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ORGANIZATIONAL INNOVATION IN THE INTERNATIONALIZATION STRATEGY IN WINE SMES: CHILEAN CASE



*Innovación organizacional en la estrategia de
internacionalización en pymes vitivinícolas:
El caso chileno*

*Inovação organizacional na estratégia de
internacionalização em PMEs vitivinícolas:
O caso chileno*

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ABSTRACT

This investigation aims to determine the components of the organizational innovation in Chilean bottled wine SMEs, to strengthen the internationalization strategy in global markets, concerning the leading countries with international recognition. These results should help enhance competitiveness in cosmopolitan markets with wine tradition. In operational terms, it includes five stages: data collection from wine SMEs, instrument design (questionnaire), application of this instrument in companies through personalized field work, processing, analysis, and systematization of the collected data through office automation instruments—mainly the SPSS statistical program for a validation—and delivery of these results to each of the participant companies. As one of the primary outcomes, wine SMEs are gaining legitimacy through organization innovation as a corporate strategy to have opportunities to stay in national and international markets.

KEYWORDS

Organizational innovation, internationalization, wine industry.

RESUMEN

El objetivo de esta investigación es determinar los componentes de la innovación organizacional en pymes vitivinícolas chilenas elaboradoras de vino embotellado, a fin de permitir el fortalecimiento de estrategias de internacionalización en mercados globales en relación a los principales países de referencia internacional del sector, y con ello robustecer la competitividad en mercados cosmopolitas con tradición vitivinícola. En términos operativos se acoge a cinco etapas, definidas como levantamiento de la base de datos de pymes vitivinícolas, diseño del instrumento (cuestionario) y aplicación del instrumento a empresas en un trabajo de campo, continuando con una etapa de procesamiento, análisis y sistematización de la información recogida mediante herramientas de ofimática—principalmente el programa estadístico SPSS 21— y, finalmente, una etapa de entrega de resultados a cada una de las empresas componentes del estudio. Como principales resultados es posible señalar que las pymes vitivinícolas ganan legitimidad a través de la innovación organizacional como estrategia corporativa para contar con las oportunidades de permanencia en los mercados nacionales e internacionales, que se traduce de manera práctica en la aplicación de un nuevo modelo de internacionalización.

PALABRAS CLAVE

Innovación organizacional, internacionalización, industria vitivinícola.

RESUMO

O objetivo desta investigação é determinar os componentes da inovação organizacional em pymes vitivinícolas chilenas elaboradoras de vinho em garrafa, para permitir o fortalecimento de estratégias de internacionalização em mercados globais em relação aos principais países de referência internacional do setor, e com isso robustecer a competitividade em mercados cosmopolitas com tradição vitivinícola. Em termos operativos acolhe-se a cinco etapas, definidas como levantamento da base de dados de PMEs vitivinícolas, desenho do instrumento (questionário) e aplicação do instrumento a empresas num trabalho de campo, continuando com uma etapa de processamento, análise e sistematização da informação recolhida mediante ferramentas de ofimática—principalmente o programa estadístico SPSS 21— e, finalmente, uma etapa de entrega de resultados a cada uma das empresas componentes do estudo. Como principais resultados é possível apontar que as PMEs vitivinícolas ganham legitimidade através da inovação organizacional como estratégia corporativa para contar com as oportunidades de permanência nos mercados nacionais e internacionais, o que se traduz na prática na aplicação de um novo modelo de internacionalização.

PALAVRAS-CHAVE

Inovação organizacional, internacionalização, indústria vitivinícola.

Introduction

The international acknowledgment of the Chilean wine industry and its emblematic product, wine, has been a key factor in the reevaluation of its identity and cultural heritage (Lacoste, 2019). Therefore, the goal of this article is to investigate the process of organizational innovation in the Chilean wine SMEs that produce bottled wine. This proposes an internationalization conceptual model to strengthen the sustainability and tenability in international markets based on the main countries of worldwide wine tradition.

As stated by Gopaldas (2016), this research seeks to answer the following question: How does the organizational innovation in the Chilean wine SMEs that produce bottled wine allow the industry to generate an internationalization model?

In this sense, it is that organizational innovation and internationalization build the path to the acquisition of global knowledge. Unfortunately, this is not seen in the Chilean wine SMEs since they choose to sell their grapes and wines to big companies to guarantee quick earnings, ignoring that by implementing other strategies such as internationalization, they would obtain greater profits in the medium and long term.

The above has the purpose to contribute key information for the wine SMEs of emerging countries such as Argentina, Australia, and Chile, and for public stakeholders who conduct productive development policies to strengthen the industry.

In this respect, the OECD (2018) describes organizational innovation as introducing new organizational methods in the development of practices, and organization, among others. Similarly, Rajapathrina and Hui (2018) state that this positively helps to promote and bring together sustained and sustainable competitiveness within the organizational strategic planning.

