How Family, Business and Community Logics Shape Family Firm Behavior and 'Rules of the Game' in an Organizational Field

Abstract

The relationships between family firms and their institutional contexts are critical to family firm legitimacy and sustainability. However, we still know little about how these relationships influence firm behavior. We draw on the institutional literature – institutional logics in particular – to investigate the behavior of different types of wineries within the Okanagan region in Western Canada. We analyze how family, business, and community logics guide firm behavior, and how different combinations of logics lead firms to take action that modifies the field in order to support their own legitimacy and sustainability.

Introduction

Within institutional theory, the concept of an organizational field is critical to understand how organizations behave, thrive, and survive. An organizational field is a space where suppliers, producers, competitors, and regulators interact meaningfully and with commonly-held values that represent the 'rules of the game' (DiMaggio & Powell, 1983; Scott, 2014). Within the family business literature, it is well known that family firms are embedded in and dependent on the environment within which they exist (Lansberg, 1983). However, it is only recently that family business scholars have begun to recognize the value of engaging with the institutional literature (Miller, Lee, Chang, & Le Breton-Miller, 2009; Reay 2009), and the idea of an organizational field as a way to better understand family firm embeddedness (Leaptrott, 2005). For instance, Melin and Nordqvist (2007) drew on institutional theory to show how contextual pressures in the field led to similarity among family firms in terms of organizational governance structures, processes, and policies. And Parada, Nordqvist and Gimeno (2010) showed how changing values within an organizational field can influence family firm governance and behavior. Collectively, these studies provide an important foundation for understanding

similarity (or converging) family business behavior within a field, but they do not explain how divergent behavior of family firms can develop and become legitimized. Because legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate" (Suchman, 1995, p. 574), it is critical to the sustainability of the family and the firm (Olson et al., 2003). We draw on a relatively recent advancement in institutional theory – institutional logics – as a way to improve our understanding of family firms.

Institutional logics are the commonly held values and beliefs that guide behavior of actors within a field (Friedland & Alford, 1991). While earlier theory proposed that one dominant logic guides behavior throughout a field, more recent approaches suggest that attention to multiple co-existing logics is essential to understand actor behavior (Thornton, Ocasio & Lounsbury, 2012). We draw on this literature (e.g., Goodrick & Reay, 2011; Purdy & Gray, 2009; Thornton et al., 2012) as a way to investigate the behavior of family and non-family firms within their organizational field. We give specific attention to the family logic (i.e., firm is organized primarily to benefit family members), business logic (i.e., firm is organized to focus on profitability), and community logic (i.e., firm is organized to serve community needs). Although some studies show that family firms are deeply embedded and active in their communities (Miller & Le Breton-Miller, 2005; Miller et al., 2009), we still lack theory that explains how family, business, and community logics interact in influencing family firm behavior. This is an important gap in our knowledge because, as Thornton et al. (2012) point out, it is only with attention to the community logic (in addition to other logics) that we can understand the impact of relationships among organizations within a field.

We studied a geographically contained set of family and non-family wineries operating within the Okanagan wine producing area in Western Canada. This is a particularly appropriate

setting to study relationships between organizations and the field because it is a relatively new wine region where key actors worked together to create a nationally and internationally recognized wine industry. Because multi- and first-generation family firms compete with each other and with non-family firms in this region, it is a setting where different types of firms exist in geographical proximity, interact, and create a sense of community. In institutional theory terms, this is a case where multiple co-existing logics (i.e., family, business, community) impact a set of organizations. Because of the connections among actors (firms) within a field and the dynamic nature of the field, it is also an excellent setting to understand how actors can modify the field to support the legitimacy and sustainability of their firms.

Our research thus addresses two questions: (1) How are family and non-family firm behaviors influenced by multiple co-existing field-level logics? And (2) how do these firms that are guided by different combinations of logics take action to promote their own legitimacy and sustainability? By answering these questions we contribute to the literature in the following ways. First, we develop theory explaining how field-level logics shape family firm behaviors that support family firm heterogeneity. Research has long highlighted the relevance of context for family firms (e.g., Lansberg, 1983; Naldi, Cennamo, Corbetta, & Gómez-Mejía, 2013); our study provides a theoretical framework to explain the interconnections between field-level context and family firm behavior. In particular, we give attention to the community logic, which has so far been overlooked in family business research.

Second, we highlight how family firms take action to shape or reshape the field-level context within which they exist. While most research has focused on the internal dynamics of family firms and identified important variables that influence family firm legitimacy (Deephouse & Jaskiewicz, 2013), performance (Miller, Le Breton-Miller, Lester, & Cannela, 2007), and

sustainability (Miller & Le Breton-Miller, 2005), we still do not understand how family firms that pursue seemingly non-economic family goals, norms, and values can thrive and survive in competitive markets over time (e.g., Morck, Wolfenzon, & Yeung, 2005; Stockmans, Lybaert, & Voordeckers, 2010). We suggest that family firm behaviors are not only shaped by the specific logics of the field, but that these firms also actively shape field-level logics in ways that help ensure their legitimacy and sustainability.

Third, we contribute to institutional theory by showing how interactions between organizations and the field help to explain how multiple logics guide different organizational behaviors (Besharov & Smith, 2014). In particular, we suggest that although different types of organizations integrate the field-level logics of family, business, and community in different ways (Thornton et al., 2012), their collective action can reshape the rules of the game to legitimize and sustain themselves.

The remainder of this paper is structured as follows. In the next section we discuss research in institutional theory concerning co-existing multiple logics at the organizational and field levels. We then summarize the literature that addresses the impact of family, business, and community logics on firm behavior, legitimacy, and sustainability. Following that, we outline our research setting and methods before presenting our analyses and findings. Finally we draw conclusions and consider potential implications for future research.

Institutional Theory and Institutional Logics

Institutional theory provides a helpful framework for understanding firm behavior in light of multiple co-existing logics within a field. Recent research has focused on diversity of form and dynamics of change (Scott, 2014). As part of this turn toward understanding change within

seemingly stable institutionalized settings, the concept of an organizational field has emerged as a critical construct because it focuses attention on structural and cognitive connections among key actors (Scott, 2014; Wooten & Hoffman, 2008). A field is defined as "key suppliers, resource and product consumers, regulatory agencies and other organizations that produce similar services or products" (DiMaggio & Powell, 1983, p. 143). It reflects not only the idea of an industry, but also captures the sense of a community of organizations constituting a recognized area of institutional life that engage in a common meaning system (DiMaggio & Powell, 1983; Scott, 2014). As such, the concept of a field is important because it highlights, beyond the often analyzed internal dynamics of family firms, the significance of relationships among key actors and the impact of institutional (field) pressures on decision-making processes.

