How can family winegrowing businesses be sustained across generations?

ABSTRACT

Purpose

We investigate how family winegrowing businesses can be sustained across generations.

Design/methodology/approach

We engaged a multi-level case study approach. Twenty-seven semi-structured interviews were conducted with three winegrowing firms in New Zealand. All family members (both senior and next generation) employed in each business were interviewed alongside non-family employees.

Findings

Three key dimensions – knowledge sharing, entrepreneurial characteristics, and leadership attributes – were identified that can support successful successions in family winegrowing businesses.

Originality/value

We have generated theory that enables academics and practitioners to understand how family winegrowing businesses can be successfully sustained across generations. We argue that knowledge is a central feature in family firms where previous research combines knowledge with entrepreneurial orientation, or the resources and capabilities of a firm.

Key words: family business succession; knowledge sharing; entrepreneurship; leadership; winegrowing; New Zealand

INTRODUCTION

Family businesses feature prominently in both “Old World” and “New World” wine countries (Orth, Lockshin, & d'Hauteville, 2007; Remaud & Couderc, 2006). Moreover, some of the oldest surviving family businesses across all industries are winegrowing businesses (O’Hara, 2004), while younger wineries often gain a competitive advantage by accentuating their heritage and promoting themselves as a family business (Hoffman, Hoelscher, & Sorenson, 2006; Strickland, Smith-Maguire, & Frost, 2013). Although there is variance across culture, geography, and government policies, family winegrowing businesses share similar challenges to other family businesses including conflict, succession, or growth (Evert, Martin, McLeod, & Payne, 2016). While each wine
region differs, family winegrowing businesses share similar intergenerational challenges that are common across the world of wine. Importantly, the wine industry provides a rich context for studying family businesses (e.g. Bresciani, Giacosa, Broccardo, & Culasso, 2016; Gallucci, Santulli, & Calabro, 2015; Jaskiewicz, Combs, & Rau, 2015).

The New Zealand winegrowing industry, while a relatively small producer, remains competitive through quality wine and international brand profile (New Zealand Winegrowers, 2015). Spanning three centuries, the industry grew considerably when the government engaged experts to map out the winegrowing regions, and potential varieties suitable for New Zealand’s climate. For a number of reasons, including prohibition, the industry was under threat and early pioneering families began to collaborate as one industry body. Subsequently, the New Zealand Institute of Wine was established, coinciding with the industry surging toward innovation, commercialization, and growth (Cooper, 2002; Rankine, 1995; Stewart, 2010).

Winegrowing businesses typically have a broad commodity chain and are distinctive from most other traditional industries which only produce raw materials (e.g. orchards) or purchase raw materials to produce their product (e.g. food processing) (Stewart, 2010). Moreover, there have been variations to the traditional winegrowing model. Examples include production partnerships, contract grape growing, and virtual wineries drawing on the négociant model,1 or wine marketing through cooperation with other family winegrowing businesses (Woodfield & Nel, 2015). These innovative models contributed toward growth in the number of winegrowers from around 100 wineries in 1991 to approximately 700 wineries in 2015 (New Zealand Winegrowers, 2002, 2015).2 Reportedly, 90 percent of these wineries and almost all grape growers are family-owned businesses (New Zealand Winegrowers, 2011). Of these, many are transitioning between generations with a desire to pass their business to the next generation. This desire to succeed to the next generation is similarly true of wine industries around the world, however family business studies remain relatively quiet on how continuity is promoted and sustained within family businesses (Michael-Tsabari, Labaki, & Zachary, 2014).

Inspired by the systems-based Three-Circle Model of Family Business by Tagiuri and Davis (1992, p. 49), this research is informed by the model’s three overlapping systems of family, ownership, and

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1 A wine merchant or wholesaler; specifically, one who buys grapes, grape juice, or partially fermented or finished wine from others and sells the wine produced under his or her own name (Collins - http://www.collinsdictionary.com/dictionary/english/negociant).

