

# Does strategic orientation influence strategy formulation and organisational design in Italian food medium sized enterprises? The role of the family

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## Abstract

**Purpose** – The purpose of this paper is to examine the impact of strategic orientation (defined using the Miles and Snow's paradigm) on the processes of strategic decision-making and organisational design in medium-sized firms (MEs) operating in the Italian family food and beverage industry (F&B). It answers the following research questions: Does the orientation towards market development lead to different strategic formulation styles and developing innovative approaches towards organisational design?

**Design/methodology/approach** – The study is based on five cases of Italian family MEs operating in the F&B industry with a focus on premium segments, following the Mediobanca and Unioncamere criteria.

**Findings** – The strategy formulation process and the organisational design are affected by strategic orientation, highlighting the relevance of the “prospector” orientation in modifying the behavioural models among the selected companies.

**Research limitations/implications** – The limitations concern the number of examined case studies and the geographical location of firms.

**Practical implications** – The attitude to plan and develop new organisational designs is required by a more “prospector” strategic orientation due to the increasing level of work complexity and the process of innovation to manage the market share. Thus, the emergence of a prospector attitude must be reinforced with specific managerial competencies and suggested as necessary support for development strategies.

**Originality/value** – This study focusses on strategic and organisational profiles of MEs operating in the F&B context, where literature is still fragmented. It explores the relationship between strategic orientation, strategic formulation and organisational design by analysing all constructs simultaneously, thereby bridging the theoretical gap in the existing literature.

**Keywords** Food industry, Family firms, Strategic planning, Strategic orientation, Organizational design, Medium-size enterprises

**Paper type** Research paper

## 1. Introduction

The food and beverage (F&B) industry is one of the most important industries in the European and Italian Economy. In the EU Food and Drink Report 2018, the F&B industry emerged in 2016 as the largest manufacturing industry in terms of turnover, employment and value-added, accounting for €1,109bn turnover, 4.57m employees and 2.1 per cent of EU gross value-added, respectively. Based on the same criteria, the Italian F&B industry ranks third in the EU and is one of the most relevant drivers of the national economic system (Garzia, 2017; Della Corte *et al.*, 2018), having a positive impact on the country's internationalisation. According to the note published by ISTAT – Foreign Trade and Import Prices, the F&B exports ended in 2017 with a record of €41bn (+7 per cent compared to 2016), recording €3.4bn in December (+2 per cent compared to December 2016). In the same period, exports to Russia (+24 per cent), China (+14.8 per cent) and France (+8 per cent)

The authors thank all the respondents of the selected companies for their availability in sharing with us information and experiences.



increased. Moreover, F&B is considered a pillar of the so-called Made in Italy (Fortis, 2005; Esposito De Falco, 2008), namely, “the 3Fs”, which includes fashion and furniture.

Regarding architecture, the Italian F&B industry is characterised by a bipolar structure, namely, the coexistence of a small number of big companies and a large number of micro-, small- and medium-sized enterprises (Banterle *et al.*, 2016).

The managerial literature has focussed on the strategy of SMEs and found that they tend to compete in each segment through premium products and differentiation (Carlucci *et al.*, 2014). Moreover, the intimate relationship with the local economies, other stakeholders along the value chain, and communities and cultures (Conto *et al.*, 2014; Cacciolatti *et al.*, 2015; Vrontis *et al.*, 2016) becomes the basis for competitive advantage at an international level. Regarding ownership, the family business is the most common corporate governance model for SMEs (Broccardo *et al.*, 2015). It has been considered the source of balance between innovative and traditional business models, which is a key factor for this industry (Tognazzo and Gubitta, 2012; Vrontis *et al.*, 2016; Bresciani, Giacosa, Broccardo and Culasso, 2016; Bresciani, Ferraris, Santoro and Nilsen, 2016; Bresciani, 2017; Santoro *et al.*, 2017; Franceschelli *et al.*, 2018).

Within the various types of minor businesses, medium-sized firms (defined as companies with employees between 50 and 499 and a total turnover between €16m and €355m) are very common in the Italian F&B industry considering that F&B MEs represent 21 per cent of the universe of Italian MEs in 2016 ( $n = 3,523$ ) (Mediobanca and Uniocamere, 2017).

Thus, it is interesting to focus on MEs since they present particular features; they are not “small, large firms” or “large, small firms” (Achtenhagen *et al.*, 2017).