It is important to note that the results and findings of this investigation have been shared with the participating companies and agents responsible for public policy in order to contribute to the corporate strategy of internationalization.

In particular, and considering that Chile produces more wine than they drink, exports are essential for the profitability of the industry, where the International Organization of Vine and Wine (OIV) states that Chileans drink an average of 15.7 liters of wine per capita a year. This figure falls way below wine-producing countries such as France, Argentina or United States, among others, as shown in Table 1.

Table 1. Worldwide development of the wine consumption per capita
Tabla 1. Evolución mundial del consumo de vino per cápita

Millions Hl.	2016	2017	2018	2019 Prov.	2020 Prel.	2020/2019 % Var.	2020 % Worldwide
United States	31,3	31,5	32,4	33	33	0	0,14
France	28,3	28,6	26	24,7	24,7	0	0,11
Italy	22,4	22,6	22,4	22,8	24,5	0,075	0,1
Germany	20,2	19,7	20	19,8	19,8	0,002	0,08
United Kingdom	12,9	13,1	12,9	13	13,3	0,022	0,06
China	19,2	19,3	17,6	15	12,4	-0,174	0,05
Russia	10,1	10,4	9,9	10	10,3	0,03	0,04
Spain	9,9	10,5	10,9	10,3	9,6	-0,068	0,04
Argentina	9,4	8,9	8,4	8,9	9,4	0,065	0,04
Australia	5,4	5,9	6	5,9	5,7	-0,037	0,02
Portugal	4,7	5,2	5,1	4,6	4,6	-0,006	0,02
Canada	5	5	4,9	4,7	4,4	-0,06	0,02
Brazil	3,1	3,3	3,3	3,6	4,3	0,184	0,02
Romani	3,8	4,1	3,9	3,9	3,8	-0,019	0,02
Netherlands	3,6	3,7	3,6	3,5	3,5	-0,003	0,01
Japan	3,5	3,5	3,5	3,5	3,5	-0,008	0,01
South Africa	4,4	4,5	4,3	3,9	3,1	-0,194	0,01
Switzerland	2,7	2,7	2,6	2,7	2,6	-0,016	0,01
Belgium	2,8	2,8	2,7	2,7	2,6	-0,031	0,01
Austria	2,4	2,4	2,4	2,3	2,3	0,022	0,01
Sweden	2,4	2,3	2,3	2,3	2,2	-0,023	0,01
Czech Republic	2,1	2,2	2,1	2,1	2,1	0,02	0,01
Other Countries	34,8	33,1	37,3	37,7	32,2	-14,70%	14%
Worldwide total	244	246	244	241	234	-2,80%	100%

Source/fuente: OIV (2021).

In this context, Chile has recorded a consumption of 1.8 million hectoliters of wine in 2020. Even though this figure was 1.4% higher than the one in 2019, it was 20.2% lower than the five-year average, which was 15.7 liters of wine consumption per capita (OIV, 2021). In regards to exports, they dropped 2% compared to those in 2019, reaching 8.5 million hectoliters in 2020 (OIV, 2021).

Accordingly, internationalization is essential. The studies of international organizations reveal the excess of wine production compared with the consumption in the country, where Chile produced 8.5 million hectoliters in 2020, which positions the country in the 8th place in the world for production levels. Also, Chile occupies the 8th place with regards to the vineyard area planted, reaching 207 thousand hectares, which represents 2.3% of the worldwide vine plantation (OVI, 2021). Table 2 shows the main wine-producing countries worldwide.

Table 2. Production and development of volume and value of wine in its different states
Tabla 2. Producción y desarrollo del volumen y valor del vino en distintos países

Country	Volume (MHL)		Value (million EUR)		Type	Vertical structure 2020		Variation 2020/2019	
	2019	2020	2019	2020		Volume	Value	Volume	Value
Italy	21,4	20,8	6.387	6.233	Bottled (< 2 l)	59%	70%	1%	-1%
					Sparkling	20%	24%	-2%	-7%
	Variation of -2,4%		Variation of -2,4%		BiB	3%	2%	27%	21%
					In Bulk (> 10 l)	19%	4%	-15%	-8%
Spain	21,4	20,2	2.718	2.626	Bottled (< 2 l)	36%	65%	-2%	-2%
					Sparkling	8%	15%	-5%	-14%
	Variation of -5,9%		Variation of -3,4%		BiB	3%	2%	41%	23%
					In Bulk (> 10 l)	53%	18%	-10%	-3%
France	14,3	13,6	9.794	8.736	Bottled (< 2 l)	71%	64%	-5%	-8%
					Sparkling	13%	32%	-13%	-19%
	Variation of -4,9%		Variation of -10,8%		BiB	4%	1%	13%	7%
					In Bulk (> 10 l)	13%	3%	-1%	16%
Chile	8,7	8,5	1.716	1.595	Bottled (< 2 l)	57%	81%	0%	-6%
					Sparkling	0%	1%	-24%	-24%
	Variation of -2,2%		Variation of -7,1%		BiB	3%	2%	24%	20%
					In Bulk (> 10 l)	40%	16%	-6%	-15%
Australia	7,4	7,5	1.829	1.787	Bottled (< 2 l)	43%	77%	-8%	-6%
					Sparkling	1%	2%	-22%	-18%
	Variation of 0,5%		Variation of -2,3%		BiB	6%	2%	12%	22%
					In Bulk (> 10 l)	51%	19%	11%	14%
Argentina	3,1	4	682	655	Bottled (< 2 l)	54%	89%	5%	-6%
					Sparkling	0%	1%	-27%	-38%
	Variation of 27%		Variation of -4,0%		BiB	0%	0%	-1%	13%
					In Bulk (> 10 l)	45%	10%	81%	35%
United States	3,6	3,6	1.254	1.147	Bottled (< 2 l)	34%	73%	-14%	-11%
					Sparkling	1%	4%	-2%	-4%
	Variation of 1,8%		Variation of -8,5%		BiB	2%	2%	-24%	-12%
					In Bulk (> 10 l)	63%	21%	15%	0%

