think Richie is very good. Richie is incredibly busy. Richie – I don’t want to say anything out of turn, really – but he is a very much a here and now person and I think he kind of lacks that vision that his father has. So maybe there’s not that life balance that his father [has] – maybe that will come with age…. But, yeah, he – yeah, I don’t know. He doesn’t – you can see that he doesn’t really plan ten years ahead. (Gavin)
When discussing Richie’s other business ventures Gavin gave the impression that Ruth and Rania, as the marketing director, made the final decisions.

I think the final decisions were made by Ruth and Rania. Richie has this vision of setting these things up but then sort of leave the rest to the others... So he’s very much aiming for a goalpost, ... not ten years down the way or not looking at a hundred year plan. (Gavin)

Richie was similar to his father but without the mature support that Ruth brought to their partnership. Because the senior generation had essentially grown with the business as founders, Richie is unlikely to have the same experience with his wife. His sisters could find themselves in a similar situation. Rania had more support because her husband worked in the wider wine industry and he had been a mentor to Richie and Renée. There were mixed impressions about Richie’s credibility in relation to vision.

I can only comment on what I’ve seen. It’s my perception.... With [Richie’s latest venture] – that one’s initially Richie’s baby but now the family has a lot of input into that. So how much of it was initially Richie’s or how much was a family effort as a whole, I don’t know.... It has been promoted as being Richie’s vision. (Gerald)

Because there was external funding for Richie’s new venture it was likely that his alliances would be split. Based on the comments made about Richie’s vision and how busy he was with his own interests, there was a need for the business to be structured to accommodate this. One way this was achieved was by making the next generation directors of each of the business’ main functions, and employing experienced people to carry out the major roles. This allowed the next generation to oversee their part of the business and get involved in the day-to-day running as required. In doing this they were separating the administrative side of the business from the production side.

The driving force

The family and the employees saw Ruth’s role as extremely important. The next generation commented on their father’s vision and his mother’s role in implementing his ideas.

Dad has always been the visionary in the business. He comes up with ideas all the time, some of them good and some of them bad, and Mum’s been quite good at weeding them out. She pretty much says no to everything. And then if Dad’s really passionate about something, he’ll talk her into it. So he’s, yeah, he’s definitely the risk-taker. He’s definitely optimistic about everything. (Richie Riesling)

Furthermore, Rania gave credit to her mother for grounding her father’s ideas and supporting him from behind the scenes.
Dad’s a real thinker. He’s got all the big ideas. He’s always, always thinking, thinking, thinking…. But Mum – probably I would credit her with everything. She’s the one that thinks it through hands-on. How’s this going to work? … Aren’t we better concentrating on [that] instead of going off and doing this? So she’s probably the driving force behind Dad and where he’s got today. Because Dad is actually quite a shy guy. So she’s sort of pushed him, done all the work in the background, because she doesn’t like being in the limelight. She doesn’t like talking. (Rania Riesling)

Ruth’s role was similar to the non-executive directors but in the capacity of a family member. Although Roger was the Chair of the board and the family forum, Ruth had significant influence on the direction of the business. Beyond guiding Roger, Rania reported that her mother preferred being “in the background working away behind the scenes.” She added that her mother was visionary.

And also she can see things. Like she can visualise with a picture, whether it’s building a new something or other or, I don’t know, planning anything new like that. She can work it out. She can just, yeah. I don’t know. I hope I can inherit that. (Rania Riesling)

Between Roger and Ruth there was a dynamic visionary relationship. On the one hand, Roger played down the need for a vision and focused on ideas and opportunities, where Ruth took the ideas and opportunities and discerned their relevance and congruence with the family business. When Ruth was asked how her contribution was recognised or appreciated, she found it difficult to answer.

I find that a hard one to answer because I just think I’m just there in the background and there to – probably I’m the practical one. Whereas Roger’s the one with the thoughts but I’m practical and I can make it work or say it doesn’t work. And often Roger would go round and say, ‘oh, look, we’ll do this.’ And I would say, ‘oh, that’s absolutely stupid all those things, we can’t do those,’ [and] some of those things he’s suggested [might] come in later on down the track – ‘Oh, yeah, what he said that day, yes, that will work now but not at that time.’ So we’re really a unit…. And if the kids have problems, they always come to me and sound them out with me first before they go to Roger. (Ruth Riesling)

Ruth’s role could easily be interpreted as the implicit overseer of the family and the business. It was plausible that she was the glue that bound the family and the business, and she could be credited for giving balance to the needs of both. One employee identified the principles and values of the business to be “truthfulness” and gave an example of Ruth’s forthright manner.

[Ruth’s] very honest with you. She tells you how it is, which you kind of respect in a way. She doesn’t beat around the bush and she’s got a bit of a reputation for that, to be honest. Like, … if she’s angry, she will tell you, she’ll fly off the handle. But so what. Deal with it. (Gordon)

From this comment, and earlier comments that Ruth was a “battle-axe” (Gavin) and a “real hard woman to work for” (Gordon), there was a sense that she demanded respect and was likely to be
strict with her children. When Ruth was asked what she considered to be the guiding principles or values in the business she found it difficult to answer stating “it’s just that you click along every day and you don’t really stop to think of anything like that” (Ruth Riesling).

It’s hard to look at your own business. It’s hard. You know, you can’t. Because you’re so involved in it you don’t look – it’s very hard looking from the outside in. So it’s more or less just work, [a] job, like everybody else has got. (Ruth Riesling)

Moreover, Ruth suggested the business was “just something that you keep going with.” Even though the business implicitly had principles and values, the family did not place them on a pedestal. There was a sense that they were a given and there was no need for them to be formalised.

**Consistency**

As a family, the Rieslings were reserved. They kept their strategies and new products to themselves but were much more open in their marketing of themselves and their existing product. Ruth suggested they “we like to do our own thing,” and they “don’t like to discuss with other wineries what they’re up to or anything” (Ruth Riesling). The employees acknowledge that the family “play their cards close to their chest” and “don’t divulge to anyone what they’re up to” (Gerald). Their reserve was well founded given the industry was small and the region that they were from even smaller. The family was likely to be extra careful because they were one of the “very prominent successful famil[ies]” in their region with other wineries watching them for shifts in trends (Gordon). Their overarching motto that was revealed several times by the family was the need to be “consistently consistent.”

[‘Consistently consistent’] does sound cheesy but it does kind of sum us up…. Dad begs different – [but] I believe we’re not an icon, we’re not a cult winery but we are a winery that is well trusted and well respected and people will buy wines because they are affordable and they taste good. But, yeah, being consistently consistent is a catch cry. (Richie Riesling)

In his comments, Richie suggested his father believed they were an icon. If the next generation did not believe this, the vision for the business would change in the future. Richie shared his impression that the wine being produced was for the average consumer. Even if the next generation believe the wine was typical and not iconic, the brand was an icon, especially locally. Riesling Family Winegrowers had good exposure in the domestic market, as the family were “focusing a lot on our domestic market now” (Rania Riesling). In contrast, most brands tend to export most of their wine. Moreover, the reputation of his father was enough to sell the wines.
Even now I can go into a room and talk to people and still don’t have the respect that Dad does. He can go in there and he’ll sell shitloads of a wine. So hopefully I’ll get to his stage one day…. So that we can gain his sort of respect. (Richie Riesling)

Rania indicated a similar sentiment to Richie. The wines the family produced relied on the passion of the family rather than having the top wines.

But probably our catch phrase is ‘consistently consistent’. I know we always try hard to do the very best and to produce the best wine that we possibly can. There’s no trying to mirror over everything what we are and we’ve got nothing to hide because we do do everything with vigour and passion. (Rania Riesling)

With consistency, Renée referred to the same motto but extended it to include “generation after generation.”

[Our motto] has always been ‘Consistently consistent’. And ‘generation after generation.’ I think honestly those are just two words, ‘Consistently consistent’. ‘Consistent’ and ‘generation’ is probably just what we follow. We want to keep everything consistent, the same, keep it going, build on it, and we want to keep the generations going. (Renée Riesling)

These mottos underlay the vision for the business going forward. Both the family and the employees had identified that the family was intergenerational in focus, although there were competing views on what is meant by “consistently consistent.”

I think we’ve all got the same vision and the same drive, but we all have different ways of getting there…. Which I think is probably the best. If we all had the same vision and the same drive, the same competitiveness, then it would be … a disaster. (Renée Riesling)

Any difference in opinion over the vision of the business was accepted and considered an asset to the family business.

5.3.5 Behaving entrepreneurially

Everything just happens

While Riesling Family Winegrowers was based on a corporate business model, the family members were entrepreneurial in their own ways. As the co-founder, Roger was modest about starting the business.
I came in as a complete novice. But it clicked, everything clicked. I mean, you know when you’re doing do the right thing. So, you know, it just grew. So business started in a modest way and really continued to grow really. (Roger Riesling)

Modesty was a common trait through the family, particularly when it came to the establishment of the business and new ventures that the family founded. Arguably, this reserve was because the business was established off the back of local knowledge, experiences, and networks already in place when they planted grapes, and later produced wine. As a result, the family would not be considered pioneers, rather opportunists who followed the trend that was prevalent at the time. This was not to say hard work was avoided or financial sacrifices were not made, but it meant the path to success was inevitable given their timing. Roger commented on how knowledge was shared between the generations and provided some insight into how their enterprise came about organically.

Yeah, family, that’s the natural thing…. You sort of – like I grew up on a farm and I could spend every living minute of my day on the farm, but I knew everything on the farm. Even though I was ‘this size,’ (gestures the height of a small child) I knew everything that went on because ... it was sort of bred into you and you listened to your parents talk. My kids are exactly the same with the wine and the vineyard and everything else. Everything just happens. (Roger Riesling)

The ease with which the senior generation founded their enterprise meant they did not start the business out of necessity, but rather opportunity, which could influence the culture of the business and indeed how knowledge was shared with the next generation. Opportunities were ingrained in the culture of Riesling Family Winegrowers, demonstrated by the freedom the senior generation gave the next generation to implement ideas that were based on sound judgement. As suggested earlier, the non-executive directors on the board and Ruth tend to arbitrate what was considered worth pursuing, what could wait, and what should be left alone. From experience, Roger was cautious about going into a growth mode off the back of new opportunities. Since the inception of the winery circa 1990, Riesling Family Winegrowers resembled the extraordinary growth of the New Zealand wine industry at that time. When asked whether the winery was in another growth phase since the extraordinary harvests circa 2008, Roger indicated they were in a time of reconsolidation.

[We’re] just treading water at the moment.... The industry’s not in the best shape so it’s just actually making sure that we’re well structured and set up. (Roger Riesling)

As alluded to earlier, this had not stopped the family diversifying into organic vineyards and supporting Richie’s ventures, but it had meant they were focusing on “maintaining a balance and debt” (Roger Riesling). In terms of setting the pace for the business, Roger suggested the family were “pretty careful about how we grow and it’s been tempered, we’ve tried to control it.”
**Successes and failures**

Philosophically, Roger believed “nothing is unsolvable” and “no matter how difficult the situation there’s always a way of resolving it.” Even with a tempered approach, the family was entrepreneurial. Ruth stated “Richie’s really entrepreneurial…. I suppose they all are in their own little ways.” In his words, Richie suggested:

> I definitely think the company is entrepreneurial. Like we’re quite innovative in the things we do and we always think outside the square…. The biggest problem we face is just that whole market getting a lot more congested and a lot of these ‘fly-by-nighters.’ That’s our biggest concern. (Richie Riesling)

The industry had grown exponentially owing to financially resourceful entrepreneurs funding winegrowing ventures. Richie saw these new operators as a burden rather than competition, which spurred him to follow in his father’s entrepreneurial footsteps. As such, Richie compared himself to his father giving the impression he saw himself as entrepreneurial.

> I always have lots of ideas…. And, yeah, I’m a bit like Dad. And I rush into things, and sometimes they work out and sometimes they don’t…. They even themselves out with successes and failures. (Richie Riesling)

As an entrepreneur, Roger recognised that he could be more entrepreneurial and provided insight into how they fund new ventures.

> We could probably be more entrepreneurial. We’ve had to sort of be entrepreneurial to be independent, I guess. We are always looking at opportunities. We’ve never had that wealth independence to do things we do. We’ve got the [new venture] up and running, which was really Richie’s vision but it’s something we had to incorporate into the family because we had no means of going out and raising a shitload of capital to actually do it. (Roger Riesling)

Richie’s new venture required significant start-up costs which was alleviated by there being some congruency with the current winemaking enterprise. For example, some of the same equipment the winery used could be utilised. In addition, the product could be produced on site in one of the detached buildings close to the winery. These resources were a significant advantage for several reasons. First, the product could benefit from some of the family business’ goodwill through branding and marketing. Second, even if the premises used for production were leased, the payments would go back to the main family business.

> So [the venture] leases the building off [Riesling Family Winegrowers] and we have the [production] in there. But it’s perfect because it was actually a winery, so. Nice, high roofs and drains and power and water. (Richie Riesling)
As Roger alluded to earlier, the venture was incorporated into the family business, which provided the means for seed capital to leverage the start-up. This action of funding the venture presented the family business as an angel investor, stakeholder, and a vehicle for family start-ups. In a similar vein, Renée’s organic vineyard and Rania’s restaurant also benefit in a similar way. The main difference was that the vineyard and restaurant were wholly owned by the family, and complement the other business operations, where Richie’s venture was likely to diverge from the family business at some stage. The venture also had equity shareholding, which exceeded the shareholding that Riesling Family Winegrowers had. Consequently, there was the question whether Richie would have split alliances between the family business and the new venture, or whether the new venture could still operate under the family business in the future. It was unclear, and possibly too early to determine, what the family would do if Richie decided to devote more time to the new venture but it was apparent that the family was not averse to bringing in the necessary managers in place of family members. As the children were all directors of the business, in time the next generation may have the flexibility to step back and let the business run itself while retaining ownership and governance.

**Making money**

Renée also had an entrepreneurial drive. The first indication that she was entrepreneurial was her organic orchard initiative which had succeeded and been expanded. When asked what she would do if her parents sold the business and split the money amongst her and her siblings she responded “I’d build a multi-million dollar company. I’d make all my siblings jealous” (Renée Riesling). She was driven and competitive. Given the chance within the business, she was someone who would be forthright with her vision of the business.

But I think it’s really, really important that for us now – and this is how my vision is for the future is – that we grow on what Mum and Dad have built up. I mean, we don’t want to be the generation sits back and lives it up and leads the lifestyle. You’ve really got to get into it and stuck in and build it up. (Renée Riesling)

One impression when interviewing the family was that they were very business orientated, and entrepreneurial, but there was less talk about their product. This impression was confirmed by one employee’s perspective of the commitment the children had regarding winemaking.

There’s a slight difference between these guys and other family wineries around. These guys don’t seem to be – the kids are actually in this because it’s a job and it’s a ready-made job for them. And they don’t strike me as being 100% on board as, say, someone like myself [and] the other winemaker, and those people who are here for the wine, or to make great wine. (Gavin)
Earlier evidence from the siblings did not give the impression that they were not interested in the business into the future, but they could be more interested in the revenue than the product. In saying this, of the three siblings Renée was more product focussed given her interest in organic wine. Rania from a marketing perspective, and Richie from an entrepreneurial perspective, did tend to focus on the business side more. Gavin states that money was important to Richie and that “it’s not something he says, but that’s the impression that he gives” (Gavin). A comparison was drawn with another family business.

Richie wants to make money. And that’s great for your business. That’s what you need to do. The other family winery I worked for, the family, they’re all on board. They love wine. And it’s a whole lifestyle for them. It never ends. I mean, drink, eat and, you know, it’s all day, every day, and they love it. Their trips overseas, they go to France for a holiday to buy wine.... See, there are differences there, definitely. And there is a positive if Richie wants to make money because it means that we will probably see this recession out. (Gavin)

Another overall impression was that the family were motivated to work together in the future in their respective roles. However, because the business was set up using a corporate business model, there may be more focus on the business than their product. Evidence of this focus included the family’s acceptance that management could include non-family members, for example Richie’s earlier comment regarding getting “really good people in – good accountants, good general manager ... so we don’t make the wrong decisions” (Richie Riesling).

5.3.6 Generative strengths and experiences

Bouncing ideas off someone else

Roger’s experience building a corporate brand prior to starting Riesling Family Winegrowers was one of his, and the business’ greatest strengths. The knowledge shared through mentoring in the corporate environment placed Roger at an advantage when establishing Riesling Family Winegrowers. The choice to move on from the corporate business to a family owned and managed business allowed Roger and Ruth to make their own decisions.

I guess it’s being able to make decisions for ourselves. It makes it reasonably flexible. Being completely self-sufficient is probably the key thing. We can do whatever we want to do. We do from go to whoa. We don’t have to wait or call on anybody.... We work as a team. I mean, we work as a family team, as a management team.... Well, doing our own thing is probably the strength. (Roger Riesling)

The autonomy the founders had was a main contributor to the momentum the business acquired when it was established. In a corporate winery, Roger would have had restrictions placed on him and
would be answerable to others. Taking past experiences in the industry and using a tested business model streamlined the growth of the business. Part of this model was the early creation of a governance structure. Many businesses their size would not have a formal board but the reason for establishing a board was “because it would just be nice to bounce [ideas] off someone else” (Ruth Riesling). Roger saw having a board as another way to retain control rather than following visions that could amount to nothing – “[with] very good guiding Non-Exec Directors, we’re fortunate” (Roger Riesling).

**Always answerable to everything**

Time and again the family and employees came back to the family being the main strength of the business. Rania succinctly stated, “It all comes back to the family. That’s our greatest strength.” She went on to add that the family “works together,” were “passionate,” and put “one hundred per cent into everything.” She went on to add that

[The family] are always answerable to everything and there’s nothing that we’d ask anybody in this business to do that we wouldn’t do ourselves…. I think that’s probably our greatest strength. (Rania Riesling)

Rania implied that the family were competent in their roles and answerable to their decisions. The next generation were maturing into their roles and starting to take responsibility for the future direction of the business. Rania’s sentiment about the family being the strength was reflected in statements from the employees. Gina stated, “It’s not going to be, at any rate, at this stage, pulled apart by [others]. [They’re] not going to lose [their] main focus” (Gina). From this statement, Gina implied that the family were cohesive and steadfast of their vision for the business. Gina added:

Richie has come in early enough…. Roger will still be in charge for a few more years … I mean, it’s not to say [Richie taking over] won’t happen. He might have his own direction, when it comes to it. But I think that that’s a strength. In fact, it may be a weakness too. But it certainly is a strength. (Gina)

In Gina’s eyes, there was still some dependency on Roger as the founder and some wariness about Richie taking over from his father. There was some certainty that Roger will be in charge for a while yet, and some indication that Richie would need to gain more experience before taking over his father’s role completely, however visionary and competent he may be to lead.
**Falling from the same tree**

In relation to Rania’s earlier statement that “there’s nothing that we’d ask anybody in this business to do that we wouldn’t do ourselves,” Renée demonstrated this through her actions and her tenacity in asking her father for a raise in wages based on her acumen in the organic vineyards.

I said to Dad the other day ... ‘look, actually instead of just giving me a little increase I’d like to earn this one.’ I said ‘I’d like you to look at these.’ What it was – I’ve started up a new scheme. I’m trying to cut out all contractors and sources and employ all our own employees. I said ‘I’d like you to look back at my savings on what I’ve done and then make that decision’. (Renée Riesling)

It would be easy for the next generation to take pay rises for granted and not really earn them. Renée showed some initiative by rearranging the model for her vineyard project to receive a better raise based on her efforts. One reason this resourcefulness was a strength was that it set an example for other employees. In addition, Renée wanted to prove her worth within the business without perceived nepotism. Each of the next generation were “very similar because we fell off the same tree, [but] all very, very different – different personalities (Renée Riesling). Where Renée took the initiative to prove her competency, Richie was more likely to work long hours and take too much on.

That’s my problem I have with my wife because I don’t see it as work. Like I ... come and spend two hours out here, and she goes, ‘why are you working?’ It’s not work, I’m just going to do this and do that.... Mum and Dad and the rest of them do appreciate that because ... those extra hours kind of over and above that you wouldn’t do if you weren’t part of the family. (Richie Riesling)

Richie’s statement suggested that he sets an example to employees. Rania, on the other hand, came across as composed, competent, and hardworking but equally knew her limits and knew when she needed to take time out.