We can understand the effects of field-level pressures by analyzing the institutional logics guiding organizational behavior (Friedland & Alford, 1991; Thornton et al., 2012). Since institutional logics represent the commonly understood 'rules of the game', they help to explain the relationship between values, beliefs, and behavior (Friedland & Alford, 1991). Logics are socially constructed patterns of cultural symbols and material practices that guide individual and organizational behavior. As such, they are important in understanding responses to institutional rules and legitimacy concerns of actors within the field (Thornton et al., 2012). Being legitimate equates with acceptability in the field (Scott, 2014; Suchman, 1995) and institutional logics provide a framework for understanding these responses (Thornton et al., 2012).

Research suggests that fields are commonly characterized by multiple (and potentially contradictory) co-existing logics that concurrently influence organizational behavior (Goodrick & Reay, 2011; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). Studies have identified three different ways that actors manage the contradictions or conflicts among a set of

co-existing logics. First, two or more logics can be merged together to create a new hybrid logic. For example, Glynn and Lounsbury (2005) showed how an orchestra brought together cultural and business logics to create a new hybrid logic. Second, different types of organizations within a field can choose to be guided by different logics. Reay and Hinings (2009) showed that physicians were guided by a professional logic at the same time that health care managers were guided by a business logic. And third, actors can segment their activities so that some parts of work are organized by one logic and other parts by a different logic. This process of segmenting was illustrated by Goodrick and Reay (2011) as a way to understand the behavior of pharmacists who follow professional standards and also run a profitable business.

What underlies these views of how actors in different fields manage potentially conflicting logics is a conceptual model where multiple field level logics exist and serve as resources for organizational planning (Gavetti, 2005). Thus, organizations select, adopt, and adapt logics in ways that suit their purposes (Friedland & Alford, 1991). Accordingly, family firms might not only act to comply with the 'rules of the game' (DiMaggio & Powell, 1983; Scott, 2014), but also influence the rules in their favor. Although the importance of research concerning the relationship between family firms and the organizational field has been noted (Leaptrott, 2005; Naldi et al., 2013; Parada et al., 2010), theory remains underdeveloped because most studies have exclusively focused on the organizational level of analysis.

Institutional Logics and Family Business

We define family firms as those firms that have at least two family members active in the firm, and where a family holds majority ownership (Naldi et al., 2013; Rosenblatt, de Mik, Anderson, & Johnson, 1985). Family firm scholars agree that family business constitutes its own field of study because family and business principles influence firm behavior (Chrisman, Chua,

Pearson, & Barnett, 2012; Chua, Chrisman, & Sharma, 1999). Where they disagree, however, is whether family and business logics are competing or complementary.

Although studies seldom use the terminology of "logics," most assume that family and business principles clash. Lansberg (1983) identified "institutional overlap" between family and business as the key source of conflict between family and firm, and suggested it leads to lower firm profitability. Similarly, Miller, Le Breton-Miller, and Lester (2011) pointed to the importance of conflicting loyalties of family firm owners – suggesting that they must make trade-offs between family and firm needs. Other studies have similarly highlighted how attention to the family logic can come at the cost of firm profitability (Craig & Moores, 2005; Rutherford, Muse, & Oswald, 2006). This stream of research shows that designing the firm's strategic approach to meet family needs reduces the firm's ability to meet financial goals (Berrone, Cruz, & Gómez-Mejía, 2012; Schulze, Lubatkin, & Dino, 2003). Accordingly, several studies suggest that unless they abandon family goals, norms, and values, family firms are likely to fail and decline in prevalence over time (Morck & Yeung, 2004; Stockmans et al., 2010). What these studies do not do, however, is explain how family firms manage to thrive and survive despite a focus on the family logic.

Alternatively, some researchers suggest that family and business logics are complementary. This position builds on the concept of 'familiness' to explain why some family firms prevail and thrive despite a focus on family. Habbershon and Williams (1999) introduced familiness as a way to "provide a structure for analysis and a lens through which to assess family firm performance capabilities" (p. 6). Focusing on the distinctiveness of family firms, they defined familiness as "the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business" (p. 11).

Related research suggests that familiness varies across firms, and that it represents a potentially unique set of resources that can be advantageous to firms (Pearson, Carr, & Shaw, 2008; Sirmon & Hitt, 2003). Thus, being guided by a family logic helps create valuable and difficult to imitate firm resources. For instance, a family's goal to pass the firm to the next generation has been linked to longer-term and more profitable investments (James, 1999; Miller & Le Breton-Miller, 2005) and the enduring commitment of families to their firms helps explain the value of their idiosyncratic knowledge and social capital (Lee, Lim, & Lim, 2003; Sirmon, Arregle, Hitt, & Webb, 2008). Thus, following a family logic could improve the availability of family-based resources for firms and lead to a synergistic (rather than competitive) relationship between family and business logics.

Summarizing insights from the two perspectives, Dyer (2006) developed a typology of family firms to identify different ways that the "family effect" is realized. Ward (1987), Sharma (2004), and Chrisman et al. (2012) have similarly suggested that combining family and business logics in different ways leads to different types of family firms. However, attention to other logics (in addition to family and business) has so far been missing. This is a critical omission for two reasons: 1) organizational legitimacy and sustainability are related to the field and its 'rules' (all relevant field-level logics); 2) logics other than family and business can guide organizational behavior and thus help explain the relationship between family and business logics.

Although family business scholars have recognized the importance of family and business logics in guiding firm behavior (e.g. Dyer, 2006; Leaptrott, 2005), there has been little recognition of other logics. As Greenwood et al. (2011) note, attention to more than two logics can significantly improve our knowledge of organizational behavior and actions to attain legitimacy. By identifying logics in a field with the most impact, institutional researchers have

been able to show how organizations manage both competitive and complementary relationships among logics (Goodrick & Reay, 2011). Of particular interest to our study, several researchers have noted the importance of considering the community logic. For example, Marquis and Lounsbury (2007) showed that adherence to community values altered organizational resistance to industry changes. In addition, Thornton et al. (2012) proposed that attention to the community logic was likely to reveal important field-level dynamics that impact organizations.

Within the family firm literature there is increasing attention to community. As Sharma and Chua (2013) point out, more serious consideration of the context within which family firms are situated can shed new light on research findings. Naldi et al. (2013) showed that family firms benefitted from the CEO's close connections to stakeholders in local industrial districts or communities (Paniccia, 1998). Similarly, Cennamo, Berrone, Cruz, and Gomez-Mejia (2012) proposed that long-lived family firms gain from ongoing engagement with the local community because these connections enhance their socioemotional wealth. The importance of community is also apparent in recent studies of Asian family firms where strong connections to community were identified as particularly important in an emerging economy (Yiu, Su & Xu, 2013; Sauerwald & Peng, 2013). However, in spite of the recognition by both family business and institutional scholars that the community logic deserves increased attention, we are not aware of research that considers the influence of community, family, and business logics on family firms in one institutional context. To fill this gap, we investigate how these logics can be combined in different ways, and how different types of family and non-family firms take action to achieve legitimacy and sustainability.

Methods

Research Setting

We studied wineries in the Okanagan region of British Columbia, Canada. This is an excellent setting to investigate how firms combine family, business, and community logics because it is an example of an institutional field where both family owned and non-family owned wineries exist in close proximity to each other. As such, this setting provided the opportunity to study different ways of organizing within a single field.

