

WHERE THE TWO LOGICS OF INSTITUTIONAL THEORY AND ENTREPRENEURSHIP MERGE: ARE FAMILY BUSINESSES CAUGHT IN THE PAST OR STUCK IN THE FUTURE?

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Abstract

The aim of this article is to investigate how owners of family businesses combine their traditional heritage with changes in a new competitive arena. This is done by allowing the owners and managers of six vineyards to give voice to their concerns about the past, present, and future. The findings suggest that family businesses in the South African wine industry are subject to a process of institutionalisation in which entrepreneurial activities, which are part of this process, may not be as entrepreneurial as they appear at first. It is found that the two forms of logic behind the institutionalisation of the family firm and entrepreneurial activities in the context of the post-apartheid era can be successfully merged. Theoretical and practical implications bring the article to a close.

Key words: family business; wine farms; institutional theory; entrepreneurial activities; legitimacy

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1 Introduction

This article deals with family-owned and managed wine businesses in the Stellenbosch region of the Western Cape area of South Africa. The region is known for its wine industry and has been identified as a wine-making cluster (Williamson & Wood, 2003). The wine industry is a dominant industry in South Africa and its exports have increased significantly during the last decade, mainly due to the abolition of apartheid and the consequent access to foreign markets. Much of the South African wine industry, which dates back to the seventeenth century (Williamson & Wood, 2003), is family owned, and has been so for a few generations.

The industry can be labelled as 'doubly' institutionalised, since it builds on traditional wine making methods and family traditions. It is historically well established almost all over the world. The wine making process is similar across the world and the character of the wine depends mainly on the grapes, the soil where

they are grown and the wine-maker's individual taste. The age of the industry and the fact that the majority are in the family business (504 out of 524 were privately held in 2011 according to SAWIS statistics/www.wosa.co.za/sa/statistics, 2013) mean that family traditions are of great importance and that present generations remain faithful to their family's way of making wine. The industry is currently being subjected to many changes, mainly due to increased market opportunities and competitive challenges. Due to this, new entrepreneurial practices may be important in order to succeed in the market.

The purpose of this article is to investigate, through building on conversations with owners of family owned wine farms, how owners of family businesses combine their traditional heritage with changes in a new competitive arena, and how they give voice to their past, present, and future. The findings suggest that family businesses within the South African wine industry are subject to a process of institutionalisation, and that entrepreneurial activities are part of this process, but that they may not be as entrepreneurial as they seem at

first. It is also concluded that the two forms of logic of institutionalisation of the family firm and entrepreneurial activities merge. Furthermore, it is acknowledged that the main driving force for the wine farmers is the land.

The results will be of interest to wine farmers and family business owners in many countries. Few studies on family businesses have focused exclusively on one industry. Rare examples of such studies are Getz, Carlsen, and Morrison (2004) and Getz and Carlsen (2000, 2005); all on family businesses in tourism and hospitality. The common denominator is that the firms are family-owned and managed (cf. various definitions of family businesses in Astrachan, Klein & Smyrnios 2002), rather than the fact that they exist at the same time within the same industry.

The article is organised as follows: Sections 2 and 3 introduce institutional theory and define entrepreneurship in order to point to the complexity of adhering to traditions while being entrepreneurial and adapting to the market needs and demands. Section 4 describes the method in use and section 5 the empirical context where the six wine farmers portray their past, present and future. Section 6 provides a discussion and conclusions about the paradoxical nature of balancing institutional and entrepreneurial pressures.

2

An institutional perspective

Institutional theory explains how institutional and technical environments set the rules of the game and the pressure to conform. The former is mainly considered to originate from the state, trade associations, trade unions, professionals and similar institutions, whereas the main drive for the technical environment is to conform to and be competitive within the market (Scott & Meyer, 1983; Scott, 1992; Oliver, 1997). The goal is to adhere to standards of “desirable, proper, or appropriate [behaviour] within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995:574). Playing according to the rules provides security since that way the business is legitimate and in command of critical resources (Oliver, 1997). Leaptrott (2005) argues that the application of established institutional theory can further our

understanding of the relationship between the structure of the family business and the technical pressure involved. He argues that family businesses with nuclear family involvement are less resourceful in terms of capital, technical expertise and multiple sources of information than family businesses with a manifold family structure including individuals who are not that closely related or related at all.

Institutionalism rests upon the three pillars of regulative, normative and cultural-cognitive prescriptions and expectations (Scott, 1995). The pillars can range from those that are more explicit to those requiring less tangible guidance for a firm to conform; or from more rational to more unconscious behavioural choices.

Regulative processes involve rule setting within the organisation and how it is conformed to. The rules may be formal like those set by the law, or less formal as set by some informal mechanisms like norms and values. The regulative pressure in family businesses relates mainly to the governance structure and the closer the kinship is, the less formalised the governance structure will be (Leaptrott, 2005).

The normative pillar moves away from the individual interest and towards social obligations (Scott, 1995). Normative processes include norms and values and thereby desirable acts and appropriate ways to behave according to particular expectations. These expectations can be either role or goal defined or may be defined by social obligations and morally governed. A parallel to the normative pillar within the family business is that nuclear family members usually have a shared socialisation process and therefore the norms and values (Leaptrott, 2005; Brundin & Sharma, 2011) that guide the management and running of their business. For these reasons, occupational and managerial roles held by family members usually exert a strong conforming influence on the roles of non-family members and/or members outside the nuclear family (Leaptrott, 2005; Brundin, Nordqvist & Melin, 2010).