Due to their specificities and their growing relevance in the economic Italian system, recent literature, although very scarce, has paid attention to their qualitative characteristics (Corbetta, 2000; Butera, 1998; Simon, 2001; Tunisini and Dalli, 2007; Varaldo *et al.*, 2009; Butera and De Michelis, 2011). From a strategic point of view, MEs represent the most competitive and dynamic part of the national industry and tend to be product-niche specialists at the international level (Pongelli *et al.*, 2016). Italian MEs frequently adopt network organisation, especially in the local system they belong. This adoption allows them to expand their competencies and develop innovations (Butera and De Michelis, 2011). Regarding corporate governance, in the debate on the Fourth Capitalism, Colli (2005) highlights how medium-sized companies are family firms. In these companies, family members take or inspire strategic decisions. Nevertheless, Italian MEs are characterised by a strong family-based imprint; sometimes, this characterisation is coupled with the presence of external management involved in the firms’ strategic governance (Corbetta, 2000; Grunde and Talaulicar, 2002; Gabrielsson and Huse, 2005; Gabrielsson, 2007).

Thus, the relevance of the family components is sometime underexplored (Broccardo *et al.*, 2015), especially in MEs where family and management are currently involved in the strategic management and contribute to define the strategic orientation. The balance between entrepreneurship-family control and managerialisation may run into specific strategic decision-making processes. Regarding organisational features, MEs frequently move towards an organic system; family culture and its leadership styles play a leading role, but, at the same time, the role of external management can help to limit the role of the family imprinting.

Hence, to fill the literature gap, this study explores how the strategy-making process and the organisational design are managed in family MEs operating in F&B. The adopted framework, applied to family business context, is the strategic orientation as defined by Miles and Snow (1978).

In the F&B sectors, the family is the source of balance between innovative and traditional business models, which is a key factor for this industry (Vrontis *et al.*, 2016; Bresciani, Giacosa, Broccardo and Culasso, 2016; Bresciani, Ferraris, Santoro and Nilsen, 2016; Bresciani, 2017;

Santoro *et al.*, 2017; Franceschelli *et al.*, 2018). Thus, this study seeks to understand if the orientation towards market development influences the strategic decision-making process and stimulates innovative approaches towards organisational design in terms of structure, culture and leadership.

The analysis is based on the experience of five family MEs operating in the food industry in Liguria, in North-West Italy, who have implemented a “premium product” strategy.

The selected MEs present a mix of family and external managers in their governance. MEs with a prospector strategic orientation tend to adopt a more structured strategic formulation process than MEs with a defender strategic orientation, while culture does not depend on the strategic orientation, prospectors companies adopt more flexible organisation solutions and a leadership style based on vision, mission and values.

This study contributes to the theoretical literature by focussing on the relationship between strategic orientation, strategic formulation and organisational design of MEs operating in the F&B context. This choice presents signals of novelty since the literature tends to explore only single topics (Ferraresi *et al.*, 2012). In addition to the theoretical implications, this study provides some managerial implications to accomplish the competitive growth of family MEs operating in F&B.

The remainder of this paper is organised as follows. Section 2 provides the theoretical framework useful to carry out the explorative research on F&B MEs by introducing family and external management and addressing the extant literature on strategic orientation, strategic formulation and organisational design in MEs. Section 3 explains the research design and method. Section 4 describes the major empirical findings of the analysis and presents the principal outcomes. Finally, section 5 discusses the academic and practical implications.

## 2. Literature review and research issues

### 2.1 Family business and the balance between family and external management in MEs

Family businesses have received increasing attention especially in continental Europe, Asia and Latin America, where the majority of firms are family-controlled (Claessens *et al.*, 2000; Faccio and Lang, 2002; Bresciani *et al.*, 2013; Cruz and Nordqvist, 2012). The literature provides several different definitions. Focussing in particular on the governance criteria, Broccardo *et al.* (2015) chronologically reviewed the definition of family firms. Family businesses are firms owned by one or more members of the family, where ownership and management are aligned within one or more families, one or more families hold the majority of shares, and a minimum of two family members are involved in managing the business (Kallmuenzer *et al.*, 2018). Family involvement is high and impacts on strategy (Chrisman *et al.*, 2005), and leading to a distinct and specific behaviour regarding firm strategy, vision and culture.

The focus on governance profiles is required since medium-sized firms show peculiarities regarding corporate governance (Zahra *et al.*, 2000; Brunninge *et al.*, 2007; Profumo, 2014). First, MEs are characterised by a strong family-based entrepreneurial imprint, sometimes coupled with external management (Corbetta, 2000; Grundei and Talaulicar, 2002; Gabrielsson and Huse, 2005; Gabrielsson, 2007). This fact leads to a concentration of the executive power, which may drive towards a strong commitment in reaching the primary goals of owners or families, that is, maintaining the control of the firm, offering employment opportunities to family members, and dynastic management (Corbetta, 2000; Tunisini and Dalli, 2007).