I had to leave because I was just so really quite stressed because there was a lot of pressure put on me.... I collapsed with pneumonia and ended up in hospital – ... I’d done too much.... I took a couple of months off just to recoup and came back [to the family business] and did just a few jobs. (Rania Riesling)

Because Rania was more mature and had suffered from taking too much on in the past, she came across as someone who had clear boundaries in her role.

**Growth versus diversity**

A strength of the business was the deliberate curbing of growth. Ruth confirmed that the business’ growth had slowed down and portrayed this as an advantage.
We’ve decided we are not going to keep growing, and we know where we’re going and we are just going to stay at that and hopefully end up with getting rid of all our growers in time, just having all our own vineyards, which makes it a lot easier. But that will take time. And the children will pick up their own vineyards as well. (Ruth Riesling)

Despite the notion that owning their own vineyards made things easier, the motivation to reduce the number of contract growers was to retain more control of the business and the quality of its wine output. Ruth also referred to the children obtaining their own vineyards in time, which suggested the next generation would be given the autonomy to make major decisions in the future. As the operations manager, Grant observed the increasing control the family had over its assets.

I think it’s very hands-on. They’re in control. Everything we do is controlled by the family. Even in the vineyard … we used to have contractors work in the vineyard … we’ve got our own people now. Everything. Control of everything…. Harvesting – you don’t wait for a harvester, you’ve got your own. Bottling – don’t wait for wine bottlers, we’ve got our own. Bubbles. We used to have to line up with the person up the road – nah, not having that. Have our own. (Grant)

Increased control over their resources would strengthen the base from which the next generation would differentiate the business. From the perspective of the financial controller, the family “drive” and “guide” the business (Gerald). Gerald made a similar observation about the future of the business.

I see it as being successful and long-term as long as they want to continue doing it. Will we get any bigger? Don’t know. Probably more diverse, I would think. (Gerald)

The distinction between growth and diversity was an important juxtaposition in terms of the continuity of the business. There was more concern with retaining what they have, for the next generation to control the enterprise. Rania concurred that the business rarely stood still but continued to diversify.

It’s interesting really where we’re heading. It’s really important not to stand still and go we’ve got this far and just rest on our laurels. I mean, we’ve got a bit of a reputation that Riesling Family Winegrowers is always evolving, whether it be a new … bottling something or other, or the vision next year for a new cellar door. (Rania Riesling)

Rania’s suggestion that the business was always evolving did not necessarily equate to growth. Like Grant’s earlier comments about owning and controlling everything, there was a reconsolidation of resources and an optimisation of their processes occurring, but the output need not change drastically. For Riesling Family Winegrowers the generative strength that enabled the family to accelerate their growth in a relatively short period and with little start-up capital was perhaps a
result of the corporate business model adopted. Although a family business, one employee suggested, “it is very much more corporate than it was. I mean, I used to work for an oil company – I know what corporates are” (Gina).

5.3.7 Section summary

Riesling Family Winegrowers was quite corporate. This would be a result of the business model adopted early on from the founder’s experience in the industry. The business had a board and a family council, which contributed to decision making and mentoring. The next generation are all assigned directorships and control separate parts of the business. The family are mindful of the future of the business but the succession planning was not recognised by the next generation. Working as a team and making decisions are strengths in the business.

With land the senior generation purchased at a time there was vine planting in their region, the Riesling family eventually started their own winery. Roger Riesling had a wide network and an extensive résumé from his work with top corporate wineries, which influenced his decision to base his new venture on a corporate business model. As a result, the founders followed a formula, that when matched with hard work was sure to succeed. The winery was established in a prosperous period for winegrowing, which led the family winery into continued growth until recent years.

Each of the children returned to the family business of their own accord and each had a distinctive management role and was a director of the business. Evidence from the family members suggested there would be continuity in the business although employees wonder if the next generation would be as involved in the day-to-day running of the business as the senior generation. Richie Riesling was most likely to take a lead in the next phase of the business life cycle, with support from his sisters. Furthermore, the senior generation was still active in the business with signs of shifting responsibility to the next generation under guidance.

Because the next generation’s roles were decidedly distinctive, they had been able to experiment with their own ideas, which was encouraged by the senior generation. Of particular note were the introduction of organic vineyards by Renée Riesling, and Richie Riesling’s various ventures. Family members displayed innovative and entrepreneurial behaviour, which was moderated by the non-executive directors and Ruth Riesling. Table 21 summarises this case through the individual and interpersonal levels of analysis.
### Table 21: Riesling Family Winegrowers – Individual and interpersonal level summary

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<td></td>
<td>Next</td>
<td>Excellent understanding of business background; involved from an early age</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family story transferred to employees</td>
<td></td>
</tr>
<tr>
<td><strong>Succession Antecedents</strong></td>
<td>Senior</td>
<td>Identified successors; blood relatives only</td>
<td>Succession process communicated between generations but succession plan not understood by next generation; family decisive about who are appropriate successors</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Understood they would succeed the senior generation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td><strong>Succession Readiness and Willingness</strong></td>
<td>Senior</td>
<td>Father not involved in hands-on work; mother acts as an overseer; evidence both are stepping back</td>
<td>Evidence the next generation are stepping up; senior generation giving more control to next generation; knowledge was shared through mentoring from parents and non-executive director; next generation bring new experience to business</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>All three children had a significant role as directors; son likely to take future leadership role</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Acknowledge changes occurring and succession process had begun</td>
<td></td>
</tr>
<tr>
<td><strong>Vision in the Family Business</strong></td>
<td>Senior</td>
<td>Father was visionary and tempered by mother who was practical</td>
<td>Refreshed vision was apparent through next generation; reference made to generational steps where family members need to be mindful of the future generations</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Next generation visionary particularly with the sons new venture and daughters organic vineyard</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Saw the next generation displaying vision</td>
<td></td>
</tr>
<tr>
<td><strong>Behaving Entrepreneurially</strong></td>
<td>Senior</td>
<td>Father highly motivated and opportunity seeking; balanced by practical wife and Board</td>
<td>Next generation advances opportunities; senior generation encourages and funds new ventures</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Son sometimes erratic with ideas but had established new ventures; daughters involved in starting restaurant and organic vineyards</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Saw the next generation as wanting to make money and not concentrating on the product</td>
<td></td>
</tr>
<tr>
<td><strong>Generative Strengths and Experiences</strong></td>
<td>Senior</td>
<td>Making decisions for themselves; working as a team</td>
<td>The family agree that working as a team was a strength; family makes their own decisions</td>
</tr>
<tr>
<td></td>
<td>Next</td>
<td>Family answerable to everything; family works together and are passionate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td>Family are in control; family started early in business</td>
<td></td>
</tr>
</tbody>
</table>

#### 5.4 Chapter Summary

Although the criteria for selecting the businesses were the same, there were significant differences culminating in unusual patterns between the case sites. For example, there was inconsistency with the level of governance each firm had. The youngest firm had formal governing structures in place.
whereas the two older firms did not display the need for such a mechanism. Further, the youngest firm was based on a corporate business model where the other two relied on a more traditional family oriented business model. Riesling Family Winegrowers had conceivably sustained growth through their early adoption of a corporate business model while remaining a family owned and managed business. In contrast, Merlot Family Vintners were introducing systems at the time of this study that would give them more ability to discern risks and gauge potential opportunities. It is plausible that the size of the firms in this study correlated with the growth patterns of each business.

Moreover, there was potential for the firms to grow with the facilitation of new ideas from the next generation. As such, the entrepreneurial behaviour of the next generation tended to be an extension or reflection of the senior generation. For example, Morgan Merlot shared the values of the senior generation but presented new opportunities through his experience and education. Morgan Merlot facilitated innovative partnerships that had in turn promoted growth. Sauvignon Family Estates differed in that the founder had been university educated and had extensive experience before establishing the business. Although the next generation had new ideas, they appeared to be challenged by the senior generation. The next generation may find it harder to be entrepreneurial as a result; at least until their father steps back completely. The Sauvignon family appeared to be content in their wealth accumulation and were likely to concentrate on building a reputation for quality wine and growing incrementally. In contrast, the Rieslings appeared to be the most entrepreneurial even though they were the most structured. The new venture started by Richie had seed funding from the family winery with further external investment. It is conceivable that the new venture could eventually turn over more than the original winery, or at least produce a return back to the family business that will facilitate growth.

Given each of the firms had varied entrepreneurial behaviour, there is potential for a contribution to the emerging family entrepreneurship field of research. Moreover, from evidence presented in the within-case findings, there is potential for a contribution to be made in promoting the notion that an entrepreneurial family business can be sustained across generations. The next chapter will discuss the across case similarities and differences and establish theoretical dimensions from further analysis. The discussion will culminate in presenting a theoretical model for the promotion of sustainable entrepreneurial family businesses, which addresses the thesis’s primary research question.
CHAPTER SIX ∞ DISCUSSION

The three things that are most essential to achievement are common sense, hard work, and stick-to-it-iv-ness.... (Thomas Alva Edison)

Thomas Edison’s quote captures the essence of the three families in this study. Each of the family businesses illustrated in the previous chapter applied common sense, hard work, and perseverance in establishing their wineries with a vision toward what they considered to be sustaining the business for future generations. As a result of an appreciative approach to this study, this chapter will address the primary research question, that is: “In what ways can entrepreneurial family businesses be sustained across generations?”

The first section will summarise findings across the cases and then through an F-PEC scale assessment. Next, the establishment of theoretical dimensions as a result of a grounded approach to the analysis will be discussed. These theoretical dimensions will then be related to the literature respectively and discussed in relation to their antecedent themes. After these dimensions are presented alongside their respective representative data, they will be developed further as models, classifications, and matrices. This chapter will result in a theoretical model promoting sustainable entrepreneurial family businesses being offered. Finally, family businesses will be explained as a subset of sustainable entrepreneurship.

6.1 Cross-Case Summary

The purpose of this section is to summarise similarities and differences across the case sites. The first section will evaluate the within-case findings, alluding to emergent themes. Then, the family’s influence on their business will be assessed as it has a significant impact on business continuity.

6.1.1 Summation of the findings

In this section, four subjects relating to similarities and differences are explained.

Paradoxical backgrounds

Similarities and differences between the case sites became evident during the course of this study. Merlot Family Vintners, Sauvignon Family Estates, and Riesling Family Winegrowers were three medium sized wineries on similar trajectories of growth but were found to be very different entities. The primary similarities across the cases could be summarised as being: 1) the families controlled their respective businesses, 2) senior management included family members, 3) there was a long-
term focus for each case site, 4) the family sought continuity in the bloodline, 5) and each family had considerable influence over their businesses through ownership and management.

The significant differences were related to the growth of each family business and the business model adopted, for example, their form of governance and their attitudes toward how roles were assigned to family and non-family members. As private companies, and because it was not necessary for this study, sales figures and other financial data were not sought. An estimate of growth was compared alongside milestones reached, for example, exporting or the additional purchase of land. Inconsistencies displayed are aligned with, but not limited to: 1) development periods in the industry, 2) population growth, 3) quality of wine and the science behind it, 4) and policy and regulations introduced. In addition, the industry’s evolution from the early pioneers to the exponential growth in the number of firms from the 1990s had impact. A prediction of future growth was made based on what was conveyed in the interviews. Figure 18 displays the indicative growth of each firm based on the findings in relation to the industry’s growth based on exports. Exporting, regional growth, industry growth, and the transition of the next generation into the business were considered tipping points where significant growth occurred.

Figure 18: The life cycle of the case sites versus industry growth based on exports (New Zealand Winegrowers, 2002, 2010, 2011c)

Merlot Family Vintners was established at a time when their region had proven to be profitable for vineyards. This profitability did not necessarily translate into significant growth but a steady living
was obtained from their product. The Merlot family was among other pioneers in the industry and reflected the hardworking, practical, and hands on culture of the early winegrowing entrepreneurs. Rewards were delayed and adversity was common because of prohibition, wars, and economic hardship. Their counterparts in the industry shared the same challenges. Much of the industry’s establishment, its institutes, and lobbying efforts, were driven by necessity rather than opportunity. Extensive experience through a long history had resulted in a conservative culture in the first two generations, whilst the third generation had experienced life outside the wine business and brought a refreshed vision into the business.

Timing was a primary ingredient for the growth of Riesling Family Winegrowers. Figure 18 suggests that their growth has been continuous but over a very short time frame in comparison to Merlot Family Vintners. Essentially, the Riesling family had accomplished in twenty years, what it had taken the Merlot family a hundred years to do. However, the Riesling family only own half of the land they produce from, and lease the remainder. As such, the Rieslings indicated that they were consolidating so they could have more control over their product. Paradoxically, the Rieslings displayed their wealth (for example, elite sports cars) while the other two families were more conservative with their display of wealth. Both the Merlot and Sauvignon families own the land they produce from and where necessary they had the capacity to use contract growers to boost their production. These families were the wealthiest but it was not immediately evident in their display of wealth.

Sauvignon Family Estates was established during a time of relative prosperity. The first exports were a sign of financial gains to be made and many of the regulatory battles had been won after the establishment of an institution that brought the industry together. In particular, the founder gained knowledge and experience overseas and was amongst the first in New Zealand to gain formal qualifications from a university in the craft of winemaking. The Sauvignon family established their business in a relatively untouched region for winegrowing, based on a pragmatic view that grapes would propagate there because hops and tobacco had. This intuition proved to be correct. While the family shared a hardworking, practical, and hands on culture, large players in the industry had already established markets domestically and internationally so less effort was required to sell their wine.

In addition, the family were experimental with their grape growing and they had a unique position in the market geographically. They were able to produce wealth during two significant periods. One was during a time of significant regional growth and the other was a consequence of diseased vines in different regions. Distinct from the Merlot family who already had a livelihood through their orchard and later their vineyard, the Sauvignons built their business on opportunities rather than out of necessity. Both Solomon and Sylvia had jobs at the time they established their vineyard and made
the choice to leave their jobs to build their business. It is conceivable that the Sauvignons took half the time to establish the wealth the Merlot family had. Although successful in establishing themselves in the market and creating wealth, the family, including the next generation, were not ostentatious. Solomon and Sylvia were somewhat reserved and conservative, which was also noticeable in the next generation.

Both Merlot Family Vintners and Sauvignon Family Estates were well established before entering the period of the industry’s most significant growth during the 1990s. In contrast, Riesling Family Winegrowers had just established their winery at this time. Although the family grew grapes well before establishing the winery, the founder’s experience was with one of the industry’s forerunners and he adopted their business model to launch his business. Where the Merlot family built their reputation over time, and the Sauvignon family gained respect for their foresight, the Riesling family leveraged off the significant networks of the respected founder. The next generation of the Riesling family entered the business with only having experienced growth in the business since the winery’s inception.

Achieving continuity

Antecedents for successors varied across the three case sites. While each family was mindful of the need to consider the future of the business, the strategies for accomplishing continuity of the business through the families varied. Merlot Family Vintners were experienced in their approach to succession, with distinct boundaries as to who would own and manage the business in the future. Their approach was arguably conservative in relation to who could enter the business – only male family members holding management roles. There did not appear to be pressure on the next generation to enter the business but the senior generation were ready to stand aside and mentor the next generation to take over. Morgan Merlot suggested succession was about reducing the stress of the senior generation as opposed to removing them from the business. The family’s experience over nearly one hundred years was evident in their relaxed manner concerning the succession transition.

In contrast, both Sauvignon Family Estates and Riesling Family Winegrowers were aware of the realities of succession but appeared to need prompting from advisors to initiate succession planning. Solomon and Sylvia trusted the next generation with leadership roles although the youngest, Stella, was still relatively new in her role and was supported by her mother. Simon Sauvignon would lead the business in the future with support from his sisters.

Likewise, the Riesling children demonstrated initiative in their individual roles and were trusted by the senior generation. Again the youngest, Renée, was the least experienced of the siblings but showed determination with her organic vineyards. She also had the attitude that she should not
receive preferential treatment as a family member and instead wanted to be measured by her abilities. Richie Riesling is likely to lead the business in the future but was unaware of any plans for succession that his parents had in place. Richie’s sisters were likely to support him in a leadership role and appeared sympathetic towards the expectations placed on his shoulders.

**Visions of an entrepreneurial future**

Perhaps as a reflection of their experience as pioneers, Merlot Family Vintners had a modest vision for the future of their business. For example, the founder considered that the family business had exceeded his expectations, which was the belief of the senior generation also. Employees noticed a difference when Morgan Merlot joined the business, particularly as he had engaged in innovative partnerships and marketing initiatives, which he brought to the business. Further, Morgan employed consultants to review the values and understand the core of the family business. In conducting this exercise, the family found that their core vision was broader than financial success and included “dedication to the advancement of New Zealand wine…. A vehicle for doing that is our wine because we control it” (Morgan Merlot). Evidence of this was the family’s involvement on boards and as wine judges at an industry level.

In contrast, Sauvignon Family Estates were more focussed on being practical. Examples of the family being visionary were implicit in their opportunity spotting and timing, rather than grandiose goals. There was evidence that their future will involve building on the quality of their wines and making sound economic decisions rather than diversifying beyond their core business. Arguably, with their established asset base, the Sauvignon family had other options such as contracting their machinery, bottling, storage, and selling grapes to other producers, yet chose not to go beyond their current mandate of producing quality regional wine. Riesling Family Winegrowers were the least conservative. Evidence suggested that the Rieslings were diverse and somewhat open about their visions for the future. The most notable example was Richie’s new venture, which received seed capital from the family winery and had attracted further investment externally. This venture represented Richie’s vision but there was a sense that this would distract him from his role in the winery. Renée presented in a more practical way her vision for organically grown vineyards. While there were apparent differences, the main similarities between the three case sites were their views toward continuity in the business. Both the senior and next generations expected the business to continue under the leadership of the next generation and the employees confirmed this.

While each of the case sites were established entrepreneurially, being entrepreneurial was not openly discussed. Instead, each of the families described themselves as hardworking, hands on, or practical, and portrayed their ventures as projects or a natural progression in the course of their
business operations. Elements of entrepreneurship were present in each firm, yet there was some resistance to describing themselves as entrepreneurial. However, the evidence suggested that the families were risk-taking, opportunity scanning, innovative, and had an entrepreneurial orientation. For example, Morgan Merlot emphasised that on joining the family business one of his initiatives was to “understand where your risks reside and where opportunities are.” His approach to understanding risks was to introduce systems and “introduce that as a culture into [the] company” (Morgan Merlot). Producing systems may appear counter intuitive to being entrepreneurial but formalising pricing indices for wine production, for example, gave the business some leverage to optimise their operation and subsequently enter into innovative partnerships to produce their wine more efficiently and economically.

Sauvignon Family Estates were intuitive, appreciated the needs of the market, and were quick to move on opportunities such as grafting and providing rootstock to competitors. The accumulated wealth from these seemingly mundane ventures had provided them with leverage to diversify through land purchases, equipment, and technology, which if they chose to could present new revenue streams. During the course of both Sauvignon Family Estate’s and Riesling Family Winegrower’s histories they have had the ability to take risks, such as establishing restaurants, without detriment to their core business. As such, Riesling Family Winegrowers invested in new ventures started within the family, but were quite separate from their core business. Again, the family were engaged in a high-risk venture which was a result of leveraging an opportunity using their existing resources of property, staff, and finance.

**Wealth, decisiveness, and relationship**

Generative strengths, or “what works well” were evident as a result of the appreciative inquiry approach employed in this study. Across the three case sites, there was a degree of consistency regarding generative strengths and experiences. The family members and employees agreed that the family were a strength of the business. According to Merlot Family Vintners, there was a distinction between family businesses and corporates. Morgan Merlot considered the division in the wine world to be “not red wine and white wine or ... old world versus new world – it’s corporate versus family.” Morgan suggested, “the values are different, the way of doing business, and structurally it’s different.” This distinction was more evident from a family business perspective because there could be some temptation to sell the business to a corporate, partner with a corporate, or receive investment from a corporate. It was evident from the cases that family businesses could make quick decisions and be more flexible in the decision making process than a corporate entity. For example, Roger Riesling considered “being able to make decisions for ourselves” and not having “to wait to call
somebody,” a strength, while Simon Sauvignon agreed that the autonomy to “make the calls” was a strong advantage. One of the more tangible strengths was the wealth displayed by the families.