The cultural-cognitive pillar refers to processes of making sense of social reality and creating shared understanding of this reality. The processes encompass the social construction

of reality (cf. Berger & Luckmann, 1966) whereby symbols, words and actions are interpreted and made sense of to such a degree that they become sedimented and taken for granted as a common frame of reference. Such cultural-cognitive pillars are essential for the conception of our social identity and how we adapt to cultural belief systems and cultural frames on a macro level (DiMaggio & Powell, 1983; Greenwood, Oliver, Suddaby & Sahlin, 2008). In a family business, the cultural-cognitive pillar rests on a shared understanding and a 'taken-for-grantedness' that subconsciously govern the business. In a context where the family business roles of dominance, submission, rebellion and conciliation are habitualised and in conformity with the family's internal relationships, there are mimetic forces that are greater for nuclear family members than for non-nuclear family members and 'outsiders' (Leaptrott, 2005).

2.1 Legitimacy

Legitimacy, derived from the three pillars, constitutes a condition that reflects "cultural alignment, normative support, or consonance with relevant rules or laws" (Scott, 1995:45). The notion of legitimacy varies among players, organisations, nations and cultures and the emphasis may vary between being mainly influenced by the regulative, the normative or the cultural-cognitive pillars.

Family businesses are normally located within different industries and family-business owners are subject to institutional pressures for reasons other than just belonging to the same industry. It is therefore reasonable to argue that a family business is subject to the prime pressure of actually being a family business. During the last decade, family enterprises have received increased attention from practitioners and researchers, as well as from the group of enterprising families themselves. There is an increased interest in forming family business associations, family business networks, and family business seminars and in participating in family business education activities (Melin & Nordqvist, 2007). What we see is both an institutionalisation of the family business and a professionalization of ownership and management within family businesses.

2.2 The vineyards and institutional theory

This study examines family businesses within the wine industry. The wine industry is defined as being subject to high institutional control mechanisms as well as high levels of technical control (Scott & Meyer, 1991). Thus the wine industry and the family business itself can be seen as two well-established institutions. The wine industry as such is widely habitualised and sedimented (cf. Tolbert & Zucker, 1996), i.e. there is conformity within the industry that is globally adopted as a result of centuries of cultivation of grapes and winemaking. Across the world, the industry uses similar ways of growing grapes and manufacturing wine and the differences in the end product are mainly due to the type of grapes used, the quality of the land, the region, and the personal taste of the wine maker. The family name as an established brand adds an additional personal touch to the wine.

The wine farming industry in South Africa can be connected to the framework of institutional theory in relation to the apartheid era. Prior to 1994, when apartheid was abolished, the wine industry was local in that exports overseas were limited by commercial blockades. Restrictions were imposed by a quasi-governmental body (KWV) on wine farmers regarding fixed prices for grapes, wine and the varieties of vines that they were allowed to grow (Williamson & Wood, 2003). After 1994, the international market re-opened for the wine farmers, who did not always know how to approach it. The regulative pressure from state and law lessened considerably, even if some of it was replaced in other forms. Winetech (Wine Industry Network for Expertise and Technology), one of many new support agencies, was established in 1999. It initiated Vision 2020 in order for the wine industry to be globally competitive and will most probably be an institutional body that will exercise pressure on one or more of the pillars. Another support organisation (the South African Wine and Brandy Company, SAWBC) has also entered the scene and created a normative pressure, including viticulture practices. For instance, it is against good practice to call a wine 'Estate Wine of Origin'¹ as part of the

vineyard's brand name, if the grapes are not cultivated on the land and bottling and cellaring are not carried out on the property (Williamson & Wood, 2003). The cultural-cognitive pillar within the wine industry relies to a great extent on inherited wine making procedures. Using institutional theory as a framework, structural inertia would make wine-making family businesses unfavourably disposed towards change. When the institutional and technical environments change dramatically, it is also reasonable to assume that it is necessary to engage in entrepreneurial activities in order to remain competitive on the existing as well as widening global market. To face up to the technical pressure, a family firm is dependent on its own entrepreneurial capability. A main focus of this study is therefore how values resting on well-kept institutional pillars cope with the new technical environment in the South African context.

3

A Schumpeterian approach to entrepreneurship

Many scholars (e.g. Zellweger, Nason & Nordqvist, 2012) encourage conducting more studies of entrepreneurship in family businesses. One argument they raise is that entrepreneurship is a way to keep up with the changes in the society and to achieve sustainability across generations (Le Breton Miller & Miller, 2006). In family firms, it is natural to focus on corporate entrepreneurship, which is a way for existing firms to form strategies to develop further (Naldi, Nordqvist, Hellerstedt & Wiklund, 2007). However, to manage staying in the market and being perceived as a good wine producer by customers, employees, competitors, and others in the field, it is important to maintain good quality, which means that acting in an entrepreneurial way is about creating a balance between new ways of doing things and keeping up with old established standards, norms, values, and traditions of cultivating grapes and producing wines.

This study adopts a Schumpeterian definition of entrepreneurship. According to Schumpeter (1934:66) at least one of the following five is

entrepreneurship: (1) the introduction of a new good, (2) the introduction of a new method of production, (3) the opening of a new market, (4) the conquest of a new source of supply of raw materials or half-manufactured goods, or (5) the carrying out of the new organisation of any industry.

4

Method

The empirical data is based on six family-owned vineyards in the Stellenbosch region of the Western Cape and these are presented in the table below, along with the number of generations involved in the business today, and information about how long the vineyard has been in the family.²

This empirical material originates from conversations with family-run business owners on site, and on empirical data from the homepages of the six wine farms. The family-business owners were contacted by e-mail and phone from Sweden. The conversations lasted between one to two hours and were recorded. Applying an interpretative approach, the two authors have analysed the interviews that were transcribed by native speakers (cf. Silverman, 2001).