As the firm's complexity grows, however, cognitive limitations may become a greater concern (Miller *et al.*, 2013), and the role of external managers become urgent. This situation implies that in MEs, there is a contextual presence of family and external managers in the governance structure and the strategic management of the entire organisation. This topic has been examined by considering generic SMEs (D'Angelo *et al.*, 2016), but studies focussed on family MEs are still limited.

## 2.2 Strategic contents and paths in MEs: the strategic orientation

The managerial literature proposes different classifications of strategic contents and paths. Referring to generic strategies by Porter (1985), most researchers recommend the niche strategy for smaller businesses (Vesper, 1980; Rugman and Verbeke, 1988; Lee *et al.*, 2001). Moreover, specific studies on Italian MEs have shown that they tend to focus on high-quality market segments, often at an international level (Coltorti, 2008; Varaldo *et al.*, 2009).

Considering that SMEs and, in particular, MEs, especially in the Italian context, are likely to implement similar strategy contents (Tunisini and Dalli, 2007), other approaches can help more appropriately to analyse strategic paths related to the external environment.

The existing literature suggests three generic strategic goals related to the life cycle of a firm: starting a new business, generating growth and increasing profitability (Heikkilä *et al.*, 2018).

This study adopts the strategic orientation framework since it is concerned with the direction of the firm and is based on perceptions, motivations and desires that precede and guide the strategy formulation and deployment processes (O'Regan and Ghobadian, 2005; Massa and Testa, 2009b). Considering that firms respond differently to the evolution of the competitive environment, the strategic orientation framework reflects the characteristics of the market orientation towards customers, competitors and other external forces (Ferraresi *et al.*, 2012). Moreover, for the family business, this framework helps to identify how family businesses act strategically (Zachary *et al.*, 2011). Miles and Snow's (1978) typology is particularly appropriate for small and family businesses (Cohen *et al.*, 2014; Rugman and Verbeke, 1988). It proposes four categories of firms: prospectors, analysers, defenders, and reactors. In particular, two opposite orientations can be identified (Saebi *et al.*, 2017): market development vs domain defence or prospectors vs defenders (Miles and Snow, 1978). Prospector firms, oriented to market development, tend to explore and exploit new market opportunities, thereby creating or renovating their business idea. In contrast, defender firms have a narrow range of products and are inclined to protect their strategic domain, often implementing cost-efficiency actions and preserving their market against external competitors.

In a traditional and mature industry (Massa and Testa, 2009a; Santoro *et al.*, 2017), such as the food industry, where the margins tend to be low, and the competition is strong, MEs are inclined to focus on high-value segments based on quality benefits (taste and health) and prestige benefits related to beauty, elegance, and genuineness. These segments typically belong to "Made in Italy" brands (Lees-Maffei and Fallan, 2013) to differentiate themselves from the market leaders and gain a premium price.

For firms that try to pursue similar strategies, the analysis of the strategic orientation helps to better understand their competitive behaviours in the selected segments (Massa and Testa, 2009b).

## 2.3 Strategic decision-making processes and strategic formulation instruments in MEs

In general, strategy formation corresponds to decision making about the competitive advantage and strategic behaviour of the firm; for most scholars, strategy formation is a strategic plan that is premeditated and deliberate (Mazzola, 2003; Graetz, 2002), while, for other scholars, strategy formation is the moment of developing a company's strategic thinking (Heracleous, 1998).

The first style is "rationalistic". The strategy is the result of a strategic planning process (Rigby, 2001; Boyd, 1991; Ansoff, 1965; Chandler, 1962; Lorange, 1980), of which the outcome is typically a plan (Mazzola, 2003). The second style is "creative" and "behavioural". A successful or realised strategy is an "emergent" one, a "pattern in a stream in actions" taken by members of an organisation, as opposed to a rationalistic plan (Mintzberg, 1987). The strategy is the result of an individual and collective learning process

that stimulate the “Strategic Thinking”, especially in turbulent context where the role of the chosen strategy cannot provide “a pre-defined course of action” (Rylander and Peppard, 2003, p. 321). The literature tried to “mediate” between these opposing positions, remarking that strategic plan and strategic thinking are distinct but interrelated (Heracleous, 1998; Grant, 2003; Graetz, 2002).