Merlot Family Vintners and Sauvignon Family Estates made a point of saying they were in excellent positions financially, even though they both appeared relatively conservative in their spending. Morgan Merlot stated that the family concentrated on being “asset-rich and have a gross profit objective not a return on investment.” This strategy may have taken them longer to accomplish wealth but it had meant they had the freedom to expand at will and purchase equipment as needed. Similarly, Sauvignon Family Estates were “firm believer[s] in owning everything” and “pay cash for [it]” (Simon Sauvignon). In contrast, Riesling Family Winegrowers had “never had that wealth independence to do [the] things we do” (Roger Riesling), which was a reflection of the relative youth of the Riesling’s business. Another consistent strength was the willingness to work with other family businesses. There was evidence that contracts with other family businesses were not cumbersome and often based on trust.

6.1.2 Family influence in the business

As explained in the Chapter Two (Literature Review), one approach to assessing family influence in a business is the F-PEC scale. One purpose of the F-PEC scale assessment is to establish how much influence the family has on the business in terms of “power,” “experience,” and “culture” (Astrachan, et al., 2002, p. 45). A secondary purpose is to confirm the criteria used in selecting the case sites, and provide an analytical template for comparing the case sites based on family influence. Upon selection, each of the case sites needed to meet broad criteria relating to the family business construct for this study:

- There needed to be at least two generations currently in the business (not specific on whether one is the founding generation; gender was not accounted for)
- The family needed to have majority shares (confirmed against the Companies Office register)

The within-case findings presented an in-depth view of how each case site functioned, including the dynamics between the generations and key people in the family businesses. A greater sense of the ownership and the future of the business were revealed beyond these criteria. This new knowledge from the findings will be used to position the F-PEC assessment. Based on the illustrative findings and subsequent cross-case summary, an interpretation of the level of ownership, governance, or management is demonstrated on a continuum from low to high levels in the following tables.
Power scale

Power refers to the influence a family has on ownership, governance, and management of their business. First, each of the case sites were family owned. Ownership was evident through what was conveyed through the interviews, and further evidence of ownership came from the Companies Office register. A further search on individual shareholders and directors revealed other business interests that were subsidiaries of the parent holding company. The oldest business, Merlot Family Vintners, had the most complicated ownership structure. Melvin and Murray were directors of the holding company. Shares were held by them, Melvin’s son Morgan, Murray’s son (who is yet to enter the business in a management capacity), and family trusts. In comparison, Riesling Family Winegrowers had similar company structures but only Roger, Ruth, and the family trust were directors and shareholders of the holding company. Each of the children were directors of the winery subsidiary company but had no shareholding per se. This company also held a significant shareholding in Richie’s venture. Richie and his father, Roger, were directors of the new venture alongside investor representatives. Table 22 summarises comments regarding ownership.

Table 22: F-PEC power subscale – Ownership

<table>
<thead>
<tr>
<th>Case site</th>
<th>Ownership</th>
<th>Comment</th>
<th>Level of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlot</td>
<td>We now have bought out all the shareholders [of the joint venture holding company] and we own it 100%.... The business, being family-owned, is not money-hungry like investment shareholders would be, pulling money out. [So] the business is very robust ... financially. It’s an asset strong/high equity to debt. (Morgan Merlot)</td>
<td>Family owned</td>
<td>High</td>
</tr>
<tr>
<td>Sauvignon</td>
<td>We’re a firm believer in owning everything. Everything you see here, we own and pay cash for. (Simon Sauvignon)</td>
<td>Family owned</td>
<td>High</td>
</tr>
<tr>
<td>Riesling</td>
<td>And so set up our own operation. [We are just] treading water at the moment.... The industry’s not in the best shape so it’s just actually making sure that we’re well structured and set up. (Roger Riesling)</td>
<td>Family owned</td>
<td>High</td>
</tr>
</tbody>
</table>

Each of the case sites had a high level of ownership based on their shareholdings and there was some indication that each business carried a low level of debt, although the Rieslings spoke of the need to restructure to gain more control over debt. As such, one of the implications of having diluted ownership is the family having less control over their business.

The findings revealed that each of the case sites had some form of governance. Although not always obvious, governance can influence the entrepreneurial orientation of a business (Zahra, Neubaum, and Huse, 2000). For example, Roger Riesling commented on how the non-executive directors

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58 The Companies Office displays publically the shareholding and directorships of businesses. Source: http://www.business.govt.nz/companies
provided perspective on opportunities and suggested, “we’ve been in a situation where we’ve looked at opportunities and rushed into them and regretted them. So that doesn’t happen any longer” (Roger Riesling). The Riesling family had the most formal governance with two non-executive directors who signed off major decisions made by the family. This was because the founder came from a corporate winemaking background and followed the business model of his previous employers. In addition, the Riesling family met as a “family management team” on a regular basis. While Merlot Family Vintners did not have a formal board, they did have management meetings chaired by Melvin Merlot. Included in the meetings were the family management and the senior marketing employees. Merlot Family Vintners described their board as a “management team.” In a less structured approach to governance, the Sauvignon family described their board meetings informally as a “family meeting.” Table 23 summarises comments regarding governance.

Table 23: F-PEC power subscale – Governance

<table>
<thead>
<tr>
<th>Case site</th>
<th>Governance</th>
<th>Comment</th>
<th>Level of governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlot</td>
<td>It’s not a formal Board, no. We just have myself, Melvin, Morgan, ... the marketing guy and [the marketing director], which is basically a management committee.... We have considered this formal Board, particularly as Melvin and myself now coming really to the end of our career. (Murray Merlot)</td>
<td>Family and senior management</td>
<td>Medium</td>
</tr>
<tr>
<td>Sauvignon</td>
<td>We have family meetings and stuff, yeah. You know, under all this sort of accreditation you’ve got to ... there’s all sorts of health and safety things that have got to be discussed. (Sylvia Sauvignon)</td>
<td>Family only</td>
<td>Low</td>
</tr>
<tr>
<td>Riesling</td>
<td>We have two Non-Executive Directors and Ruth and I are Executive Directors, so they’re really there for disciplinary reasons and compliance, policy, keep an eye on things. (Roger Riesling)</td>
<td>Family and external non-executive directors</td>
<td>High</td>
</tr>
</tbody>
</table>

Varying levels of governance could relate more to the business model adopted at an early stage. Both the Merlot and Sauvignon families were established in a pioneering fashion while the industry was relatively small. In contrast, Riesling Family Winegrowers was established at an opportunistic time when the industry was at a tipping point. While enhanced governance may be considered a natural progression when a business becomes more complex (Fiegener, 2005; Fiegener, Brown, Dreux IV, and Dennis Jr, 2000), the opposite appears to be true with the selected case sites.

Management is the last dimension of the power subscale. Each of the case sites had family from the senior and next generations in leading management roles. Although the family were in control, Merlot Family Vintners had a strong senior management team that had some autonomy, particularly on estates in other regions that were away from the head office. Similarly, the Riesling family employed senior managers in key roles and the three children had a directorship overseeing winemaking, viticulture, and marketing. Table 24 summarises comments regarding management.
### Table 24: F-PEC power subscale – Management

<table>
<thead>
<tr>
<th>Case site</th>
<th>Management</th>
<th>Comment</th>
<th>Level of management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlot</td>
<td><em>As managers you have to go and visit the markets to understand what's going on... I'm the Chairman, Murray [is the] Managing Director and Morgan [is the] General Manager.</em> (Melvin Merlot)</td>
<td>Family leads the business with a strong senior management team</td>
<td>High</td>
</tr>
<tr>
<td>Sauvignon</td>
<td><em>Simon is like the winemaker but... him and Solomon make the big decisions about bottling wines and so forth... Sylvia is more the financial side of things... Stella more the marketing side of things... and then you've got Suzie who is like the winemaker.</em> (Nicole)</td>
<td>Family leads the business with lower level managers</td>
<td>High</td>
</tr>
<tr>
<td>Riesling</td>
<td><em>Richie is covering winemaking, Renée covers the viticulture and Rania does all the marketing.... [My wife is] involved in management. We have a family management team, and she's very much involved with that.</em> (Roger Riesling)</td>
<td>Family leads the business with a strong senior management team</td>
<td>High</td>
</tr>
</tbody>
</table>

The Sauvignon family were the most cautious about employing senior managers. Both the senior and next generation based their rationale on the economic repercussions of employing a senior manager in place of good workers. Like the other case sites, they consulted with accountants and lawyers. Where they differed was that they only employed accounts and administration staff rather than financial controllers. The family also managed their own distribution. Sylvia Sauvignon commented “one of our strengths really is that the person who drives up to the door has our name on the [vehicle], works for us, and is not selling wine from the neighbour or from some other region.” Unlike the Merlot and Riesling families, Sauvignon Family Estates only had estates in one region so management resided in one head office. Each of the case sites had a high level of power based on the influence a family had on ownership, governance, and management of their business.

**Experience scale**

The experience subscale reinforces the power subscale by relating to the generation that controls the business, the generation(s) active in management and on the board, and the overall contribution of all family members. Experience differed across the three case sites, particularly with Merlot Family Vintners. All three case sites had two generations currently involved in the business but Merlot Family Vintners was a generation older. The Merlot family had already been through the succession process, and was advancing the succession from the second generation to the third generation. Because the Merlot’s were experienced with succession, there was some contrast between them and the other two families because they had not been through a succession. Moreover, the Merlot family appeared to be planning for another next generation family member to join the business. Table 25 illustrates the antecedents of the experience subscale.
Table 25: F-PEC experience subscale

<table>
<thead>
<tr>
<th>Case site</th>
<th>Generation of ownership</th>
<th>Generation active in management</th>
<th>Generation active on the governance board</th>
<th>Number of contributing members</th>
<th>Level of experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlot</td>
<td>Second and third generations</td>
<td>Second and third generations</td>
<td>Second and third generations</td>
<td>Three senior generation and one next generation members. Other family members work for casual wages</td>
<td>Medium</td>
</tr>
<tr>
<td>Sauvignon</td>
<td>First generation with the only son having a small shareholding</td>
<td>First and second generations</td>
<td>First and second generations</td>
<td>Two senior generation and three next generation members</td>
<td>Low/Medium</td>
</tr>
<tr>
<td>Riesling</td>
<td>First generation only, but all of the next generation are directors</td>
<td>First and second generations</td>
<td>First and second generations</td>
<td>Two senior generation and three next generation members</td>
<td>Low/Medium</td>
</tr>
</tbody>
</table>

Based on the experience antecedents, Merlot Family Vintners had members of each generation involved in ownership, management, and governance. In contrast, the senior generation of Sauvignon Family Estates and Riesling Family Winegrowers had a combination of the generations in these roles, although the next generation did not have significant financial ownership of their respective businesses. The senior generation of the Sauvignon and Riesling families were approaching retirement age but were likely to remain in the business as support for some time yet. For the Merlots, the senior generation had stepped back from management, particularly Melvin Merlot. The number of contributing family members was similar between Sauvignon Family Estates and Riesling Family Winegrowers with each having three children engaged in the family business. Although their experience in ownership and management was less mature than Merlot Family Vintners, governance was strongest at Riesling Family Winegrowers, which was alluded to previously through the power subscale. As an older business, Merlot Family Vintners were more experienced and more mature as a family business than the other case sites. This maturity was also attributed to Morgan Merlot being ten years older than the next generation of both of the other case sites. In addition, the Merlot family have had more members of the wider family working in the business at some point.

**Culture scale**

Culture relates to family and business values, which overlap in most cases. One example of the prominence of this integration was when employees would say they felt like they were part of the family, or that they were treated like part of the family. One employee stated that he was proud that he was “just treated like the rest of the family now” (Grant, Riesling Family Winegrowers). Another way the family members demonstrated their values was by visiting trade shows, conferences, and
distributors personally. By doing this, family members reinforced their business as a family business with values that reflected this. By meeting the market, the family also demonstrated their commitment to the family business. Table 26 summarises comments regarding culture.

Table 26: F-PEC culture subscale

<table>
<thead>
<tr>
<th>Case site</th>
<th>Overlap between family and business values</th>
<th>Family business commitment</th>
<th>Level of culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlot</td>
<td>... we have a growing base of people that need to understand these are our cultural cues, and these are our values. (Morgan Merlot)</td>
<td>... responsibility [and] introduc[ing] rigour into the business. (Morgan Merlot)</td>
<td>High</td>
</tr>
<tr>
<td>Sauvignon</td>
<td>... like they don’t focus on themselves... They focus on other people and their workers and staff and if they’ve got any problems they always help. (Nicole)</td>
<td>[I am most proud of] Dad’s foresight and determination [and] commitment. (Stella Sauvignon)</td>
<td>Medium</td>
</tr>
<tr>
<td>Riesling</td>
<td>I think it’s very hands-on. They’re in control. Everything we do is controlled by the family. (Grant)</td>
<td>(when discussing values) ... honesty, and being committed to what you do. (Rania Riesling)</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Both family and employees often spoke of family values and their commitment to the family business in the interviews. Evidence of commitment to the family business included the return of the next generation to the business. All three children of Sauvignon Family Estates and Riesling Family Winegrowers chose to go back to the business after travelling, and in some cases, from completely unrelated careers.

For Merlot Family Vintners, the next generation was represented by one family member, with a cousin having a financial interest and likely to enter a management role soon. Other children in the Merlot family were unlikely to join the business but Merlot Family Vintners were no less committed to the family business with capital commitments in the expansion of the winery – even in a time of recession. There was some uncertainty about the commitment of the Riesling siblings, particularly in relation to their interest in the winemaking side of the business. This was perhaps a result of Richie Riesling’s new venture and the time committed to running that. Overall, there was a strong cultural dimension in each of the chosen case sites with some variability in how this culture was manifested. Merlot Family Vintners had the strongest culture, which was being reinforced through consultants by formalising their mission and values for employees.

F-PEC summary

Criteria for selecting appropriate case sites were confirmed through the F-PEC assessment. Each of the families displayed a high level of influence in the business based on the power, experience, and culture dimensions. Further, the F-PEC assessment provided a better understanding of each family’s
commitment to the future of the business. This commitment suggested that succession was highly likely to take place for each of the case sites. In knowing this, it is suggested that a family that influences their business and is committed to its longevity, has a higher chance of being sustainable across generations. Table 27 summarises the family influence on the business across the case sites.

**Table 27: The family influence on the business across the case sites**

<table>
<thead>
<tr>
<th>F-PEC Scale</th>
<th>F-PEC Subscale</th>
<th>Merlot Family Vintners</th>
<th>Sauvignon Family Estates</th>
<th>Riesling Family Winegrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td>Family owned</td>
<td>Family owned</td>
<td>Family owned</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>Family and senior management</td>
<td>Family only</td>
<td>Family and external non-executive directors</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>Family leads the business with a strong senior management team</td>
<td>Family leads the business with lower level managers</td>
<td>Family leads the business with a strong senior management team</td>
<td></td>
</tr>
<tr>
<td><strong>Generation of Ownership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second and third</td>
<td>First and second</td>
<td>First and second</td>
<td>First and second</td>
<td></td>
</tr>
<tr>
<td><strong>Generation active in management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second and third represent key roles in the business</td>
<td>First and second represent key roles in the business</td>
<td>First and second represent key roles in the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Generation active on the governance board</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second and third involved in management meetings</td>
<td>First and second involved in family meetings</td>
<td>First and second involved on the board with the non-executive directors and the family management team</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Experience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two senior generation and one next generation in senior management, one employee, several casual employees</td>
<td>Two senior generation founders, and three next generation in lead roles</td>
<td>Two senior generation founders, and three next generation in director roles</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integral and mature. Currently going through a consultative process to formulate the business values</td>
<td>Integral and well established. Employees reflect a good understanding of the family values</td>
<td>Integral and well established. Employees reflect a good understanding of the family values</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family business commitment</td>
<td>Full commitment</td>
<td>Full commitment</td>
<td>Full commitment</td>
<td></td>
</tr>
<tr>
<td><strong>Influence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family has considerable influence over the business</td>
<td>Family has considerable influence over the business</td>
<td>Family has considerable influence over the business</td>
<td>Family has considerable influence over the business. Non-executive directors have some influence in decision-making</td>
<td></td>
</tr>
</tbody>
</table>

The main differences between the case sites for the power subscale were in their ownership and governance structures. While both generations of the Merlot family had ownership of their business, the majority of ownership of the other two families was held by the senior generation. This is likely to change as the senior generation gives more control of the business to the next generation. Governance was somewhat paradoxical between the cases. The youngest firm, Riesling Family
Winegrowers, had the most formal governance while the more established, Merlot and Sauvignon families had a more unstructured approach, although the Merlot family involved senior management.

It was evident that the Merlot family were more experienced than the Sauvignon and Riesling families. Because they were in their third generation, the family had the benefit of having been through a succession from the founder to the senior generation, and a transition of roles between the senior generation brothers. The succession from the senior generation to the next generation was also more advanced for Merlot Family Vintners. As such, both Sauvignon Family Estates and Riesling Family Winegrowers were transitioning the next generation into management roles.

On the culture subscale, generally employees across the cases reflected a good understanding of the family’s values. The largest business, Merlot Family Vintners, had engaged in a consultation process, which sought to provide those employees who were isolated from the administrative hub with a documented outline of the family business’s cultural cues, values, and the way they conduct business. A high family business commitment was evident in each of the cases. Employees questioned the Riesling family’s commitment, however evidence from family members pointed toward a commitment to the future of their business. In summary, it was found that each family had considerable influence over their business.

6.2 Establishing Theoretical Dimensions

Following the within-case findings and cross-case summary, a grounded approach was employed to draw themes from data represented in this study. As explained in the Methodology chapter (Four), the additional reduction of data, with further iteration and synthesis, was completed with the intention of establishing theoretical dimensions. First, the data structure for the theoretical dimensions and first and second order themes will be displayed. Next, each of the aggregated theoretical dimensions will be related to the literature, and discussed. Supporting evidence representing the themes and theoretical dimensions’ will be exhibited through tables. This supporting evidence will be in the form of quotes.

Through further iteration, constant comparison, and pattern matching, three theoretical dimensions were derived. Figure 19 presents the first and second order themes with the aggregated theoretical dimensions. Appendix H provides a sample of the data categorisation matrix and graphs that supported the pattern matching and iterative process.
Figure 19: Data structure displayed as themes and aggregate theoretical dimensions

From the findings, there was evidence that the senior and next generations possessed similar values, principles, and vision for the future of the family business. As a result, knowledge sharing was evident between the generations. As a theoretical dimension, knowledge sharing best described the need to close the gap between the generations in relation to accrued education and experience. Moreover, sharing knowledge was recognised through the guidance provided by the senior generation, and in the case of the Riesling family, the mentoring of the next generation by a non-executive director. This guidance led to further speculation about the need to groom the next generation to encourage continuity of the family business.

Entrepreneurial behaviour was evident in each of the case sites studied. What differed was the orientation that each family had toward strengthening their competitive advantage. What was unexpected was each family’s modest view of their achievements and the lexicon they used to describe their entrepreneurial businesses. For the entrepreneurial orientation dimension, the families displayed strong business acumen and had an orientation toward developing their
businesses beyond their present state. Further, a high degree of adaptation was present which was evident despite the changing economic environment.

Resource capabilities refers to the sources that contributed to the businesses competitive advantage. Arguably, competitive advantage goes beyond affluence and character, but for this study these themes dominated in terms of their emphasis in the family business. Affluence represented the fiscal and transactional side of the business while character aligned with the relational benefits within the business.

6.2.1 Knowledge sharing

In relationship to the theoretical constructs of this study, “succession” was the dominant feature in the knowledge sharing dimension. This dimension was derived from the second order themes (Aptitude, Continuity, and Guidance and Grooming). After discussing the literature and the antecedent themes of knowledge sharing, Table 28 (page 197) displays representative data relating to Figure 20 below.

![Figure 20: Knowledge sharing data structure](image)

**Relating knowledge sharing to the literature**

Knowledge has been espoused as having become “the resource, rather than a resource” in terms of “what makes our society” (Drucker, 1993, p. 45, emphasis in original). Resource based view researchers would view knowledge as a resource, however the paradigmatic shift that Drucker presented meant knowledge could be considered more than just another resource. Beyond the resource based view, an emerging scholarship is the knowledge based view (Grant, 1996). Kalling and Styhre (2003) suggested that knowledge is:

... the idea that knowledge, no matter how intangible or fuzzy, is capable of being disseminated, transferred, diffused, shared, and distributed within and between organizations, communities of
practices and departments. Knowledge sharing is perhaps the single most important knowledge management practice because it embodies all the opportunities and challenges associated with managing invisible assets.⁵⁹ (Kalling and Styhre, 2003, p. 57)

With knowledge being treated with the highest regard, the knowledge management discipline grew and variations including knowledge transfer and knowledge sharing became part of the knowledge lexicon. In this study knowledge sharing was an appropriate vehicle to summarise the themes presented because it best refers to the knowledge between individuals, particularly where tacit knowledge was involved (Grant, 1996).⁶⁰ With the next generation being around the business most of their lives they had accumulated tacit knowledge of the business and industry. Knowledge sharing stems from the social capital literature (Coleman, 1988; Nahapiet and Ghoshal, 1998), and is related to the knowledge management literature (Nonaka and Takeuchi, 1995), with a theoretical foundation in knowledge based theory of the firm (Grant, 1996). Grant identified “knowing how with tacit knowledge, and knowing about facts and theories with explicit knowledge” (Grant, 1996, p. 111, emphasis in original).