South Africa	4,1	3,6	590	535	Bottled (< 2 l)	41%	69%	-8%	-10%
					Sparkling	1%	3%	9%	-6%
					BiB	11%	8%	1%	-3%
	Variation of -11,9%		Variation of -9,3%		In Bulk (> 10 l)	43%	20%	-18%	-10%
Germany	3,8	3,4	1 044	882	Bottled (< 2 l)	73%	81%	-11%	-14%
					Sparkling	8%	10%	-11%	-27%
					BiB	17%	9%	-3%	-4%
	Variation of -10,3%		Variation of -15,5%		In Bulk (> 10 l)	2%	1%	-32%	-8%
Portugal	3	3,1	819	846	Bottled (< 2 l)	81%	92%	7%	3%
					Sparkling	1%	1%	11%	0%
					BiB	10%	5%	17%	31%
	Variation of 5,3%		Variation of 3,3%		In Bulk (> 10 l)	8%	2%	-19%	-17%
New Zealand	2,7	2,9	1 096	1 145	Bottled (< 2 l)	54%	71%	-1%	-3%
					Sparkling	1%	1%	118%	150%
					BiB	1%	1%	59%	23%
	Variation of 6%		Variation of 4,5%		In Bulk (> 10 l)	44%	27%	26%	26%

Source/fuente: OIV (2021).

In this sense, Mataveli et al. (2021) state that internationalization refers to the sustainable growth of the activities of a company as a significant incentive to invest in foreign markets. Then, there is a need to boost the sale of products with higher added value, in other words, to promote organizational innovation.

In the case of Chile, the OECD suggests promoting a proper background of strategy policies such as organizational innovation. By making these changes according to the market demands, the supply should increase productivity, which would be the main challenge for the Chilean wine SMEs that produce bottled wine. This is especially true for these wine SMEs that have sustainability, tenability, and competitiveness in the international markets.

Bibliographical review

Internationalization offers companies an opportunity to grow, more potential to gain knowledge, access to new international resources, and the possibility of increasing the earnings on their investments in the long term (Larios and Hernández, 2018, quoted by Mataveli, et al. 2021). In this respect, Table 3 shows the main internationalization references and how this has developed over time.

Table 3. International bibliographical references
Tabla 3. Referencias bibliográficas internacionales

Authors	Summary
González and Moralejo (2008)	Expansion process of the company in international markets
Pukall and Calabrò (2014)	Dynamic process explained by the variables "state" and "change" which constantly affect each other
Mataveli et al. (2021)	Impulse towards sustainable growth of the company activities as a significant incentive to investing in foreign markets

Source: own elaboration based on indexed magazines. Fuente: elaboración propia en base a revistas indexadas.

According to the discussion of the literature consulted for this research, it is possible to point out that in regards to new management approaches, business owners of Chilean wine SMEs have opened their companies to innovation making them responsive to changes, including the innovation concept in their management strategy. To this purpose, Table 4 shows the main bibliographical references of innovation.

Table 4. Innovation bibliographical references
Tabla 4. Referencias bibliográficas innovadoras

Authors	Summary
Seaden et al. (2003)	Implementation of new processes + new products + new management approaches + productivity increase
OCDE (2018)	Product innovation + process innovation + organizational innovation + marketing innovation
Gómez (2022)	Ability to understand and identify customer's future needs

Source: own elaboration based on indexed magazines. Fuente: elaboración propia en base a revistas indexadas.

Considering the different characteristics of the innovation and internationalization dynamics, it is necessary to describe a short review of some countries that have opted for innovation, emphasizing some of the elements that give added value to the organization.

This review and debate have been written based on specialized literature as well as on field observation work from 2012 to 2019, which supports the investigation, and serves as part of the bibliographical and field observation in this investigation.