This Canadian wine region is small, relatively new, and growing. While some wineries have been in operation since the 1950s, advances in viniculture and production techniques have expanded the geographic boundaries for grape-growing over the last 30 years. As a result, most Okanagan wineries were founded since that time. As a wine writer and connoisseur explained, "In the Old World, the people running wineries usually come from families that have been doing the same thing for 300 years, give or take a century" (Schreiner, 2006, p. 9). He goes on to explain that in the Okanagan region, the oldest wineries started about 60 years ago and are currently in their third generation. As the industry has grown over time, there are also newer wineries that are commonly owned by couples "who gave up careers elsewhere to join this youthful wine industry" (Schreiner, 2006, p. 9).

To better understand the arrangement of logics in the Okanagan wine-making field, it is important to understand the 'rules of the game'. Since alcoholic beverage production and sales in Canada are strictly controlled by law, there is strong influence from government and quasi-governmental agencies on wine-makers. Sales are restricted to government-controlled liquor stores, specialty wine shops, and wineries themselves. Almost all wine produced is sold within Canada. However, Okanagan wine competes directly with international wines ever since protective tariffs were removed as part of the Free Trade Agreement (FTA) between Canada and the USA in 1988. In response to this increased competition, the Vintners Quality Alliance (VQA)

was launched as a standard of quality in the field with regulatory bodies to control its use. With open competition and quality standards, Okanagan wine improved significantly and has slowly increased its market presence over time (Schreiner, 2006). This is also recognized by tourists. Successful marketing initiatives have led to increased tourism and economic growth in the region over the last two decades, largely benefiting the sales of wine-makers in the field.

In summary, because different types of firms operate in geographic proximity in the Okanagan region, it is an excellent setting to examine how family, business, and community logics come together to influence organizational behavior. In addition, because of the connections among organizational actors and the dynamic nature of the field (i.e., in developing tourism initiatives, etc.), the Okanagan region is also an ideal setting to understand how key actors reshape the arrangement of logics at the field level.

Research Methods

There are two components to our methodology. To answer our first research question (how organizations are influenced by multiple logics), we developed an analytical tool based on the concept of 'ideal types' to evaluate the strength of each relevant logic on the behavior of wineries within established groupings (Thornton et al., 2012). To address our second question (how organizations reshaped the rules of the game in a field), we adopted an inductive research design (Lee, 1999; Miles & Huberman, 1994; Myers, 2008).

Data collection. We gathered information about wineries in relationship to the different types of firm ownership we knew existed in this field. Although our theoretical interest was in family owned firms, we wanted to include consideration of non-family firms because they provide interesting points of comparison. Through searches of published books on the region (Aspler, 1999, 2006; Schreiner, 2004, 2006; Schreiner & Miller, 2003) and individual winery

websites, we identified 58 wineries in the Okanagan Valley for which we could determine ownership. 42 of these wineries were family owned and operated. The other 16 were owned by unrelated partners or corporations. Schreiner (2006) distinguished between longer-term family ownership (two or three generations) and younger firms owned by a married couple who were enticed by the "romance" of wine-making and invested previously earned capital into wineries because they wanted the lifestyle. Based on this information we grouped the 58 wineries into three categories: Traditional Family Owned (12), Lifestyle Family Owned (30) and Non-Family Owned (16). We then used these categories for stratified purposeful sampling (Cresswell, 2013).

We gathered background information about each of these 58 wineries from their websites, other self-published materials, tourism information, academic publications on BC wineries, and media articles (e.g., BC Wine Trails, 1998 to 2007; Wine Access, 2000 to 2007). We also analyzed government documents to gain information about the legislative and regulatory framework of the Okanagan wine industry. We categorized all the document information according to winery, history, ownership, and product range, allowing us to analyze the textual data chronologically and by category (Hodder, 2000). Government and tourism agency documents were added for contextual understanding over time. Table 1 summarizes our data.

[Table 1 about here]

We next contacted each of the 58 wineries by email or telephone, requesting interviews with individuals who could tell us about how their winery was managed, how key decisions were made, and their views on operating a winery within the Okanagan region. We were able to arrange and conduct semi-structured interviews with a key organizational decision-maker (owner or manager) at each of 20 wineries (Seven traditional family owned, six lifestyle family owned, and seven non-family owned businesses). Our interviews were comprised of what Patton (2002)

calls knowledge, background, and distinguishing questions. We employed probes and follow-up questions to understand the timing of events, and the firm's responses. Each interview lasted approximately one hour and was designed to gain an understanding of firm behavior based on predetermined and open questions.[1] When we visited each winery for the interview, one of the authors took field notes. This author also toured each winery and in most cases met with additional family members or employees. Overall, we gathered information to understand how each winery responded to and managed family, business, and community logics.

Based on interviews and published information, we gathered comparative data about each winery to determine the generation of ownership, the number of family members active in the winery, and other firm characteristics. Table 2 summarizes descriptive data for sampled wineries, clustered according to firm type. In our sample, traditional and non-family owned firms tend to be larger and older than lifestyle family firms; they also tend to buy grapes in addition to those they harvest, whereas lifestyle family wineries grow their own grapes.

[Table 2 about here]

We asked our interviewees to explain how they interacted with other field-level organizations in the Okanagan region (e.g., other wineries, government, associations, tourism agencies), and how other organizations impacted their ability to operate the winery. Then, based on their collective recommendations, we interviewed four representatives from provincial agencies and other associations. Interviews were recorded and transcribed verbatim. To manage the volume of data from all data sources, we systematically developed charts and tables to record descriptions and explanations of key events over time.

Data analysis. The first author conducted the initial coding and analysis. All authors then engaged in discussion to revise and sharpen all emerging themes, categories, and findings. In

[1] The interview guide is available from the first author upon request.

answering our research questions, we analyzed our data in two phases. First, we wanted to understand how firm behavior in each of the three types of wineries was influenced by relevant logics. Considering the seven societal level logics (i.e., professional, market, corporate, family, religion, state, and community), we identified family, market (business), and community as highly relevant in our data. We have chosen to use 'business' rather than 'market' to match terminology in the family business literature. Table 3 shows our analytic framework indicating firm behavior for each of the 'ideal types.' The ideal type is a first step in analysis "to help the researcher avoid getting bogged down in merely reproducing the often-confusing empirical situation" (Thornton et al., 2012, p. 52). Determining the behavior of a firm in the 'ideal type' sets out the expectation if a single logic were the only logic guiding behavior. For example, if a firm was guided only by the family logic, only family benefit would guide firm behavior. Market considerations would be irrelevant. Clearly, this state does not exist in reality, but determining the ideal type provides a fictional goalpost for determining the strength of the family logic. Firm behavior associated with the ideal types of business, family, and community logics are indicated in Table 3. Using this evaluation framework, we determined the strength of the influence of these logics on firm behavior for each of the three types of wineries. We did this by analyzing statements made by owners or managers in our interviews. We also analyzed text from documents published by the wineries. This data provided us with information about the degree to which firm behavior fit with the ideal types of each logic (Goodrick & Reay, 2011).

