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The family variable in the wine sector: an Italian perspective

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Abstract: The main goal of this study is to analyse the impact of the family variable on performance in the Italian wine sector. We referred to several studies in which the family could be considered a missing variable in management research. The analysis was conducted in both family firms (FFs) and non-family firms (NFFs) to determine the similarities, differences and impact on performance. The research population was composed of all the 369 medium and large-sized Italian companies operating in the Italian wine sector existing in October 2014. Data were extracted from the Amadeus database. The analysis considered three years (2011-2012-2013). From this paper it emerged that FFs outperform NFFs in terms of economic performance in Italian wine firms (with the exception of the Earnings before interest and taxes – EBIT – margin). However, in terms of financial performance, NFFs outperform FFs (with the exception of the solvency ratio). So, this study highlights that the family variable is partially relevant to achieving good performance and has different significance to the firms.

Keywords: family business phenomenon; family firms; non-family firms; Italian wine sector; economic performance; financial performance.

Reference to this paper should be made as follows: Broccardo, L., Giacosa, E. and Ferraris, A. (2015) 'The family variable in the wine sector: an Italian perspective', *Int. J. Management Practice*, Vol. 8, No. 3, pp.199–215.

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This paper is a revised and expanded version of a paper entitled 'The family variable in the wine sector: an Italian survey' presented at the 'Wine and Agrifood Management, Euromed', 16–17 January 2015, Lecce, Italy.

1 Introduction

Relevant literature suggested that ownership structure is one of the main corporate governance mechanisms influencing the scope of a firm's agency cost (Arosa et al., 2010). This topic has been researched extensively in the theoretical and empirical literature.

Several research projects have taken important steps toward explaining this. However, in some cases, the differences between Family Firms (FFs) and Non-Family Firms (NFFs) have not been sufficiently explained (Gallo et al., 2004). Identifying differences between FFs and NFFs and understanding the medium and long-term consequences of the family firms' strategic behaviour constitute two of the basic fields of family business research.

Although in organisational management research the family is a relevant variable, it is sometimes forgotten. For instance, Dyer (2006) referred to the family as "the missing variable in organisational research" and he warns that "failing to use the family as a variable in organisational research can lead to incomplete or misleading findings" (Speckbaker and Wentges, 2007).

Moreover, family businesses are common in the wine sector (Gallucci and D'Amato, 2013; Georgiou and Vrontis, 2013) and the wine sector represents an interesting opportunity to test for differences between FFs and NFFs (Marks, 2011; Rossi, 2008; Ritchie, 2009; Sellers-Rubio, 2010, Capasso et al., 2015) considering, also, the positive impact on regional competitiveness and its drivers (Contò et al., 2014; Jaffe and Nebenzahl, 2008; Orth et al., 2012; Sidali et al., 2011; Viassone, 2009; Vrontis and Viassone, 2013; Vrontis et al., 2011a; Zanni, 2004; Bresciani and Ferraris, 2014). In addition, the relationship between the family and the wine product is strong, as it is one of the factors that impact on the governance mechanisms of the family wine business. In

fact, the wine produced by a family firm communicates a set of values, symbols and tradition both of the family and of its territory. This is true if the family has a good reputation in the market (Gallucci and Nave, 2011).

For this reason, there is a need for high quality research on all aspects related to managing wine and related businesses, that could be accessible to both academics and the global wine trade (Orth et al., 2007). So, the relevance of family-run businesses in this context cannot be ignored.

Even if the family businesses phenomenon is widespread in the wine sector, emerged a lack of studies on the impact of the family variable on performances, especially considering a comparison between FFs and NFFs. In fact, pilot investigations in international research databases (such as Google Scholars, EBSCO) and relevant international journals on family businesses (such as Family Business Review) revealed a research gap.

To fill this gap, we chose the Italian wine sector mainly for two reasons. Firstly, the wine sector is highly representative of the Italian economic context, both in terms of revenue and exports recorded by wine companies. Secondly, Italian wines have a high level of worldwide appreciation thanks to a variety of fine wines and the convergence of know-how, craftsmanship and traditions held by the producers, and they may be considered as an excellence of "Made in…" (Giacosa et al., 2014a; Giacosa et al., 2014b), creating interesting opportunities for the involved companies.

Thus, this study compares Italian FFs and NFFs belonging to the wine sector, trying to understand if there are significant differences between family and non-family firms in terms of performance.