2 New Zealand Winegrowers categories: Category 1 (small) – annual sales not exceeding 200,000 litres. Category 2 (medium) – annual sales between 200,000 and 4,000,000 litres. Category 3 (Large) – annual sales exceeding 4,000,000 litres. Category 2 businesses are considered medium-sized.
business, which can be described as systems of separate but interdependent parts or elements that communicate and interact for the purpose of attaining a predetermined objective (Distelberg & Blow, 2011; Von Bertalanffy, 1972). As a widely accepted and predominant paradigm (Moores, 2009), researchers refer to family businesses as subsystems or systems within systems (e.g. Pieper & Klein, 2007), particularly the interaction between the family and business systems (e.g. Frank, Lueger, Nosé, & Suchy, 2010).

At this juncture, we know that: first, winegrowing has grown to become one of the largest exporters in New Zealand; second, a majority of winegrowers are family businesses; third, many of the owners of these family businesses are at an age where they are considering succession and retirement. The purpose of this article is to investigate this juncture by building theory that conceptualises ways family winegrowing businesses can be sustained across generations. In essence, while prior wine business research has typically treated businesses in the wine industry homogeneously, we empirically investigate one of the more important questions faced by “family” winegrowing businesses: How can family winegrowing businesses be sustained across generations?

We start by reviewing the family business succession and entrepreneurship literature underpinning our research. The research methodology is then outlined, along with a description of the family winegrowing businesses selected. Our findings build theory that supports successful succession in family winegrowing businesses through three key dimensions – knowledge sharing, entrepreneurial characteristics, and leadership attributes. In particular, we argue that knowledge is a central feature in family firms where previous research combines knowledge with entrepreneurial orientation, or the resources and capabilities of a firm. Finally, we highlight and discuss our contributions, practical implications, limitations and research opportunities.

LITERATURE REVIEW

Family business research has advanced considerably over the past three decades (Litz, Pearson, & Litchfield, 2011), providing a rich platform for future research including the issue of continuity through the family bloodline (Evert et al., 2016). We draw on Chua, Chrisman and Sharma’s (1999) seminal definition of family business:

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 aligns a family’s influence in the business, the pursuit of a vision, and a view that the business will continue in the family. As families grow, continual adaptation and renewal is
required as the number of stakeholders/owners increase, which is an opportunity for the next generation to be recognised as entrepreneurs in their own right (Schwass, 2005). This next generation entrepreneurship can provide the needed momentum to create and sustain a family firm’s generative capability (Zahra, 2005) through the succession process.

**Successful succession in the Family Business**

Succession, defined as the transference of ownership control and management to the next generation (Heinrichs, 2014), continues to be a bellwether topic for family businesses (Sharma, Chrisman, & Gersick, 2012). Despite there being numerous examples of successful intergenerational winegrowing families spanning hundreds of years, succession studies reveal only approximately one-third of post-start-up family businesses reach ownership in the second generation and viability for survival beyond the second generation drops significantly (Zellweger, Nason, & Nordqvist, 2012). Intergenerational failure has been linked to an inadequate connection between an organization’s past and present (Miller, Steier, & Le Breton-Miller, 2006). Handler (1990) suggested that in some instances the outgoing generation have difficulty surrendering what they have created and developed. Conversely, the founder might gravitate toward molding a protégé, rather than encouraging what is needed for growth (Lansberg, 1999). While succession is just one measure of success, in a family business the passing of the ownership and management from one generation to the next is usually preferred over the family exiting the business.

Succession can have different characteristics from generation to generation, and succession to succession (Davis & Harveston, 1998). Contributing to these differences is the knowledge base each generation possesses, and how that knowledge is transmitted between the generations. To better understand successful intergenerational succession, a critical question is how vision and tacit knowledge are shared with the next generation, and vice versa, so entrepreneurial fervour is not lost (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001). With this question in mind, we view knowledge as a central feature in family firms and a departure from current literature that typically emphasises knowledge as part of a family firm’s entrepreneurial orientation (Cruz & Nordqvist, 2012) and part of the unique bundle of resources a family has contributing toward familiness (Habbershon, Williams, & MacMillan, 2003; Maguire, Strickland, & Frost, 2013). In this regard we consider knowledge an important resource that stands on its own as the knowledge-based view (Grant, 1996), underpinned by resource-based theory (Barney, Ketchen Jr, & Wright, 2011).