[Table 3 about here.]

Second, we wanted to know how firms guided by multiple logics take action to promote their own legitimacy and sustainability. Here we qualitatively and inductively analyzed our data to develop first- and second-order themes (Miles & Huberman, 1994), working iteratively

between data and theory to explain relationships between the categories and compose our presentation (Golden-Biddle & Locke, 2007). For all interviews, we used an open-coding system to identify how the wineries took action to gain legitimacy and sustain themselves within the organizational field. To assist with the process of developing appropriate categories and themes, we used qualitative analysis software (NVivo) (Richards & Richards, 1994; Weitzman, 2000). Figure 1 illustrates the development of our coding categories. To understand how the different wineries interacted with other field actors, what kinds of difficulties or support they had experienced in operating their firms and selling their product over time, and how they attempted to ensure their legitimacy and sustainability in the field, we also drew on data from government, tourism agencies, and trade association documents, and from interviews with key individuals in government agencies and field-level associations.

[Figure 1 about here]

Findings

We were driven by two research questions. First, we wanted to understand how different types of firms drew on multiple co-existing logics. And second, we wanted to know how firms guided by different sets of logics maintained their legitimacy and sustainability in the field. In particular, we focused on the family, market, and community logics and found that the three types of wineries drew on these logics differently. In the following section we show the patterns identified for each.

Traditional Family Owned Wineries

Traditional family owned wineries were medium-sized firms that had been in operation through two or three generations of family ownership. Our data shows that family, business, and community logics were all moderately strong in simultaneously guiding firm behavior. In terms

of relationships among the relevant logics, we see that the family and business logics were so tightly intertwined they could be classified as hybridized – melded together so that it was taken-for-granted that firm behavior should be guided by both. Family members brought their different types of expertise together to operate the business, and the business served to meet the needs of the family. The following quotes illustrate this tight coupling and show the moderately strong influence of both the family and business logic (as determined by closeness to the ideal types as set out in Table 3):

> In my view, we have very strong family involvement because it's a business where progress isn't measured quarter to quarter like so many other businesses, but almost in terms of decades. When you put up the money and the time and effort, you want to see some form of legacy for the family. So it's not something that you do for a short term. (Winery 4, traditional family)

> Without the family structure, I don't think we'd be where we are today [with the firm]. We operate as a family unit and self-finance everything .. so we don't carry debt. We've basically generated wealth over time, and now our family can enjoy doing that [running a successful and sound business]. (Winery 6, traditional family)

We also observed that there was moderately strong influence of the community logic for the traditional family wineries as they took action to improve the Okanagan wine industry overall. For example, it was the owners of these wineries who took on leadership positions in developing field-level associations. They worked with the government to establish legislation they believed would benefit the field, and they encouraged the establishment of wine festivals and other events designed to bring in tourists who would purchase wine. In terms of closeness to the ideal type of community logic, we saw moderately strong influence as reflected in their concern for the welfare of all wineries within the region.

> I've been quite involved in working [with other winery owners] to develop provincial standards. At long last we are getting this worked out – because it's really important for the whole industry to have proper standards. Different wineries have different needs and interests, but we need to find common goals and have the industry rally around them. Our production here in BC is just a drop

> in the bucket compared to other places, and we [the Okanagan wineries] have got to work together. (Winery 4, traditional family).

In all traditional family wineries, interviewees expressed pride that the family and the business were integral parts of the Okanagan region and community. This regional embeddedness helped align family and business logics in the operation of family firms because behaviors were chosen that could simultaneously support and sustain the family and the business within a thriving region. The following examples highlight how the community logic helped to integrate the family and business logics:

> We have a strong connection to the land and the region. And so we're encouraged by the collective marketing and promotion of BC wines. We're a northern grape growing region, and it gives us advantages in fruit flavor development and quality of the wine we produce. Our industry has expanded with better marketing, and we [as a winery] can take advantage. Our family is happy with production, personal life is good, and if we keep our market share where we're at [in a growing industry], that's great. (Winery 6, traditional family)

Overall, we observed that in traditional family wineries, firm behavior was based on tightly connected and complementary family and business logics which benefited both family and business. In addition, behavior was guided by a moderately strong community logic that was closely bundled with the family and business logics. Because these wineries had lengthy histories in the region, they felt closely tied to the Okanagan wine industry as a whole. They aimed to sustain the family and the business as integral parts of the community by taking community-level action to benefit the field as a whole.

Lifestyle Family Owned Wineries

Lifestyle family wineries produced relatively smaller amounts of wine and were largely in first generation ownership. The common story of founding was that a family (couple) invested in a winery because they saw the production of wine as a positive lifestyle choice. This does not mean that they ignored issues of profitability, but we saw that firm performance was second to

family concerns. Unlike the traditional family wineries, most of the lifestyle firms had taken on debt as part of the start-up costs, but at the time of our interviews, we heard that revenues were sufficient to service the debt.

In terms of evaluating the strength of logics guiding firm behavior, we saw that the family logic was strong, but the influence of the business logic was only moderate. The community logic was weak, displayed primarily in the way that lifestyle wineries banded together to defend themselves against other wineries. Interviewees told us that they were guided by a deep-seated desire to live their family life in a way that allowed them to "enjoy the area and grow grapes" (Winery 1). They chose the tasks that they wanted to do, and hired others to fill roles they did not want to take on. Therefore they were not driven so much by profitability as they were by personal and family goals. This played out in different ways. For some, it meant being the wine maker, because that was their underlying reason for establishing the business.

> We came from professional backgrounds, but were amateur winemakers and liked making wine. We kept the winery small, even though we could make more money at a larger size. Over the years we've done all of the work ourselves. We've shied away from temporary employees because we didn't want to get into all that paperwork. (Winery 15, lifestyle family)

For others, it meant finding an excellent winemaker so that the family owners could focus on other aspects of the winery that they enjoyed doing.

> We were determined to engage the winemaker that had been here since 1995. We felt that if we could take care of the business side while we were learning, but make sure the product was still being made to a high quality, then we could make this work and enjoy it. We had no visions of trying to make the wine! (Winery 1, lifestyle family)

And sometimes it meant choosing product lines that matched with family lifestyle desires as long as the business could sustain that.