Chile. In Chile, during the fieldwork, it was observed that the vine belonging to the *Vitaceae* family is a rustic flora that grows vegetatively, and needs stakes to define the support structure and spaces. This helps to define the type of guidance system that each part of the plant will have, trunk height, direction of the branches, pruning component, and exposure of the leaves to sunlight. This will also help to define the harvest process to elaborate quality wine.

Chile has experienced growth together with its wine industry in which the focus is to develop actions that make it possible to embrace innovations. These innovations will lead to

achieve the formulated challenges to generate competitiveness, sustainability and tenability. In this sense, organizations must be flexible and adaptable to change. They will need to support themselves in both long and short term strategies such as internationalization.

Wine represents the image of the country for Chile. Its policy consists in opening new consolidated markets and becoming a relevant actor in the wine industry, with 140.000 hectares of vineyard and exports in the range of 2.000 million dollars annually. This positions the country in fourth place worldwide as an exporter and in first place in America, where the qualitative aspects of their products are now being considered (Lacoste, 2019).

Australia. The wine industry stands out due to its participation in the Australian economy, positioning itself internationally as the fifth major wine producer, and the tenth wine consumer. The country is in a maturity stage, composed of small wineries and a reduced number of larger wineries.

In this context, in 2018, Australia produced 1.285 million hectoliters of wine valued at 1.348 million Australian dollars (843.14 million euros). Thereon, the domestic demand for wine in Australia satisfies a population of more than 24 million people where 19 million are possible consumers. According to the latest data from 2017, wine consumption in Australia exceeds 588.2 million liters and implies billing for more than 11.425 million Australian dollars (7.008 million euros). Also, the demand is in a continued growth phase since wine is considered as a healthy and sophisticated product.

Nevertheless, due to the competitiveness in this sector, the growing wine imports, and the overproduction in the last years, it is estimated that the number of small wineries will decrease in the coming years giving place to close-downs and acquisitions made by bigger companies. However, the wine culture expands progressively thanks to the efforts related to promotion and information as well as the opening of new wine bars (Embajada de España en Sydney, Oficina Económica y Comercial, 2019).

Argentina. There are more than 900 active wineries in Argentina. 92% of wine-growers own up to 25 hectares and represent 55% of the total vine planted area in the country. That is why this study in pursuit of the competitiveness of the Argentinian SMEs is so important.

In cultural terms, Argentinian wine represents a basic element of the identity that contributes to the socioeconomic sustenance in the producing provinces. These provinces have climate diversity and signature grapevines with unique characteristics, turning into marketing innovation, particularly the promotion of the symbolic grapevine: Malbec, which has led Argentina to be the number one producer of this wine.

In this respect, Argentinian viticulture generates more than 106 thousand direct job positions and 280 thousand indirect. And it positions itself as one of the ten main export chains in the country with almost 500 exporters that reach 127 countries with their wines. Argentina occupies the 7th place globally in wine consumption per capita (22 liters per capita). Moreover, it occupies the 6th place as a producer with 11.8 million hectoliters and 7th place in regards to the planted area with more than 230 thousand hectares. This positions the country as an emerging and interesting subject to analyze in depth (MAGYP, 2021).

Spain. Spain possesses 949.565 hectares of vine (approximately, 13% of the world total) turning them into the first vine of the world where the average annual production of wine and must is between 40 and 42 million hectoliters (37.3 million in 2020). This positions Spain as the third world producer. Billing of the Spanish wineries amounts to 5.381 million euros per year (only wine and must) and the wine value chain activity signifies 2.2% of the Gross Value Added in Spain.

In this respect, in Spain, there are almost 4.300 wineries, 3.075 of which are exporters (2018) that sell to 189 countries around the world. This turns them into the first exporter in the world considering their volume of more than 21 million hectoliters (2019), the third largest exporters in the world in value with almost 2700 million euros exported in 2019. They are also responsible for 25% of the wine production in Europe, generating jobs in the wineries and field, as well as in the auxiliary industry, hostelry, and tourism. These are elements and attributes that add value to the regional economy.

The wine sector holds 427.700 job positions (2.4% of the total in Spain). It is estimated that the sector has invested between 170 and 180 million euros per year in R&D projects (innovation and future).

In terms of culture and tourism, wine is part of the Mediterranean diet, while at the same time promotes quality tourism, leading as ecologic vines. Almost three million people a year visit the wineries and museums of the wine routes in Spain, spending nearly 80 million euros per year (FEV, 2021).

France. Due to its history and tradition, France is a consolidated market, there's no room for international competition. Economically, it's a perfect country considering production, volume, quality, value, and country image, since consumption is characteristic and inherent to the Gallic culture.

When buying, the French consumer has the culture of drinking a wine of quality no matter the price. Similarly, there's a strong competition in e-commerce but the French consumer would rather go to the direct point of sale.

French people work with the concept of Designation of Origin, which means the produced wines are different depending on the wine geographic zone: the production as well as the elaboration will be defined by the terroir where that grape comes from.