The paper is structured as follows: firstly, it analyses the theoretical background regarding FFs and NFFs; secondly, the research method is outlined and thirdly, the findings are illustrated and discussed. The conclusions with limitations and implications of the study are set out at the end of the research.

2 Theoretical background

2.1 Defining family firms

FFs have received increasing attention and several recent studies have reported and underlined that in continental Europe, Asia, and Latin America the vast majority of publicly traded firms are family controlled (La Porta et al., 1999; Claessens et al., 2000; Faccio and Lang, 2002; Bresciani et al., 2013a; Bresciani et al., 2013b; Marques et al., 2014; Chrisman et al., 2014; Singal et al., 2015).

They also suggested that FFs play an important role in economic activity worldwide. In fact, two-thirds of private businesses in many countries are considered to be FFs (Neubauer and Lank 1998, Morck and Yeung, 2003, Zahra et al., 2004; Culasso et al., 2012; Culasso et al., 2015; IFERA, 2013), and they contribute to wealth creation and job generation with reference to narrow and broad family firm definitions (Astrachan and Shanker, 2003).

However, is it possible to define the meaning of family firm? It is not easy to define an FF and in fact the literature contains persistent ambiguities. In particular, Kraiczy (2013) stated that the use of different definitions is a major problem in FF research. Although studies analysed related topics, the use of different definitions for FFs makes it

difficult to compare the results. One of the biggest challenges to developing a general definition is the heterogeneous feature of FFs. It can be seen how the results of research could be influenced by the choice of the definition of FFs. This background was useful, as we examined the main definitions found in the literature aiming to identify the best definition for our research.

The question is repeatedly asked because the literature provides several different definitions for family business, focusing different criteria used to classify family firms. In particular, the following are possible definitions based on the ownership and control criterion (observed with chronological criteria):

- a family business is a "firm in which significant voting rights or ownership is controlled by a member or members of a single family" (Barnes and Herson, 1976);
- in a family firm, one or more families linked by kinship or similar ties or by strong alliances contribute with full or limited risk capital, personal or collateral guarantees or managerial skills. These families own a full risk capital share, through which they have the control of the business even without the absolute majority of capital (Corbetta and Dematté, 1993);
- Astrachan and Kolenko (1994) suggested that a family had to own over 50% of the business in a private company or more than 10% of a public company in order to qualify as a family business;
- Sharma et al. (1996) defined family business as a business governed and/or managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families;
- La Porta et al. (1999) defined family business as a firm that is partly owned by one or more family members who control together at least 20% of the total votes outstanding;
- a family firm is a company in which the business is governed and/or managed on a sustainable, potentially cross-generational basis to shape and perhaps pursue the formal or implicit vision held by members of the same family or of a small number of families (Chua et al., 1999);
- Le Breton-Miller et al. (2004) do not explicitly define a family firm but they assumed that management succession means firm leadership will pass from one family member to another or, in the absence of a competent family contender in the short-term, a bridge manager between family tenures;
- for Zahra et al. (2004), in a family firm there is the presence of both a family member with some identifiable ownership share of the firm and multiple generations of family members holding leading positions within that firm;
- Chrisman et al. (2005) distinguished between the components-of-involvement approach and the essence approach. In particular, using the components-of-involvement approach, a firm can be defined as an FF when: (a) a family is the owner, (b) the firm is family-managed, or (c) the firm is controlled by a family. If one of these three characteristics applies to a firm, it can be defined as an FF. The essence approach is more restrictive and defines firms only as FFs when family

involvement leads to distinct and specific behaviour. Four main characteristics make up the essence approach: (a) a family's influence regarding the strategy of the firm, (b) a family's vision and intention to keep control and hand the firm over to the next generation, (c) family firm behaviour, and (d) distinctive familiness. In this analysis, the components-of-involvement approach was used, because there is less opportunity for subjectivity.

- Kraiczy (2013) affirmed that: "although many researchers have tried to develop a satisfactory definition, there is still no consensus about a widely accepted definition. Although some studies in the finance literature identify any public company where a family or a founder owns more than 5% as a family firm, other studies define firms only as family firms if the first succession into the second generation has taken place. However, in most studies a family firm has been characterised as a firm that is controlled and usually managed by multiple family members, sometimes from multiple generations. The use of different definitions is a major problem in family firm research. Although studies analyse related topics, the use of different family firm definitions makes the comparability of these results difficult. One of the biggest challenges of developing a general definition is the heterogeneity of family firms".