Knowledge sharing as a dimension emerged as it integrated “aptitude,” “continuity,” and “guidance and grooming,” was the result of identifying the common link of these themes. It was observed that the aptitude of each generation was knowledge that could be shared and as a result could be beneficial to the family business. Under the continuity theme, it was observed that the succession process was where rich knowledge could be found which was linked to the aptitude – that is the education and competence of each generation. Through the guidance and grooming theme, knowledge can be disseminated, but it is proposed that guidance can equally come from the next generation as a result of their new competencies.

Knowledge sharing is not widely discussed in family business literature although there is some indication that knowledge is considered important as a dynamic capability (Chirico and Salvato, 2008), through effective knowledge transfer (Trevinyo-Rodriguez and Tàpies, 2006), and knowledge as a strategic resource (Cabrera-Suárez, et al., 2001). More attention needs to be paid to this dimension and its impact on a family business. The potential lies in the rich learning environment of a family business, which can be a competitive advantage if implemented well. Because the next generation share similar values and culture to the senior generation, there is an enviable

⁵⁹ Invisible assets, originally referred to by Itami and Roehl (1987), are “assets whose elementary forms are not materialized into documents and artifacts but primarily distributed in organizational routines, practices of communication, and individual’s skills and know-how” (Kalling and Styhre, 2003, p. 56).

⁶⁰ On the other hand, knowledge management, and the enabling and creation of knowledge (Nonaka and Takeuchi, 1995; Nonaka and von Krogh, 2009; von Krogh, Ichijo, and Nonaka, 2000), and knowledge transfer (Argote, 1999; Argote and Ingram, 2000; Argote, Ingram, Levine, and Moreland, 2000), primarily relate to organisation knowledge.
environment for sharing knowledge in contrast to non-family businesses. Trevinyo-Rodriguez and Tàpies (2006) suggested that:

[The senior generation] should start transmitting their knowledge to [the next generation] at early stages in life in order to achieve a more effective knowledge transfer.... Precedents must create situations where [the next generation] can act, reflect, and name their findings.... If there is not good will and commitment on both sides, knowledge transfer is more complex and complicated. (p. 348, adapted)

Trevinyo-Rodriguez and Tàpies (2006) concluded that for effective learning to occur in a family business “commitment, expectations, values, and perceptions” need to be “shared” between the generations, and learning processes need to be “constructed in such a way that they show challenging and solvable situations highly related to real life and to future work” (p. 353). In this study, knowledge sharing is associated with learning during the succession process. In support of these suggestions, Cabrera-Suárez (2005) conveyed the importance of the quality of relationship between the generations, and the role of the senior generation being a mentor to the next generation. Through Cabrera-Suárez’s case studies, it was observed that in completely successful cases of leadership in family firms, the role of the predecessor (senior generation) was an:

... important supporting role by allowing the assumption of responsibility and by creating an atmosphere of consulting and tolerance of mistakes.... Differences in leadership styles are considered constructive and fruitful. The conflict is limited to the working environment. (p. 91)

With these sentiments in mind, it is proposed that family businesses need to share knowledge and be cognisant of how knowledge flows between the generations, and what competitive advantages this may bring to the business. Now, the antecedent themes of the knowledge sharing dimension will be discussed.

**Aptitude**

As part of the interview process, each participant was asked to present their perspective of the business foundation and development, and their own personal backgrounds. Considerable reference was made to their experiences and education. The next generation had an awareness of the senior generation’s hardworking culture, and that the businesses were not established upon a lack of knowhow or prudence. From a knowledge sharing perspective, aptitude is a particularly rich source of knowledge that can be shared. With similar values and principles, family members were likely to benefit from each other’s knowledge (Dyer Jr and Handler, 1994). Further, because the next generation spent much of their upbringing around the winery, they would have built up a tacit knowledge of the business and the wider industry. The potential for a family business to be a rich
learning environment was a feature in this study. In addition to what can be learned through external education and experiences, knowledge sharing and work experience within the family business can give some advantages to family members (Treviño-Rodríguez and Tàpies, 2006). Where those interested in winegrowing needed to attend universities and internships, family members are able to build tacit knowledge well before entering tertiary education. As such, in the winegrowing industry where the next generation could easily be employed as labour, and were often exposed to business discussions, they would have an aptitude that was not easily replicated by non-family members.

Continuity

Continuity was broken down into planning, transition, and accession. An example of planning was the deliberate motivation to prepare for the future retirement or death of the senior generation. There was potential for disparity regarding the succession process between the generations, which was evident in the Riesling family. The senior generation had a succession plan but kept this information between them and their lawyers. It could be that the planning was implicit in that the next generation were made directors of specific functions of the business. However an explicit plan did not appear to have been discussed. Indeed, the senior generation may not have considered it important to discuss their affairs until retirement was pending, or another event occurred such as sickness, or death. As one of the main issues facing a family business, it would seem imperative that succession is discussed, particularly when the next generation has entered the business and is transitioning or holds leadership roles (Handler, 1990, 1994). The Merlot family were the most structured with their planning which was perhaps a consequence of the family having been through succession transitions from the founding generation to the senior generation, and again between the brothers. The next generation was aware of the preparations for succession and was instrumental in encouraging the senior generation into a Chairperson role.

Within each case site, a transition period was needed where the senior generation stepped back to allow the next generation to take more responsibility in the business. This could be gradual, as was the case for the Sauvignon and Riesling families, but could also be a relatively quick acclimatisation as was evident in the Merlot family. Beyond transition, there was evidence that the next generation were given roles of responsibility that gave them some autonomy in the business. An example of accession was the next generation being given a leadership role which suggested an elevation in the hierarchy. This was particularly evident in the Riesling family where each of the next generation was given a directorship over a function of the business.
The final theme contributing to the knowledge sharing dimension was guidance and grooming. The guidance and grooming provided by the senior generation can affect the experience of the next generation (Handler, 1992). Communication was evident through external advice from lawyers and accountants, but also through communication between the generations, and with employees. Commitment arose out of leading by example, which was noticeable in each of the families. A particular example was the practical and hardworking nature of the senior generation of the Sauvignon family, which was observed in the next generation. Governance was relatively weak in the Merlot and Sauvignon families. Conversely, the Riesling family were influenced by their non-executive directors and had the utmost respect for them as mentors. In addition, one non-executive director was a mentor to the senior generation before taking an interest in Richie Riesling as the likely future leader in the business. Of the four first-order themes, culture was palpable in each of the case sites and was underpinned by the intrinsic values and principles of the family. While the Merlot family demonstrated the implicit culture of their family, they had gone through an explicit consultation process that brought awareness of this culture to the employees, in particular to those employees situated in other regions. Table 28 (page 197) displays representative data relating to the emergent themes supporting the knowledge sharing dimension.
### Table 28: Knowledge sharing themes and representative data

<table>
<thead>
<tr>
<th>Overarching dimension: Knowledge Sharing</th>
<th>Second-order themes</th>
<th>First-order themes</th>
<th>Representative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Aptitude</td>
<td>A. Experience</td>
<td></td>
<td>A1. “So Morgan comes in with a huge experience of the disciplines of big business and he’s able to actually install them into our business, which we probably lacked a bit” (Murray Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A2. “Suzie knows and Simon knows his way around the vineyards” (Solomon Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A3. “… family, that’s the natural thing, [you] sort of – like I grew up on a farm and I could spend every living minute of my day on the farm, but I knew everything on the farm” (Roger Riesling)</td>
</tr>
<tr>
<td>B. Competence</td>
<td></td>
<td></td>
<td>B1. “My level of understanding of how the business actually ticks became better than my father’s and uncle’s, because I drilled down” (Morgan Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B2. “If we’re going to build these tanks, he gets a piece of paper [and] works out the tank size and how many litres [etc]” (Simon Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B3. “… so I guess my background has been hospitality with no formal training, tertiary training” (Rania Riesling)</td>
</tr>
<tr>
<td>2. Continuity</td>
<td>C. Succession planning</td>
<td></td>
<td>C1. “What does motivate me is the continuity of the family” (Murray Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>C2. “But their partners most likely won’t be coming into the wine business – they’re lawyers and doctors” (Stella Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>C3. “So we are planning that too for them to succeed us and how that’s going to happen” (Ruth Riesling)</td>
</tr>
<tr>
<td>D. Transition</td>
<td></td>
<td></td>
<td>D1. “… when Morgan came the pressure was on straight away to up this and up that and then it’s just a case of supporting” (Melvin Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>D2. “But at present [the children] are, but they’re gearing up to basically take over” (Trevor)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>D3. “And I think all of us as well, too, it’s just a natural progression for us to come back” (Rania Riesling)</td>
</tr>
<tr>
<td>E. Accession</td>
<td></td>
<td></td>
<td>E1. “I think there’s a period when you have to actually demonstrate you know what the hell you’re talking about and once that’s demonstrated, it’s like go for it” (Morgan Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>E2. “Solomon listens to Simon a lot now to what he used to” (Norma)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>E3. “And he’s also probably feels he has to step up into Dad’s role, and he is and he’s doing it well” (Rania Riesling)</td>
</tr>
<tr>
<td>3. Guidance and grooming</td>
<td>F. Commitment</td>
<td></td>
<td>F1. “And if I went to the winery I took direction from him” (Melvin Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>F2. “Dad works so bloody hard that he doesn’t sort of stop and smell the roses” (Simon Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>F3. “… [the family] all cover one another” (Roger Riesling)</td>
</tr>
<tr>
<td>G. Communication</td>
<td></td>
<td></td>
<td>G1. “I can’t ever remember Melvin and Murray having a blow-up” (Madge Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G2. “They’re being groomed for that now and they seem to be taking more and more responsibility” (Nigel)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G3. “And [if] the kids have problems, they always come to me and sound them out with me first before they go to Roger” (Ruth Riesling)</td>
</tr>
<tr>
<td>H. Culture</td>
<td></td>
<td></td>
<td>H1. “The culture of this company has been set up by my grandfather and his personality. He was fairly steady as you go” (Morgan Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>H2. “I’ve never seen it before. It’s 24/7. I simply couldn’t do it…. I’ve never seen a family run a business like it” (Nathan)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>H3. “… there’s nothing that we’d ask anybody in this business to do that we wouldn’t do ourselves. [I] think that’s probably our greatest strength” (Rania Riesling)</td>
</tr>
<tr>
<td>I. Governance</td>
<td></td>
<td></td>
<td>I1. “But we’re very lucky because on the Board we have [a top industry professional]” (Ruth Riesling)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>I2. “And he’s good for Richie too. He will sit down and really nut things out with Richie and so he’s [like an advisor]” (Roger Riesling)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>I3. “… [with] very good guiding Non-Exec Directors, we’re fortunate” (Roger Riesling)</td>
</tr>
</tbody>
</table>
**Knowledge sharing as a dyadic relationship**

This section will address knowledge sharing between the generations. It is acknowledged that knowledge sharing will occur between family and non-family employees, but for this study the dynamic between the generations is seen to be of importance to the overall culture of sharing knowledge in the business. Knowledge sharing in a family enterprise can be illustrated using a coin metaphor. The expression “two sides of the same coin” has been borrowed to illustrate the nature of knowledge flow. The obverse side of a coin is the head, whilst the reverse is tails (Oxford Dictionaries, 2012b). Relating the coin metaphor to the generations in a family, obverse knowledge sharing occurs from the senior generation to the next generation, and reverse knowledge sharing occurs from the next generation to the senior generation. Similarly, the family has a knowledge sharing relationship with the non-family employees. The overlap of knowledge has been expressed as diverse knowledge sharing (refer Figure 21).

![Knowledge sharing (KS) in family businesses model](image)

**Figure 21: Knowledge sharing (KS) in family businesses model**

Through the illustrative cases and supported in the family business literature, it was observed that the senior generation can find it hard to step back from the business, and at times get in the way of the next generation employing their knowledge to solve problems and issues that arise. The senior generation acquired knowledge through their experiences and competencies, which are founded in the past. This accrued wisdom presented itself through intuition, pragmatism, and foresight. Each of the three case sites investigated demonstrated strong past experiences and a high level of competence, although in the Merlot family it was not through education, but through on the job experience. In contrast, the next generation brought new knowledge gained through their experience and education. The question is how relevant their experience and competence was when they had not accrued the same kind of awareness the senior generation had. It was observed that the next generation played an important part in the knowledge sharing for two main reasons. First, depending on the next generation’s education and experience, they could bring new and up to date knowledge to the business. Second, knowledge that the next generation shared typically was based
on experiences outside the family business, and frequently from overseas. These two points will now 
be discussed.

In relation to the first point, the technological landscape and competitive environment for 
winegrowing has changed significantly over the past 100 years (Stewart, 2010). In particular, the 
chosen research environment for this study demonstrated the evolution of an industry that has been 
through prohibition, lobbying, establishment of institutes in recognition of the industry (Corban, 
1992), and more recently, the significant growth in the number of start-ups, and the introduction of 
transnational corporations (New Zealand Winegrowers, 2011c). Only Merlot Family Vintners had 
experienced most of the industry’s highs and lows. The youngest business, Riesling Family 
Winegrowers, had built their business upon the timeliness of their entry and was experiencing 
relative stability and significant progress. Because the next generation had been educated in this 
more recent technological landscape and competitive environment, they had new and up to date 
knowledge that could benefit the family business.

On the second point, the next generation brought experience from outside the family business. Two 
scenarios were presented in the findings. The typical scenario was when the next generation was 
educated and gained experience in the same vocation as the senior generation. For example, two out 
of three children from the next generation in the Sauvignon and Riesling families followed in their 
parents’ vocation as either a winemaker or viticulturalist. In contrast, Rania Riesling had a 
background in hospitality, and Suzie Sauvignon studied in a medical field, and later became a 
winemaker. Rania and Suzie were as much involved in their respective family’s business as their 
siblings. Further, Morgan Merlot was educated and experienced in commerce and had a successful 
career working for corporates. Both scenarios could add value to the family business but the key 
aspect was how conducive the environment in the family business was to share the new advantage 
and how new knowledge could be attributable to the business’ competitive advantages.

Evidence from the findings suggested the next generation were introduced to the business early on. 
In each case, the next generation worked in the business from childhood. They were employed to 
perform tasks such as cleaning, bottle labelling, and picking grapes. For the Riesling family, the next 
generation experimented with winemaking and sold the product to their friends. In doing so, the 
next generation received tacit knowledge which could have influenced their decision to return to the 
business. Familiarity through tacit knowledge, and then further education and experiences outside of 
the business, could contribute to rich new knowledge that is embedded in the values passed on from 
the senior generation.
An example of displaying diverse knowledge was the Sauvignon family expressing their opposing views on the placement of new tanks on their estate. While the senior generation wanted to place them outside the warehouse, the next generation were strongly against this. Their view was that they wanted all tanks to be inside the warehouse for practical reasons, aesthetics, and future development. The next generation could have held back their ideas and been resentful later because they missed the opportunity to influence decisions based on their knowledge. It is common to have conflicting views within a family (Gordon and Nicholson, 2008; Levinson, 1971; Sorenson, 1999). However if conflict is not managed well it can harm relationships and present a “them and us” scenario.

A less confrontational example was Morgan Merlot creating new systems to allow the family to have more control over decision making, risk taking, and opportunity scanning. Morgan’s knowledge of markets, and his ability to analyse the business, contributed to the knowledge base of the business. In contrast, the senior generation relied on their knowledge but did not explicitly convey their knowledge through a systemised approach. This diversity of knowledge had a positive impact on the business and Morgan’s systems were well received by the senior generation. This example of diverse knowledge sharing demonstrated the benefit of reverse knowledge sharing, and highlighted that diverse knowledge sharing could be compatible between generations. With these scenarios in mind, family members could restrict the knowledge they share but could also use knowledge proactively. Husted and Michailova (2002) argued that:

Failures arising from the launch and implementation of knowledge sharing initiatives in both larger and smaller organizations are due to the less recognized fact that firms and individuals in firms are inherently hostile to knowledge sharing. (p. 61)

In relation to family businesses, it can be argued that they experience similar hostility toward knowledge sharing. Particularly during the transition period of succession, diverse knowledge between the generations could “make or break” a family business. Family members need to be cognisant of diverse knowledge in their business and also aware of how this knowledge can be managed. In addition, knowledge sharing occurs between the family and the non-family employees. One advantage family businesses may have for resolving hostility is their common vision (Hubler, 2009), and long term orientation (Lumpkin and Brigham, 2011; Lumpkin, Brigham, and Moss, 2010). However this is not always the case. On resolving knowledge sharing hostility, Husted and Michailova (2002) identified three parameters influencing knowledge sharing behaviour. They were “knowledge transmitters,” “knowledge receivers,” and “the transmitters and receivers shared understanding of the content of the knowledge” (p. 62). In a family business the transmitter can be from either

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generation, hence the “coin” metaphor. Husted and Michailova (2002) suggested that reasons for hostility can be transmitters hoarding knowledge (in other words their unwillingness to share), receivers rejecting knowledge because, for example, it’s not their idea, and that people do not like to make mistakes or fail so they do not engage in the new knowledge. To mitigate hostility it is suggested that knowledge sharing needs to be encouraged through having the right infrastructure to “stimulate the desired knowledge sharing” (p. 69). To accomplish desirable knowledge sharing, Husted and Michailova suggested incentives, rewards, and recognition can be employed.

Knowledge sharing can produce benefits for both generations but if not managed well can have detrimental consequences. An awareness of knowledge sharing being both obverse and reverse can help families to build on the diverse knowledge represented by both generations. At an organisation level, the knowledge shared between family members and non-family employees needs to be congruent with the culture of the family business. One solution to manage diverse knowledge includes knowledge governance (Foss, 2007; Foss, Husted, and Michailova, 2010), that is “choosing organizational structures and mechanisms that can influence the processes of using, sharing, integrating, and creating knowledge in preferred directions and towards preferred levels” (Foss, et al., 2010, p. 456). Further, the next generation’s early engagement in the business can build tacit knowledge resulting in intuitiveness, pragmatic decision making, and creative foresight, which can contribute to the business’ competitive advantage. In summary, it is proposed that the knowledge sharing model presented in this section supports the promotion of a sustainable entrepreneurial family business.

6.2.2 Entrepreneurial orientation

In relationship to the theoretical constructs of this study, “entrepreneurship” was the dominant feature in the entrepreneurial orientation dimension. This dimension rested on the second order themes (Acumen, Development, and Adaptation). After discussing the literature and the antecedent themes of entrepreneurial orientation, Table 29 (page 207) displays representative data relating to Figure 22 below.

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61 Although not explicitly addressed in this study, non-family employees are also a source of knowledge and would be identified within Husted and Michailova’s proposed parameters.
Figure 22: Entrepreneurial orientation data structure

Relating entrepreneurial orientation to the literature

Chrisman, Chua, and Steier (2003) suggested:

Families influence entrepreneurial activities through their values and aspirations. They must sustain an entrepreneurial orientation across generations to achieve their goal of creating enduring family legacies. (p. 443)

Entrepreneurial orientation was prominent, yet slightly different in each case. This section will build uponChrisman and colleagues’ sentiment that an entrepreneurial orientation needs to be sustained across generations which relates directly to the primary research question of this study. As such, the “firm configuration” of the represented case sites will be related to the “dimensions” of entrepreneurial orientation. Particular to this study, entrepreneurial orientation will be related to corporate entrepreneurship literature, and emerging family entrepreneurship literature, to provide a foundation for a family entrepreneurship classification presented later in this section.