France finds its niche in organizational innovation by turning their entire elaboration process into an ecological process. They expect to be main exponents of bioecological wine in 2021. This will mean a powerful innovation in marketing in the international showcase (Embajada de España en Sydney, Oficina Económica y Comercial, 2019).

Italy. In the year 2020, Italian wines have stood up improving their quality over the other countries with wine culture. This is stated by the main experts in enology and wine international contests. Italy is among the ten main wine producers in the world where their high quality and techni

During the 1960's, this country suffered a hard fall in its production and quality caused by the phylloxera plague where all the vineyards in the country, without exception, were profoundly

affected by in their performance, the quality of the grapes, and infection of the terroir. This meant the collapse of the wine industry. However, Italians identified an opportunity to innovate in their production, improving the quality of the grape and thoroughly taking care of the process from its beginning in the soil to wine on the consumer's table. This has caused the quality attribute of Classic Chianti, Barolo, Brunello di Montalcino, and the Barbaresco to be recognized as the best globally, sustained and regulated by the different designations of origin such as Controlled Designation of Origin (CDO), Guaranteed and Controlled Designation of Origin (GCDO), Geographical Typical Indication (IGT), Quality Wine Produced in Specific Regions (VQPRD), and Table Wine (VDT) (Dante Alighieri de Monterrey, 2021).

In summary, the following Figure 1 illustrates what is stated in this article.

Figure 1. Main countries with wine tradition and innovation strategy incorporated in the organizations

Figura 1. Principales países con tradición vitivinícola y estrategias de innovación incorporadas en las organizaciones



Source: own elaboration. Fuente: elaboración propia.

Methodology

The goal of this study is to understand the process of organizational innovation in the Chilean wine SMEs that produce bottled wine through a multi-method methodology. This will allow to generate an internationalization conceptual model to strengthen the sustainability and tenability in international markets, replicable in other sectors of global nature.

The instrument used here has been validated by specialized technicians (CEPAL, 2006) in a study called “Capacity of Innovation in Chilean Export Industries: The Wine Industry and the Fruit and Vegetable Agro-industry” where one of the key indicators resorts to Cronbach’s alpha.

Reliability is defined as the relative absence of measuring error in a measuring instrument (Quero, 2010). In this sense, Cronbach’s alpha helps measure the reliability of a construct that includes several items that are expected to measure the same characteristic or attribute.

Furthermore, it helps identify how much the quality of this document would improve if one of the questions in the interview is left out. Cronbach's alpha takes into account values from 0 to 1 and is considered reliable when the alpha is around 80%. Once the information is tabulated, the reliability of the instrument is analyzed generating a 96.7% Cronbach's alpha. The above explains a big part of the variability of the interview. There is a strong relationship between the answers of the interview, therefore, it makes it clear that it is fulfilling its objective which is answering to the characteristic that is being investigated in this construct.

Approach to the multi-method methodology

A multi-method methodology is used for this research to try to obtain two views of a process or phenomena considering that each, qualitative or quantitative, gives specific information. This will eventually provide the researcher with a wider range of knowledge (Bericat, 1998)

Data collection

For the selection of the units of analysis, 394 Chilean wine exporter companies were considered. 76% of these are SMEs so the universe of study is defined by 299 productive units (Wines of Chile, 2018). In this context, information is obtained from 31 of these companies considered to be the pilot population. From these, 12 selected SMEs have declared to have experienced organizational innovation.

In a preliminary study, from a universe of 187 Chilean wine SMEs that export bottled wine, 31 decision makers in different companies answered a questionnaire with the purpose of obtaining the final research sample.

Once the informants from these SMEs were contacted through an invitation letter and they confirmed their participation, visits to the SMEs production areas were coordinated and organized. For this purpose, a programmatic agenda for the visits and methodological implementations were prepared. During these visits, there was a special emphasis on carefully observing the largest number of technical, social, territorial and productive details that impact the work conditions, innovation and internationalization in the visited SMEs. This makes it possible to consider the largest quantity of internal and external aspects that exist in their commercial trajectory.

For the implementation of the characterization questionnaires and semi-structured interviews, the SMEs' owners and/or the people responsible for commercialization shared their experience. In most cases, these two profiles are unified in one informant, especially in family businesses. Nonetheless, there are some other wine SMEs that have separate ownership and administrative roles. Therefore, the person who handles most of the information in regards to productive and commercial cycles was interviewed.

Data analysis

The interviews were contextualized in the organizational innovation and internationalization themes reaching a point of saturation in the statements being provided hence the study variables, innovation and internationalization, had to be operationalized to be consistent with the goal of this research and the established theoretical position and framework for analysis (Saunders et al., 2018).

After the field research, information was organized, differentiating the essential from the complementary. For this purpose, it was necessary to process the gathered experiences, that is, to transcribe the semi-structured interviews and systematize the characterization cards that make up the data base of the study.