2.2 Family versus non-family firms: a comparison performance

After defining the term "family firm", it is important to examine the "family effect" on the firm's performance. Analysing the literature on the performance achieved by family businesses and on the relations between family business and performance, three main theories emerged:

1. authors who claim that FFs outperform NFFs, considering many different relevant variables;
2. authors who claim that FFs underperform NFFs, due to corporate governance issues;
3. authors who claim that there is neutrality in terms of performance between FFs and NFFs.

In the *first category*, many studies concluded that FFs are better than NFFs and they report that controlled family ownership positively influences firm performance. Also referring to relevant studies focused on general business and not on family businesses, Jensen and Meckling (1976) suggested that ownership concentration has a positive effect on performance because it alleviates the conflict of interest between owners and managers. The opposite view of the ownership structure directs attention towards the effects of the agency problem resulting from the combination of concentrated ownership and owner control (Fama and Jensen, 1983).

Referring directly to the family business phenomenon, Daily and Dollinger (1992) firstly found that in comparing FFs with NFFs, between 1986 and 1988, FFs surpassed NFFs in rate of sales, profit margin increases and, in an elaborated measure using four comparison points, in each business with its main competitor. Secondly, Gallo and Vilaseca (1996, 1998) found that the smaller FFs used less complex financial practices and had very low debt ratios (Tardivo et al., 2011), but the research failed to identify statistically significant differences in "resource profitability". Also Anderson and Reeb (2003) underlined that FFs outperformed NFFs in the S&P 500, noting that "family firms

are significantly better performers than non-family firms": return on assets (ROA) is higher in FFs than NFFs, and the family ownership reduces the classical agency problem between managers and shareholders. Another study conducted by Arosa et al. (2010) highlighted that the distinctive features of FFs have a positive effect on their corporate behaviour. The family's interest in the long-term survival of the business as well as its concern for maintaining the reputation of the firm and the family, lead the family to avoid acting opportunistically with regard to the earnings obtained (Burkart et al., 2003; Wang, 2006). Families have concerns and interests of their own, such as stability and capital preservation, which may not align with the interests of other firm investors.

In order to underscore the influence of size on performance in FFs, Chu (2011) stated that family ownership is positively associated with performance and this positive association is strong especially when family members serve as CEOs: in particular, the association between family ownership and firm performance is stronger in small and medium-sized enterprises than in large companies. Another study (Gonzalez et al., 2012) underlined that FFs exhibit better financial performance than NFFs if the founder is still involved in the management of the company; this effect diminishes with firm size, suggesting that some kinds of family involvement appear to make firm growth expensive. Along the same lines, Culasso et al. (2012) affirm that the performance achieved by medium-sized Italian FFs is far better than NFFs of the same size.

In the *second category*, some researchers stated that FFs under-perform when compared with NFFs. Faccio et al. (2001) and Volpin (2002) have also noted that family firms are relatively poor performers due to conflicts that arise as a family attempts to manage an enterprise. In addition, a study by Miller et al. (2007) underlined that only businesses with a lone founder outperform. Moreover, neither lone founder nor family firms exhibited superior valuations within a randomly drawn sample of companies. Their results confirmed the difficulty of attributing superior performance to a particular governance variable.

In the *third category*, some authors asserted the neutral effect of family ownership on economic performance, both regarding absolute ownership and share capital held by the family (Sciascia and Mazzola, 2008).

More specifically, some studies analysed the performance of wine companies (Heijbroek, 2003; Coelho and Rastoin, 2004). In particular, a study was conducted on a research population of listed wine companies, observing whether they maximised profit (Coelho and Rastoin, 2006). In addition, an improvement in performance emerged in some countries (Rossi et al., 2012; Vrontis et al., 2011b), such as France (Amadieu and Viviani, 2010; Viviani 2009), Spain (Suàrez-Ortega and Valamo-Vera, 2005) and South Africa (Esterhuizen and van Rooyen, 2006).

Furthermore, the impact of the family variable was observed in the wine sector. A study conducted by Gallucci and D'Amato (2013) founded a relationship between family power and revenue and an inverted relationship between family power and profitability. Other research (Richard and Ceferi, 2012) focused on family wine businesses, showing how such leadership can transform a family, its business, and an entire area. Lastly, Gallucci and Nave (2011) investigated the performance of Italian wine businesses with the purpose of verifying the family effect on company performance through the degree of family involvement in ownership and on board. From this study there emerged a positive impact on company performance in terms of profitability and leverage.