Semi-structured questions were asked during the interviews. The intention was to see what construct the subjects had of their past, present and future. The main areas of conversation focused on the respondents' own 'stories' and background, family traditions, values, the family business' influence on life choices and ways of running the business, new markets, the meaning of being entrepreneurial, entrepreneurial practices, clashes between traditions and new ideas, the respondents' identities, the future, and thoughts about succession. The reason for applying a conversational approach was to see what space recipients gave to institutionalised practices, norms and values. Those findings were contrasted with the roles given to entrepreneurial activities, defined here as new ways of organising, new production methods, entering new markets, and new emerging norms and values. Various sub themes related to legitimacy and entrepreneurship have been identified in the analysis.

Table 1
The six vineyards included in the study

Vineyard:	Respondent/ position:	Number of Generations involved:	In the family since:
Simonsig	Francois Malan, owner and director	2nd generation. Three brothers took over the business from their father, the former owner.	Started wine farming in 1953, bottled the first wine in 1968 under the Simonsig Estate label.
Meerlust	Hannes Myburgh, owner and director	8th generation owner of the estate Meerlust; owned by the son of the former owner.	The land has been in the family since 1757. Bottled the first wine in the 1970s.
Overgaauw	Braam van Velden, owner and director	3rd generation of owner winemaker. Took it over from his father in 1978. Has four children, two are involved, one studying and one working as a psychologist.	The land has been in the family since 1783, and a wine estate since 1905.
Kanonkop	Johann Krige owner and director	4th generation, run by two brothers	The first wine was bottled in 1973 by the third generation.
Rustenberg	Simon Barlow, owner and director	2nd generation, the son of the former founder. He has two sons, one of whom is now trained to take over, while the other is not interested.	The estate has been in the hands of the family since 1941. Wine growing has taken place since 1682.
Thelema	Gyles Webb, owner and director	1st and 2nd, founder and his parents-in-law, who invested in the vineyard	1983, Gyles Webb and his wife's family bought Thelema, a run-down fruit farm and converted it into a wine estate.

5 The study

5.1 The empirical context

The wine industry in South Africa dates back to 1655, when the first grape-bearing vines were planted; the first wine was produced in 1659 in the Western Cape area. South Africa is the eighth largest wine producer in the world, producing 3.9 per cent of the world's wine and 43.2 per cent of this was exported in 2011 (www.wosa.co.za/sa/statistics, 2013). Around 275,600 people were employed in the business directly and indirectly as farm labourers, and in packaging, retailing and wine tourism in 2008 (www.wosa.co.za/sa/statistics, 2013). Out of the 582 wine cellars in the country in 2011, 505 are privately held, 52 are co-operatives and 25 are producing wholesalers. In 2011 the United Kingdom and Germany were by far the biggest overseas customers, followed by Sweden, the Netherlands, Denmark, the United States, and Canada (www.wosa.co.za/sa/statistics, 2013). China, Russia and the Czech Republic are some of the upcoming customers of bulk wine. The Stellenbosch area, situated in the Western Cape region, is the third biggest area for wine production in South Africa. Together with the closely situated Paarl area, these areas constitute one third of the

total area for wine grapes. Tourism is increasing heavily in the region and there are about 20 wine routes in the county (www.wosa.co.za/sa/statistics, 2013). The vineyards exploit this possibility through wine tasting activities, wine sales, good eating opportunities and the like. (Williamson & Wood, 2003). All the farmers in this study originate from the Stellenbosch area.

5.2 Empirical illustrations

The empirical material is organised as a discussion in which legitimacy is examined in light of entrepreneurship. Legitimacy (the goal of the three pillars of institutional theory) and entrepreneurship play a prominent role in the wine farmers' answers in the conversations. Dealing with upholding the traditions and adapting to the new technical environment are part of their daily lives. Taking these considerations into account is seen as a normal part of their daily lives and the aim is to investigate how family-owned wine farmers combine their traditional heritage with changes related to the new competitive arena. Various sub-themes are also identified and categorised in two main ways. The sub-themes within the theme of legitimacy are the roles of the estate, the role of management and planning, and the role of social responsibility and upliftment. The main sub themes within entrepreneurial activities are the role of the technical

environment, the role of the family in marketing and how the respondents relate to the role of being farmer, wine maker, businessman, or entrepreneur.

5.3 Legitimacy

5.3.1 *The role of the estate*

The people of this study identify themselves with the Afrikaans culture and their families have lived in the country for generations. Most of them speak Afrikaans, which is spoken as the first language by about 60 per cent of the white people in South Africa (www.sa-venues.com, 2013). In the Afrikaans culture the land in general is very important, and for wine makers it is even more important since the soil, depending on region and climate, influences the grape. According to one of the respondents: "you can't make good wine from bad grapes". For another respondent, losing the land was the worst thing that could happen to the family.

Historically, the farm has always served as a source of income and provided for the family. However, over time, the family has grown and there are now many mouths to feed. The estate, the buildings and all the assets are in most cases owned by a trust, in which the children of the family have ownership. Often family members live for free on the estate and the business provides for them. For example, this is the case in one of the families, in which the norm is that the business should provide for the family. However, this has caused many discussions in the family. Another respondent argues that it is problematic when the family business has more than one owner. For him, a family business run by one person is preferable. Regardless of preference, a family business should shoulder the responsibility of helping other family members to set up their own firms.

One respondent says: "Our main reason for being here is wine and attachment to the land. I always say that this land is not ours...we have to keep it in trust for generations after us so that's a very important part...the family is also important, because they are involved ...not only emotionally but also economically, because they are depending on the estate to provide the income".