Once interviews were transcribed, these were transferred to a content matrix where the discourse is associated with any of the dimensions of analysis related to the following: organizational innovation and internationalization. When designing the matrixes, a specific color was assigned to each of the dimensions of analysis, so that each could be identified through these colors for processing. The multi-method methodology was chosen since according to the above, some of the instruments used for this research needed scientific validation such as the Cronbach's alpha.

Findings

To keep the agents that are part of this investigation anonymous, the names of the twelve visited SMEs have been changed. Likewise, during data recollection, the business owners were informed that during data analysis information would be kept private, so they would feel confident and share the maximum data necessary for the objective of this study.

The fictional names given to the visited vines allude to Chilean wine variants, since they are considered to be relevant to the subject of this investigation (Table 5).

Table 5. Some characteristics of the visited vines in the Central Valley of Chile
Tabla 5. Algunas características de los viñedos visitados en el Valle Central de Chile

Vineyard name	Permanent employees	Temporary employees	Sex	Export destination countries
Viña Cabernet Sauvignon	4	10-15	M	China, United States, Brazil, Canada
Viña Gewurztraminer	4	10-15	F	Denmark, The Netherlands, United Kingdom, Canada, United States, Brazil
Viña Marsanne	4	5-10	M	China, Germany, England
Viña Pinot Noir	5	5-10	M	Belgium, England, Korea, United States, Brazil
Viña Petit Verdot	9	10-15	F	Canada, United States, Mexico, Brazil, Germany, Switzerland, Belgium, Czech Republic, Taiwan, Lithuania, Australia
Viña Carignan	5	5-10	M	United Kingdom, Brazil, France, Belgium, Korea
Viña Tempranillo	6	5-10	M	Canada, United States, Japan, China, Czech Republic, England, Brazil
Viña Riesling	6	5-10	M	Canada, China, Belgium, Netherlands, Dinamarca, Germany, France, Italy, Mexico, Peru
Viña Rousanne	7	10-15	F	China, Japan, Korea, Poland, Czech Republic, France, England, Denmark, Colombia, Mexico, Brazil
Viña Moscatel de Alejandria	4	0-5	M	Brazil, United States, Germany
Viña Zinfandel	4	0-5	M	Russia, England, Netherlands, United States, Canada
Viña Verdot	5	5-10	M	Brazil, China, Switzerland, Colombia, Czech Republic, United States

Source: own elaboration. Fuente: elaboración propia.

Process of innovation organization and internationalization

Supplementing Clayton et al (2008), Leavi (2005) finds that the reason behind the capacity for organizational innovation is related to the implementation of management techniques and tools that help in understanding the markets, boosting competitiveness, positioning the brand, opening to new markets, strengthening teams and organizational innovation and internationalization process developing strategies in search of internationalization. All the above was confirmed during the semi-structured interviews with the owners of the wine SMEs producers of bottled wine and in the countries where the field observation was performed (Chile, Australia, Argentina, Spain, France, and Italy).

Lastly et al. (1998) explain that the parallelism that may exist between organizational innovation and internationalization is developed on the basis of assimilating the decision of the company to increase their international commitment and introduce innovations, generally. On the one hand, both organizational innovation and internationalization are creative decisions, developed within the boundaries drawn by the markets and by the internal capacities of the visited Chilean wine SMEs.

Conceptual framework

Organizational innovation has become a more frequent concept in all fields, which contributes to the sustainable development, cohesion, equity, competitiveness, and added value. These per se make it possible to optimize the experience or result which becomes a business strategy, positioning and competitiveness in the field and international markets (Burgos and Rojo, 2018; Ibarra et al., 2017; García et al. 2021).

In 2018, the OECD states that an organizational innovation is the introduction to a new organizational method of practices, organization of the workplace or the foreign relations of the company. In this sense, the organization adds that innovation in the organization can aim to improve the results in a company, reducing costs, and introducing new methods to organize the conduct of business and the level of satisfaction. At the same time, this innovation could contribute to the learning process and the ways this can be spread throughout the organization, which implies the access to non-traded goods such as knowledge, establishing relations with stakeholders connected to investigation.

Thus, organizational innovation refers to the new ways of work organization and how to achieve the objectives within a company to foster and promote sustainable and sustained competitiveness. This includes how organizations and people manage the work processes (Rajapathirana and Hui, 2018).

The most important elements that involve the organizational innovation include marketing, sales, retention of human capital, customer experience and databases of good practices, competitiveness, financial resources, relations with the external sector, human resources and business organization (Martínez and Padilla, 2020). The aforementioned elements cause the development of the technological and organizational innovation as well as the technological capacities to lead up to a superior performance of the company, which is a concern to the wine industry.

Chile has experienced an opening to globalization and this also reflects in the wine SMEs since the quantity of wine that is produced in Chile is substantially greater than the wine that is consumed. That is why it is essential to generate industry competitiveness in the international markets whence the importance of what has been exposed arises in regards to organizational innovation and internationalization.