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3 Antinori family (Italy) exceeding 600 years; Goulaine family (France) exceeding 1000 years; Ricasoli family (Italy) exceeding 800 years.

4 For example, both of these featured in the framework developed for the Successful Transgenerational Entrepreneurship Project (STEP) (Habbershon, Nordqvist, & Zellweger, 2010).
Entrepreneurship and Family Businesses

Handler (1990) suggested the senior generation often needs to adjust their role as an entrepreneur to allow the next generation to make the role transition. Although the next generation is often molded by the role of the predecessor, critical to effective succession is the evolution of leadership experience, decision-making power, and equity through generation transitions (Handler, 1990). This is echoed by Stamm and Lubinski (2011) who suggest “every generation of entrepreneurs has to make new decisions, explore new directions and continue to be innovative” (p. 122).

The entrepreneur is viewed as someone who undertakes innovative projects that involve taking a product or service to market, and/or establishing new markets. The role of the entrepreneur can be fulfilled collectively with involvement at different stages of the organization’s life cycle (Swedberg, 1991), and where more than one family member is entrepreneurial (Yan & Sorenson, 2003). An emerging concept that blends the more established theoretical foundations of corporate entrepreneurship5 (Dess et al., 2003; Phan et al., 2009) with family business is “family entrepreneurship” (Bégin & Fayolle, 2014; Heck, Hoy, Poutziouris, & Steier, 2008; Rogoff & Heck, 2003). In practice, family business and entrepreneurship are linked where the entrepreneur can rely on an immediate pool of knowledge and resources within the family, from which entrepreneurial activity can occur. For intergenerational family businesses, entrepreneurial activity fuelled by readily available knowledge can be invaluable in encouraging continuity in rapidly changing environments (Hoy & Sharma, 2009; Miller & Le Breton-Miller, 2005). This link between knowledge and entrepreneurial activity supports our motivation to investigate how family firms are sustained across generations.

RESEARCH METHODOLOGY

For this investigation we engaged a case study approach to generate theory (Eisenhardt & Graebner, 2007; Gioia & Pitre, 1990). Case study data from three family businesses were aggregated into dimensions empirically underpinned by themes and open coded concepts (Boyatzis, 1998; Miles & Huberman, 1994). Through this process we strive to understand “actions, events, processes, objects and actors,” where “novel and unexpected understandings” emerge from patterns in empirical material that are linked to a broader theoretical frame (Nordqvist, Hall, & Melin, 2009, p. 298).

5 Corporate entrepreneurship embraces two main concepts – strategic renewal, and corporate venturing (Phan, Wright, Ucbasaran, & Tan, 2009).
The investigation followed a multi-level analysis approach. Low and MacMillan (1988) and Sharma (2004) argue for multiple perspectives when theorizing family business, even though this can be difficult and complex. For this study, we are interested in the interactions between the senior and next generations, supported by non-family accounts of these interactions by employees.

**Case selection and data collection**

While a strong argument is made for using methodologically rigorous case studies (De Massis & Kotlar, 2014; Yin, 2014), the number of cases required for empirically sound evidence has been subject to debate (Dyer Jr & Wilkins, 1991; Eisenhardt, 1989, 1991). To build confidence, validity, and stability of findings, this study draws on multiple-case studies (Miles & Huberman, 1994), with three case sites each treated as an in-depth study.

Each of the three family businesses were governed and/or managed by a family with vision, control, and the potential to be sustained across generations (Chua et al., 1999). Each had at least two generations currently in the business; the family held the majority shares (confirmed against the New Zealand Companies Office register); and all were mid-sized businesses as defined by the New Zealand Winegrowers categories.

Across the three family winegrowing businesses, 27 semi-structured interviews were conducted with follow-up questions when necessary. All family members (both senior and next generation) employed in the business were interviewed, supplemented by interviews with a selection of non-family employees (Table 1). Each semi-structured interview lasted between 45-120 minutes. In addition, time was spent in each business observing and informally communicating with organizational members.