When the new generation is supposed to take over, the older generation is still dependent on support from the business. Therefore, it is

important for those who are in the process of retirement to establish an alternative lifestyle by gradually using money from the business with the purpose of, for example, buying or building a house not situated on the land of the estate. In most of the cases it is not financially viable to build new houses on the farmyard since it is not possible to sell such extra buildings. Moreover, the house would take up land. Leaving the estate is also a symbolic action. The one in charge of the estate lives in the main building and shoulders the responsibility for the family. If the business is to provide for retired family members it is common to invest in a share portfolio, such as a block of flats, so that a pension can be generated. When the family business consists of several brothers and cousins, this of course becomes more critical. However, most family businesses do extend over time.

The estate functions as the meeting place for the extended family during Christmas and other feasts. In the Rustenberg case, Simon Barlow's mother always organised family lunches and gatherings, but, because of her age, this has changed. It is the same in the Simonsig case. As long as Francois Malan's parents were still alive they gathered the family together, but today, they do not meet that often outside working hours. In the Meerlust case, the estate still plays a very important role as a meeting place. Hannes Myburgh is the sole owner and has two sisters, both of whom have very strong bonds to the estate. One of them lives on the farm. Both got married on the estate, as did their children. The estate has a family cemetery and functions as a center for the family. Hannes Myburgh at Meerlust says that he, as the head of the family, will look after them, which offers security. For Myburgh the estate is private; it is his home and it is not open for the public. He thinks that there are disadvantages to living on the estate, since business life is present all the time. It is important to set aside time for private life, but he stresses that: "you have to always be aware" of business. Francois Malan expressed similar feelings, commenting that one feels like living in a fish bowl and being stared at, and therefore privacy must be well guarded.

At the same time, as the estates are the homes of the families, they do play an

important role in the marketing of the businesses. The estate is the brand of the business. For Francois Malan at Simonsig, it is very important to have a working cellar. When tourists are on a guided tour they should see a working cellar and not one that has been constructed to look good. This farm has also developed a restaurant with a top chef and a boutique selling wine accessories and souvenirs, as have many other wine farms outside the scope of this study. This indicates an entrepreneurial move, with new products that open up the market further.

Generally speaking, living on the estate renders legitimacy. The owner-manager family embodies the business. It becomes genuine and authentic when the owner-managers walk the talk.

The importance of the land and the provision for the family are interpreted as part of the cultural-cognitive pillar, whereas to make the wine farm a meeting place for the family can be seen as a social obligation and a desire to include everybody, which is part of the normative pillar. To keep the farm in a trust is a result of the regulative pillar; but could also be interpreted as a way to adhere to the norms and values of keeping the wine farm within the family and following generations, making it difficult to sell in the market and indicating that the land is a continuous loan.

5.3.2 The role of management and planning

The role of the right skills becomes obvious when Francois Malan at Simonsig talks about his family business. He sees a need to distinguish between the business and the family. One of his three brothers would like the business to offer jobs to all his children, while Malan's idea is that only those who can contribute should be offered a job. He sees having this attitude as marking him as being more professional. Braam van Velden at Overgaaauw has another philosophy, he wants the children to fit in if they want to, and if not they should not be forced to keep running the business. In the Overgaaauw case, three of the four children have stayed and work in the family business. They have found their own niches in the firm. The family business should be a professional platform for those family members who would like to work there. But, only one can take over the estate.

To gain legitimacy, those working in wine

farming should have an education in the field, i.e. in agriculture, horticulture, or wine making. Five of the six respondents have that. In one case, the owner-manager had studied law and business. His argument for working in the wine industry was that he likes the industry and he likes wine. Table 2 illustrates the educational background of the six owners and if and how they have planned for the future generation. As can be seen most of the children who start to work in the business are trained in the field, and it is common to have experience in another business before starting to work in the family business.

The seeming liberal attitude towards letting the children choose their own route in life may be accurate. However, there are also signs of expectations that one of the children will take over. These expectations probably belong to either the normative or cultural-cognitive pillars, depending on how strict the parents are in practice. To have an education, preferably a university degree coupled with external experience, and an overseas experience of wine making are part of the normative pillar. Even if these demands had been in place during apartheid, today they add an entrepreneurial vein where the learning and knowledge from abroad can inspire entrepreneurial activities when back on the farm. For example, at Overgaaauw, the junior generation is "experimenting with the good soil" in order to produce better quality wine with less strain on the land. Similar initiatives are being taken by the other wine farmers as well. The advent of entrepreneurialism may well increase not only the likelihood of cultivating the land in a more efficient way, but also the odds of keeping the land in the family.

The time perspective is always present in the wine industry. It takes time to plan for new products, and it takes two years to plan for a new kind of wine. A vineyard is re-planted twice during a lifetime, every 25 years. Those are the two times it is possible to make major changes in the business. Simon Barlow at Rustenberg, has planned for the coming ten years. Having strict plans and keeping to those plans imply that there may be little room for entrepreneurial activity, but that is not the case. Simon Barlow tells us that his second name for ten years was 'Change'. He says:

“I love change. But it’s not change for the sake of change, it’s to address the actual challenges on the table. I think that’s entrepre-

neurial, because I think with the wine industry, so much is changing all the time, and there are things that you have no control over.”