Even though there are multiple and varied studies, in the case of Chile, related to the impact of commercial liberalization and growth and productivity (Rojas et al. 1997; García et al., 1995; Figueroa and Letelier, 1994) there is no much evidence in regards to the causes of export dynamism. Nevertheless, the presented conceptual framework points that organizational innovation is a supporting element for exportation, that is to say, for internationalization.

Final remarks

According to the investigation, as a result of the general objective of this research, it is possible to observe in Table 6 the main activities for organizational innovation that are performed by the Chilean wine SMEs that produce bottled wine in search for internationalization.

Table 6. Summary of the main results of the analysis of organizational innovation and internationalization in the visited SMEs

Tabla 6. Resumen de los resultados del análisis organizacional de innovación e internacionalización en las pymes visitadas

Organizational innovation	Internationalization
Mix of new variants, introduction of woods, organic wines, wines with lower alcoholic levels	Slow process with lots of investments where returns are seen in the long term
Manual organization of grape harvest, specialized agronomic work	Wine vacation
Wine tourism	Previous international experience benefits the internationalization strategy
Quality implementation and certification, networks, public and private sector cooperation	Bulk export of wine, initially, benefits the introduction of bottled wine in destination markets

Source: own elaboration. Fuente: elaboración propia.

Conclusion and debate

Based on the twelve semi-structured interviews, it is possible to confirm that the two variables in the Chilean wine SMEs that produce bottled wine that directly affect their continuity in the international markets go beyond the organizational innovation category, involving other types of innovations described below

Based on this investigation, organizational innovation and its position in relation to these twelve Chilean wine SMEs was analyzed in depth.

All the interviewees state that there's a tendency to create stable work groups. They also confirm that a specialized work in the organization, with trained people who have experience in their enological and viticulture area, decreases the operative and financial risks providing more security when working in the organization and generating organizational innovation.

Noteworthy is the constant presence of the company owners who are always looking out for changes being made and for the needs of the company for a culture of continuous organizational improvement. The interviewee states: "We have innovated in quality management systems, traceability, effective use of resources and implementation of clean production, how to handle riles (industrial liquid waste)".

In the SMEs organization, the changes that need to be made are directly linked to the international market demands that come up where the product quality and organization ratio plays an important role.

There are many authors who agree with the fact that quality is the level of excellence to be reached to meet the needs of the target market. Also, the quality and competitiveness ratio has been analyzed in other studies and relevant evidence has been found about it. A second interviewee explains:

We have implemented different quality assurance standards such as ISO standards which have been of great help since we now have a more efficient organization. We use one of them to develop quality management systems and its improvement processes in all areas in the vineyard. We also use them to ensure an environment friendly work, to prevent work-related accidents from happening and favor the health of our workers. It has not been easy since all the company had to learn a different way of organization.

Five out of ten of the interviewed people have implemented some ISO standards in their companies. They support its implementation as a way of making the company a more efficient organization. The purpose of this is also to show themselves to the world as a vineyard with international standards, promoting and strengthening sustainability, tenability, and competitiveness in global markets.

A third interviewee adds: "We've got certification in sustainability. This certificate was issued by Wines of Chile which validates the work in the communities, with the vineyards. It includes the process in creating and working a vineyard. This is a certification similar to the corporate social responsibility". Ten out of the twelve interviewed people mentioned the importance of the need for subsidies, training and specialized training for the teams which, according to them, should be ideally through state support. The idea behind this is to achieve a culture of management of professional human talent and trained technicians in charge of organization processes such as the certifications.

A fourth interviewee comments:

In innovation, being present as the owner in the entire process has helped a lot to make a difference. Most of the vineyards have a staff of professionals but we don't. The owners are simply present during the entire process. They do something distinctive. It is hard for us to talk about innovation. Innovation is a way of administration, that is to say, the management inside the organization, a different way of conducting business.

The continuous presence of the management team in all areas of the company is decisive to ensure the existence and permanence of the work relations, teamwork and trust that will

strengthen not only innovation in the productive process but also in the organizational one. At this point, it is worth mentioning the associativity of familiar talents to cause the organization to grow, as pointed out by ten of the interviewees.

As a result of this analysis and as an answer to the research objective, the concept of networks comes up. They all agree that the existence of networks between SMEs, mostly the small ones, is positive for them. This way they can keep informed about the market trends, technological transferences and can cooperate with each other in different ways (Ravina et al., 2017). A good business productivity can develop a favorable management to obtain future sustainability and viability for the company. This should include an approach to the network concept as a structure for action and design of alternatives that make it possible to find opportunities for the stakeholders.