> We don't make ice wine because my kids are teenagers, and ice wines mean that you can't plan anything until such time as the weather tells you that you can pick the grapes. If we made ice wine we could never plan a family holiday at Christmas, because you just don't

> know what's going to happen. So until the kids get older, we'll probably not do an ice wine – even though we could make more money by doing that. (Winery 20, traditional family)

Overall we saw that family goals dominated financial goals. This became clear when we were told that owners did not think strategically about the business but instead made decisions based on family preferences. For instance, while owners were happy to work with and eventually pass on the firm to their children, they did not force any expectations upon them:

> No, I don't really expect that our children will take over the business. They'll probably go off to be adventurers or professionals. But if they wanted to do viticulture, well, we'd try to figure it out. (Winery 15, lifestyle family)

We observed that the community logic was relatively weak in influencing lifestyle family firm behavior, unless it was aligned with the business logic. That is, the only evidence we saw of a community logic was when lifestyle family firms believed that cooperative action would improve profitability. For example,

> There's not a lot of interaction with ourselves and the rest of the industry – we tend to go outside the area to look for information. [The Okanagan associations] really aren't much value to us. I don't need that marketing body. We've got our own marketing. (Winery 2, lifestyle family)

> There's a bunch of us that are working together to stay out of the VQA [industry standards]. That marketing plan just doesn't address our needs. It's expensive and cumbersome. (Winery 15, lifestyle family)

In summary, in lifestyle family wineries the family logic was stronger than the business logic and the community logic was weak. However, the community logic was drawn on in combination with the business logic at specific times to improve profits and sustain operations.

Non-family Owned Wineries

In the non-family owned wineries, managers told us how they drew on the business logic to determine firm behavior. There was a strong focus on efficiency and profits, with varying business models. Some wineries focused on niche market sales (i.e., high quality, high price),

while others aimed for high volume sales with lower prices. Although we did not see any evidence of the family logic guiding behavior, we observed some influence of the community logic, but only in terms of local marketing initiatives that were designed to increase revenues. Investors in these firms were looking for satisfactory financial returns over time. The following quotes illustrate the exclusive focus on the business logic:

> I think that we're very disciplined. We did a business plan before we ever started the business. There were tough times, but now there is income from the vineyard. We have plans for the most efficient mix of growing our own grapes and purchasing from others. We're ending the year approaching about 70% self-sufficiency, but I also have contract growers that have been with us since the first vintage. (Winery 18, non-family)

> With our suppliers, our buying power allows us to get far more attractive rates than our competitors would. We work hard to keep the costs down. Every penny you save on a case falls to the bottom line. You have to sell a fair amount of wine to fill the margin, so those are the kinds of things we think about. (Winery 10, non-family)

Similarly, the pursuit of a community logic was of little interest to this type of firm, unless it was to improve marketing, sales, and profits. For example,

> We helped develop and create a winery association for the wineries on this road. We did it as a marketing machine. The more people we can bring onto our road, the better off we're all going to be. (Winery 11, non-family)

To summarize, our analysis of the institutional logics guiding behavior shows a different arrangement of logics for each type of winery. The traditional family wineries were guided by moderately strong and tightly intertwined family and business logics that were closely connected with the community logic. These wineries were proud of their family heritage and were deeply embedded in the region. This shows in the firm behavior of leadership and engagement with field-level initiatives, while operating their own winery with equal attention to family and business. The lifestyle family wineries privileged the family logic, with only moderate attention to the business logic, and very little concern for the community logic. This combination allowed the family to maintain the winery and only engage in activities that they enjoyed. In contrast, the

non-family wineries drew almost exclusively and strongly on the business logic, with only weak attention to the community logic where it improved profitability.

Legitimizing and Sustaining Different Organizational Forms at the Field Level

After identifying different types of wineries that were guided by different combinations of logics, we wanted to know how each type could hold legitimacy and be sustainable in the field. We found that the combination of logics chosen to guide behavior led to different ways of interacting with other wineries and with other actors in the field. As noted above, traditional family wineries took on leadership roles, attempting to develop common 'rules of the game' for all wineries. In contrast, lifestyle family wineries were challengers to the established rules. Because of their focus on enjoying life (family logic) and their relatively smaller firm size, they wanted special rules to be sustainable. On the other hand, we saw that with a clear focus on the business logic, non-family wineries (large and small) wanted clear 'rules of the game' so that they could develop strategies to maximize profitability within those rules. This mix of winery types (guided by different combinations of logics) and different field-level activities led to interesting field-level dynamics. We identified three mechanisms that served to modify the 'rules of the game' so that all winery types could co-exist and potentially thrive within the field. These mechanisms are: (1) collective geographic marketing, (2) lobbying for legislative changes, and (3) creating quality assurance standards. We next explain each of these mechanisms and show how different combinations of logics led to actions facilitating the legitimacy of all winery types.

Collective geographic marketing

Although all wineries competed with each other for wine sales, they also held collective interests in terms of attracting tourists (potential wine buyers) to the Okanagan area. Because the traditional family wineries were guided relatively equally by the family, business, and

community logics, they saw themselves as closely connected to the Okanagan region overall, and focused their marketing efforts at this broader level. However, the lifestyle and non-family wineries were less guided by the community logic, only engaging in localized marketing initiatives that would bring tourists "to their own door." This was particularly important for lifestyle wineries because sales at the winery involved the least work and the highest profit per bottle of wine (by eliminating transportation and wholesaler costs) and allowed them to maintain a strong focus on family. However, non-family wineries (guided by the business logic) also found collective local marketing to be valuable because they observed that tourists sought out "quaint" or "more interesting" small wineries, but then often stopped to make purchases at the larger wineries along the road. As interviewees told us:

> We're neighbors. So we might as well focus collectively on what we're doing – especially from a marketing perspective. The more people we can bring on to our road, the better off we're all going to be with the exposure. Right? So they may not all stop at my door, but as long as they're on the road, we've accomplished what we've wanted to accomplish [more sales]. (Winery 11, non-family)

> I think that it's part of the wine country charm to have smaller family operations. The beauty of wine country is meeting the characters involved – and there <u>are</u> characters in this industry. You only get to experience that by coming to the wine country. Tourists stop at the small charming wineries and they also stop at ours. (Winery 7, traditional family)

These collective marketing strategies served to legitimize the different winery types because tourists enjoyed the variety. In addition, by interacting together even on a limited basis, the winery owners and managers learned more about each other and gained respect for different problems facing each type of winery. Lifestyle family winery owners told us they appreciated the role of particular traditional family and non-family wineries in national and international marketing – establishing a larger overall market for Okanagan wine. Owners of traditional family wineries recognized benefits from the somewhat irrational pricing strategies of lifestyle wineries

that set higher prices because they were more influenced by the family logic than the business logic, and just "did not want to sell for less". The following quotes provide illustrations:

> Some of the wineries, [Winery 14] in particular, have used their cash flow to promote the Okanagan wine industry generally. And that's a big plus for the rest of us wineries. It's nice to see that. (Winery 15, lifestyle family)

> The influence of these smaller wineries is that they're making smaller volume. Their efficiency is less, so their cost has gone up, and so they retail their wine at a much higher price point. And the consumers have accepted that. And that has allowed the estate winery group to actually work its way up in price, and the majors have brought their wine prices up a little bit as well. Why? Because these smaller ones say, "Oh, we don't have that much to sell, and I need to make a certain amount off each bottle or it's not worth my time." And surprisingly, the customer has accepted that. And consequently all the wineries are making a better profit too. (Winery 6, traditional family)

Overall, we see that the collective marketing strategies were grounded in the business logic that all wineries were guided by, to varying extents. However, the strength of the family logic for lifestyle wineries led them to set higher prices than would otherwise be sustainable, and other wineries (traditional family and non-family) were able to benefit. In addition, the stronger influence of the community logic for traditional family wineries combined with the strength of the business logic for non-family wineries led to national and international initiatives to strengthen the overall demand for Okanagan wine. Therefore, what we see is that variation in the strength of different logics for different types of wineries led to different firm behavior, but, at the same time, those differences were translated into field-level norms that perpetuated the co-existence of all three types of wineries because each could benefit from the actions of each other. Traditional family wineries and non-family owned wineries were sustained and met their profitability goals. Lifestyle family wineries were also sustained even when they chose to pursue family over business logics because they provided important family-based resources for marketing at the field level that helped them (and others) sell their products for higher prices. All three types of firms in the field were legitimized, contributing to their sustainability.