Table 2
Educational background and plans for the future generation

Vineyard and interviewee	Education	Future generation
Kanonkop, Johann Krige	Degree from Stellenbosch University in law, practised law, studied at the Business School, worked for KWV, joined the family business.	The children have to be qualified in the field if they want to work in the family business.
Meerlust, Hannes Myburgh	Bachelor of Arts majoring in French and English at Stellenbosch University, but thereafter he also studied winemaking in Germany, and worked in winemaking in both France and Germany.	Has no children, the succession is an open question.
Overgaauw, Braam van Velden	Degree in commerce from University of Stellenbosch. Studied oenology and viticulture in Germany.	Children are socialised into the business if they want to. Those who work in the business today have experience from other wine businesses, either in South Africa or abroad. The son, David, has a degree in commerce from Stellenbosch University and has experience from wine making in France.
Rustenberg, Simon Barlow	Studied agricultural management in Stellenbosch, worked for Caterpillar, bought his own farm and thereafter he joined the family business.	One son is supposed to take over the firm. He studied Social sciences and Industrial psychology and thereafter a master’s degree in oenology at the University of Adelaide in Australia.
Simonsig Francois Malan	Studied horticulture in Stellenbosch and has a degree in agriculture.	The owners have an unwritten recommendation that the children are supposed to work three years in another organisation before they join the family business. One of the children, Francois-Jacques has recently joined the estate.
Thelema, Gyles Webb	Accountant, thereafter a degree in oenology at Stellenbosch University and work experience in wine making overseas.	One of Gyles Webb’s sons has joined the business and works on trade and marketing. He has a degree from Stellenbosch University in marketing and worked overseas for six years before he started to work in the family business.

The above shows the balance between being entrepreneurial and managerial when it comes to the soil. For the good of the land the soil has to be re-planted, and for the good of the wine making, plants need time to produce good quality crops. These are interpreted here as part of the cultural-cognitive pillar. However, as the wine maker above stresses, this does not take away the demand to be entrepreneurial, albeit in other aspects. It comes down to quality and it is of great importance that those who are involved with the wine-making have the right skills.

5.3.3 *The role of social responsibility and upliftment*

When Simon Barlow at Rustenberg was asked if they picked their grapes by hand, he answered that they certainly did. He also said that the main reason for this was a high level of unemployment in South Africa and that it

was important to shoulder the responsibility of offering employment. Another reason was quality. A machine does not know when a grape should be picked or not. The estates are thus home not only to the owners’ families, but also the employees and their families.

Most employees live on the farm and have done so for generations. The children in the owner-family have grown up together with the children of the workers. Some respondents considered their workers as part of their extended family. Simonsig has about 130 employees, 30 of whom are salaried employees and 100 are wage workers. Selling the business would influence the life of all those people and, according to Francois Malan, the owner-family shoulders a responsibility for the employees and the consequences of a sale would be too big. Malan’s father was involved in the social upliftment of the people and he says: “*I think we’ve got a very good heritage*

of social responsibility towards our labourers, and I think that is something that is imprinted in all of us. I'm responsible for the labourers, and we've got 60 labourers (and in total over 250 including family members), and I look after the training, the up-keeping of the houses, the whole social structure on the farm. We are very responsible for the school down here; last year we had a big project, we gave them a classroom, and we still supply them with transport, we keep up the sports fields, and that comes from him."

Johann Krige at Kanonkop has a similar perspective. About 50 people live on his farm and are dependent on the business, and he talks about it as family. Their webpage says: *"The people of Kanonkop make it what it is. They are not just workers or employees - they are the Estate."*

Braam van Velden at Overgaauw also stresses the importance of taking responsibility and says that the farm should: "provide revenue and income for everybody involved, not only the family but all the people working here. It's not only for us. Of course we have an income but there are a lot of other people, at the

moment there are, outside, 35 people working and harvesting, so I mean we supply them and their families with an income of course".

Hannes Myburgh at Meerlust works a lot in community development. On the Meerlust homepage, workers are addressed as part of the family and they write that "[T]he Meerlust family includes 75 farm workers". This is also noted in the interview in which Myburgh says: "we are a bit of a family on the farm". For him it is important that the employees stay at the farm and that they choose to raise their children there, so that the farm can provide safety and security for them.

The care of the employees is interpreted as part of the normative pillar; for the wine makers this is a social commitment and a social upliftment that has its roots generations back. However, it is doubtful if the strength of this upliftment is as strong as for the family members, even if the respondents equate them to family members.

Table 3 summarises the empirical findings, categorised in line with the three pillars of regulative, normative and cultural-cognitive elements.

Table 3

An overview of empirical findings in relation to the three institutional pillars

Institutional theory conception	Empirical findings
Regulative pillar	Practices to be followed from support agencies Organising the wine farm as a trust Estate wine of origin
Normative pillar	The oldest or best suited son (or son-in-law) takes over Quality is priority number one – no box wine Education within the field for the wine farmer The transition from being a farmer to a businessman and/or entrepreneur A /social/ responsibility for the family A social responsibility for the employees The family as a symbol for the estate
Cultural-cognitive pillar	Never selling the land Caring for the land The land is a loan The cultivation of the soil with new crops every 25 years

5.4 Entrepreneurial activities

Historically, the wine farmers have been entrepreneurial, and the respondents all act entrepreneurially in different ways, e.g. Simonsig and Overgaauw were the first producers of Rhine Rieslings, Chardonnay, and Merlot and the Cap Classique (South African Champagne). Entrepreneurial activities are identified in three main themes: the role of the technical environ-

ment, the family as a means to act entrepreneurially and the role as an entrepreneur.

5.4.1 The role of the technical environment

The wine industry was historically a national market because of the apartheid system. After the abolishment of the apartheid regime, the industry entered a new phase and the market was not well developed. Today the industry is

much more established and it is more problematic to act entrepreneurially and do new things.

There are no secrets in wine-making and knowledge is transferred amongst vineyards all over the world. Most people in the wine industry know each other. A large number of those who are supposed to take over the businesses have spent time abroad, in Europe, the US, Australia or New Zealand. Well-established vineyard owners with good brands have the opportunity to travel all over the world, visiting colleagues.