As stated in the Introduction, the analysis of the background underlined a lack on the impact of the family variable on the performances in the wine sector, especially considering a comparison between FFs and NFFs. Despite the different positions in the literature, this study tries to verify if a higher performance level is shown in family or in non-family firms trying to contribute to overcome this gap.

3 Methodology

This research uses the following parameter to classify an FF: an FF is an FF if a family owns over 50% of the business in a private company or more than 10% of a public company (Astrachan and Kolenko, 1994). As highlighted in the literature review, the use of different definitions for FFs makes it difficult to compare these results and one of the biggest challenges to developing a general definition is the heterogeneous feature of FFs (Kraiczy, 2013). But, as suggested by Chrisman et al. (2005) the criterion used in this paper is the most appropriate using the components-of-involvement approach for family businesses in the Italian wine sector, which is characterised by the strong presence of the family.

After defining family firms, we took all the medium and large-sized Italian companies operating in the Italian wine sector, that are 369. Data were extracted from the Amadeus database, that is a database of comparable financial and business information on Europe's biggest 510,000 public and private companies by assets. Using our definition of family and nonfamily firms as described above, we classified 203 companies as family-controlled firms, and 166 as nonfamily firms (Table 1).

Table 1 The Amadeus research population

	FFs	*NFFs*	*Total*
Number of companies	203	166	369
%	55%	45%	100%

As the main goal of this study is to analyse the impact of the "family" variable on performance, the main research question is the following:

RQ: Does the family variable have a positive impact on economic and financial performance in the Italian wine sector?

To answer this RQ, the most significant economic and financial parameters highlighted in literature (Foster, 1986; Helfert, 1997; Meigs et al., 2001; Value, 2001; Ingram et al., 2002; Ferrero et al., 2003; Giroux, 2003; Anderson and Reeb, 2003; Baginski and Hassel, 2004; Higgins, 2007; Gonzalez et al., 2011) were analysed, as they permit the economic and financial situation of a company to be investigated.

In particular for economic performance we considered:

- ROA (Return on Assets);
- EBIT (Earnings before interest and taxes);
- ROE (Return on Equity).

Regarding the financial ratios, we analysed:

- liquidity ratio (liquid assets / short-term liabilities);
- current ratio (current assets/current liabilities);
- solvency ratio (total debt/ total assets).

The mean of each financial and economic ratio achieved by companies included in the research population was determined for every financial year covered by the study (from 2011 to 2013). As highlighted by Weinzimmer et al. (1998) studies like these need to focus on multiple measures of firm performance.

The use of these indicators in the comparison between FFs and NFFs allows us to evaluate if one of the two categories outperform the other, helping us to answer our research question. As suggested by Ferrero et al. (2003) the ratios used in this paper are the most appropriate in order to compare economic and financial performance between firms.

Even if other more complex methodologies, such as regression analysis, seem to be suitable for this kind of analysis, some studies such as that of Westhead and Howorth (2006) that used multivariate regression analysis did not find significant relationships and made the comparison more difficult.

4 Findings and discussion

The following data show that FFs outperform NFFs in ROE and ROA, and NFFs mainly outperform FFs in EBIT Margin (Table 2).

Table 2 Economic performance

	FFs Italy	*NFFs Italy*	*Outperformance classification – Italy*
ROE % Year 2013	–2.23	–3.57	FFs
ROE % Year 2012	1.72	–1.88	FFs
ROE % Year 2011	5.46	–5.56	FFs
ROE % Mean 2011–2013	1.65	–3.67	FFs
ROA % Year 2013	0.88	0.45	FFs
ROA % Year 2012	0.56	0.45	FFs
ROA % Year 2011	0.88	0.62	FFs
ROA % Mean 2011–2013	0.78	0.50	FFs
EBIT Margin % Year 2013	3.89	1.62	FFs
EBIT Margin % Year 2012	2.29	3.97	NFFs
EBIT Margin % Year 2011	1.97	3.97	NFFs
EBIT Margin % Mean 2011–2013	2.72	3.18	NFFs

Evaluating the *economic* performance and, especially, considering the mean of each ratio, it is clear that:

- FFs outperform in the ROE (1.65%) compared with NFFs (–3.67%);
- FFs outperform in ROA (0.78%), compared with NFFs (0.50%);
- NFFs outperform in EBIT (3.18%), compared with FFs (2.72%).