Lobbying for legislative changes

The Okanagan wine industry was significantly disrupted with the implementation of the Free Trade Agreement (FTA) in 1988 which removed protective tariffs and forced Okanagan (and other Canadian) wineries to compete internationally (Schreiner, 2004). In response, wineries were forced to replace their poorer quality hybrid grape vines with classic, high quality, *vitis vinifera* varieties. The rise of quality (rather than quantity) wine-making provided an opportunity for the start-up of new, smaller wineries and led to a rejuvenation of the local wine industry. However, the new lifestyle family wineries found that government restrictions on wine sales were potentially life threatening. A small group of feisty winery owners visited the provincial Premier, took him samples of their product, and appealed to him for the right to sell wine at their own winery. Their efforts were rewarded with the development of new legislation (Wine Farmgate legislation) allowing wineries with small production volume to sell directly to visitors (at the farm gate), creating a special category of wineries – 'Farmgates' (Schreiner, 2004). This legislation altered the rules of the game and led to the increasing prevalence and sustainability of lifestyle family wineries based on relatively smaller scale operations with the potential to run a profitable business:

> Three people went and lobbied the government. They did a wine and cheese party down in the Premier's office that led pretty directly to new regulations allowing Farmgate wineries. This was much to the chagrin of the bureaucrats who definitely wanted to stick to their estate winery only scenario. All of a sudden you didn't need a business plan and a bunch of investors – you could do it yourself. (Winery 15, lifestyle family).

> The Farmgate winery policy offered the opportunity to actually sell wine from your gate, from your farm gate – you don't pay the mark-up to a liquor store. Previous to that, you couldn't sell wine unless it was through the liquor distribution system or direct to a restaurant. (Business consultant)

Owners or managers of non-family and traditional family wineries also noted the impact of the Farmgate legislation in supporting different organizational forms. However, they were less enthusiastic, as the following quote shows:

> And so they convinced the Premier to implement the Farmgate model. That opened up Pandora's Box because it changed the industry politically. Up until then we were all likeminded, and even though we were the estate winery model, we were not very different in attitude toward business and challenges with government from the major (larger) wineries. (Winery 6, traditional family).

This lobbying activity by the lifestyle family wineries was based on the strong influence of the family logic, lower influence of the business logic, and minimal concern for the community logic. Because of this combination of logics guiding their behavior, the lifestyle wineries believed they should be able to operate with a different set of rules than the previously established wineries. They were able to leverage their existing family resources to create a special category for themselves that facilitated less attention to the business logic. These actions increased their legitimacy and ensured their sustainability because they gained special status that allowed them to benefit from reduced taxes and distribution costs through on-site sales. The older and more established wineries opposed the Farmgate legislation, arguing that it gave the lifestyle wineries an unfair advantage, but were not able to stop it. However, the traditional family and the non-family wineries eventually found that they could also benefit through their own on-site winery sales as these proved to be popular with tourists, increasing winery visits and overall revenues.

Overall we see that the combination of logics guiding lifestyle family wineries led them to take field-level action to change the 'rules of the game' to benefit themselves. The creation of a special category for lifestyle wineries supported their legitimacy since the new legislation facilitated their ongoing existence. However, somewhat surprisingly, these new rules also

benefitted the traditional family and non-family wineries when they also engaged in on-site wine sales, supporting the ongoing legitimacy and sustainability of all three types of wineries.

Creating quality assurance standards

With the proliferation of lifestyle family wineries, traditional family wineries became concerned about wine quality and therefore the general reputation of the Okanagan region. Since traditional family wineries were guided by intertwined family and business logics, they were strongly focused on producing high quality wine that reflected well on their family name. The strong influence of the community logic meant that they extended this drive for quality to the Okanagan field as a whole. As a result, the traditional family wineries organized and led an initiative to establish and maintain the VQA (Vintners Quality Assurance) label for wines that met particular standards. To receive the VQA label, wineries were required to submit wine samples and pay for them to be tested; these costs were the same regardless of whether large or small volumes of one type of wine were produced. The traditional family wineries believed strongly that enforceable standards would improve the legitimacy (and therefore success) of all wineries within the region. The non-family wineries (of varying sizes) were also supportive because they saw value in marketing (following the influence of the business logic) their products with the VQA label. For example,

> VQA sets a certain standard. It lets the consumer know that you're not just a fly-by-night operation. When the consumer buys your VQA product, he knows that it has passed certain standards. And those standards are pretty rigid. You have to produce a good product. (Winery 4, traditional family).

In contrast, lifestyle family wineries were opposed. Because of the strong family logic and weaker business logic guiding their behavior, lifestyle wineries wanted to remain small. The cost of testing was relatively larger for these smaller producers and the value was minimal since

they sold almost all their product at their own winery where they did not need to differentiate their products from those of competitors:

> The VQA is difficult because it could hurt people like us that are the medium size or the small producer because it's going to cost you so much to qualify with the new standards. We have enough expenses and taxes that we really don't need the extra burden of having to pay more to get our wines to the wine panels and have them judge whether you get the status of VQA. (Winery 2, lifestyle family).

Disagreement about the value of VQA led to a delay in establishing the BC Wine Authority that would oversee it. A newspaper report explained some of the difficulties:

> The [wine] industry is so diversified it has proven to be a challenging task to come up with regulations and procedures that will work for everyone. There's been a lot of discussion; a lot of emotion and some stretched relationships. Once the permanent board [of the BC Wine Authority] is in place, it will be able to address concerns which some winemakers and grape growers have about the regulations and how they will be carried out. There is still some sensitivity in the industry about whether the new authority will meet everyone's needs; about how people's rights will be protected. (Chair of the temporary BC Wine Authority as quoted in Kelowna Capital News, Feb. 10, 2008)

The differences were eventually resolved with the development of tiered standards allowing wineries to choose testing regimes and opt out of using any standard. These multiple designations then facilitated the legitimacy of different types of wineries because a different set of rules applied. Wineries could choose to participate in the VQA program or not. We see that the traditional family wineries' moderately strong attention to the community logic led them to push for unified 'rules of the game.' However, the larger numbers of lifestyle family wineries guided by a strong family logic, moderate business logic, and weak community logic were able to draw on their recognized value in tourism as they argued successfully that different rules should be in place for different types of wineries. Although the traditional family and non-family wineries were not completely satisfied, they tolerated this variety, legitimizing the co-existence of different winery types by re-arranging the field-level family, business, and community logics.