There are currently many players in the market and a large variety of grapes on offer, which is a new situation for the South African wine industry. Some of the players sell mainly to the domestic market, and, according to Gyles Webb at Thelema, in order to increase this market one has to persuade people who currently drink beer to start drinking wine instead. Regarding the export market the main challenge is the currency and the exchange rate. It is expensive to export today and the wine businesses are therefore not earning as much as they did in the recent past.

This trend is verified by statistics. The total quantity of wine exported has actually decreased from 2010 (48.5 per cent) to 2011 (43.2 per cent) (www.wosa.co.za/sa/statistics, 2013). Still, recent statistics show from December 2011 – November 2012 that there is an overall increase of 18.3 per cent of the exports of wine (www.sawis.co.za. 2013). The exports of bulk wine to Russia, the USA, Canada, Switzerland, and Australia during this period have increased significantly. During 2011, such exports to Sweden, Thailand, Japan, Czech Republic and Russia (www.wosa.co.za/sa/statistics, 2013) also increased substantially.

Statistics of the many new markets prove that wine farmers – such as these included in this study, have made entrepreneurial efforts in order to find and establish new markets.

5.4.2 The role of the family in marketing

All the cases market themselves as family businesses as that they feel it gives legitimacy to the product and upholds the image of people's romanticized picture of wine farming. Simon Barlow at Rustenberg says: *"It's a very valuable story. All the top wine establishments*

in the world have a home and they are all family businesses."

Simonsig will change the slogan: *Simonsig, where superior wine is a family tradition* since they do not want to emphasize the family any longer. It is the only business that wants to play down the role of the family in their marketing material, indicating that they would rather place the emphasis on the fact that Simonsig is a family-owned winery rather than a family-run winery. The Rustenberg, Meerlust, and Kanonkop cases emphasise the family in their marketing. During marketing events at the farm, family members are sometimes involved in serving wine and food, with the purpose of showing that they run a genuine family business. In one case the owner has written a book about the estate, for marketing purpose, describing the business as a family business.

Overgaauw is also marketed as a family business and in this case family members from different generations are operationally involved. Braam van Velden elaborated upon the issue as follows: *"We find that many clients are looking for a face behind a product, especially on wine because they think wine is...or they have this perception, something different something unique and there must be a personality behind this product. They want to see this personality; we find even the bigger companies now are putting forward certain wine makers to have that face behind the product and I think that's very...it's important for the consumer and...its important."*

On their webpage Thelema draws attention to theirs being a family-run team. It has only been in the family since 1983 and two generations have been involved since the beginning. Until recently, Gyles' mother-in-law acted as hostess at the wine tasting ceremonies but has now retired as she is more than 90 years old. Gyles Webb and his wife Barbara Webb had searched a long time for a farm, with the intention of producing wine. Barbara's family's trust bought Thelema. Gyles, who was educated in wine farming, converted a fruit farm into a wine farm and has earned ownership within the trust over time.

Wine farmers in this industry undertake different entrepreneurial activities. They make use of the family in their marketing and

involve the senior generations to create the impression of a family business. At the same time, they are entrepreneurial in that they also meet the expectations of what a family business is, that is the normative pillar. In line with the characteristics of a family firm, the wine farmers are visible owners (cf. Brundin & Melin, 2010), but they also include other family members, mainly for marketing reasons.

5.4.3 *Farmer, wine maker, businessman or entrepreneur*

In some of the cases the farm has been in the family for generations, but the family members have never worked on the farm. Instead, they have employed management to run the business. In those cases, the farm and the land are considered as an asset of the family, rather than a family business. In the Rustenberg and Kanonkop cases, the present generations have taken over running the business.

Francois Malan of Simonsig defines his father Frans as an entrepreneur. In the seventies he founded the today well-known Stellenbosch wine routes and focused on tourism at an early stage. Today most vineyards have business hours for tourists who can taste and buy their estate wines. When Frans started to make his own wine and marketed it, he was one of three players on the market. Today the figure is 580. He was also the founder member and the first chairman of the association of estate wine owners. Wine from the estate could be called estate wine, which is important, as the estate is a unique selling point and part of the brand. Moreover, he produced the first Rhine Rieslings and Chardonnay in South Africa in the 70s, as well as the first Cap Classique, i.e. the first South African 'champagne' in 1971. He also started to sell box wine using a double jacket plastic bag instead of a foil bag; the wine got brown quite quickly and he discontinued this practice. Even if there were a window of opportunity, Francois would never consider selling box wine today as he focuses only on selling high quality wine, where the bottle itself is a symbol.

Today the business has become more organised and more professionalised, rather than entrepreneurial, Francois Malan says. In the Simonsig case part of becoming more

professional implies hiring external directors, working according to a budget, having more control, clarifying what the family members can expect from the business in terms of financial support, and not involving their views in the business. However, the culture of the family business is still present, Francois Malan says: *"the culture and the heritage are still very much the way my father set out to do this business."*

Johann Krige at Kanonkop also points out the importance of structure. He expresses the need for a family business network in which the participants can learn from the problems experienced by the others.

In the Rustenberg case Simon Barlow's father, who was a businessman and an industrialist, bought the estate as a hobby. Simon Barlow owns his own farm where he still lives today. He considers himself to be an entrepreneur, and that a major difference between privately-owned businesses and corporate businesses is the freedom that the former brings. Regarding family businesses he says: *"there's a lot more focus on making sure that the people are happy and that they have their own family lives. The members can actually achieve something in their own right, so there are other focuses than just your corporate. Within the family business it's different."*

Historically, the land was used to cultivate other fruit than grapes, and most ancestors considered themselves to be farmers rather than wine farmers or wine makers. This has changed with the present generation. Simon Barlow at Rustenberg says: *"I'm afraid I'm not a farmer anymore, I work in the office and my hands are soft"*.