Considering the *economic* performance, it emerged that FFs outperform in ROE, which measures the rate of return on the ownership interest of the common stock owners. FFs seem to be more efficient at generating profits from every unit of shareholders' equity. ROA shows that the total assets in FFs are more profitable in generating revenue; in particular, this index shows how many euro of earnings they derive from each euro of assets they control. On the contrary, the EBIT, that referred to as "operating earnings", "operating profit" and "operating income", shows how NFFs have more ability to generate profit.

These results partially confirmed the analysed literature on FFs performance that emphasised a positive correlation between family presence and performance (Anderson and Reeb, 2003; Culasso et al., 2012; Gonzalez et al., 2012). Furthermore, this analysis shows that the family variable impacts economic performance in different ways. This confirms the role of the "familiness" factor in a FF (Habbershon and Williams, 1999), that is a set of unique, tacit and distinctive competencies (Teece, 1982), but they represent a key factor in their competitive advantage. This factor is influenced by the notion of human capital (Dunn, 1995; Sirmon and Hitt, 2003) characterised by "warm, friendly and intimate" relationships between its members (Horton, 1986) and financial capital managed as long-term assets (Dreux, 1990). Due to the fact that the human capital is a patient capital (Teece, 1992), FFs are characterised by investing its own resources in the company, respecting tradition, unity and affection values (Ward, 1997) and continuity of the economic activity.

This "familiness" factor drives the efforts of the entrepreneurs in managing the company, also because they consider the company as their creature (Teece, 1992; Ward, 1997), for which they are willing to make sacrifices in order to keep it going long-term. If family members are strongly involved in the company business, they may exhibit a higher participation, improving the company's future opportunities and the integration of knowledge between family and non-family members operating in the company, and increasing the company performance. Indeed, performance may be particularly sensitive to human capital efforts, as the excellence and quality of human activities in the company may have an impact on the findings. Consequently, human capital makes every company a unique entity (Barney, 1991), thanks to each family member characteristics, family heritage, interaction between generations, and peculiarities of each activity. This means that human capital may distinguish FFs from NFFs in terms of performances, and also one FF from another.

Analysing the *financial* performance, it emerged that NFFs outperform in Current Ratio and Liquidity Ratio, but FFs are the best in Solvency ratio (Table 3).

Table 3 Financial performance

	FFs Italy	*NFFs Italy*	*Outperformance classification – Italy*
Current Ratio Year 2013	1.30	1.29	FFs
Current Ratio Year 2012	1.32	1.26	FFs
Current Ratio Year 2011	1.21	1.54	NFFs
Current Ratio Mean 2011–2013	1.28	1.36	NFFs
Liquidity ratio Year 2013	0.70	0.71	NFFs
Liquidity ratio Year 2012	0.76	0.72	FFs
Liquidity ratio Year 2011	0.69	1.01	NFFs
Liquidity ratio Mean 2011–2013	0.72	0.81	NFFs
Solvency ratio (Liability based) Year 2013	33.38	34.49	FFs
Solvency ratio (Liability based) Year 2012	29.76	30.02	FFs
Solvency ratio (Liability based) Year 2011	28.29	28.51	FFs
Solvency ratio (Liability based) Mean 2011–2013	30.48	31.00	FFs

Financial performance is analysed as described below, focusing on the mean of each indicator. Even though with slight differences, NFFs particularly outperform in:

- liquidity ratio (0.81) compared with FFs (0.72);
- current ratio (1.36) compared with FFs (1.28);
- solvency ratio (31.00) compared with FFs (30.48).

Considering the *financial* performance, it emerged that NFFs have better results in Current Ratio, showing a higher ability to pay their current liabilities from their current assets and to pay short-term obligations. The liquidity ratio (that measures the ability of a company to meet its short term debt obligations and the ability of a company to pay off its short-term liabilities when they fall due) confirms the results of Current ratio, showing again that NFFs outperform FFs. Solvency ratio, which measures how much of the firm's asset base is financed using debt (total debt/total assets), shows that FFs finance assets using more equity source: in other words, FFs are more able to sustain operations indefinitely by comparing debt levels with equity, assets, and earnings, identifying FFs as the more capable to pay their bills in the long term.