Questions centred on understanding what had worked well, historic successes, and future aspirations for the individuals, the family, and the family businesses. Anonymity was achieved using aliases, fictitious locations, and company names. Prior to commencing interviews, express written consent was obtained with assurance given about confidentiality and anonymity. Real-time observations, for example touring the wineries with the family and physically working in the winery, were recorded as field notes and voice-recorded journal entries of the day’s observations were diarised as a memorandum. Archival documentation also provided background understanding and context of each organization’s history and the family’s storyline.
**Approach to data Analysis**

Analysis followed an adaptation of established naturalistic inquiry procedures (Denzin & Lincoln, 2011) including a dual phase analysis (Wiles, Crow, & Pain, 2011). For their manageability and search functions, NVivo and Microsoft Excel were employed.

*First phase* (data management and coding): Transcriptions were managed into categories according to each participant’s status in the family business: senior generation, next generation, or employee. Each participant was established as a case for easy comparison based on attributes including the generation, employment, gender, and age. Next, insights from rich data were gained through an iterative process of open coding frequently used phrases and themes, repetitive reading of transcripts, a word analysis and frequency queries all attributing to a full immersion in data (Boyatzis, 1998).

*Second phase* (further reduction and synthesising of data): Thematically rich quotes were taken and broken down further into short sentences which were entered line by line into a matrix display using an Excel spreadsheet (Miles & Huberman, 1994). Through this process, convergent concepts, patterns, differences, and similarities were first open coded, then reduced to first order themes, from which aggregated theoretical dimensions emerged. The iterative process included thematic analysis, word clustering, pattern matching of key concepts, and data categorization (Boyatzis, 1998; Creswell, 2009). Data were analysed for each case site (individual and interpersonal/group perspectives) and across the case sites (organizational perspective). These provided an understanding of each case site’s dynamics before cross examining (Miles & Huberman, 1994). Comparisons were made between generations (e.g. sibling comparisons, male and female comparisons) supported by non-family employees accounts. The volume of data produced made it increasingly important to maintain a “chain of evidence” during the analysis stages to increase reliability (Yin, 2014, p. 127-128).

The cross-case analysis compared the organization perspective of each case site and included pattern matching to recognize each case site’s internal validity, and replication logic to identify external validity (Yin, 2014). This comparison was carried out between corresponding generations and employees, and helped increase generalizability by noting that events and process were not idiosyncratic for each setting and contributed to the development of increased sophistication and more authoritative accounts (Miles & Huberman, 1994). Below are brief descriptions of each business before we then turn to discuss findings.
Established in the early 1900s, Merlot Family Vintners were the oldest and had sustained three generations in the business. All of the next generation children were bought up on the winery although the senior generation had been selective regarding succession. At the time of the investigation, one son had entered the business with his cousin confirmed as highly likely to join the management team.

The founder of Sauvignon Family Estates pioneered a region where he established a vineyard in the 1970s. Wine production facilities were located at the family’s original estate and all three children were employed in the business with responsibilities in winemaking, viticulture, and marketing. While the two daughters had worked in other industries, the son had always been involved in the business. Since its establishment, the children grew up on the winery. Their estate included a restaurant and conference rooms.

With a corporate background in the wine industry, the founder of Riesling Family Winegrowers first established a contract vineyard in the 1970s. It was not until circa 1990 that a winery was established close to the family estate. All of the founder’s children had responsibilities in the business including winemaking, viticulture, hospitality, and marketing. The two younger children had always been involved in the winery but had completed vintages elsewhere. The eldest daughter, who is over five years older than her siblings, had a career in hospitality. She is responsible for the restaurant and marketing at the winery. Table 1 outlines the demographics of each of the three family businesses.

Table 1: Interview 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>
<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>Name</td>
<td>Generation</td>
<td>Age Range</td>
<td>Experience</td>
<td>Role</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------</td>
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<td>-----------------------</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>
<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>

**FINDINGS**

Winegrowing has a high emotional connectedness to the land (terroir) and to the craft of winemaking (Black & Ulin, 2013). Consistent across the three families was the intention for the family winegrowing businesses to continue in the family. Notably, different key characteristics of the knowledge base possessed by each generation was identified as a central feature in the findings. As outlined in Figure 1 and respectively discussed in detail below, the data analysis resulted three aggregated dimensions – knowledge sharing, entrepreneurial characteristics, and leadership attributes. Each dimension is underpinned by themes considered a distinctive collection of findings relevant to family winegrowing businesses.
Knowledge sharing

Common to each organization, the senior and next generation shared similar values, principles, and vision for the future of the family business. Knowledge sharing best described the need to close the gap between the generations in relation to accrued competencies and experience.