Miller’s 1983 study is often referred to as a foundation of the corporate entrepreneurship literature (Covin and Slevin, 1989; Lumpkin and Dess, 1996; Wiklund, 1999), and more recently had been reflected upon as the foundation of scholarship on entrepreneurial orientation (Covin and Lumpkin, 2011; Miller, 2011; Slevin and Terjesen, 2011). Miller recently acknowledged that the purpose of his seminal article was to “show that entrepreneurship and its drivers were different in different kinds of organizational configurations” (Miller, 2011, p. 874).

Miller’s firm configurations were the “simple firm,” the “organic firm,” and the “planning firm.” Drawing upon Miller’s configurations of firms, the family businesses in this study were identified as “organic firms” (Miller, 1983, pp. 774-775). Simple firms tend to focus on “operating matters rather than visionary master plans, … [with] the orientation of the firm tied so closely to one central actor [through their] personality, … power, and … store of knowledge” (Miller, 1983, p. 773), which to
some extent was true for the representative case sites. However, each business was intergenerational with the “locus of control” being shared with the next generation (Handler, 1994, pp. 137-138). As such, simple firms are more aligned with smaller single generation businesses. Planning firms have “elaborate control and planning systems ... [with] committees and task forces ... [and] a powerful central group of managers and technocrats who dominate decision making” (Miller, 1983, p. 773). The representative case sites related to planning firms to some extent, but this configuration was more relevant for larger family firms.

Organic firms, on the other hand, are somewhere between simple and planned firms, and are more “adaptive” and “responsive” and “tend to operate in dynamic environments where customer tastes, product-service technologies, and competitive weapons often change unpredictably” (Miller, 1983, p. 775). In summary, the businesses in this study had gone beyond a “simple firm” with a “leadership imperative,” toward an “organic firm” with “environmental and structural imperatives,” and were not considered “planning firms” with “strategic imperatives” (Miller, 1983, pp. 772-776). These attributes aligned with the themes evident in the entrepreneurial orientation dimension presented here, and represented the medium sized, intergenerational firms in this study. In particular, each of the case sites demonstrated a high level of adaptation through their ability to make quick decisions. Through the acumen theme it was found that strategy and vision were important influences, which could be related to the need to react in dynamic environments. Further to Miller’s firm configurations, but still founded in Miller’s seminal article, Lumpkin and Dess distinguished between entrepreneurship as new entry and entrepreneurial orientation as how new entry is undertaken.

... new entry explains what entrepreneurship consists of and entrepreneurial orientation describes how new entry is undertaken. (Lumpkin and Dess, 1996, p. 136, emphasis in original)

This important distinction is believed to be supportive of the more pragmatic lexicon evident in this study’s representative case sites. Rather than being concerned with the, “who, what, when, and where” of entrepreneurship, the “how” that relates to entrepreneurial orientation has practical implications. This distinction supports the entrepreneurship definition adopted for this study:

An entrepreneur is someone who undertakes innovative projects. These projects involve taking a product or service to market, and/or establishing new markets.

Repeatedly participants referred to how they grew the business, or how they diversified. For example, the Sauvignon family described how they created wealth, and how they grew by establishing themselves as a supplier of cuttings and rootstock, which was outside their core business at the time. Another example was the Riesling family’s new entry into organic growing. Again, the Merlot family grew through new entry in other regions and diversified through partnerships they
entered into. Because competitiveness and unpredictability are not just attributes of the wine industry, it is argued that family businesses in other industries can benefit from being cognisant of their entrepreneurial orientation and its contribution towards a family business that is sustainable across generations. As such, this study aims to contribute to the emerging discussion on entrepreneurial orientation in family businesses (Casillas, Moreno, and Barbero, 2011; Zellweger and Sieger, 2012), and family entrepreneurship (Heck, et al., 2008; Heck and Mishra, 2008). Now, the themes underpinning the entrepreneurial orientation dimension will be discussed.

**Acumen**

Reinforcing acumen is the strategy and vision in the business. When synthesising the themes it became apparent that acumen best described the insight needed to behave entrepreneurially. For this study, strategy referred to planning where vision was the ability to foresee what needs to be planned for a “better future for the family” and “have a greater potential for continuity” (Chua, et al., 1999, p. 24). Strategy was particularly present in both Merlot Family Vintners and Riesling Family Winegrowers because of the corporate backgrounds of Morgan Merlot and Roger Riesling respectively. While Morgan’s experience contributed to new systems and functions in the business, Roger transplanted a business model that was successful from his previous professional role. It was observed that the corporatisation of this family business has not had an adverse effect on the culture of the business.

What corporatisation did was align the growth and turnover of each of the firms through corporate rationale. Although Solomon Sauvignon came from a corporate environment immediately before founding the family winery, his strategies for success were pragmatic rather than planned. As a result, Solomon had a strong vision that he matched with being proactive when opportunities arose. Vision was particularly strong within the Riesling family through both the senior and next generations. Each generation had strong foresight which led to new ventures and innovation in their practice. It was evident that the Riesling family had checks and balances in place, for example, external governance. In addition, Ruth Riesling balanced the visionary family with her practical assessment of ideas and was the key person for addressing problems. On the other hand, the senior generation of the Merlot family were conservative, and like the founder, did not expect to accomplish as much growth and diversity during their tenure. With the next generation entering the business vision was being renewed, which was observed by employees.

**Development**

Being enterprising was a core theme for development. The researcher expected the families would be practical and focussed, based on their businesses being similar to farms and orchards, but not to
the degree displayed by enterprising individuals in each family. Sometimes entrepreneurs are portrayed as lofty, ideas orientated people (Kets de Vries, 1977, 1996). What was observed in this study resembled a project mindset – to the families their aim was to move forward and not stagnate. Of particular note was the lexicon used by each of the families (Gartner, 1993). Each family seemed reluctant to call themselves entrepreneurs or suggest they were entrepreneurial. One example was Melvin Merlot’s suggestion that entrepreneurs have a natural skill and drive, and suggesting he did not fit that category. His son, Morgan, expressed that he takes “a risk adverse approach to being entrepreneurial,” which was confirmed through his analysis of production data to “understand where your risks reside and where opportunities are.”

This conservative approach was also evident in the Sauvignon family. Although the next generation had ideas beyond their current operation – such as the potential for leasing or contracting out their equipment – they were more focussed on improving the quality of wine, and saw that as a competitive advantage. Notably, Solomon Sauvignon was considered a pioneer. The distinguishing feature was his foresight in establishing his business in a new region – but importantly, others followed suit. Of the three case sites, the Riesling family demonstrated entrepreneurial behaviour that went beyond ideas and practical diversity in their business, toward providing seed capital for Richie Riesling’s business. As a separate operation that had attracted external stakeholders, Richie’s new venture was a good example of entrepreneurial behaviour.

The other theme that dominated development was the growth of the enterprises. There was little emphasis on high growth strategies apart from discussion around Richie Riesling’s new venture. As a new venture, it was expected that there would be cognisance of the need to grow the business. The general impression given through interviews was that sales and profitability were slow for each case site. For example, the Riesling family referred to continual growth for nearly fifteen years but “could see things then [coming] to a screaming halt” (Roger Riesling). This slow growth occurred in the midst of reports of the wine industry experiencing a glut in the market and the global economic crisis circa 2008 (Sedgman, 2011). Each of the businesses had times of significant growth, but most obvious were the two younger businesses. Because of significant growth in the industry in the early 1990s, both Sauvignon Family Estates and Riesling Family Winegrowers experienced exponential growth which could be accounted for on two fronts.

For Sauvignon they experienced significant growth when supplying expanding regions with their rootstock and grafting which allowed them to pay off and purchase significant parcels of land. In doing so, they were able to respond to the demand for wine in the 1990s. Similarly, the Rieslings, who had been grape growers since the 1970s, started their own winery circa 1990 from which point growth was inevitable. As mentioned earlier, less emphasis on growth was in part attributable to the
economic climate, but the sentiment was that growing steadily contributed to the long-term orientation of family businesses. In support of this view, Lumpkin, Brigham, and Moss (2010) stated “family firms with a long-range perspective may hesitate to take any action that would jeopardize their ability to maintain control of the business” (p. 249). Moreover, maintaining control of developments that the business undertakes with a long term horizon, can mitigate the risk of underinvestment in a project (Zellweger, 2007). As such, “long-lived family firms seem to display a consistent pattern of entrepreneurship that partly challenges accepted wisdom” (Zellweger and Sieger, 2012, p. 81). Despite having long-term growth strategies, family businesses can be considered entrepreneurial.

**Adaptation**

A real emphasis on flexible and rapid decision making was evident for each of the case sites, and was one of the most recognised strengths of these family businesses. Similar to the sentiments conveyed about strategy and growth, the Merlot family were calculated in their decision making. This calculation might appear paradoxical to quick decision making if it were not for the fact consultation with others was generally viewed unnecessary for most decisions. Even if consultation was required, it would often be done informally without the bureaucracy present in some non-family or larger businesses. Flexible decision making was also evident in the Sauvignon family, although big decisions, such as buying and selling land were often left to the senior generation. In comparison, the Riesling family were the only family business which had governance in place that needed to endorse big decisions. Other than that, each of the represented case sites was content with confirming contracts on a handshake, particularly when dealing with other family businesses. This trust is considered a competitive advantage but needs to be continually nurtured to be sustainable past the early stages of a family business (Sundaramurthy, 2008).

Innovation is considered a tool for entrepreneurs who “exploit change as an opportunity for a different business or a different service” (Drucker, 1999, p. 17). As such, the innovation theme was demonstrated through processes and partnerships. For example, Renée Riesling introduced organic winegrowing as a viable and successful alternative revenue stream to the mainstream wine production. Similarly, Morgan Merlot demonstrated innovation through partnerships he formed for production, and purchasing a winery that was integrated eventually into the family business. The opportunity theme was evident with the Sauvignon family who grew unique varieties of grapes alongside common varieties, which they supplied to other winegrowers. Later they also had opportunities to sell their cuttings because they were disease free and/or readily available for the expanding industry. Morgan Merlot expressed opportunities as “loopholes in the general landscape of business” that were important to identify and address ahead of the competition. Generally, each
of the families was aware of the need to stay open to opportunities. However, in Roger Riesling’s case he was equally aware from experience that opportunities could be rushed into, and later regretted. As such, the Riesling family relied on their non-executive directors to assert their views as to whether opportunities presented were viable or not. Table 29 displays representative data relating to the emergent themes supporting the entrepreneurial orientation dimension.

Table 29: Entrepreneurial orientation themes and representative data

<table>
<thead>
<tr>
<th>Overarching dimension: Entrepreneurial Orientation</th>
<th>Second-order themes</th>
<th>First-order themes</th>
<th>Representative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Acumen</td>
<td>J. Strategy</td>
<td></td>
<td>J1. “I wanted to bring a – some of the good stuff of the corporate, [into] what was quite a loosely run business, so a lot more systems and measurements and responsibility into the business” (Morgan Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>J2. “... so that’s probably the greatest issue to restructure things so there’s no pressures and that’s very uppermost at the moment” (Roger Riesling)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>J3. “... and where we are wanting to position ourselves in the market domestically and internationally” (Rania Riesling)</td>
</tr>
<tr>
<td>5. Development</td>
<td>L. Enterprising</td>
<td></td>
<td>K1. “Murray and I, you know, you are looking at the bigger picture” (Melvin Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K2. “Solomon and Simon are the major visionaries and focus people and the other three are the ones that help it all go along” (Nicole)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K3. “... still having the vision and hoping that everyone else is sharing your vision” (Roger Riesling)</td>
</tr>
<tr>
<td>6. Adaptation</td>
<td>N. Decision-making</td>
<td></td>
<td>M1. “[We] grow assets, own assets, freehold assets, be asset-rich and have a gross profit objective not a ROI” (Morgan Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>M2. “And I guess going forward [as] the business hopefully grows or it changes with time, [we] can sort of go into every aspect of the business you want to” (Simon Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>M3. “We’re probably getting to that point now where we’ll have sustained growth” (Roger Riesling)</td>
</tr>
<tr>
<td>7. Innovation</td>
<td>O.</td>
<td></td>
<td>N1. “Like we need to buy another vineyard, go down and find one, do it, yeah it’s a lot of money [but the family can] make quick decisions” (Trevor)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N2. “It would be easy to ring someone [and] say ‘we want a 150,000 litre tank and it’s got to hold wine,’ and they’ll make it [and] you pay a $100,000. [Dad does] the maths and reckons we can get these tanks [built] out here for less than $50,000 (each) so Dad says ‘we’ll build the four tanks, we’ll save $200,000 and we can buy a Land Cruiser each. Easy” (Simon Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N3. “We can do whatever we want to do. We do from go to whoa. We don’t have to wait or call on anybody” (Roger Riesling)</td>
</tr>
<tr>
<td>8. Opportunity</td>
<td>P.</td>
<td></td>
<td>O1. “When I took over from my father and I started bringing in new techniques, like I started bringing in yeast cultures, cold fermentations, stainless steel, things like that, we were getting these quantum leaps in quality” (Murray Merlot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>O2. “But then [Solomon] – he’s quite innovative in the vineyard as well” (Stella Sauvignon)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>O3. “So I convinced Dad to give me four hectares to turn into organics” (Renée Riesling)</td>
</tr>
</tbody>
</table>

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Entrepreneurial orientation framed as a family entrepreneurship classification

As one of the core constructs of this study, entrepreneurship can play an integral role in the family business. The question is – what kind of role does entrepreneurship play in sustaining a family business? The entrepreneurial orientation dimension lends itself toward families being able to choose an orientation that suits them (Dess and Lumpkin, 2005). In the representative case sites there were some distinct differences in the orientation of each family business. Drawing on analysis of these differences and on the characteristics of the selected case sites, a classification for family entrepreneurship is proposed.

The foundations of the classification will draw upon the corporate entrepreneurship literature (Guth and Ginsberg, 1990; Miller, 1983; Phan, et al., 2009), the recent reflection on entrepreneurial orientation as a field of research (Covin and Lumpkin, 2011; Miller, 2011; Slevin and Terjesen, 2011), the role of entrepreneurial orientation in corporate entrepreneurship literature (Dess and Lumpkin, 2005), and its link to family business (Naldi, et al., 2007; Zellweger and Sieger, 2012). The classification identifies the most prominent representative case from this study, and prominent entrepreneurial orientation dimensions that best assert each orientation. Table 30 represents a classification of different entrepreneurial orientations for family businesses.

Table 30: Proposed entrepreneurial orientation of a family business classification

<table>
<thead>
<tr>
<th>Entrepreneurial orientation (EO)</th>
<th>Prominent EO dimensions</th>
<th>Representative case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative partnerships</td>
<td>Innovativeness, competitive aggressiveness, proactiveness</td>
<td>Merlot Family Vintners</td>
</tr>
<tr>
<td>Strategic renewal</td>
<td>Competitive aggressiveness, autonomy</td>
<td>Sauvignon Family Estates</td>
</tr>
<tr>
<td>Family venturing</td>
<td>Autonomy, innovativeness, risk-taking, proactiveness</td>
<td>Riesling Family Winegrowers</td>
</tr>
</tbody>
</table>

As a precursor to further discussion, Sharma and Chrisman’s (1999) reconciliation of definitional issues in corporate entrepreneurship guided the rationale to marginally extend and contribute to current classifications, and raise the family as in integral part of the proposed classification. Of particular note is their “hierarchy of terminology in corporate entrepreneurship” and their assertion that:

The problem of classification is best addressed by a combination of theoretical and empirical methods.... While we can have a purely theoretical debate about what actions or situations to which the entrepreneurial or corporate venturing labels should be attached, it is more difficult to effectively classify discrete types of such phenomena without empirical research. (Sharma and Chrisman, 1999, p. 21)
Figure 23 displays Sharma and Chrisman’s hierarchy of terminology in corporate entrepreneurship.

![Hierarchy of terminology in corporate entrepreneurship](image)

**Figure 23: Hierarchy of terminology in corporate entrepreneurship (Sharma and Chrisman, 1999, p. 20)**

Based on the findings of this study, the classifications Sharma and Chrisman (1999) presented in their hierarchy of terminology will be applied to a family business. Furthermore, the emerging canon of family entrepreneurship research is recognised (Heck, et al., 2008; Heck and Mishra, 2008). Heck et al. (2008) suggested some emerging paths and directions which this study sought to address in part. The emerging path addressed here explains the question: “Does the corporate entrepreneurship literature offer any models applicable to developing entrepreneurial tendencies among family members, especially successors?” (Heck, et al., 2008, p. 326). As previously demonstrated, this study has drawn upon the corporate entrepreneurship literature and addressed successors through the succession construct. Figure 24 adds the family entrepreneurship classification to Sharma and Chrisman’s hierarchy of terminology, which is a contribution of this study.

![Hierarchy of terminology in family entrepreneurship](image)

**Figure 24: Hierarchy of terminology in family entrepreneurship (Sharma and Chrisman, 1999, p. 20, adapted)**
From this study, it became evident that each family business was indeed entrepreneurial but each had a different orientation. It has been established that the families were not overt about their ability to be entrepreneurial, and tended to talk in terms of achievements, developments, or projects. However, through their statements their orientations became more explicit. The first of the three orientations, innovative partnerships, was the most unique and could not be ignored given the consistency with which they arose in the Merlot family’s background. The examples provided in this study included two partnerships in particular.

The first partnership was the operational partnership entered into with other family wineries. This partnership allowed the family to lower overheads for the production and storage of their wine, because most of their wine came from a region away from their main winemaking facilities. The second innovative partnership was the purchase of a small historic winery. This purchase was completed in partnership with a friend of the next generation. This partnership provided some leverage for the purchase without exposing the main family business financially. Later the partner was bought out and the winery was included in the original family business holdings. According to Sharma and Chrisman’s “hierarchy of terminology in corporate entrepreneurship” these partnerships would have been considered joint ventures under external corporate venturing. What is suggested in relation to family businesses is that “innovative partnerships” are elevated to be on par with venturing and renewal. Further support of this assertion is the nature of the wine industry and its collaborative and cooperative efforts. It was also evident that the other family wineries formed unique partnerships, such as cooperative marketing, to create greater economies of scale to enter new international markets (The Family of Twelve, 2012; Woodfield, Nel, and Simpson, 2006).

Strategic renewal is considered a common way for family businesses to take the resources they have and realign toward renewed competitive advantages. Similar to corporate strategic renewal, for a family business strategic renewal is “the [family’s] entrepreneurial efforts that result in significant changes to [the family business’s] strategy or structure” (Sharma and Chrisman, 1999, p. 19, adapted). The Sauvignon family may be producing good wine at present but it was their aim to concentrate on the quality of their wine. The family were in a fortunate position to do this for two reasons. First, the senior generation had accepted that the business was big enough for each of the children to manage. Second, given they owned what they had and were in a position to pay cash for what they desired, the family could concentrate on strategic renewal at a relatively low risk threshold. In raising the quality of their wine, they will be able to enter new markets where their current supply does not reach.

Similarly, the Riesling family were going through a similar strategic renewal with the organic vineyards and wine. However, more dominant was their alignment with the third entrepreneurial
orientation, family venturing. Like corporate venturing, family venturing is seen as an orientation toward “the [family’s] entrepreneurial efforts that result in significant changes to [the family business’s] strategy or structure” (Sharma and Chrisman, 1999, p. 19, adapted). Not only had the next generation entered into a new venture, but the family had provided a significant level of seed funding, and the business had attracted venture capital to stimulate the next phase of growth. This scenario also begs the question of whether the business is a family business, or resembles the emergence of a business family, or both (Litz, 2008). The Möbius strip metaphor posited by Litz refers to an “intersystem interdependency,” between the family and business systems:

“At what point does a strip become a Möbius Strip?” parallels the spirit of the question “At what point does a business become a family business?” one question’s answer may point toward the other’s. For example, just as a strip becomes “Möbius” when it is twisted 180 degrees and its ends are connected, a business becomes a family business when a firm seeks assistance from, or “twists” toward, family-specific resources, and then enacts this dependence by reliance on, or “connection to” the family. Likewise, a family becomes a business family when it seeks and receives support from a business in order to meet one or more familial needs. (Litz, 2008, p. 227)

Using the Riesling family as an example, it is argued that Richie Riesling’s venture “twists,” as Litz mentioned, toward the family’s resources, for example finance, human resources, office space, and equipment, which connected his new venture to the family business. In other words, the business received support in order to meet business needs as opposed to familial needs. The intricacy of Litz’s research cannot be wholly realised in this study. Suffice to say, family venturing can contribute toward incentivising next generation family members to return to the family business, and retain a position in the family business, particularly if freedom is given to pursue their own interests. In doing so, it is possible the new ventures will contribute to the portfolio of the family business/business family, and be a source of new resources and capabilities. In summary, it is proposed that the entrepreneurial orientation classification supports the promotion of sustainability in entrepreneurial family businesses.