These findings are interesting, especially when considering the different financing policies of FFs and NFFs that emerged in the literature, which may influence the financial performance. In fact, regarding external financing, the access to financial resources is not easy for medium FFs (Harvey and Evans 1995; Coleman and Carsky, 1999; Ferraris, 2013). This is due to a limited bargaining power with the banks, especially during the current financial crisis. In addition, the availability of capital from the family impacts on the requests toward the bank system (Smyrnios et al., 1998) and the use of credit and loans is influenced by the company's age and by FFs versus NFFs (Coleman and Carsky, 1999). Even if an IPO represents the best solution to overcome

this lack of capital (Anderson and Reeb, 2003), an issue of new shares may reduce family control, and for this reason this solution is rarely preferred by FFs (Mulkay and Sassenou, 1995; Gualandri and Schwizer, 2008). Other options are self-financing as the best financial internal resource (Churchill and Lewis, 1985; Ennew and Binks, 1994; Dunn and Hughes, 1995; Mahérault, 2000; Zocchi, 2012). FFs are more leveraged than NFFs of the same size, also due to the reluctance to issue new shares (Andres, 2011). Consequently, the lack of available capital characterises the company investment policy of a medium private FFs (Mahérault, 2000). Thus, all these assumptions may impact on some financial indicators, such as the liquidity, current and solvency ratios, as confirmed by this empirical investigation.

5 Conclusions, implications and limitations

The purpose of this study was to scrutinise the relationship between ownership structure and performance in the Italian wine sector. It emerged that FFs outperform NFFs in economic performance, such as ROE and ROA, while NFFs outperform FFs in EBIT Margin. Therefore, FFs seem more efficient in profit generation, useful for remunerating shareholders; in addition, the total assets in FFs are more profitable in generating revenue. However, NFFs are more able to reach a good EBIT Margin.

In terms of financial performance, NFFs outperform FFs in Current Ratio and Liquidity Ratio, while FFs outperform NFFs in Solvency ratio. This research confirms what is found in the literature: the family is a relevant variable in performance evaluation, but it is not easy to confirm when it impacts positively or not.

This study, even considering other similar articles on the FFs performance issue (Chu, 2011; Gonzalez et al., 2012), contributes to the literature on FFs as it shows the effects of family on corporate performance comparing FFs with NFFs in the wine sector. This study also contributes to enriching the literature about the family businesses in the wine sector, understanding if there are significant differences between FFs and NFFs in terms of performance. Moreover, it improves the limited literature on performance in wine family firms (Gallucci and Nave, 2011; Richard and Ceferi, 2012; Gallucci and D'Amato, 2013), as it verifies the impact of the family variable in the wine sector in an updated period, permitting the understanding of the impact of the economic crisis on company performance.

In addition, this research has significant implications, especially with reference to owners and investors. Regarding the former, it can enable them to understand and manage the effects of corporate governance in the financial and operative structure of their firms, especially in terms of their impact on performance. Specifically, they can consider our assumptions to formulate more rational strategic intentions and initiatives, especially regarding the financial management. Regarding the latter, our research contributes to their decision-making process, as it processes significant evidences to identify the Italian outperforming firms. Finally, this study can also be useful to improve scholarship in this field, above all considering the growing importance of the family topic in the wine sector. Indeed, it represents an interesting opportunity for the involved companies, considering the positive impact on regional competitiveness and its drivers.

This research has some limitations that can be summarised as follows. The research population includes only Italian large and medium-sized firms belonging to a particular sector. This could be a problem in the generalisation of the results, but the Italian wine

sector have a high level of worldwide appreciation thanks to a variety of fine wines and the convergence of know-how, craftsmanship and traditions held by the producers. In addition, the method used could also be improved by adopting some econometrical models, providing more clear and robust results. More effort in using more complex econometric tools may lead to new insights on the topic, such as the existence of a clear relationship between family's ownership and performances or other important variables that cannot emerge from this study.

Future research could improve these aspects and investigate the reasons for the differences in performance between FFs and NFFs. Another interesting topic would be a comparison between the wine sector and other sectors in terms of economic and financial performance. In addition, it would be useful to analyse whether the innovation strategy by wine sector family firms may be considered a means (as a moderator variable) to improve performance, in terms of both company and customer satisfaction. In fact, effective innovation management depends on the combination of internal and external innovation: internal innovation indicates adherence to traditional values coming from the family, while external innovation may be more influenced by market innovation tendency. The questions that this new research raises could be developed further by using a case study method and contextualising it in the wine sector.

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