Aptitude: Significant reference was made to participants’ competencies and experiences. The next generation recognized the senior generation’s hardworking culture, and their considerable knowhow and prudence. Conversely, the senior generation recognized that the next generation had something to offer.

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 our pants, whereas [Morgan] is into the costings.

(Murray Merlot)

With similar values and principles to the senior generation, the next generation is a particularly rich source of knowledge. Spending much of their upbringing on and around the winery the next
generation built tacit knowledge of the business and the industry. The findings suggested that family businesses feature a rich learning environment fuelled by each generation having diverse knowledge bases, and that knowledge sharing was a central activity between the generations. In addition to what can be learned through external education and experiences, knowledge sharing through work experience within the family business provided advantages for family members. Family members could build tacit knowledge well before entering tertiary education while those typically interested in winegrowing, and no background in the industry, needed to attend universities and internships. The resulting effect was that the next generation would have an aptitude that was not easily replicated by non-family members.

**Continuity:** Planning, transition, and accession underpinned continuity. Planning was the motivation to prepare for the senior generation’s retirement or death. Because the senior generation initiated the planning process, the next generation did not necessarily know plans were in place. This was evident when speaking with the Riesling family, though the next generation were somewhat aware of some transition given they were managers of specific functions of the business. The Merlot family had been through successions in their history and had the most structured planning. Morgan Merlot was aware of the preparations for succession and was instrumental in encouraging his father into a Chairperson role as he took over the day-to-day management. Morgan commented:

[My father and uncle] probably put their best years into the business and now that’s at a very critical stage where someone has to step in and take over and will just take a lot of the load, which is really what I’ve done – inject a new level of enthusiasm in the business… [Sometimes] 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… 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)

For each family, respondents reported that the senior generation would step back to allow the next generation take on more responsibility. This transition could be gradual, as was the case for the Sauvignon and Riesling families, but could also be a relatively quick acclimatization as was evident in the Merlot family. Accession related to the next generation being given a leadership role with elevation in the organizations’ hierarchy (e.g., directorship or management).

**Guidance and grooming:** Communication was evident through external advice (e.g., consultants), between generations, and with employees. Commitment was reflected in the leadership in each family business. A particular example was the practical, hardworking nature observed by the next generation of the Sauvignon family. Governance was found to be relatively weak in the Merlot and Sauvignon families compared to the Riesling family who were influenced by their non-executive directors. Culture was palpable in each organization. The Merlot family went further by going
through a consultation process that brought explicit cultural awareness to the employees, in particular to those situated in other regions. Morgan commented:

> Do we need a value [or mission] 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. (Morgan Merlot)

**Entrepreneurial characteristics**

Entrepreneurial behaviour was prevalent in each organization. The respective families displayed strong business acumen and were orientated toward developing their businesses further, and adapting with the changing economic environment.

**Acumen:** The insight needed to behave entrepreneurially was best described as acumen. Strategy referred to planning where the vision theme was the ability to foresee what needed to be planned for a better future with greater potential for continuity. The presence of strategy was reflective of corporate backgrounds, particularly for the Merlot and Riesling families. While Morgan Merlot’s experience saw new systems and functions introduced to the business, Roger Riesling replicated a successful business model from his previous role. The corporatization of these family businesses did not appear to have an adverse effect on their culture. Illustrating the shift in strategic purpose, Morgan Merlot reported:

> 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…. 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)

In contrast, Solomon Sauvignon attributed his strategies for success as pragmatic rather than planned. His vision was often overtaken by entertaining proactive and opportunistic behaviour.