To summarize, we identified three mechanisms that allowed different types of wineries (guided by different arrangements of logics) to interact with each other and other field-level actors in ways that facilitated the legitimacy and sustainability of the three different types of wineries. In the next section we explain how these findings contrast with previous studies and allow us to advance theory about family firms.

Discussion

We wanted to understand how the behavior of different types of firms was influenced by co-existing logics within a field, and how firms guided by different arrangements of logics could take action to facilitate their own legitimacy and sustainability over time. We found that traditional family firms drew moderately strongly on all three logics (family, business, and community); lifestyle family firms drew strongly on the family logic, only moderately on the business logic and weakly on the community logic; non-family firms drew strongly on the business logic and weakly on the community logic, but not on the family logic. By taking a field-level perspective, we identified three mechanisms (collective geographic marketing, lobbying for legislative change, and creating quality assurance standards) that enabled all types of wineries to ensure their legitimacy and sustainability by re-shaping the rules of the game.

Our study makes three contributions to theory. First, by drawing on literature concerning institutional logics, we show how different combinations of field-level logics can guide firm behavior, and thus provide a theoretical grounding that helps to explain underlying influences leading to family firm heterogeneity (Astrachan & Jaskiewicz, 2008; Chrisman et al., 2012). Existing research has focused on the duality of family and business principles in understanding family firm behavior, success, and sustainability (Dyer, 2006; Sharma, 2004). We extend this approach by giving attention to the importance of the community logic (Naldi et al., 2013; Yiu et

al., 2013) and analyzing how this logic interacts with family and business logics in guiding firm behavior. Our findings indicate that the influence of a community logic can be aligned with family and business logics. Consistent with the suggestions of Cennamo et al. (2012), engagement with the larger community seems to support intertwined family and business logics guiding traditional family wineries. These wineries not only took action to sustain their own businesses but also engaged in significant activities to benefit the overall field. The lifestyle family wineries engaged in collective action only to benefit their own group. Somewhat similarly, the non-family owned wineries engaged only in localized collective marketing with the goal of improving their own profitability.

Our findings are important because they provide new insights into whether family and business principles are complementary (Habbershon & Williams, 1999; Miller & Le Breton-Miller, 2005) or competitive (Gómez-Mejía et al., 2007; Morck & Yeung, 2004). By considering the community logic in addition to the family and business logics, we gain a more nuanced understanding of family firm behavior and heterogeneity within a field. The key issue is not simply whether family and business logics are conflicting or complementary, instead, firm behavior depends on the combined influence of a set of multiple logics in a given context.

Our second contribution is to show how different types of firms can take action to gain legitimacy and thereby improve their sustainability in a field. This is an important contribution because it explains how family firm behaviors that are guided by different sets of logics can be sustainable over time. Although existing research shows that decision-making in many family firms is guided by family principles even when they conflict with business principles (e.g., Gomez-Mejia et al., 2007), it has remained unclear how these firms can be sustainable within a field over time. Our findings suggest that family firms (lifestyle and traditional) can take action

to rearrange field-level logics. These firms engaged in collective marketing initiatives, lobbied for legislative change, and developed new quality standards to change the 'rules of the game' (field-level logics) in order to ensure their legitimacy and sustainability. Whereas many scholars have argued that family firms pursuing family principles will perish (e.g., Morck & Yeung, 2004), our study suggests that sustainability depends on the way in which multiple logics are combined and whether supportive field-level mechanisms exist or come into place. While family business scholars have tended to overlook the importance of the field (Naldi et al., 2013) and its actors (Parada et al., 2010), our study shows that the development of legislation and regulatory bodies were part of legitimizing efforts that supported the co-existence of all types of wineries in a field. We also see that features of the field-level context (i.e., advantages of collective marketing) led to situations where more profitable firms had incentives to support the continuance of (less profitable) lifestyle family firms because the legitimacy of these firms for the entire field provided a collective advantage to other firms that was greater than putting these competitors out of business. The identified ways of influencing the rules of the game are interesting because they reveal firm behaviors that serve to improve the legitimacy of individual wineries, different types of wineries, and the field as a whole. With increased legitimacy for a variety of organizational forms, even organizations that are not focused on maximizing profitability can be sustainable.

Third, we see that our study contributes to institutional theory by drawing attention to the iterative relationship between field-level logics influencing organizations, and organizations influencing field-level logics. Specifically, we suggest that different types of organizations guided by different combinations of logics can collectively reshape the arrangement of field-level logics in ways that improve their own legitimacy and sustainability in the field. In our

study, lifestyle family firms drew strongly on the family logic, with less attention to the business and community logics. By successfully lobbying for new legislation to support their business model, they managed to alter the field-level logics, strengthening the relevance of the family logic at the field level which, in turn, made their pursuit of the family logic more legitimate and aligned with the business logic – supporting their sustainability. These findings indicate that some logics can become more or less relevant for organizational legitimacy and sustainability over time – potentially creating opportunities for new organizational forms, helping to dismantle established ones (Thornton et al., 2012), or encouraging established organizations to collaborate more closely with new ones. These insights point to the necessity for savvy actors to not only focus on the current arrangement of field-level logics but also engage with other actors in monitoring potential rearrangements of field-level logics that could threaten the longer term legitimacy and sustainability of their practices and organizations.

Conclusions and Future Research

Our study makes important contributions to the literature because we show that organizations guided by different arrangements of logics can engage in different types of field-level actions to facilitate their own legitimacy and sustainability. These interactions among actors within the field can lead to renegotiated rules of the game that support the continuation of multiple organizational forms. We see that our approach based on institutional logics provides valuable insights into the sustainability of family firms, and it can serve as a strong foundation for future research. Some scholars point to the importance of trans-generational entrepreneurship in understanding sustainability. It would be interesting to extend our study by investigating how multiple logics are combined in family firms that maintain an entrepreneurial outlook over several generations (Hoy & Sharma, 2010). In addition, future research could focus on

differences among families to explain differences in the pursuit of multiple logics. Because we focused on the key decision-maker in each winery, we gained in-depth data about actions taken, but we were not able to distinguish intra-family differences. Future research could collect multiple interviews in each family to study how the life cycle of the family and the particular family generation affect the pursuit of logics and behavior to change the rules of the game. For example, when children are young, the family logic may have higher priority than would be the case at a later date, implying that generational time (Sharma, Salvato, & Reay, 2014) affects the prevalence of particular organizational types within a field. It is by considering how families and their firms engage with their field that we can understand the co-existence of organizational forms that draw differently on institutional logics.