Braam van Velden at Overgaaauw says that he and a friend talked the other day about the fact that all they wanted was to plant vineyards and make wine, but that they are now spending the majority of their time doing other things.

Gyles Webb at Thelema definitely wants to be labeled a businessman – a businessman with a wine farm. He emphasises that he does not see himself as an entrepreneur. For him, an entrepreneur is a person who does 'clever things', such as working actively in marketing. It is important for him to do a good job, and to ensure that their vineyards, which people will

see when they pass by, are well kept. The most important thing is the quality of the wine. Good wine, with a high quality and a good price, is also emphasised by Braam van Velden at Overgaauw. He stresses that, to stay in the market, it is important to be aware of changes and to adapt to some of them. They have adapted to modern marketing trends and for him it is not possible to lean back and think that since we are an estate we don't have to adapt, we will sell our wines anyway. That is not the case. The industry is changing, new markets are opening up, and new players are entering the market, which means new competitors. Still, it is important not to follow the flavor of the day. At Overgaauw they will continue produce wine as they have done up to now, believing that the day will come when people will demand more mature wine again.

The firm conviction that quality pays, and is important, would be placed in the normative pillar. The wine farmers are meeting social expectations from customers to produce quality wine since this is expected from them.

On the other hand, they imply that they are entrepreneurial in the Schumpeterian way by opening new markets and meeting the competition. They thus do not show inertia, a characteristic that is often attributed to family firms and that hinders entrepreneurship (Zahra, Hayton & Salvato, 2004).

The wine farmers of this study seem to struggle with their identity as business man, wine maker or entrepreneur. Their ancestors proved to be entrepreneurial, which is confirmation of the perception that entrepreneurial activities emerge in hard times. For the present generation, it is, on the one hand, more about structure and professional management and, on the other hand, about keeping their heritage intact and taking calculated risks; pointing to the dualities of family businesses, where preservation of the culture and entrepreneurial activities go hand in hand (Brundin et al., 2010). The table below summarises the entrepreneurial activities by applying a Schumpeterian approach:

Table 4

An overview of empirical findings regarding entrepreneurial activities.

Entrepreneurial dimensions according to Schumpeter	Empirical findings of entrepreneurial activities
Introduction of a new product	Imitating European practices, e.g. Champagne Cap Classique
The introduction of a new method of production	The estate name or family name as the brand
The opening of a new market	Approaching new markets in China and India Wine tasting on the estate with restaurants and shops Continuous marketing and promotion activities
The conquest of a new source of supply of raw materials or half-manufactured goods	Cultivation of the soil in order to produce ecological wine
The carrying out of the new organisation of any industry	Employing one's parents-in-law in order to give the impression of being a family business The rhetoric of the romantic story about wine farming on the website

6 Concluding discussion and implications

Relying on an institutional theoretical framework, the case of South Africa is of special interest. The abolition of apartheid and the beginning of Black Economic Empowerment have changed the foundation upon which the nation rested. New players and constellations have entered the scene with fundamentally new ways of viewing society and the ensuing

novel regulations and practices. This has in turn affected the wine farming industry. Hence, achieving a balance between traditions and novel innovations is very difficult and does not merely take part on a conscious level; nor is it something that the wine farmers have chosen themselves.

From the above we see that the regulative, normative and cultural-cognitive pillars overlap and so do entrepreneurial activities with the pillars. Tables 3 and 4 illustrate that legitimacy (with the three pillars and the entrepreneurial

activities) is an important and active part of the family business owners' daily lives. Furthermore, most of the entrepreneurial activities can be placed within any of the three pillars. That this is the case may indicate that there is not much entrepreneurship going on, but that there are considerable institutional pressures of different kinds.

Conveying a romantic story on the website could be considered an entrepreneurial activity; it could also be perceived as meeting customers' and tourists' expectations. Employing the older generation in order to seem to be in the second generation of farming could also be perceived as an entrepreneurial and strategic move. Even so, it is at the same time a concession to make the business look trustworthy, especially since, in this special case (Thelema), it is a relatively new establishment. The firms follow the rules of the game and adapt to what is seen as legitimate and right in the industry.

By including a senior generation, the owner conforms to the normative pillar of how a family business is perceived to look. The estate name or family name on bottles may follow the same normative perception. Imitating European practices, by building on a cultural-cognitive idea of Champagne, Chardonnay and Riesling wines originating in the European context, to produce Cap Classique, Chardonnay and Riesling wines may be a way to conform to regulative as well as normative 'rules'. Wine tasting on the estate, on the other hand, was certainly entrepreneurial in the early days when tourism started to increase, but it can be argued that nowadays these activities are taken for granted by visitors to the wine-routes. At the end of the day it will probably be those who manage to tell and sell a trustworthy story that will be better off, and in these stories the history of the family and the estate are important.

So, in their efforts to remain legitimate, wine farmers have related their acting and thinking to the past and to their history. Furthermore, they have stuck to being a nuclear family running the business with processes of self-selection. This provides low diversity and a risk of scarcity of competence and a shortage of fundamentally new thinking. Therefore, we can ask: are these wine farmers caught in the past?

On the other hand, when the wine farmers

engage in entrepreneurial talk, they talk about opening up new markets, but these often seem to be the same new markets (e.g. Russia and China). When making use of the family story in their marketing, they are all engaged in the same kind of storytelling. In their eagerness to make progress, they do not question the novelty of their actions. It may be that they are not entrepreneurial but victims of an institutionalised mimicking process. Viewing the situation in this way, we ask: will the wine farmers of this study become stuck in the future?