A network can be the result of trade unions such as The Independent Winemakers Movement (MOVI) which represents entrepreneurs who produce premium wines through personalized and non-industrialized processes. Five of the interviewed companies belong to this movement. Another interviewee ads: “the purpose of presenting this experience of associativity, intermediation and targeted selling, as is MOVI, is linked to the necessity of opening the traditional commercialization models and not being afraid to compete against the big brands because after all we aim at different customers”. The interviewees who are part of this movement stress the importance of the meaning of being part of this network. As a group, they have been able to make transferences of information, participate in promoting their wines and have also been able to make their organizations more flexible to a changing environment.

The rest of the interviewees are part of another network called Chilean Wine Corporation (CCV). This institution is a non-profit trade union made up of small and medium organizations from the wine sector. Their purpose is to improve the cooperation and competitiveness of the companies in all production levels, areas in which one of the researchers of this article has worked for five years, investigating and giving advice to people in the industry about key strategic areas including the subject of study, aiming at the consolidation of the sector.

On the basis of this research, a conceptual model is proposed. This groups the result of this investigation with the organizational innovation that leads to the process of internationalization of Chilean wine SMEs that produce bottled wine (Figure 2).

Figure 2. Proposal of conceptual model of organizational innovation and internationalization in the wine sector

Figura 2. Propuesta de modelo conceptual de innovación organizacional e internacionalización en el sector vitivinícola



Source: own elaboration. Fuente: elaboración propia.

In line with Table 6 and Figure 2, the organizational innovation and internationalization model in the wine SME begins with the selection of the variant according to the geographical area of wine production, creating an emblematic winery hallmark. The above is inherent to organizational innovation since the process is unique.

With this characteristic, the wine producer finds themselves being able to make internationalization of their wines happen based on the diversification of the visualized objective market.

Practical implication

This investigation is aimed at determining the basic elements of organizational innovation in Chilean wine SMEs to strengthen the strategy of internationalization in global markets through a conceptual model. This was achieved through the revision of Scopus and Web of Science literature, of administrative mainstream and a subsequent recollection and analysis of data gathered in the work field.

Chile is on a path of development of the oenology world which has not been easy since it's been necessary to gain legitimacy to be able to have the opportunity to remain in the local and international markets. Moreover, they have had to compete against all the current export models, as shown here, showing signs of boldness and perseverance when adopting some of the mentioned elements in the different countries to be able to build their own model of organizational innovation.

It is expected that the experience of those countries mentioned in the theoretical framework of this investigation would be a percent to be considered by the Chilean wine SMEs. This is because it is possible to evidence that the commitment for organizational innovation and internationalization goes hand-in-hand with continuity, competitiveness, sustainability and tenability in international markets.

It is necessary to mention the implied importance of the network concept when conducting organizational innovation. With no exception, networks have become relevant for these SMEs due to the link with the continuity strategies of the markets as mentioned by all the interviewed people. This generates a future line of investigation.

According to one of the interviewees, having lived the experience, often seen as romantic from the outside, and witnessing many entrepreneurship's around the production of personalized wines or boutique wineries, has helped to understand that the commercial logic of these companies is not competing against the big wineries. On the contrary, this logic is to develop a "way to make wine", that is to say, to establish parameters of quality and distinction around a different bottled wine that represents the wineries terroir as the creative project behind the wine proposal. These SMEs face a very complex scenario. This is because of the increasing significant importance of the personalized products linked to handmade processes tied up to the committed work of people who are present and engaged in each of the process steps where sometimes unluckily, romanticism does not ensure business profit or the introduction of an organizational innovation culture.

The production of an innovative wine involves not only positioning a product commercially but also the need of the producers to sell a concept of wine associated with life styles, gourmet trends and the increasingly developed willingness of the consumers to pay for products that reveal singularity and identity, hence being more familiar. This is where organizational innovation plays a dominant role.

Limitations and future lines of investigation

As a limitation, it is considered that there is no winning formula for organizational innovation but without a doubt all these decision makers have something magical when making wine and that magic comes from their passion and love for this profession. All these elements are highlighted and shared by all the interviewed people. As shown in Figure 3 the entire field is carefully treated.

Figure 3. Peasant family agriculture wine vineyard Colchagua Valley, Chile
Figura 3. Agricultura familiar campesina en el valle de Colchagua, Chile



Source: author's photograph in Colchagua Valley. Source: fotografía de autor en valle de Colchagua.

Likewise, a second limitation would be that the small wine companies consider they are competing against the big companies in the area which is not totally true, according to this investigation, since these small companies produce unique wines, for identified niches hence they especially bet on their signature, supported by an organizational innovation process.

It is possible to point out that this investigation contributes not only to the administrative sciences but also to the emerging wine countries such as Australia and Argentina as a guide to strengthen continuity, competitiveness, sustainability and tenability in the international markets. It is expected that this work will help to strengthen public policies to make Chilean

viniculture and the processes involved in the organizational innovation more competitive. This will allow the small and medium wine producers to share instances of joint collaboration and with different productive sectors (coffee, cocoa, among others) for internationalization as a future line of investigation, this will help to create competitiveness and sustainable development in search of corporate social responsibility.

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