Evolution of the concept of “global corporate performance” in the wine industry

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Abstract:

The French wine industry has known for several years important and structural changes, mainly due to the international context (Hanin et al., 2010): a structural crisis exacerbated by a global financial crisis, lower wine areas in the Traditional Producer Countries (TPC), offset by an increase in wine areas in New Producing Countries (NPC), a decrease in wine consumption in France and a growing competition from the NPC (Green, Zuniga and Pierbattisti, 2003). Over the years, firms of the industry have been adapted to these changes and we can observe an expansion of wine firms’ skills. They went from being focused on the upstream sector to the integration of marketing and trade activities (Hanin et al., 2010). In addition, this industry has been facing a phenomenon of concentration for over a decade (Coelho and Rastoin, 2001). The presence of stakeholders with different characteristics (farms, but also cooperatives and trade companies, wholesalers or companies within these different activities) is also specific to the wine sector, which leads to very different corporate structures and activities than in other agricultural sectors. Mobilizing contributions from a general framework in economics and management of both agricultural and industrial enterprises is therefore needed to increase knowledge about this industry and better understand the strengths and limits for its development in the years to come in a context of sustainable development. Studying economic and financial performance of this industry is no longer sufficient enough. Other dimensions have to be taken into account to define wine firm’s performance in the line of the works on Corporate Social Responsibility (CSR) (Carroll, 1979; Clarkson, 1995; Sethi and Votaw, 1973; Wartick and Cochran, 1985), which calls for proposing new approaches of what is the global corporate performance of a firm. Another
mutation affecting companies in the wine industry, like other agricultural sectors, is the need for the adoption of environmental practices in a sustainable manner (Butault et al., 2010). The adoption of environmental practices in this sector may be influenced by factors such as subjective norms, pressure from business stakeholders or the level of dependence on export (Scott Marshall et al., 2010). Finally, the French wine industry is characterized by a large number of players interacting in the same area (farms, cooperatives, trading houses, and so on), contributing to the performance of companies but whose performance is also conditioned by these companies and their environment. In the food sector, especially in SMEs, territorial anchorage can be a vector of performance, especially for export (Fort and Couderc, 2001) and also has to be taken into account to analyze the performance of a wine firm.

The aim of the paper is to present an analysis of literature on the concept of wine firms’ performance in order to identify how it is studied and if it corresponds to the current stakes of the industry. To further this issue, we first present a bibliometric analysis of the concept of performance in the wine industry from existing works in economics and business management. We worked on scientific publications and conferences referenced in data bases (1975-2012) on this topic. Then, this inventory provides us with the framework for analyzing the contours of the notions of performance, global corporate performance and their evolutions. This dual approach will allow us to conclude on the state of knowledge and especially theoretical gaps to fill to understand wine business performance. We show an important variety of studies about performance of firms, but referring to very different notions according to the discipline, the activity (vine growing, wine growing, logistics, trading) and the type of firm considered. It is always seen with a specific point of view, especially concerning economic and financial performance. We also find more recently studies about the environmental performance, but relatively few about the territorial dimension. We found no scientific work about global corporate performance or something close to this concept excepted professional ones addressing more questions to research than giving answers to the wine industry stakeholders. In wine economics, the approach of business performance was given up a long time ago in favor of a more systemic analysis (via markets for example). This holistic approach has greatly enriched the analysis, but further research on companies in this sector suffers from a lack of data, indicators and benchmarks at the microeconomic level.

So there is a particular need for analyzes in social sciences and humanities in this sector, which has to face a structural crisis in France, the challenges of international competition and has to take into account sustainable development issues. The global corporate responsibility means that performance cannot be measured simply in terms of financial results and maximizing shareholder value. Sustainability of the business performance requires consideration of the interests of employees, the territories, the customers, the natural resources and the environment, now and for future generations. The characteristics of this sector, as well as changes it has undergone in recent years, particularly in terms of corporate structure, make that the strictly agricultural approaches previously developed for analyzing the firms of this industry are no longer sufficient to provide answers on its future. Taking into account the future challenges for this industry and the evolution firms are facing, the concept of global corporate performance in the wine industry has still to be explored. An open field for scientific research!
References:


Hanin H., Couderc JC., d’Hauteville F., Montaigne E., 2010. La vigne et le vin, mutations économique en France et dans le monde, la Documentation Française, Les Etudes.