6.2.3 Resource capabilities

In relationship to the constructs of this study, “family business” was the dominant feature in the resource capabilities dimension. This dimension was based on the second order themes (Affluence and Character). After discussing the literature and the antecedent themes of entrepreneurial orientation, Table 31 (page 215) displays representative data relating to Figure 25 below.
Figure 25: Resource capabilities data structure

Relating resource capabilities to the literature

Resource capabilities are seen to be a main source of competitive advantage for family businesses. As revealed through the Findings chapter (Five) and through the themes presented here, each case site had rich resources enabling them to position themselves prudently and have a sense of autonomy from financial institutions. Originally promoted by Penrose (1959), the characteristics of the resource capabilities dimension naturally fit with the resource-based view of the firm (Barney, 1991a, 1991b, 2001; Barney, Ketchen Jr, and Wright, 2011; Barney, Wright, and Ketchen Jr, 2001; Wernerfelt, 1984, 1995). The resource based view seeks to understand “sustained competitive advantage” (Barney, 1991a, p. 99), which is argued “to derive from the resources and capabilities a firm controls that are valuable rare, imperfectly imitable, and not substitutable” (Barney, 2001, p. 625). Moreover, resources are distinguished between tangible and intangible assets such as management skills, organisational processes and routines, and information and knowledge, under the firm’s control (Barney, 1991a, 2001). Family business research has been enriched with the resource based view, particularly in what has come to be known as “familiness” (Habbershon and Williams, 1999, p. 11).

Familiness is defined as the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business…. [Familiness] provides a unified systems perspective on family firm performance capabilities and competitive advantage. (Habbershon and Williams, 1999, p. 11)

In other words, a family business in and of itself, and the attributes that are idiosyncratic to family businesses, contributes to their competitive advantage. Through the affluence and character themes, familiness was evident in all the representative case sites. This familiness is also supported by attributes in the F-PEC scale. For example, the F-PEC relates to the level of influence the family has over their business which can relate to how much control they have over their resources (Klein, et al., 2005). It is proposed that the resource capabilities dimension is highly influential in determining the continuity or discontinuity of a family business. As such, the resource capabilities can promote the
sustainability of the family business. Now, the antecedent themes of the resource capabilities dimension will be discussed.

**Affluence**

This theme is best illustrated by three particular examples. First, the Merlot family considered being asset rich of importance, with less emphasis on return on investment. It was observed that the family understated their wealth although they owned a considerable amount of land, equipment, and product. Further, the family had stakeholders in the wider family who received dividends. As an older established firm, it was not surprising that the family had accumulated wealth. Their long-term orientation meant they consistently maintained a manageable level of debt, which would have contributed to their current strong financial position. This debt rule might seem conservative but it supported the long-term orientation of the business through not exposing the family business to high levels of debt that could potentially put the business at risk. As such, Molly, Laveren, and Deloof (2010) suggested “descendants usually have a lower willingness to take risks ... and have a stronger preference for wealth preservation instead of further wealth creation [and] try to avoid a highly leverage capital structure” (Molly, et al., 2010, p. 133)

Both generations of the Sauvignon family were open about their wealth and the fact they own everything, and pay cash to leverage deals. The next generation’s attitude to money did not appear to pervert the hard work that went into attaining it. Instead they found it enabled them to concentrate on positioning their wine as a quality product. It was evident that the next generation would engage in a strategic renewal of their product as a result of not needing to be concerned about finances. In contrast the Riesling family provided seed capital for Richie Riesling’s new venture. This act of investment presented the family as not just having a family business, but being a business family (Litz, 2008). On the other hand, the senior generation acknowledged they owned only half of their land and planned to reconsolidate their business to gain back some control over their product.

Although outwardly the Riesling’s family business had the appearance of wealth, the corporate model they based their business on, had run its course and needed reconsideration. The continual growth they experienced left some uncertainty when the industry plateaued, and the economic climate contracted, leaving them with a high level of debt. Roger Riesling considered the debt issue to be significant so restructuring was imperative. With the balance of debt and wealth, each family was able to extend their other capabilities – whether it was human resources, plant, or equipment – to cement their competitive advantage. The control of debt becomes more important as the business develops across generations. This control can result in family oriented businesses being reluctant to seek external sources of finance, which could dilute family control (Molly, et al., 2010). Each of the
family businesses investigated was wary of pursuing external finance but with the growth of Richie Riesling’s venture, capital was needed.

**Character**

Character relates to those attributes that align with integrity, and personality. Each of the families described their approach to business as practical and hands-on, which was reflected in the way they made decisions, and acted on opportunities. Solomon Sauvignon epitomised this – he was just as happy with tools in his hand as he was leading the business. Upon visiting the Sauvignon winery, Solomon was in overalls and spent much of the day organising contractors from his workshop. In contrast, Roger Riesling was more business-like and admitted that he had stepped away from the more practical side of the business. Ruth on the other hand was pragmatic in her assessment of ideas and with her advice.

Reputation was related to what individuals were known for, and how it was reflected in the family business’ image. Positive reputations have been referred to as a source of competitive advantage, which can be reassuring to customers and suppliers (Barney, 1991a). Each of the family businesses had a good reputation and referred to family ownership as supporting their reputation. At an individual level, Ruth was known as a tough person to work for and a “taskmaster” (Gordon), but appeared to benefit from this reputation because she was subsequently seen as professional and business minded. Solomon Sauvignon had a reputation for being “focussed” and “very motivated” which made him come across as being stubborn. From archival evidence, Solomon’s determination was well known, and was reflected in his pioneering nature.

Establishing roles was seen as important but not always obvious in the way they were assigned. For example, it was explicit that each of the next generation of the Riesling family had a directorship over a function of the business which they also managed. Again, the Merlot family had assigned roles and were forward thinking about the role that another next generation family member would play when he entered the business. In contrast, the Sauvignon family also had assigned roles but there was less structure. An example was the dual winemaker role of Simon and Suzie, and the overlapping responsibility of Sylvia and daughter Suzie. This could be interpreted as a transition period for the family as the senior generation reached retirement age (Handler, 1990, 1994).

The role of support was seen as important to employees and to some extent they felt like they were part of the family. As a resource, employees in each of the case sites investigated reported their intention to stay with the family business long term. This can be an important competitive advantage for family businesses where non-family businesses could struggle with employee attrition. Where possible the families employed staff over contracting in order to fill key roles. This decision allowed
the families to have more control over their product, and ultimately their reputation. An extreme example of retaining control was the Sauvignon family’s direct employment of people that would sell their product domestically. Usually winegrowers would employ a distribution company but this would mean their product was sold alongside others. Overall, each case site had the good fortune that each next generation member generally fulfilled different roles. There did not appear to be any conflict of roles in any of the case sites, even with the dual wine making roles in the Sauvignon family. Table 31 displays representative data relating to the emergent themes supporting the resource capabilities dimension.

Table 31: Resource capabilities themes and representative data

<table>
<thead>
<tr>
<th>Second-order themes</th>
<th>First-order themes</th>
<th>Representative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overarching dimension: Resource Capabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Affluence Q. Finance</td>
<td>Q1. “I suppose it gets down really how high you’re prepared to leverage yourself” (Melvin Merlot)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q2. “We’re a firm believer in owning everything” (Simon Sauvignon)</td>
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<tr>
<td></td>
<td>Q3. “... but it’s something (the new venture) we had to incorporate into the family because we had no means of going out and raising a shitload of capital to actually do it” (Roger Riesling)</td>
<td></td>
</tr>
<tr>
<td>R. Wealth</td>
<td>R1. “… we’re making a comfortable living now and, that’s enough” (Murray Merlot)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R2. “Everything you see here, we own and pay cash for” (Simon Sauvignon)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R3. “… harvesting – you don’t wait for a harvester, you’ve got your own. Bottling – don’t wait for wine bottlers, we’ve got our own. Bubbles. We used to have to line up with the person up the road – nah, not having that. Have our own” (Grant)</td>
<td></td>
</tr>
<tr>
<td>8. Character S. Pragmatic</td>
<td>S1. “… from the background from university – we had a professor what said hops, tobacco, grapes, go straight in and plant it. You don’t need to look at any climate and so on” (Solomon Sauvignon)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>S2. “We grafted everything and then I found the root stocks [that] didn’t show much phylloxera [and] didn’t show much leafal virus [with] no scientific evidence of that but just by the eye” (Solomon Sauvignon)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>S3. “… whereas Roger’s the one with the thoughts but I’m practical and I can make it work or say it doesn’t work” (Ruth Riesling)</td>
<td></td>
</tr>
<tr>
<td>T. Reputation</td>
<td>T1. “He’s a very focused gentleman” (Suzie Sauvignon)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2. “If you’re in a bloody mess you’ll never make wine, so that’s sort of been the bottom line” (Roger Riesling)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T3. “She doesn’t beat around the bush and she’s got a bit of a reputation for that, to be honest” (Gordon)</td>
<td></td>
</tr>
<tr>
<td>U. Role</td>
<td>U1. “I’m the Chairman, Murray’s [the] Managing Director and Morgan [the] General Manager” (Melvin Merlot)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>U2. “Sylvia is the boss. Like, I think you’ll find most wives in wineries. In wineries the wives are always the boss” (Nathan)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>U3. “Now that we’ve gone into it being a family they are all strategically important” (Roger Riesling)</td>
<td></td>
</tr>
</tbody>
</table>
Resource capabilities in relation to continuity

Observations made during the course of this study have led to questioning what leads to continuity or discontinuity of a family business. Solely resting on the resource capabilities dimension, a matrix was derived from the affluence and character themes, based on the findings of this study (refer Table 32). Although considered tentative, the matrix summarises what contributes to continuity, and discontinuity of a family business. Evident in this study was what worked well in relation to projecting continuity for the families.

Table 32: Proposed resource capabilities in relation to continuity matrix

<table>
<thead>
<tr>
<th></th>
<th>CONTINUITY</th>
<th>DISCONTINUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Character (High)</td>
<td>Character (Low)</td>
<td></td>
</tr>
<tr>
<td>Legacy</td>
<td>Stable and diversity</td>
<td>Harvest</td>
</tr>
<tr>
<td>Promotes stability</td>
<td></td>
<td>Complacency and indulgence</td>
</tr>
<tr>
<td>Promotes exit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affluence (High)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>Risk-taking and action</td>
<td>Insolvency</td>
</tr>
<tr>
<td>Promotes endurance</td>
<td></td>
<td>Uncertainty and hardship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotes apathy</td>
</tr>
</tbody>
</table>

From observations made, both the Merlot and Sauvignon families would align with the “legacy” quarter, while the Riesling family would fall into the “innovation” quarter. Riesling Family Winegrowers was the most corporatised, but was found to be the business that had the least stability, and portrayed a need to endure and reconsolidate through risk-taking. This endurance may be a result of their business being on a growth trajectory since inception, which is comparable to their stage in the business life cycle. Conversely, the least corporatised or professional business was found to be in a stable position although they may consider a more formal governance structure to mitigate complacency.

Further, the Riesling family will move to the legacy quarter given the evidence regarding reconsolidation of their business, and it is likely they will remain stable with the governance they have in place. One event that could mean a shift toward the discontinuity quarters would be Richie Riesling’s exit from the business to concentrate on his new venture, or if the non-executive directors retire and are not replaced. Cognisance of the implications of these situations and anticipating such possibilities, would contribute to the family business being more robust. In summary, the resource capabilities matrix is proposed in support of the promotion of sustainability in entrepreneurial family
businesses. Moreover, the families’ influence on their business will be a contributing feature for continuity (Astrachan, et al., 2002; Klein, et al., 2005).

6.3 Theoretical Model Promoting Sustainable Entrepreneurial Family Businesses

Further to the case findings, discussion on the resulting aggregated theoretical dimensions and antecedent themes, and the development of models classifications and matrices; a theoretical model has been established. While a culmination of analysis, the model is also a result of the appreciative approach of this study. Figure 26 displays the three theoretical dimensions promoting a sustainable entrepreneurial family business. For the three dimensions to promote a sustainable family business, it is proposed that the family needs to have influence over the business. Earlier in this chapter, the FPEC assessment contributed to understanding the influence each of the representative families had in their businesses. Importantly, influence is not a unilateral element in and of itself, but a “continuum from intensive family involvement to no family at all” (Klein, et al., 2005, p. 333). The purpose of this model is to address the thesis’s primary research question: *In what ways can entrepreneurial family businesses be sustained across generations?*

![Figure 26: Theoretical model for the promotion of a sustainable entrepreneurial family business](image)

This model shows the interaction between the distilled dimensions. The purpose of showing the relationships between the dimensions is because the antecedent themes revealed similarities that
were complementary. For example, both entrepreneurship and knowledge could be attributed as resource capabilities that create competitive advantages. In addition, knowledge, and more so tacit knowledge, can be complementary to the entrepreneurial orientation through the vision for the business. With some congruence between the theoretical dimensions, there was an opportunity to explore the interaction between them, which will be addressed as future research opportunities in the concluding chapter. For now, the promotion of a sustainable entrepreneurial family business will be discussed in relation to a potential subset of sustainable entrepreneurship.

6.3.1 Family business as a subset of sustainable entrepreneurship

Sustainable entrepreneurship, introduced in the literature review of this study, is focused on the “preservation of nature, life support, and communities” (Shepherd and Patzelt, 2011, p. 142). As an emerging field, there is little research on the relationship between family business and sustainable entrepreneurship. What was evident when reviewing the literature was the subtle redefining of what sustainable entrepreneurship is, and is not. Through the literature, it was argued that family businesses are a form of community that go beyond seeking economic gain, and encompass non-economic gains to people and society. Examples evident in this study were three fold. First, it was established that the representative case sites had an entrepreneurial orientation. Second, it was evident employees felt secure in the family businesses and that the businesses were a source of employment for the local community. Third, each of the case sites demonstrated altruism towards society through their sponsorship, involvement, support, and leadership in external organisations such as the local and national winegrowers associations, tourism clusters, and community groups.

There was also evidence through each family business having Sustainable Winegrowing memberships that there was a focus on retaining good practice that benefits society and the environment. Furthermore, the theoretical model presented can promote “sustainable entrepreneurship” in family businesses. It is argued that if a family business engages in knowledge sharing, and identifies their entrepreneurial orientation and resource capabilities – contingent on the influence the family retains in the business – family businesses can be sustainable across generations.

One of the questions Shepherd and Patzelt (2011) raised in their introduction to “the new field of sustainable entrepreneurship” was “what is to be sustained in sustainable entrepreneurship?” (pp. 139-140). An example they presented as part of their definition was that communities can be sustained and they referred to Peredo and Chrisman’s (2006) example of “community-based enterprise.” Peredo and Chrisman refer to a community-based enterprise (CBE) as:

... a community acting corporately as both entrepreneur and enterprise in pursuit of the common good. CBE is therefore the result of a process in which the community acts entrepreneurially to create
and operate a new enterprise embedded in its existing social structure... It is essential to understand that we use the term community ... to refer to an aggregation of people that is not defined initially by the sharing of goals or the productive activities of the enterprise but, rather, by shared geographical location, generally accompanied by collective culture and/or ethnicity and potentially by other shared relational characteristic(s). (p. 315)

According to Peredo and Chrisman’s definition, a family business could be considered a community. However a family business is likely to share goals initially. The authors do reference family enterprise in their article but mainly in reference to the “interrelationship between community and family [enabling] the community-based enterprise to take risks not open to an individual” (p. 318). Based on the findings of this study family businesses can be considered a community outside the definition of community-based enterprise and can be classified under the sustainable entrepreneurship hierarchy alongside community-based enterprise (refer Figure 27).

**Figure 27: Hierarchy with family business as a subset of sustainable entrepreneurship**

Further rationale for this proposition is embedded in the family business definition used in this study that refers to a family business needing to be “potentially sustainable across generations” (Chua, et al., 1999, p. 25). It is suggested that the sustainability of a family business is not only advantageous to the family, but given the high proportion of family businesses in society there can be economic gain, and non-economic gains to people and society through employment and contributions the family, and the family business make to the wider community. As illustrated by the cases in this study, growth was not the only answer to the sustainability of a family business. Instead, retaining the wealth in the business through assets and reinvestment can help in retaining control and encourage continuity. This may be contrary to popular scholarship but there is evidence that the family businesses represented in this study were prosperous, and indeed have prospered from significant growth. However, they were conscious of not passing on an unstable and over leveraged business to the next generation. Through the theoretical model for sustainable entrepreneurial family businesses, families can be cognisant of what promotes sustainability and would be encouraged to
not only concentrate on economic gains, but also non-economic gains that contribute to the wider society.

6.4 Chapter Summary

This discussion chapter aimed to address this thesis’s primary research question. Through this chapter, and based on the within-case findings, similarities and differences across the case sites were identified. It was found that each of the families was hardworking, practical, and hands on in their businesses. Each of the families sought continuity for their business in the next generation and was already planning for succession, but generally this was informal. As such, each family business was in a transition between generations. The family businesses were innovative in the way they formed partnerships and were not adverse to providing capital for ventures started within the family. Each business agreed that carrying a low level of debt was preferable for a long-term orientation. Competitive advantage was attributed to their reputations, their resources such as employees, plant, and equipment, and their ability to make quick decisions. Some of the differences between the family businesses included the timing of when each business was established, the education and experiences of the founders and senior generation in particular, and the structure of each of the family businesses including their governance. These similarities and differences were also evident through the F-PEC assessment, which concluded that each family had considerable influence over their respective businesses and therefore have a higher chance of being sustainable across generations.

The aggregated theoretical dimensions presented contributed toward answering the primary thesis question of this study. The knowledge sharing, entrepreneurial orientation, and resource capabilities theoretical dimensions are considered to be means for an entrepreneurial family business to promote sustainability across generations. The establishment of theoretical dimensions meant conducting a further grounded approach analysis to draw themes from data represented in this study. Through an iterative process, themes were derived then reduced and synthesised further into aggregated theoretical dimensions, then discussed in relation to the literature. Knowledge sharing was underpinned by the aptitude, continuity, and guidance and grooming themes, and related most to the succession construct. The experience and education of each generation had the potential to enrich the knowledge capabilities of the family business through guidance and grooming as the business transitioned between generations. Next, the entrepreneurial orientation dimension was supported by the acumen, development, and adaptation themes and was closely aligned with the entrepreneurship construct. Each family business displayed different entrepreneurial orientations. While the Merlot family favoured innovative partnerships, the Sauvignon family were content with increasing the quality of their wine, and the Riesling family supported new ventures. Finally, there
was the resource capabilities dimension, which included the affluence and character themes and was most associated with the family business construct. Each of the families were considered wealthy and in a position to make quick decisions on purchases, and leverage deals by paying cash. Each of the next generation family members had roles in the business, and reflected their parents’ professionalism. The insights presented through the theoretical dimensions and antecedent themes are considered important contributors to the promotion of a sustainable entrepreneurial family business across generations.

During the course of this discussion, the potential for promoting sustainability in entrepreneurial family businesses was developed further through models, classifications, and matrices. The thesis’s primary research question – *in what ways can entrepreneurial family businesses be sustained across generations?* – was answered through the theoretical model for the promotion of sustainable entrepreneurial family businesses and ensuing discussion. Finally, there was discussion relating the proposed model and the emerging sustainable entrepreneurship literature. As a culmination of the models presented, Figure 28 seeks to encapsulate this study in one final illustrative metaphor.

![Figure 28: The DNA of a sustainable entrepreneurial family business](image)

**Figure 28: The DNA of a sustainable entrepreneurial family business**

Family businesses reflect a life cycle of the family, the business, and a combination of both. The DNA illustration brings these together with a display of the theoretical dimensions in a lifecycle pattern. In
molecular biology, DNA is represented as a double helix connected through base pairs (Calladine, Drew, Luisi, and Travers, 2004). This image accounts for the double helix (family and the business), and the base pairs (theoretical dimensions, contingent on family influence). The cross over point of the helix represents the succession transition between the generations, while sustainability and growth are represented theoretically. Like the Möbius strip referred to by Litz (2008), there is a connection between the business and family that could be mirrored. As such, it is conceivable to recognise knowledge sharing, entrepreneurial orientation, and resource capabilities as not just promoting family business sustainability, but also providing some understanding of the “family business and its co-existent entity, the business family” (Litz, 2008, p. 233). The concluding chapter will discuss the contributions and implications, strengths and limitations, and future research opportunities for this study.
CHAPTER SEVEN ∞ CONCLUSIONS

The original purpose of this study was to “contribute to family business and entrepreneurship theory by linking family business and entrepreneurship through the succession process.” To accomplish the purpose, two main objectives were addressed. First, “to explore how entrepreneurial family businesses in one industry promote sustainability across generations,” and second, “to develop an understanding of what works well in entrepreneurial family businesses that have successfully managed continuity across multiple generations.” This concluding chapter will begin with a reflective summary of this study. Then, the contributions and implications, strengths and limitations, and future research opportunities will be discussed.