> [In the late 1970s] we grafted everything… that didn’t show much [disease] with no scientific evidence of that but just by the eye. We expanded rapidly. So everybody lined up and wanted cuttings from us…. We employed every woman [in the area] we could find. What we pruned… was picked up and taken into the shade and cut up into individual buds and sold. (Solomon Sauvignon)

For the Riesling family, Ruth Riesling was the key person for addressing problems and balanced her husband’s vision with a practical assessment of his ideas. The senior generation of the Merlot family were more conservative and did not expect to accomplish as much growth and diversity during their tenure.
**Development:** Often entrepreneurs are depicted as lofty, ideas-orientated people. Closer to reality in the organizations studied was a project mindset motivated by a need to move forward. There was reluctance to use the word “entrepreneur”. For example, Melvin Merlot suggested he did not have the “natural skill or drive” to be an entrepreneur. Somewhat paradoxically, his son Morgan expressed himself as having “a risk adverse approach to being entrepreneurial.” This sentiment was consistent across the cases even where it was explicitly obvious that some individuals were extraordinarily entrepreneurial. For example, Richie Riesling had received seed capital, resources, and equipment to start a venture in the food and beverage industry. The most enterprising of those interviewed was Solomon Sauvignon who was opportunistic yet practical, starting projects at a moment’s notice.

Apart from Richie Riesling’s venture, there was little emphasis on high growth strategies. Sales and profitability were sluggish for each family business. For example, the Riesling family had continual growth for nearly fifteen years but in the midst of the glut in the market and the global economic crisis “could see things then [coming] to a screaming halt” (Roger Riesling). With less emphasis on high growth strategies, the long-term orientation was revealed. Roger reported:

> [Winegrowing] is a little bit different from any other business, [and] any other land-based business because… Normally on a farm, it’s really you’re sustaining from day to day with growth. We’re probably getting to that point now where we’ll have sustained growth. (Roger Riesling)

**Adaptation:** Flexible and rapid decision-making was a strength for each business. The Merlot family were calculated in their decision-making and found consulting with others generally unnecessary. The Sauvignon family left big decisions to the senior generation, while the Rieslings were the only family that had governance that included non-family board members. For each case, contracts were generally confirmed on a handshake, particularly when dealing with other family businesses. Such trust was considered a competitive advantage.

Innovation was demonstrated through processes and partnerships. Renée Riesling introduced an organic grape growing operation and linked this back to family business continuity:

> And so I got into the viticulture and I really wanted to – because we’re a family company, we talk about generational steps, 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)

Similarly, the Sauvignon family were starting to experiment more with the quality of their wine, while Morgan Merlot was innovative in forging external partnerships for production and purchasing wineries.
Opportunity recognition was observed as a backbone of the family businesses investigated. Morgan Merlot expressed opportunities as “loopholes in the general landscape of business” that needed to be identified and addressed ahead of the competition. The Riesling’s mitigated potential risks by relying on their non-executive directors’ judgement on whether opportunities were viable or not.

**Leadership attributes**

Affluence revealed leadership through the winegrowers’ ability to make informed financial decisions quickly and easily, while character was linked to personal characteristics.

**Affluence:** Merlot Family Vintners and Sauvignon Family Estates made a point of adding they were in excellent financial positions, albeit conservative in their spending. The Merlots concentrated on being “asset-rich and have a gross profit objective not a return on investment” (Morgan Merlot). This strategy meant it took them longer to accomplish wealth but they had freedom to purchase equipment and expand their operations. Likewise, 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” (Roger Riesling), which reflected the relative youth of their business. Evidence emerged that linked the conservative nature of each of the firms with their long-term orientation:

… it’s probably one of the hardest things the debt issue … [You don’t want] 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 I guess the other important part of that is ensuring that that’s all satisfactorily done so there is no conflict. (Roger Riesling)

The Riesling family had the appearance of wealth but indicated financial struggles. The other two organizations were more balanced between their business’ financial position and their wealth.

**Character:** Each of the families described their approach as pragmatic, which was reflected in practical decision-making, and action on opportunities. Solomon Sauvignon epitomised this – he was happy to lead his business with tools in his hands while managing contractors from his engineering workshop. Roger Riesling was business-like and acknowledged stepping away from the practical elements of the business.

