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RESEARCH PAPER

Family and non-family business behaviour in the wine sector: A comparative study

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Abstract The purpose of this study is to explore the main differences in key variables of wine-making companies in view of their consideration as a family business in Spain. Using a database of 520 wineries with the main variables used in the literature, this paper analyses the differences between being a family or a non-family winery on the performance, size and structure of debt. The companies were classified as family or non-family then a means test was performed for all key variables between both groups. This study suggests that there are significant differences between family and non-family businesses in the return on assets (ROA) and in the operating margin, which are higher in the case of companies classified as family businesses and in the relative debt and debt ratio, which are higher in companies considered to be non-family. The remaining variables are statistically equal. Better margins in family companies could be due to advantages in the prices derived from the products or brands offered or lower agency costs that may lead to an improvement in management costs, which explains such differences. In addition, the lower risk exposure that would lead family businesses to opt for less risky leverage formulas that would lead to increased long-term financing could explain why these advantages are not reflected in the return on equity (ROE).

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Comportamiento de las empresas familiares y no familiares en el sector vitivinícola: un estudio comparativo

Resumen El propósito de este estudio es explorar las principales diferencias en las variables clave de las empresas vitivinícolas en vista de su consideración como una empresa familiar en España. Utilizando una base de datos de 520 bodegas con las principales variables utilizadas en la literatura, este trabajo analiza las diferencias entre ser una bodega familiar o no familiar sobre el desempeño, el tamaño y la estructura de la deuda. Las empresas fueron clasificadas como familiares o no familiares, para posteriormente realizar un test de medias para todas las variables clave entre ambos grupos. Este estudio sugiere que existen diferencias significativas entre las empresas familiares y las no familiares en la rentabilidad económica (ROA) y en el margen de beneficios, que son mayores en el caso de empresas clasificadas como empresas familiares y en la relación de deuda y deuda relativa, los cuales son más altas en compañías consideradas no familiares. Las variables restantes son estadísticamente iguales. Los mejores márgenes en las empresas familiares podrían deberse a las ventajas en los precios derivados de los productos o marcas ofrecidas o a los menores costes de agencia que pueden conducir a una mejora en los costes de gestión, lo que explica tales diferencias. Además, la menor exposición al riesgo que llevaría a las empresas familiares a optar por fórmulas de apalancamiento menos riesgosas que conducirían a un aumento de la financiación a largo plazo podría explicar por qué estas ventajas no se reflejan en la rentabilidad financiera (ROE).

Introduction

Both wine and gastronomy are considered as standard bearers of the cultural identity of a region (López-Guzmán, Di-Clemente, & Hernández-Mogollón, 2014). The great tradition of Mediterranean countries in grape cultivation and wine production (Kamsu-Foguem & Flammang, 2014) has led to Spain being the largest wine producer in the world, in addition to one of the five most important tourist destinations (Gómez, Lopez, & Molina, 2015). This fact places the country as one of the best positioned to take advantage of, as indicated by Garibaldi, Stone, Wolf, and Pozzi (2017), the strategic component representing wine tourism within experiential tourism, as reflected in the study on a Spanish tourist region with a great wine tradition such as Jerez and the region's Sherry carried out by López-Guzmán, Vieira-Rodríguez, and Rodríguez-García (2014). However, over the last few decades the competition has been increased by the entry of new wine producers, both at the domestic and at the international level (Agostino & Trivieri, 2014), which has led to a chronic excess of production estimated at more than 30 million hectolitres with significant environmental consequences (Chiusano, Cerutti, Cravero, Bruun, & Gerbi, 2015).

Some researchers have analysed the impact of different formulas of management on the sector, as is the case of Coren and Clamp (2014) who investigated wine distribution cooperatives in Wisconsin. In this context, some researchers, such as Lombardi, Dal Bianco, Freda, Caracciolo, and Cembalo (2016), found that Spanish wine producers are especially prone to increasing export volumes, to the detriment of the price. This export initiative is due, among other reasons, to the drop in consumption in the domestic markets of traditionally producing countries such as Spain (Castillo & García, 2013). The research of Lombardi et al. (2016) also positions Italy in the same direction as Spain. However, in the case of the Italian wine industry, the concept of sustainability has been taken seriously (Schimmenti, Migliore, Di Franco, & Borsellino, 2016). To better understand the concept of sustainable wine, it is recommended to go to the review carried out by Schäufele and Hamm (2017) or Sellers's (2016) research focused on the Spanish consumer. The results of the study of Gabzdylova, Raffensperger, and Castka (2009) on the New Zealand wine industry suggested that one of the greatest triggers for the introduction of sustainable environmental practices is satisfaction with the profession. This level of involvement has usually been attributed to family businesses and their members (Donckels, 1991; Dunn, 1996). Likewise, family firms maintain a strong emphasis on the concept of corporate social responsibility (Dyer & Whetten, 2006) even in times of crisis, which has repercussions on higher returns to non-family businesses (Kashmiri & Mahajan, 2014). Moreover, due their long-term orientation (Dyer, 2003; Lumpkin, Brigham, & Moss, 2010; Zellweger, 2007), they have a great capacity to generate patient capital (Arregle, Hitt, Sirmon, & Very, 2007). This difference in performance between family and non-family businesses has been contrasted in many articles in many sectors, although with disparate results among those in which there was a negative relationship between family influence and performance (e.g. Cronqvist & Nilsson, 2003) and those where such a relationship was positive (e.g. Anderson & Reeb, 2003; Craig, Dibrell, & Garrett, 2014; Massis, Kotlar, Campopiano, & Cassia, 2013; Miralles-Marcelo, Miralles-Quirós, & Lisboa, 2015; Sraer & Thesmar, 2007). Some postulate that such differences in performance are related to the generation of the family that manages the company (Arosa, Iturralde, & Maseda, 2010), while others