7.1 Reflective Summary

The main contribution of this study was the presentation of a theoretical model that emphasised three theoretical dimensions that promote the sustainability of a family business across generations. From reviewing research literature, gaps and opportunities were identified based on the theoretical constructs for this study (family business, succession, and entrepreneurship). Through an appreciative inquiry lens, data collection involved in-depth interviews. These interviews captured the stories of twenty-seven participants from three winegrowing family businesses. At each case site, all family members involved in the business, and a sample of employees, were interviewed in relation to the three theoretical constructs, and the generative strengths and experiences of the family businesses.

In addition, time was spent observing the family businesses, and archival evidence was collected. Data analysis followed a methodical dual phase approach of reducing and synthesising data. Through the employment of qualitative research software, NVivo, the first phase of data analysis involved categorisation and coding. Through constant comparisons, running word searches, attribute queries including demographics, and following an iterative process, data were selected for their richness and resonance and integrated into the illustrative within-case findings. The within-case findings were structured in relation to the objectives of this study to reflect consistency across each case site. As such, all main headings were the same across the three illustrative cases and represented the three theoretical constructs and the appreciative focus of the study.

Next, the Discussion chapter presented a cross-case summary followed by an F-PEC assessment of family influence on each of the family businesses. Through the discussion, the second phase of analysis was presented which involved returning to the rich, reduced data, and conducting a further grounded approach to draw out themes. Again, this involved constant comparison and further
iteration but this time through an extensive spreadsheet. With the spreadsheet, pivot tables were produced to assist in pattern matching and to establish themes, which were then aggregated into theoretical dimensions. The data contained in NVivo were often referred to and further iteration occurred to affirm the internal validity of data. The aggregated dimensions – knowledge sharing, entrepreneurial orientation, and resource capabilities – were presented as a theoretical model for the promotion of a sustainable entrepreneurial family business.

Each of these dimensions was then further developed and displayed. First, a model expressing the knowledge sharing relationships within family businesses was presented. Next, a classification contributing to an understanding of family businesses entrepreneurial orientations was offered. Next, a resource capabilities matrix portraying scenarios for the continuity or discontinuity of family businesses was displayed. Finally, family business was presented as a subset of the sustainable entrepreneurship field then, to encapsulate this study over time, an illustrative metaphor entitled “The DNA of a sustainable entrepreneurial family business,” was proposed.

7.2 Contributions and Implications

This section will summarise the main contributions to knowledge and methodological practices, followed by implications for practice and policy.

7.2.1 Contribution to knowledge

A theoretical contribution is considered crucial in empirical studies (Corley and Gioia, 2011; Reay and Whetten, 2011; Whetten, 1989). The intention of this study was to present a theoretical contribution that is both academically rigorous and practical. These academic and practical contributions are demonstrated initially through the application of an appreciative inquiry lens, and then formally through the data structure, the theoretical model for the promotion of a sustainable entrepreneurial family business, and the individual development of knowledge sharing (model), entrepreneurial orientation (classification), and resource capabilities (matrix). Through three theoretical constructs – family business, succession, and entrepreneurship – this study sought to address the primary research question: “In what ways can entrepreneurial family businesses be sustained across generations?”. With an appreciative inquiry lens, the representative family businesses presented themes that led to three theoretical dimensions: knowledge sharing, entrepreneurial orientation, and resource capabilities. It is proposed that these dimensions promote the sustainability of a family business, as displayed in the “Theoretical model for the promotion of a sustainable entrepreneurial family business” (refer Figure 29). This model is a gestalt of the theorising presented through the dual phase analysis, that is, the illustrative findings, and the further grounded approach displayed as a
data structure of themes and aggregate theoretical dimensions (refer Figure 19 in the Discussion Chapter).

It was further proposed that for an entrepreneurial family business to be sustainable across generations, sustainability was contingent on the family having influence over their business. The family influence contingency was assessed for each representative case site through the application of the F-PEC scale. As a measure, the F-PEC needed to be considered as a continuum, with families being highly influential in their business at one end of the scale, or having little or no influence at the other end. In other words, it is suggested that a family with little influence over their business will find it difficult, if not near impossible, to sustain an entrepreneurial family business across generations. The following “Theoretical model for the promotion of a sustainable entrepreneurial family business” (Figure 29) addresses the research question “In what ways can an entrepreneurial family business be sustained across generations?”.  

![Figure 29: Theoretical model for the promotion of a sustainable entrepreneurial family business](image)

Although the three theoretical dimensions (knowledge sharing, entrepreneurial orientation, and resource capabilities) have their own independent theoretical underpinnings in their extant bodies of knowledge, it was evident that there is some interdependency and interaction through the intersections of the three dimensions. This interdependency and interaction between the theoretical dimensions is reflective of the open systems approach that permits openness and flexibility “allowing the researcher to integrate multiple mainstream theories that fit a particular research context” (Pieper and Klein, 2007, p. 309). As such, the three theoretical dimensions reflect a circular and dynamic interaction rather than a unidirectional interaction. To validate this type of interaction it was found that while conducting the iterative analysis process there were underlying similarities
between the dimensions. An example included the knowledge sharing and resource capabilities dimensions and their common link through the resource-based view of the firm (Barney, 1991a). Knowledge is considered a resource but it is also considered important enough to stand alone as “the resource” (Drucker, 1993, p. 45). Both dimensions relate to competitive advantage in an organisation. Additionally, an entrepreneurial orientation can be addressed as a competitive advantage (Dess and Lumpkin, 2005; Lumpkin and Dess, 1996). Building on this example, independently the knowledge sharing, entrepreneurial orientation, and resource capabilities dimensions contribute to a family business’ competitive advantage and the interaction of these three dimensions, contingent on the family having influence in the business, contributes to a sustainable entrepreneurial family business.

Beyond the theoretical model, each of the dimensions were explored individually through a model (knowledge sharing), classification (entrepreneurial orientation), and a matrix (resource capabilities). The purpose of presenting these extensions was to provide practical explanations, and potential tools that could be used in future research at an academic level, but also as practical explanatory aides. The entrepreneurial orientation classification contributes to entrepreneurship research, and more specifically, emerging family entrepreneurship research.

This study aimed to investigate and understand what promotes a sustainable “entrepreneurial family business” (Schwass, 2005). During the 1990s scholars compared and critiqued entrepreneurship and family business research (Brockhaus, 1994), explored the connections between family business and entrepreneurship (Dyer Jr and Handler, 1994), and presented the juxtaposition of family business and entrepreneurship as an emerging field (Hoy and Verser, 1994). Over the past decade, this combination has been presented as the emerging paths of family entrepreneurship (Heck, et al., 2008; Heck and Mishra, 2008). As such, this study is poised to contribute to family entrepreneurship research.

With the richness, resonance, and extent of data, the aim is to contribute to the bodies of literature represented by the theoretical constructs in this study. Furthermore, attaining a representation of all family members presently working in the business, as well as observations from non-family employees, added to the strength of the findings. In summary, based on empirical data from this study obtained through an appreciative focus, it was found that there are various themes underlying the promotion of a sustainable entrepreneurial family business. It is the combination of the knowledge sharing, entrepreneurial orientation, and resource capabilities dimensions, contingent on family influence, which is a contribution to extant literature.
Three ancillary contributions of this study include: 1) the advancement of research in the winegrowing industry, 2) the acknowledgement that family businesses can feature in emerging sustainable entrepreneurship scholarship, 3) the multilevel analysis. First, studies in the wine industry concentrate on the traditional functions of organisations including marketing, operations, and finance. Rarely are there studies that refer to entrepreneurship and succession in the winegrowing context. This study is timely for wine business research that has been making progress over the past ten years. In addition, there is even less representation of research in wine businesses in New Zealand. As a region for winegrowing, New Zealand has a good cross section of wine businesses, albeit a much smaller industry in terms of wine production than other parts of the world.

The second ancillary contribution is that family businesses could be considered under the scholarship of sustainable entrepreneurship. This study suggested that family businesses, through the theoretical model presented here, can be sustained. A key feature in Shepherd and Patzelt’s evaluation of “The new field of sustainable entrepreneurship” was understanding what can be sustained in sustainable entrepreneurship (Shepherd and Patzelt, 2011). To demonstrate this contribution, family businesses were presented as a subset of sustainable entrepreneurship. This acknowledgement provided another potential outlet for the study of family business, particularly intergenerational family businesses. Family businesses not only sustain the family that own and manage the business, but their continuity ensures gainful employment of the local community, and often altruism in wider society (Chrisman, Chua, and Sharma, 2005).

Finally, this study was carried out with a multilevel analysis (Low and MacMillan, 1988; Sharma, 2004). Through the illustrative within-case findings, there were individual and interpersonal level interpretations implicit in the stories of each family business, and summarised at the end of each of the three cases. These levels of analysis were further amplified though the establishment of this study’s derived theoretical dimensions. From a systems perspective, considering a family business at an individual level and at an interpersonal level demonstrates the interaction between the generations (Pieper and Klein, 2007; Sharma, 2004). Moreover, beyond considering the “Theoretical model for the promotion of a sustainable entrepreneurial family business” (Figure 29) at just the organisational level, the model could be considered for each of the senior and next generations at an individual level. For example, each person in a generation (mother, father, son, daughter, cousin), or the sum of each generation (mother and father; children; cousins; etc.) could be identified. The interaction between the generations (mother to daughter; senior to next generation) could be investigated by utilising the knowledge sharing, entrepreneurial orientation, and resource capabilities dimensions. This would create a multi-layered outcome when understanding the interaction between the generations (interpersonal level), which could be accomplished through a comparative analysis between the generations of an entrepreneurial family business. Although
complex, the richness of the findings could deepen our understanding of the interdependence of each generation for the promotion of a sustainable entrepreneurial family business.

7.2.2 Contribution to methodological practices

As a result of choosing to investigate family business through an appreciative inquiry lens, findings reflected what works well in a family business. Consistency was adhered to when compiling the interview questions to reflect both appreciative inquiry principles and the constructs of the study. Care was taken in displaying data through illustrative case studies that reflected what was asked in interviews. Moreover, by staying true to the original theoretical constructs through the headings, each case site could be compared and contrasted so cross-case findings could be elucidated. With further analysis through a grounded approach, selected data were synthesised into themes that resulted in aggregated theoretical dimensions presented in the discussion. By committing to a methodical and consistent approach, the usefulness of the appreciative inquiry lens became apparent. Reporting the findings of this study was not based on a problem or issue per se, but a thesis question that was developed to be conducive to an appreciative lens. Data were coded according to their positive or negative connotations. Figure 30 displays the results in relation to the theoretical dimensions, and distinguishes between the family and employees.

![Diagram showing interpreted positive and negative responses in interviews](Image)

**Figure 30: Interpreted positive and negative responses in interviews**

This result was anticipated but not to the extent presented. There will always be challenges raised in the course of interviews because the personalities of participants vary. Even when asked what the
successful years were in the business some participants reflected on what went wrong. This further demonstrated that the appreciative inquiry lens is not intended for utopian findings but it did contribute toward presenting a different perspective on questions that could be asked about organisations. This study demonstrated the overwhelming inclination toward appreciative answers serving to identify what worked well in the businesses, or in this study, what promoted a sustainable entrepreneurial family business.

7.2.3 Implications for policy and practice

Apart from their academic relevance, the dimensions presented in the “*theoretical model for the promotion of a sustainable entrepreneurial family business*,” can hone advice given to family businesses. In particular, the additional development of the theoretical dimensions presented as models, classifications, and matrices, could help with the practical description of these dimensions. For example, advice could be given about what is meant by knowledge sharing between the generations or between family and non-family employees. Advice could be provided to help family members orientate their business toward being entrepreneurial, and identify the decision making paths and competitive advantages that could optimise the success or continuity of their business. Moreover, the alignment on all three dimensions promoting a sustainable business could assist advisors in giving clients direction. Before these theoretical dimensions can be used in this way, there needs to be some development on the practicability of implementing them. It is proposed that a balanced scorecard or client survey could be developed, similar to a psychometric test, which would allow advisors to assess a family business against the models presented in this study.

The types of advisory services that might benefit from theory developed in this study includes, but is not limited to, accountants, lawyers, succession and estate planning consultants, training and advocacy organisations, industry institutions, family business associations and centres, and government agencies. It is recognised that a theoretical model in and of itself will not satisfy the intricacies of practitioners or policy maker’s agenda. However, it is hoped that the theoretical model can contribute to refining their approach in influencing the sustainability of entrepreneurial family businesses.

7.3 Strengths and Limitations

The strengths of this study are evident in three areas: the choice of constructs, the choice of research lens, and the dual phase analysis of the collected data. First, with the choice of constructs there was a broad base of disciplines to draw on. With this broad base, an exploratory mindset was adopted from the outset of the study. This mindset allowed the researcher to review literature beyond the
scope of journals, books, and archival evidence on family business, succession, and entrepreneurship. For example, family business researchers come from an eclectic array of disciplines such as history, psychology, economics, and accounting. As mentioned earlier, there has been recent interest in the combination of family business and entrepreneurship, for example the emerging field of family entrepreneurship.

The second strength was the choice of research lens, which amounted to a paradigm shift from problems and issues, toward what works well in a family business. Employing an appreciative inquiry lens helped in lowering the guard of participants and allowed them to speak freely about what they saw as strengths, values, or principles in the business that inspired them. As disclaimed earlier, human nature and the fact people have different personalities and realities meant problems and issues were still raised. However they were not dwelt upon for this study. Again, the data became enriched through finding out about problems and issues because they could be used conversely to understand what worked well.

The third strength is referred to as dual analysis. After considerable time coding, reducing, and querying data from different perspectives, the first phase of analysis resulted in illustrative within-case findings. Rich data were used to portray the essence of each of the case sites in relation to the original constructs of the study. With further analysis across cases and the F-PEC assessment of each case, a better understanding of the nuances each family displayed became apparent. The second part of the analysis was to take the selected data, reduce, and synthesise further through a grounded approach. This dual analysis increased rigour and resulted in a rich interpretive analysis and the models displayed in this study.

In addition to these strengths, the willingness of the participants to speak freely and openly was extraordinary. For each case site, all family members involved in the winery were interviewed. In addition, a representative sample of employees was interviewed. Unexpectedly, given the consistent criteria for selection, the three case sites were very different. It was expected that the families and their business operations would differ, but the stories illustrated in the within-case findings were testament to the vast differences between them. For example, though there were similarities such as their practical nature, there were very different approaches to governance, which was not relative to the size, age, or financial position of the business.

Alongside the strengths there were methodological limitations in this study. Case study research is often debated in terms of how many cases is the optimal number (Dyer Jr and Wilkins, 1991; Eisenhardt, 1989; Perry, 1998). It is possible that more case studies could have provided broader and richer data. Conversely, there is an argument for conducting a single in-depth case study that
encapsulates all employees and external stakeholders. Although the entire family who worked in the business were interviewed as well as a balanced number of employees, to strengthen this study interviews with family members not working in the business could have proven beneficial. For example, the perspectives of the spouses of the next generation family members, or those family members such as cousins, aunts, and uncles, could have added a useful perspective. Moreover, perspectives of those who work closely with the business such as distributors and contractors could have been canvassed.

Furthermore, a longitudinal study would produce findings “through a combination of retrospective and real time analysis” (Pettigrew, 1990, p. 271). For this study, time was an issue when considering a longitudinal approach so retrospective case studies were more feasible. To reduce the biases and doubts sometimes associated with retrospective research, the case study approach enabled a historical development of each family business through interviews, observations, and archival evidence. Through the iterative process during analysis, sources were triangulated. Reliability and validity were carefully considered and the utmost care was taken in giving weight to emphasising the richest data that had the most resonance. Hearsay accounts were treated dubiously and contextualised if used. One of the other challenges with retrospective case studies is the reliance on participants’ recollection of events. This is partly mitigated with archival evidence, and repetition of the same questions for all interviews. For example, the same question regarding the background of the business would be asked of each participant – family or employee – and matched with archival evidence.

This research concentrated on three theoretical constructs and largely ignored the environment and the competitive setting within the chosen industry. Only medium sized wineries were chosen for this study because they represented family businesses that had developed beyond a small business and were most likely to be intergenerational. Future studies could include a representative sample of the whole industry, another industry, or a heterogeneous sample. The design of this study was such that the industry could be replaced with another without changing the constructs or methodology, although sampling may differ slightly because industries categorise their businesses differently. Even within the same industry, categories can be different. For example, Deloitte carry out an annual survey that categorised companies according to annual revenue (Deloitte, 2010), while New Zealand Winegrowers categorised based on a broad parameter of annual sales in litres (New Zealand Winegrowers, 2011c).

Another limitation was access to documentation and archival information, which was largely confidential. Accessing information such as company records, literature, or reports about current or future opportunities that were commercially sensitive, was challenging. Another example was access
to financial data particularly as each family business was a private company and not required to give public access to such data. To mitigate these challenges, the researcher was guided by information that could be obtained publicly and without ethical breach. As such, it was anticipated there would be minimal impact on this study if there were no access to commercially sensitive data. The research design was set out to ensure a high ethical standard and strategies were put in place to counter problems or limitations that may occur.

Researcher bias can be a limitation to any study, particularly qualitative studies (Creswell and Miller, 2000). It was important for the researcher to be reflexive and to remain as objective as possible toward data (Holland, 1999). Because the researcher has an ancestry in the industry, this was disclosed to participants in full and any questions about the researcher’s background were answered where necessary. It was made clear that the researcher was not directly involved in the industry. What became apparent was the receptiveness of participants to this disclosure, which led to a non-threatening environment where interview questions were answered more freely. Furthermore, it became apparent that the researcher’s ancestry in a winegrowing business, which had been through the succession process, meant participants in this study were more receptive to sharing their experiences.

A further limitation related to the appreciative inquiry lens of the study. Challenges and failures are not explicitly addressed so the questions asked in an appreciative way could be seen as biased toward positive answers. Inevitably, problems, challenges, and issues did arise even in an appreciative interview. These data were still valid in terms of this study’s focus, but the aim was to consider what works well. Negative events that were raised were not focussed on per se, but they did help with interpretation of data. For example, one participant spoke of being very sick, which affected her ability to work. This prompted discussion on how the family worked hard to support her.

In summary, limitations are expected in any study and recognised as having a levelling effect to the strengths present in a study. Given the constructs of this study, a case study approach was considered appropriate for theory development. Moreover, implementing a multiple case study approach contributed to a comparison of seemingly similar firms and resulted in findings rich with both similarities and differences. This study sought to provide foundations for future research with an original focus on exploring three constructs in a given industry context.

7.4 Future Research Opportunities

During the course of this study, several research opportunities became apparent. With the introduction of theory, there are opportunities that arise to test or experiment with that theory. The
choice of research question came from a place of practicability as well as known gaps in the current literature. For example, many of the reports surveying family businesses have suggested issues, problems, and challenges in family businesses but rarely has there been suggestion of how a family can move toward sustaining their business for future generations. Instead, facts and figures are introduced that confirm what many family businesses know – that is, the trend is for family businesses to naturally decline after the second and third generations, notwithstanding the option to harvest the business at any one point. Therefore, what do successful family businesses do to maintain continuity in the family – but not only that – how do they do so in a robust manner.

Beyond reports and statistics, family business research addresses issues, problems, and challenges family businesses have. However, there is a paucity of information about what works well in a family business. This study goes some way toward addressing what works well in a family business, and how families can promote sustainability. This study argues that sustainability can be promoted through, first, being cognisant of sharing knowledge through the succession process and having strategies in place to minimise hoarding or rejection of knowledge (Husted and Michailova, 2002). Second, the orientation of the family business entrepreneurially can help avoid stagnation and can present options for the next generation. Finally, sustainability can be promoted through the capabilities and resources that provide a family business with competitive advantages.

