

Padua 2017 Abstract Submission

Title

Implications of identity for organizational strategic responses to institutional pressures for sustainability in the Australian wine industry

I want to submit an abstract for:

Conference Presentation

Corresponding Author

Rumina Dhalla

E-Mail

rdhalla@uoguelph.ca

Affiliation

University of Guelph, Canada

Keywords

Sustainability, Identity, Wine Industry

Research Question

Implications of identity for industry response to institutional pressures for sustainability certifications

Methods

Qualitative methodology, case study research using primary data from interviews and secondary data from organizations, wine industry, and media and government sources.

Results

We found the strongest link between identity and strategic action in biodynamic wineries, where identity strongly influenced strategic action.

Abstract

We explore the influence of identity on organizational and industry strategic response to institutional pressures for corporate sustainability in the wine industry. Using interview data and secondary data, this study explores the institutional pressures for sustainability, the barriers for adoption and institutionalization of the certifications and the influence of organizational and industry identity on the strategic responses to pressures for sustainability related certification in the Australian wine industry.

There are growing pressures on the global wine industry to adopt sustainability action, in particular on the newly emerging 'new world' wine regions (generally those outside of the traditional wine regions of Europe). Many of the new world wine regions are responding to institutional and competitive pressures through programs highlighting sustainable wines; for example, Sustainable Wines South Africa, Sustainable Wine Growing New Zealand, California Sustainable Wine Growing Alliance, and Entwine Australia. Sustainability has also become an important concern in the global wine industry. For example, FIVS (originally known as the International Federation of Wines and Spirits) recently introduced The Global Wine Producers Environmental Sustainability Principles (GWPEP) in recognition of the importance of sustainability to the wine industry and view environment related sustainability initiatives an imperative for their industry (FIVS, 2015).

While there has been much attention on practical initiatives such as eco labeling and eco certifications (Delmas, 2010; Delmas & Grant, 2014), what is lesser known are the institutional forces compelling the global wine industry to adopt sustainability initiatives and the organizational factors influencing strategic responses of the individual grape grower and wine producer as well as the industry's influence on the adoption of sustainability strategies. Complicating the study of wine is the growing confusion on what are considered 'sustainability' initiatives and the escalating number of global, national and regional 'sustainable' certifications give rise to growing confusion about what are considered sustainability initiatives in the wine industry and how they relate to environmental initiatives,

and organic and biodynamic growing and production. Furthermore, the implications of sustainability related processing and distribution strategies are also lesser known. As well, there is growing confusion about what the disparate global and national certifications signal for the industry constituents and how to respond to them at an individual firm and the industry levels.

We are thus interested in exploring institutional forces compelling the global wine industry to adopt sustainability initiatives and the strategic responses of the individual wine grower and producer as well as the wine industry. We are also interested in understanding the role of organizational and industry identity in the responses to these pressures. We believe that identity will influence how industries and organizations respond to institutional pressures (see Dhalla and Oliver, 2013).

Identity and Strategic Responses to Pressures

Identity theories are predicated on the understanding that organizations and their members tend to respond to institutional pressures with action that conform to their organizational identity (Elsbach & Kramer, 1996). More recent research has found that at an industry level, identity considerations were so salient that firms rejected predicted responses for isomorphic conformity to institutional pressures, responding instead with identity affirming action (Dhalla & Oliver, 2013). What is clear is that identity influences organizational response to institutional pressures. Furthermore, recent studies show a positive link between sustainability and reputation (Martínez & Rodríguez, 2014; Wolf, 2014) and the strategic importance of a robust organizational reputation for organizational success is well established and benefits of a positive reputation are undisputed in literature (Benjamin & Podolny, 1999; Fombrun, 1996; Fombrun & Shanley, 1990; Rao, 1994; Rindova, Williamson, Petkova, & Sever, 2005). Positive organizational reputation is widely accepted by academics and practitioners as a critical, intangible organizational asset that leads to organizational success. At a practitioner level, understanding the influence of identity is of great interest to managers, as organizational identity is strongly linked to organizational reputation (Whetten & Mackey, 2002).