Regarding the past, present and future, the present can be understood as a period of time when the businesses are preparing themselves for the future, albeit with their past as their luggage. Through being in the present, they are in the midst of the past and at the same time they are in the midst of the future where the three pillars of regulative, normative and cultural-cognitive conceptions are all changing, more or less intensely and at different pace. New regulations through new support agencies are one part of this. Another is the norm of prioritising quality wine. A third example is the training and the experiences gained overseas that are intended to give legitimacy both within and outside the family business. An example of a form of rhetoric that might ease the institutionalisation process is the romantic story of the wine farm, where the generations work side by side in the most stunning scenery, preferably including pictures of family members riding horses with some dogs snapping at the riders' legs. The culture-cognitive pillar is probably yet to be established, and inherited taken-for-grantedness and shared understandings need to be questioned and re-evaluated.

From the study it is clear that the land plays a special role. It was there before apartheid and their ancestors were brought up with certain values that existed and were sedimented before apartheid. At that time, the three pillars changed the land owners' ways of living and acting and it is reasonable to think that they adapted to the new regulations, norms and values and eventually the cultural-cognitive thinking involved in the system. But they still possessed the land. The respondents grew up with apartheid and even if they did not

sympathise with it, it affected their ways of living. After apartheid a new democracy began. Again, the regulative, normative and cultural-cognitive pillars were shaken and started to transform. The land was the only thing that remained stable.

The South African case is presently a good breeding ground for new players and cooperatives and black management is an emerging phenomenon. The apartheid regime appropriated land from the blacks and coloured farmers, but new regulations, such as Agri Black Economic Empowerment, may change the picture. These actions are eased by the regulative pillar. We have reason to believe that these people are also restricted by the past and may possibly become stuck in the future. However, this may be for other reasons and with other implications than for the farmers of this study. These are not included in our study, but future studies should pay attention to them.

The following implications can be noted: In many ways, the respondents seem to face situations similar to those in many other countries. Family values, traditions and activities around the family are at the centre. The business and the family become one, where the responsibility for each other and for the land is prioritised. As in family businesses in general the business intrudes upon private life. One thing being different is how little the phenomenon of family business seems to be discussed and debated in South Africa. The respondents generally show considerable ambivalence towards being a farmer, a wine maker, a businessman and/or an entrepreneur, but none mentioned that he was a family business owner. This may reflect an identity transition as part of an institutionalisation process. The institutionalisation process of family businesses is at an early stage, though, and no prime institutionalised organisation for network activities for family businesses has yet been formalised. A few respondents knew about network activities in Europe and/or the United States and one of them had attended a family business management seminar at Harvard. All of them liked the thought of introducing similar networks in South Africa. Such activities would probably ease the ongoing institutional process, making it easier for the wine farmers to make sense of and

provide a shared understanding. The research community and practicing consultants have a role to play here.

With an institutional theory framework, it is a challenge to be entrepreneurial while major and overwhelming institutionalisation processes are at work. The institutional pressure demands that a business conforms to current demands, while entrepreneurial activities need space and a creative environment in order to prosper. There is thus a need to find a meeting point where this is possible, or ways of stimulating business renewal, regardless of pressures to conform. The cases show, though, that the wine farmers learn to live with the regular pillar while simultaneously remaining true to their norms and values. Within this framework they find new ways to operate that include new products, new markets and novel ways of organising. In this study, the conclusion that can be drawn is that the two frameworks of institutional theory and Schumpeterian entrepreneurship in the setting of family firms in the post apartheid era show how two forms of logic can merge. For example, when the markets opened up, new opportunities to export, attract tourists and expand the tourist sector domestically were at hand. Another conclusion may be that entrepreneurship comes more or less as a given response in such a setting and that entrepreneurship can be framed within the institutional framework as a response to technical pressure. For instance, in order to comply with the different rules, opportunities need to be recognised in order for the rule not to become an obstacle. When the rule about "Estate wine of origin" was introduced, an opportunity was recognised to market the wine with the family and the estate name including this epithet as an extra added value.

For the family business field, the conclusion of this paper is that family businesses seem to be and act "according to the books" when it comes to preservation of norms and values about the family, about the land, and about wine making. They meet the characteristics of being visible owners, having long tenure, social responsibility, industrial focus and emotional attachment (Berrone, Cruz & Gomez-Meija, 2012; Brundin & Melin, 2012). The study confirms more novel research that family

businesses may also be different, and should be treated as such (Melin & Nordqvist, 2007). The main finding is how family-business wine farmers make sense of the ongoing de-institutionalisation and re-institutionalisation of the country and the industry, and how that affects their traditions and way of entrepreneurial thinking. Family owned vineyards tend to work within 'the rules' of institutional theories, and to some degree also 'play the game' of being entrepreneurial. In practice however, what matters is their strong identification with the land and the cultivation

of wine.

This study, which is one of few in the field of studies on emerging economies, brings up entrepreneurship in a re-institutionalised context. Existing studies are mainly focused on previous Eastern communist countries (e.g. Welter, 2011; Welter & Smallbone, 2011). To the knowledge of the authors of this article, studies on family business with this focus are rare in the South African context and this study encourages future studies to formulate the findings of this article into hypotheses for testing.

Endnotes

- 1 If the grapes are bought from somewhere else it is good practice to label it Wine of Origin only.
- 2 All respondents were asked if they preferred to be anonymous or if they could be mentioned by name. Four of the respondents accepted being mentioned and two did not reply. After three months of silence, and repetitive reminders, we interpreted this as acceptance, and/or that they were not interested in how we treated the information.

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