Integrity related to what individuals were known for, and how it was reflected in the family business’ image. Integrity was revealed through speaking to locals and observing customers at the cellar door or in the family’s restaurant. Rania Riesling expressed others respect for the family business:

It’s really important not to stand still… and just rest on our laurels… We’ve got a bit of a reputation that Riesling Family Winegrowers is always evolving. (Rania Riesling)
Responsibilities were seen as important, but not always obvious in the way they were assigned. For example, the next generation of the Riesling family each had a directorship over the business function they managed. Again, the Merlot family were proactive about assigning responsibilities even anticipating family members not yet in the business. In contrast, the Sauvignon family were assigned responsibilities but there was less structure. One example was that Simon and Suzie had a dual winemaker role, and Sylvia and daughter Suzie’s roles overlapped indicating a transition period for the family as the senior generation reached retirement age.

DISCUSSION AND CONCLUSIONS

This study contributes to increasing understanding of how family winegrowing businesses are sustained across generations through three dimensions: knowledge sharing, entrepreneurial characteristics, and leadership attributes. Interaction between the three dimensions was revealed through similarities and patterns between antecedent themes, and categorized data (Figure 1). Entrepreneurship, knowledge, and leadership all have common threads that contribute to a firm’s competitive advantage (Barney, 1991). Specifically, knowledge can be complementary to the entrepreneurial characteristics through the vision for the business (Cabrera-Suárez et al., 2001; Grant, 1996; Nonaka & von Krogh, 2009). Sharing knowledge in a bidirectional manner – from the senior generation to the next generation and vice versa – resonated as a central activity for family winegrowing businesses. In this way knowledge sharing could represent a strong competitive advantage over non-family firms. If the diverse knowledge between generations is captured and well managed, there is potential for new ventures or strategic renewal activities to take place (Phan et al., 2009).

Departing from the multitude of single-level studies, importantly this study captured multiple perspectives (Low & MacMillan, 1988; Sharma, 2004). Alongside organizational level observations, there were individual and interpersonal level interpretations implicit in the stories of each family winegrowing business.

Contribution to theory

We have identified three key dimensions that support successful family business transitions – knowledge sharing, entrepreneurial characteristics, and leadership attributes (Figure 1). While each have their own independent theoretical underpinnings, interdependency and interaction between the three dimensions was evident. This is reflective of the open systems approach that permits openness and flexibility “allowing the researcher to integrate multiple mainstream theories that fit a particular
The dimensions reflect a dynamic interaction that is recursive, rather than unidirectional where one dimension leads into another (Figure 2).

![Figure 2: Conceptual model showing the interaction between aggregate theoretical dimensions](image)

The Successful Transgenerational Entrepreneurship Project (STEP) framework developed by STEP partner universities highlighted entrepreneurial orientation and familiness (resources and capabilities) as links to performance toward transgenerational potential and value creation (Zellweger et al., 2012). So too does Habbershon and Williams’ (1999) resource based framework as it delineates resources and capabilities in relation to competitive advantage and strategy. Our research extends these two models by deliberately distinguishing knowledge sharing as a central activity in family firms. From our findings we propose that each generation presents a valuable knowledge base which can be considered more than just another resource (Drucker, 1993).

The knowledge-based view has been widely recognized as a “prominent spin-off perspective” of resource-based theory (Barney et al., 2011, p. 1303), as knowledge has been considered a central feature of various disciplines (Foss, Husted, & Michailova, 2010). The knowledge sharing concept itself is viewed as leading toward “improved absorptive capacity, improved innovation capacity, and other capabilities, and therefore, to sustained competitive advantage” (Foss et al., 2010, p. 458). Wang, Noe, and Wang (2014) echo this by suggesting knowledge sharing can contribute to knowledge application, innovation, and eventually an organization’s competitive advantage. Additionally, Foss and colleagues note that “the link between knowledge sharing and organizational outcomes also involves the level of individuals” (Foss et al., 2010, p. 475). In this study, the organizational outcome was the interaction between generations contributing to a family winegrowing business being sustained across generations.
Theoretically, this study contributed to winegrowing and family business scholarship by providing us with a better understanding of what supports a sustained future for a family winegrowing business. Our contributions were three-fold: 1) we captured multiple perspectives by conducting a multilevel case study approach; 2) we identified through empirical evidence key themes underpinning three theoretical dimensions – knowledge sharing, entrepreneurial characteristics, and leadership attributes; 3) we presented a conceptual model displaying the interaction between the theoretical dimensions reflective of an open systems approach.