It is acknowledged there are overlaps and interactions between the dimensions and that the combination of these dimensions reflects similar bodies of literature. These overlaps and interactions provide an opportunity for future studies to test the significance of the interconnected dimensions. It is possible that the interaction between the dimensions could provide further evidence that helps our understanding of what promotes a sustainable family business. Table 33 suggests some examples of fields or disciplines, outcomes, and related literature that could support further research based on the sustainable entrepreneurial family business model presented in this study.

Table 33: Interlinking dimensions of the sustainable entrepreneurial family business model

<table>
<thead>
<tr>
<th>Interlink</th>
<th>Field or discipline</th>
<th>Outcome</th>
<th>Related literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge sharing and entrepreneurial orientation</td>
<td>e.g. Performance</td>
<td>Innovation, competitive advantage</td>
<td>e.g. (Wiklund and Shepherd, 2003)</td>
</tr>
<tr>
<td>Knowledge sharing and resource capabilities</td>
<td>e.g. Resource-based view, knowledge-based view, knowledge governance</td>
<td>Competitive advantage</td>
<td>e.g. (Cabrera-Suárez, et al., 2001; Foss, 2007)</td>
</tr>
<tr>
<td>Resource capabilities and entrepreneurial orientation</td>
<td>e.g. Dynamic capabilities</td>
<td>Innovation, competitive advantage</td>
<td>e.g. (Teece and Pisano, 1994; Teece, Pisano, and Shuen, 1997)</td>
</tr>
</tbody>
</table>
This study used appreciative inquiry protocols that could be replicated in other studies. For example, a future longitudinal study could use the same interview protocols and criteria for case selection. If the current businesses were agreeable, they would be a good starting point. A longitudinal study would contribute to understanding changes and monitor the growth or life cycle of a family business. In addition to the research protocols, further case study research could be conducted using broader criteria. For example, in the wine industry small winegrowers could be sampled alongside medium and large family businesses. In doing so, a better understanding of the aspirations of smaller businesses could be measured against the experiences of the larger businesses. Furthermore, the criteria may align with the age of the business rather than criteria based on output.

Studies could also be conducted in other industries or other countries. Then, comparative data may be collected and collaborative studies could be pursued. Also, cross cultural, cross gender studies between the generations could draw out some of the nuances of the theoretical model presented in this study. For example, female versus male leadership in family business could demonstrate different leadership roles. In addition to further qualitative studies, quantitative testing and experimentation of the proposed theoretical model and the positive or negative impact on the sustainability of an entrepreneurial family business could be carried out (for example, structural equation modelling). Further, testing and experimentation of the models, classifications, and matrices proposed for each of the dimensions could commence through qualitative and quantitative studies. The following are some other suggested research opportunities:

- An emerging field of research is the professionalisation of family businesses (Bird, et al., 2002; Songini, 2006). An example of professionalisation might be the need for more structure or governance in the family business. Given the theoretical model presented in this study, a further study that acknowledges the professionalisation construct could contribute to an argument for more, or less, professionalisation of a family business.

- Social psychology literature introduces techniques such as social modelling that may further the scholarship around knowledge sharing in family businesses (Bandura, 1977, 1986; Bandura and Walters, 1963; Wood and Bandura, 1989). Further research could engage in studying techniques that would encourage families to be cognisant of the three dimensions presented in this study. The early habituation of a child into the operations of a family business may or may not prove successful in the next generation engaging in the business.

- As a result of reviewing organisation development literature where appreciative inquiry is founded, promising links were found between the organisation development and entrepreneurship disciplines. Drawing on some of the similarities and differences of these two fields and relating them to family business studies could be fruitful. For example, organisation development often refers to change, strategy, life cycles, learning, and
development, all of which occur in family businesses and are frequently topics that arise in entrepreneurship studies.

- Family businesses are considered a rich learning environment for both the senior and next generation family members. Future research could develop a mentoring or grooming curriculum for learning in a family business environment. This environment could encourage knowledge sharing through different life stages of the next generation, and knowledge enrichment for the senior generation from the next generation, as they encounter new knowledge through education and experiences. Consideration would be given to each family member’s learning styles and personalities (Varamäki, Pihkala, and Routamaa, 2003).

- In this study there was evidence of the next generation having some incentive to entice them back to the family business. This may have been as humble as being offered stable employment, a new venture, or an interesting project to work on. Incentivising the next generation could be another perspective for the implementation of the theoretical dimensions presented in this study.

- Although not a primary focus of this study, performance is an element that cannot be ignored when considering whether a family business would be sustainable into the future. Further studies could benefit from bringing in the performance dimension to gauge whether high growth or steady growth is more evident in family businesses. Performance will differ between industries so further studies could be contextualised.

- Innovation and competitive advantage appear significantly in the extant literature on the three theoretical dimensions presented in this study. Further studies could explore their role in the sustainability of an entrepreneurial family business.

- Research investigating the impact of networks on the promotion of sustainable entrepreneurial family businesses could find positive or negative relationships. For example, participants in this study often referred to the collaborative nature of the industry through institutes, regional associations or clusters, tourism, and amongst the winegrowers themselves. Of particular interest to the family business context, there was reference to the suitability of working with other family businesses. Networks were presented as being important to employees and would benefit from further investigation.

- Succession is perhaps the most prominent construct in relation to the sustainability of a family business. More focus on family businesses being sustainable across generations could shift the future research focus from the challenges and issues presented during succession transitions to a focus that seeks solutions.

- The emerging scholarship of sustainable entrepreneurship could be an outlet for future family business studies that have an entrepreneurship dimension.
In summary, this study is transferable and replicable but some care needs to be taken in over generalising the findings because of the implications presented above.

### 7.5 Concluding Remarks

Where the determination is, the way can be found. (Clason, 1988, pp. 104-105)

The prologue of this study presented a vignette of an entrepreneurial family business that had a choice to make over its sustainability through the family. Often, family businesses are left with a similar choice when the senior generation is ready to retire. As Clason’s quote suggests, if families were determined to seek how they can be sustainable across generations, the way to do this can be found.

Generally, there is a paucity of research exploring the constructs of this study especially through an appreciative focus. Embedded in the thesis’s primary research question and guiding questions, the interview questions, and the process of analysis, was a consistent and methodical approach. As a result, stories, themes, and aggregated theoretical dimensions that promote the sustainability of an entrepreneurial family business were presented. Through the research process, unexpected and welcome events occurred that guided the findings and resulting theoretical model of this study. The “Theoretical model for the promotion of a sustainable entrepreneurial family business” contributed toward answering this thesis’s primary research question “In what ways can entrepreneurial family businesses be sustained across generations?”

The contributions of this study have been outlined in this concluding chapter, supported by a reflection on the strengths, limitations, and implications for the research academically, in practice, and in policy. It is hoped that “transferability is achieved when readers feel as though the story of the research overlaps with their own situation and they intuitively transfer the research to their own action” (Tracy, 2010, p. 845). From a starting point of three theoretical constructs, this study ended with three theoretical dimensions. The interrelationship between these dimensions will add potency to the existing family business and entrepreneurship literature. Further, the intergenerational aspect of family businesses is particularly important for the sustainability of the family enterprise. This thesis did not propose a silver bullet to the challenges and issues that family businesses face, particularly in terms of continuity. Instead, through a better understanding of what works well in a family business, this research aims to contribute to the family business and entrepreneurship fields.

To conclude this research journey, family businesses are confronted with choices when considering the future of their business. Like the vignette presented at the very beginning of this study, the choice may be between selling their business, or retrenching so the family retains control. Each
family business will have different circumstances that influence these choices. Contingent on the family's influence on their business; being aware of the need to share knowledge in a constructive way, while determining the business's entrepreneurial orientation and its resource capabilities, presents choices that promote a sustained future for an entrepreneurial family business. Each of the three case studies presented here illustrate entrepreneurial family businesses that made explicit choices leading to continued family involvement and successful entrepreneurial businesses.
Appendix A: Möbius Strip

Figure 31: Möbius Strip (Benbennick, Photographer, 2005)

A Möbius strip made with a piece of paper and tape. If an ant were to crawl along the length of this strip, it would return to its starting point having traversed the entire length of the strip (on both sides of the original paper) without ever crossing an edge. (Wikipedia, 2012)
Appendix B: Wine Industry Commodity Chain

Figure 32: Traditional wine industry commodity chain (Lewis, 2009, slide 9)

Figure 33: Contemporary wine industry commodity chain (Lewis, 2009, slide 12)
### Appendix C: Interview Questions

<table>
<thead>
<tr>
<th>QUESTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TITLI</strong> - Entrepreneurial Succession: Intergenerational Entrepreneurship in Family Business</td>
</tr>
<tr>
<td><strong>RESEARCHER</strong> - Paul Woodfield</td>
</tr>
<tr>
<td>How was your business founded and what means did you have to start your business (e.g., education, finance, resources, culture)?</td>
</tr>
<tr>
<td>What were your hopes and aspirations when you chose your current profession?</td>
</tr>
<tr>
<td>What did you consider to be the most successful years and most significant growth periods of the organisation history?</td>
</tr>
<tr>
<td>Whose are the “guiding lights” and the major “supporters” over the history of your organisation? This could be within the organisation or external.</td>
</tr>
<tr>
<td>Describe a peak experience/high point in your organisation. This would be a time when you were most alive and engaged.</td>
</tr>
<tr>
<td>What is the most meaningful way your contribution is recognised and appreciated? What is it about wine making today that keeps you involved?</td>
</tr>
<tr>
<td>Do you have other networks outside the family that you identify with that encourage your organisation to flourish?</td>
</tr>
<tr>
<td>Describe the greatest strength of your business.</td>
</tr>
<tr>
<td>What gives life to your organisational, without which the organisation would cease to exist?</td>
</tr>
<tr>
<td>What do you believe are the guiding principles/distinguishing values of the organisation? Have they changed?</td>
</tr>
<tr>
<td>What do you think works well about family ownership in your business?</td>
</tr>
<tr>
<td>Has it been agreed that your business will continue in family ownership?</td>
</tr>
<tr>
<td>How does the founder/present generation expect to step back from the business?</td>
</tr>
<tr>
<td>How will the next generation step up to running the business?</td>
</tr>
<tr>
<td>Do you have written plans regarding the transfer of ownership to the next generation? If so, are they reviewed on a regular basis?</td>
</tr>
<tr>
<td>Describe the greatest opportunity facing your business. Do you view your organisation as entrepreneurial?</td>
</tr>
<tr>
<td>What is about your family that you feel particularly proud of? What are some of the challenges?</td>
</tr>
<tr>
<td><strong>General Questions</strong></td>
</tr>
<tr>
<td>Are there any family history books on the family/organisation?</td>
</tr>
<tr>
<td>Are there any archival documents such as articles, annual reports, brochures, business plans, available for perusal?</td>
</tr>
<tr>
<td>Do you (or your organisation) belong to any social, trade, industry, professional organisations?</td>
</tr>
</tbody>
</table>

**Figure 34: Original version of questions**
<table>
<thead>
<tr>
<th>Code</th>
<th>Date/time:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Position:</td>
<td></td>
</tr>
<tr>
<td>Past</td>
<td>(How) Business founded? (Means - education, finance, resources, culture)</td>
</tr>
<tr>
<td>Past</td>
<td>(What) Hopes and aspirations when you chose your current profession?</td>
</tr>
<tr>
<td>Past</td>
<td>(What) Most successful years? Most significant growth?</td>
</tr>
<tr>
<td>Past</td>
<td>(Who) &quot;Guiding lights&quot; and &quot;Major supporters&quot; (Internal/external).</td>
</tr>
<tr>
<td>Past</td>
<td>(What) Peak experience/high point? (Most alive/engaged).</td>
</tr>
<tr>
<td>Present</td>
<td>(What) Most meaningful way your contribution is recognised/appreciated? (What keep you involved?)</td>
</tr>
<tr>
<td>Present</td>
<td>Other networks outside the family? (encourage your organisation to flourish)</td>
</tr>
<tr>
<td>Present</td>
<td>(What) Greatest strength of your business?</td>
</tr>
<tr>
<td>Present</td>
<td>(What) Gives life to your organization, without which the organization would cease to exist?</td>
</tr>
<tr>
<td>Present</td>
<td>(What) Guiding principles/distinguishing values of the organisation? (Have they changed?)</td>
</tr>
<tr>
<td>Present</td>
<td>(What) Works well about family ownership in your business?</td>
</tr>
<tr>
<td>Future</td>
<td>(Agreed) Business will continue in family ownership?</td>
</tr>
<tr>
<td>Future</td>
<td>(How) Founder/present generation expect to step back from the business?</td>
</tr>
<tr>
<td>Future</td>
<td>(How) Next generation step up to running the business?</td>
</tr>
<tr>
<td>Future</td>
<td>Written plans regarding transfer? (Reviewed on a regular basis?)</td>
</tr>
<tr>
<td>Future</td>
<td>(What) Greatest opportunity facing your business. (Organisation as entrepreneurial? More than previous?)</td>
</tr>
<tr>
<td>Future</td>
<td>(What) About your family that you feel particularly proud of?</td>
</tr>
</tbody>
</table>

Figure 35: Note-taking version for during the interview
## Appendix D: Case Study Legend

<table>
<thead>
<tr>
<th>Case Site (CS)</th>
<th>Transcription</th>
<th>Generation</th>
<th>Pseudonym</th>
<th>Sex</th>
<th>Assigned letter</th>
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<td>Gilbert</td>
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<td>ZZ</td>
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**TOTAL 77**

### Key
- **CS1** = Case Site 1
- **CS2** = Case Site 2
- **CS3** = Case Site 3
- **sengen** = senior generation
- **nexgen** = next generation
- **emp** = employee
- **field** = field notes

**CS1m** = CS1 male alternatively **CS1f** = CS1 female

**CS2sengenGm** = Case Site 2 [Sauvignon], senior generation, Solomon Sauvignon, male

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Figure 36: Legend including NVivo classification and pseudonyms
Appendix E: Participant Information Sheet and Consent Form

DEPARTMENT OF MANAGEMENT AND
INTERNATIONAL BUSINESS

THE UNIVERSITY OF AUCKLAND
BUSINESS SCHOOL

Owen G Glenn Building
12 Grafton Road
Auckland, New Zealand
Telephone 64 9 373 7599
Facsimile 64 9 373 7477
The University of Auckland
Private Bag 92019
Auckland, New Zealand

30 September 2009

Sauvignon Family Estate
New Zealand

Dear Mr Sauvignon,

ORGANISATION
PARTICIPANT INFORMATION SHEET

Entrepreneurial Succession: Intergenerational Entrepreneurship in Family Business

My name is Paul Woodfield and I am a PhD candidate in The University of Auckland Business School.

I would like to invite your organisation to participate in my research project. The aim of the proposed research is to examine how family businesses ensure entrepreneurial activity continues across generations. The intergenerational transfer of the vision and purpose of a family business and the extent this translates into entrepreneurship in subsequent generations will be critically examined.

Your organisation’s participation would involve an interview with the CEO/Founder and any potential successor(s) or family members in the organisation. Also, an interview with key employees will be conducted. The interviews would take 60 to 90 minutes each and would take place at the convenience of the participant. I would prefer to audio-tape the interview with your consent. Also you may, without explanation, decline to answer any specific questions and/or ask that the audio-tape be turned off.

If the information the participants provide is reported or published, this will be done in a way that does not identify its source. This means that the organisation and the participants will not be identified. Participants may withdraw from the interview at any time up to two months after the interview. The results of the study will be reported in a manner that does not reveal the identity of either the individual participants or the organisation. This includes sharing individuals’ identity and responses with your organisation. The data may be observed by my supervisors, Dr Christine Woods and Dr Deb Shepherd, and if a transcriber is employed they will be subject to a suitable confidentiality agreement, which requires all information to be returned to me for secure storage. In addition, the University requires your assurance that participation or non-participation will not affect the employment status of the participants.

The data, personal details, audio-tapes and electronic data will be stored securely. All information will be locked in secure cabinets at the University of Auckland’s Business School and all electronic data will be stored on a password secure server or electronic devices. Data will be stored securely for up to 6 years, at which point it will be completely deleted/destroyed. There are no foreseeable risks associated with any aspects of this research.
If you agree to your organisation participating in this research, please complete the attached **Particabant Consent Form** and either return by email or the enclosed prepaid envelope. I appreciate your time and thank you for helping in making this study possible. If you wish to know more, or have any queries, please telephone or email me (details below). You are also welcome to contact my supervisor of Head of Department.

**Principal Investigator**
Paul Woodfield  
Department of Management International Business  
The University of Auckland  
Tel 09-373-7599 Ext. 82049  
Mobile: 021 809 894  
Email: p.woodfield@auckland.ac.nz

**Supervisor**
Dr Christine Woods  
Department of Management International Business  
The University of Auckland.  
Tel 09-373-7599 Ext. 86792

**Head of Department**
Professor Hugh Whittaker  
Department of Management International Business  
The University of Auckland  
Tel 09-373-7599 ext. 83266

If you have any concerns of an ethical nature you can contact:  
The Chair  
The University of Auckland Human Participants Ethics Committee  
The University of Auckland  
Room 005 Alfred Nathan House  
24 Princes Street  
Private Bag 92019  
Auckland  
Tel: 373-7599 Ext. 87830

This project is being funded by a Research Scholarship from the Employers and Manufacturers Association (EMA) and the Tertiary Education Commission (TEC).

Yours sincerely,

Paul Woodfield  
Doctoral Candidate  
Department of Management and International Business

**APPROVED BY THE UNIVERSITY OF AUCKLAND HUMAN PARTICIPANTS ETHICS COMMITTEE ON 28/02/08 for 3 years on 27/02/2011 Reference Number 2008/030**
Figure 37: Example of a participant information sheet and consent form
Appendix F: NVivo Management and Analysis (First Phase Analysis)

Figure 38: Internal sources in NVivo
Figure 39: Sources categorised under interview questions as first iteration in NVivo
Figure 40: Parent nodes in NVivo
Figure 4.1: Example of parent and child nodes in NVivo
Figure 4.2: Example of coding under “opportunity”, child node in NVivo.

Reference 1 - 0.27% Coverage
The second is the fact that the wine industry, the New Zealand wine industry is marketing worldwide now.

Reference 2 - 0.21% Coverage
And the future looks pretty good. You’re always going to have the ups and downs.

Reference 3 - 0.80% Coverage
You know, things are cyclical, whether you like or not. But if we were here in New Zealand with a small population, it’s got its limits how big and how profitable you could be, so the fact that New Zealand wine is doing so well internationally in quality and what have you, that would be, that’s excellent.

Reference 4 - 0.48% Coverage
But as I said, the fact that the world opened for New Zealand it made you a hell of a lot more confident whereas the market before was controlled by, you know, a few, well the breweries.
**Appendix G: NVivo Queries, Searches, and classifications (First Phase Analysis)**

![Image of NVivo queries and search results]

**Figure 43:** Query and sample results as part of the iterative process in NVivo
Figure 4.4: Example of word query results as part of the iterative process in NVivo.
Figure 45: Source classifications assigned to documents as part of the iteration process
### Figure 46: Example of the spreadsheet used to derive themes and dimensions using MS Excel

|   | A | B   | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U |
| 2 |   |      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 3 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 4 | 3 | 1 | Merlot |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 5 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 6 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 7 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 8 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 9 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 10 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 11 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 12 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 13 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 14 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 15 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 16 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 17 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 18 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 19 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 20 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 21 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 22 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

### Appendix H: Categorisation of Themes and Dimensions using MS Excel

- Row 1: Column A - V: Descriptions of themes and dimensions.
- Row 2: Analysis and Categories.
- Row 3: Count of mentions.
- Row 4: Constant analysis.
- Row 5: Case site.
- Row 6: Quote.
- Column B: First-Order Themes.
- Column C: Second-Order Themes.
- Column D: Aggregate Theoretical Dimensions.
- Columns E to S: Interpersonal level.
- Column T: Market.

This spreadsheet extended to include all participants.
Figure 47: Example of a pivot table that was produced as part of the iteration process.
Figure 48: Example of the early stage synthesis process between first and second order themes
Appendix I: Internal Validity between the First and Second Phases of Analysis

Figure 49: Example of nodes in NVivo when aligned with emergent themes
Figure 50: Example of the original coding assigned to themes and dimensions
Figure 51: Triangulation check between first phase and second phase analysis
REFERENCES


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The University of Auckland. (2003). *The University of Auckland Human Participants Ethics Committee Guidelines 2003.* Auckland, New Zealand: University of Auckland