This research seeks to understand if firms within an institutional environment, facing similar institutional pressures for sustainability, respond similarly to these pressures (DiMaggio & Powell, 1983). Institutional theory's focus on isomorphism and reproduction has tended to emphasize the role of convention rather than strategic pro-choice behavior, and strategic action was generally ascribed to the institutional environment rather than organizational choice (Oliver, 1991). A recent study by Dhalla and Oliver (2013) found that at an industry level, identity affirming action takes precedence over expected isomorphic behavior when faced with institutional pressures for action.

Context

The Australian wine industry is facing a wide range of rapidly emerging, global, eco-certifying programs thus providing an important perspective on institutional forces and organizational response in relation to sustainability expectations, and the industry is preoccupied with constructing a 'clean-green' reputation and concerns related to climate change and expected increases in temperature and loss of rainfall, all of which are critical issues for grape growing (Price & Moore, 2006). The importance of sustainability is well recognized as a critical strategic issue for Australian Wine. For example, The Wine Grape Growers Australia recognize the importance of sustainability for their industry and formally stated, "[t]he future success of the Australian wine industry is intrinsically bound up with the ability of Australia's wine grape growers to continue to innovate to supply grapes for Australia's value for money wines cost competitively, and to maintain economic and environmental sustainability in an increasingly globalised and internationally competitive wine market" (Price & Moore, 2006, p.4).

Methodology

This study was conducted using case study methodology (Eisenhardt, 1989) in an organizational setting using interview, archival and survey data.

Data Collection: Data was collected from interviews and archival documents. Interview, survey and archival data was collected on individual firms, and each firm was considered a case which allowed to conduct a cross case comparison. Interviews were conducted with wine makers and grape growers from three wine regions in Australia -

Margaret River (Western Australia), McLaren Vale (South Australia), Hunter Valley (NSW) Data was also collected from industry representatives on industry identity, as well from wine writers and analysts. Table 1 attached summarizes the research plan for data collection and analysis.

Results

Preliminary findings show that there are significant pressures on the Australian wine industry to adopt sustainability action and certifications. There are three main categories of sustainability certifications in this industry: sustainable wines, organic wines and biodynamic wines. We found that biodynamic wineries had the strongest link between identity and strategic action. The wineries were fully committed to producing biodynamic wines using the principles of biodynamic viticulture, and were willing to conform to their identity even if it meant dropping the fruit and foregoing profits for the year should the grapes not be ideal for vintage. They embraced the concept of 'terroir' and traced their roots and practices to the teachings of Rudolf Steiner and the old world. Organic wineries were committed to organic grape growing practices, however, most of the wineries in this study acknowledged that they would likely revert to conventional practices if required due to excess rain, drought or disease. They were thus less likely to get certified as 'organic' as that required a full and long term commitment to organic practices. Sustainable wine producers were generally larger wineries who were cognizant of the emerging trends of sustainable wine production from competitors in the global market. Sustainability practices were generally linked to efficiency gains related to cost and waste reduction.

There is growing interest in the impact of external pressures for sustainability on the organizations and the institutionalization of the sustainability initiatives; however, there is limited information on the organizational factors that influence success of strategies. Our research highlights the strong influence of organizational identity in how organizations perceive the pressures and form their responses. It is proposed that identity-affirming actions will predominate organizational response. We argue that organizations that want to have success in their sustainability action will need to construe a sustainability identity. Furthermore, researchers are beginning to find links between sustainability strategic action and competitive advantage in the wine industry (Flint & Golicic, 2009) and there is increasing consumer interest in purchasing eco-labeled wine (Berghoef & Dodds, 2011). Studies have explored comparisons of sensory outcomes of environmentally sustainable production options (Penfold & Collins, 2015) but the relationship remains unexplored between institutional pressures for change and the role of organizational identity in driving change.

Table 1: Purpose of Data Collected and Summary of Sources

Purpose	Human Participants	Archival
Organizational Identity	Interviews with organizational members/industry assoc. members Survey of organizational members	Firm generated internal and external communication for confirmation of identity claims
Organizational Image	Interviews with organizational members/industry assoc. members Survey of organizational members	Firm generated external communication including annual reports, websites
Reputation	Interviews with stakeholders (for example, industry analysts, investors, regulators)	Newspaper articles Publicly available information
Strategic initiatives/ Response strategies	Interviews with managers/industry association members	Firm generated internal and external communication
Institutional Pressures	Interviews with managers, industry participants, industry association	Newspaper articles