**Practical implications**

Practically, the findings from this research can inform the advice provided to family winegrowing businesses. The theoretical dimensions provide a foundation for models, matrices, and classifications that can be adapted for a consulting environment. For example, advice could be provided that helps families orientate and optimize their succession through knowledge sharing and realising their entrepreneurial characteristics. This could be done through the development of a balanced scorecard or client survey, helping advisors assess family businesses against an empirical backdrop. For example, alongside typical advice provided by accountants, lawyers, or family business consultancies, an advisor could more readily identify decision making paths and competitive advantage through a client survey that considers the dimensions in the conceptual model. This would enrich the advice provided, particularly for a family business in transition between generations. As such, the conceptual model could benefit these services as a visual presentation for explaining ways a family business can be sustained across generations, while guiding a family business through underlying themes that can benefit a healthy succession process. Ultimately, we hope our contribution can be refined into an approach that influences the way advice is delivered to family winegrowing businesses, in support of sustaining their enterprises across generations.

**Limitations and future research**

The characteristics of the New Zealand wine industry compared to other wine producing countries could have some effect on findings, for example distance to market, smaller producing area, and the youth of the industry. However, there will always be attributes like culture, policies and regulations, or climate that can influence findings. Our intention was to focus on interactions between generations, which are in many ways similar despite country of origin.
Temporal studies benefit from a longitudinal investigation which could produce findings “through a combination of retrospective and real time analysis” (Pettigrew, 1990, p. 271). In this case, due to time constraints, retrospective case studies were considered a more feasible option. To reduce concerns sometimes associated with retrospective research, the case study approach engaged an historical development through interviews, observations, and archival evidence in each family business. Overall, care was taken through the highly iterative process of analysis and sources were triangulated to evoke reliability and validity. Finally, researcher bias can limit any study, particularly qualitative studies (Creswell & Miller, 2000). The researcher needed to be reflexive and remain as objective as possible toward data (Holland, 1999). Because the primary researcher had a heritage in the industry, disclosure was important and any questions about the researcher’s background were answered when necessary.

With the introduction of theory, further testing and experimentation is encouraged. Comparative data could be collected and compared for the perusal of collaborative studies. In doing so, the interaction between the generations (mother to daughter; senior to next generation) could be investigated further utilising the knowledge sharing, entrepreneurial characteristics, and leadership attributes dimensions. Indeed comparisons with other industries and countries would provide further depth. For example, comparative data could be collected in agricultural industries encouraging collaborative studies where similarities and differences could provide useful information. Similarly, rich insights could arise from comparing family wine businesses with non-family wine businesses – including cooperatives.

Further research could introduce social psychology theory, such as social modelling, which could influence knowledge sharing in family businesses (Wood & Bandura, 1989). Techniques could be studied that encourage families to be cognisant of the three dimensions presented in this study, particularly at different life stages. Early habitation of the next generation into business operations could prove successful when later engagement in the organization is encouraged. As such, the family business environment could encourage knowledge sharing at different life stages of the next generation. In turn, as the next generation encounters new knowledge through education and experiences, they could enrich the knowledge of the senior generation. Furthermore, consideration could be given to each family member’s learning style and personality (Varamäki, Pihkala, & Routamaa, 2003).

Prospective studies could emphasise incentivizing the next generation as an enticement back to the family business. This may be as simple as stable employment, a new venture, or an interesting or
innovative project to work on. Also, incentivising, rewarding, and recognizing the next generation could encourage knowledge sharing when the next generation are engaged in the business (Husted & Michailova, 2002). Inevitably, family businesses are confronted with choices when considering their future, including exit. Our hope is that we can contribute to a better understanding toward ways family winegrowing businesses can be successfully sustained across generations.

REFERENCES