To conclude, our study sets out a way of understanding different types of firms based on how they combine institutional logics within a field. It provides a theoretical foundation for categorization based on family, business, and community logics. We consider firms as embedded actors within a field; they are not only influenced by field-level logics, but also take action to influence the arrangement of those logics (the rules of the game) in their favor. By paying closer attention to types of firms and the ways in which these approaches can be legitimized and sustained within a field, we have gained a deeper understanding of firm behavior. We believe that our study provides a strong foundation for the advancement of theory and practice concerning family firms in particular and organizational fields more generally, and we encourage other researchers to investigate these issues further.

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Table 1: Data Sources

Data source	**Description**	**Volume of data**
Government or quasi-government documents	Government legislation, government reports, tourism reports or materials for distribution, BC Wine Industry reports and regulations, BC Wine Institute reports.	431 pages
Website information	Homepage with location and contact information plus history, ownership, wine production, and wine sales information.	58 websites
Publications on Okanagan wine and wineries	*BC Wine Trails* – published quarterly as a tourism resource with information on each Okanagan winery and the BC wine industry.	562 pages
	The Wineries of British Columbia – book by Schreiner, 2004 with information on all Okanagan wineries.	280 pages
	British Columbia Wine Country – book by Schreiner and Miller, 2007 with information on all Okanagan wineries.	264 pages
	Okanagan Wine Tour Guide – book by Schreiner 2007 with information on all Okanagan wineries.	264 pages
	Vintage Canada – book by Tony Aspler with information on all Okanagan wineries.	225 pages
	Wine Atlas of Canada – book by Tony Aspler with information on all Okanagan wineries.	287 pages
Interview data (in-depth inter-views each lasting approximately 1 hour)	Family owned firm (owned by related individuals).	13 interviews (247 pages)
	Non-family owned firm (owned by non-related individuals in partnership; or by corporation).	7 interviews (131 pages)
	Government or regulatory agency officials	4 interviews (62 pages)
Observation notes (interviewer observations of winery tour and conversations)	Total across all winery visits	85 pages

Table 2: Information on Sampled Wineries

Winery #	Firm size (no. of cases)	Firm age	Ownership type	No. of active family members	Family generation in charge	Wine-maker	Grape producer (P) / buyer (B)
4	30,000	27 (1980)	Traditional fam.	2	2nd	Non-fam.	P & B
5	5,000	13 (1994)	Traditional fam.	3	2nd	Family	P
6	30,000	21 (1986)	Traditional fam.	4	2nd	Family	P & B
7	25,000	26 (1981)	Traditional fam.	4	2nd	Non-fam.	P
8	70,000	25 (1982)	Traditional fam.	6	3rd	Family	P & B
16	45,000	18 (1989)	Traditional fam.	6	3rd	Non-fam.	P & B
17	10,000	15 (1992)	Traditional fam.	4	2nd	Family	P
	30,714	***20.71***	***Ø Trad. fam.***	***4.14***	***2.29***	***Mixed***	***Mixed***
12	5,000	14 (1993)	Lifestyle fam.	2	1st	Family	P & B
1	4,000	7 (2000)	Lifestyle fam.	2	1st	Non-fam.	P
2	9,000	15 (1992)	Lifestyle fam.	3	2nd	Family	P
15	1,200	15 (1993)	Lifestyle fam.	2	1st	Family	P
19	40,000	15 (1992)	Lifestyle fam.	2	1st	Non-fam.	P & B
20	41,000	12 (1995)	Lifestyle fam.	4	1st	Family	P
	21,819	***12.17***	***Ø Lifestyle fam.***	***2.50***	***1.17***	***Mixed***	***Mainly P***
3	30,000	9 (1998)	Non-fam.	-	-	Non-fam.	P
9	6,000	19 (1988)	Non-fam.	-	-	Non-fam.	P & B
10	25,000	21 (1986)	Non-fam.	-	-	Non-fam.	P
11	10,000	17 (1990)	Non-fam.	-	-	Non-fam.	P & B
13	4,000	11 (1996)	Non-fam.	-	-	Non-fam.	P
14	100,000	41 (1966)	Non-fam.	-	-	Non-fam.	P & B
18	75,000	27 (1980)	Non-fam.	-	-	Non-fam.	P
	35,714	***20.71***	***Ø Non-family***			***Non-fam.***	***Mixed***

(Fam. = Family; trad. = traditional, P = producer; B = buyer).

Table 3: Ideal Types of Family, Business, and Community Logics

Logic	***Key values*** *(derived from Thornton et al., 2012)*	***Firm behavior in 'ideal type'***
Family	• Unconditional loyalty to family underlies business practices • Firm identity relies on family reputation • Family membership determines status within firm	• Firm is organized to benefit family members. • Family members make all key decisions. • Family tradition guides decision-making.
Business (market)	• Achieving maximum value from transactions determines business practices. • Success in the market establishes firm reputation. • Efficiency underlies profitability.	• Firm is organized to focus on profitability. • Firm competes to increase sales and/or market share. • Firm processes are developed to maximize efficiency.
Community	• Common boundaries for participants create common goals. • Emotional connections among participants drive actions. • Cooperative actions lead to benefit for all.	• Firm is organized to fit with other firms in the field. • Decisions are made to benefit the group of firms, not for the benefit of one firm. • Firm does not compete with others in the field.

Table 4: Additional Data Illustrating Co-existing Logics

Type of Winery	***Logic***	***Data excerpts***
Traditional family owned wineries	Moderately strong family logic Moderately strong business logic Moderately strong community logic	It's not one individual running the business – it's a family that works together. So everybody has his (or her) own responsibilities, but if my younger brother needs a hand, he'll get on the phone and say, "Hey, I need some help here." And I'll go help him. And it's vice versa. If we're doing some bottling and I need help, I just get on the phone and they'll come. The business' success depends on that. (Winery 7) People often ask if we have a secret recipe when it comes to making great wine. In fact we do! It's called family heritage combined with business. As it goes from father to son to grandchildren, the family will continue to respect the land, honor tradition, and pursue perfection (in the business)! (Winery 16) [From Interviewer notes] On my tour of the winery I heard a lot about the owners' commitment to quality wine and their commitment to the wine region. They are active members of the Association and they care about the region as a whole. (Winery 16)
Lifestyle family owned wineries	Strong family logic Moderate business logic Weak community logic	Our business philosophy, or whatever you call it, mission statement – is to have fun, make wine, and make money – in that order. (Winery 20) We want to opt out of the [Association]. We don't like the direction of their marketing effort. It might be good for others, but it's just not in line with where we are. (Winery 1)
Non-family owned wineries	Strong business logic No evidence of family logic Weak community logic	So we have to keep our production levels down, and everybody's on side with that. The shareholders are happy first of all. I mean they're all seeing good profitability results. (Winery 3) We have our own business model and strong marketing. Our reputation stands on the quality of our own wines. (Winery 18)

Figure 1: Data Coding for Mechanisms of Field Level Changes