The focus on strategic decision-making and strategic formulation instruments in MEs is still a neglected area of research. Thus, we find elements in other theoretical frameworks, such as the entrepreneurship approach, small businesses approach and family business approach.

In the first perspective (Chwolka and Raith, 2012; Melander *et al.*, 2016), strategic formulation tools are sometimes adopted to support entrepreneurial decision-making, primarily aimed at evaluating new market opportunities, such as the business plan, SWOT analysis, PEST analysis and product-sector life-cycle analysis (Andrews, 1987; Zahra and Dess, 2001).

The second approach concerns the generic definition of “small business” (Robinson and Pearce, 1984; Lyles *et al.*, 1993; Gibson and Cassar, 2002). Empirical research has shown that the adoption of formal planning instruments in smaller companies is still scarce (Sexton and Van Auken, 1985; Kraus and Kauranen, 2009; Mitchelmore and Rowley, 2013; Melander *et al.*, 2016). However, the adoption of strategic formulation instruments should be considered as a “small business necessity, not a large firm luxury” (White, 1998), especially in a turbulent environment (Peel and Bridge, 1998), in the growth phase (Upton *et al.*, 2001), or in the high-tech industry (O’Regan and Ghobadian, 2005).

Although the planning process is seldom applied by small companies (Melander *et al.*, 2016), some studies explain that the firms who strategically plan may obtain better financial results, configuring a positive correlation between strategy formalization and performance (Schwenk and Shrader, 1993; Berman *et al.*, 1997; Perry, 2001; Kohtamäki *et al.*, 2010). In summary, research demonstrated that strategic planning in small businesses is usually informal, irregular and unstructured due to ineffective and insufficient information (Gibb and Scott, 1985; Flavel, 1991).

Strategy formation in MEs could also be studied applying the family business approach, which is appropriate for Italian MEs (Colli, 2005). Strategic decision-making in family firms generally involves family managers, as well as non-family managers (Kallmuenzer *et al.*, 2018); the role of an external manager in bigger firms tend to be higher (Miller *et al.*, 2013). Thus, the plan becomes a useful instrument for clearly defining the objectives and contents of the strategy; it is a means of communication and a stimulus for the organisational commitment (Eddleston *et al.*, 2008; Gnan *et al.*, 2015). The usefulness of a strategic plan is also to manage the family succession, the process that aims at ensuring competent family leadership across the generations (Le Breton-Miller and Miller, 2006), thereby helping to define the strategic corporate orientation that must be adopted by the new generations (Mazzola *et al.*, 2008; Songini and Vola, 2015; Songini *et al.*, 2015).

#### 2.4 Organisational design in MEs: structure, leadership and culture

The organisational design is one of the fundamental concerns in the organisation theory and its relationship with strategy: it has been highlighted that the organisational designs are required to deal with the strategic challenges (Tushman *et al.*, 2010), starting from the intangible resources on which strategies are grounded (Joia, 2000). According to Greenwood and Miller (2010), organisational design can be defined as “how to organise people and resources in order to collectively accomplish desired ends” (p. 78), that is, it consists of the structures of accountability and responsibility used to develop and implement strategies; thus, the governance of intangibles resources such as human resources practices and information and business processes – which are linked to business strategy (Joia, 2000) – are at the basis of those structures. Hence, consistent with Galbraith (1995, 1999), “design drives the way



strategies are formulated and determines whether and how they can be implemented. It is the vehicle by which firms recognise the need for adaptation, determine its course, and put change into effect; [it is also] the framework that enables and allows collective behaviour to occur” (Greenwood and Miller, 2010, p. 79).

Moreover, Bryan and Joyce (2007) conclude that organisation design “is the key to unlocking the opportunities of the 21<sup>st</sup> century” (p. 16). The importance of design is also remarked when innovation is examined and tailored organisational designs are considered fundamental to support and effect such changes (Nadler and Tushman, 2003).

We observe that the concept has evolved from a strictly “configuration” approach focussed on differentiation and integration, centralisation and decentralisation, standardisation and mutual adjustment, formulation of rules and procedures, and the prescriptions of authority (Miller, 1986; Mintzberg, 1979; Pugh *et al.*, 1969) to an enlarged one. It covers both hard and soft dimensions, including the decision systems and human resource systems (Morgan, 1997).

Regarding MEs, the literature on organisational design and its features is scarce. Indeed, it is difficult to find research on this specific dimensional typology, given that organisational design is the way to configure resources to achieve aimed goals (Salim and Sulaiman, 2011; Floyde *et al.*, 2013; Antony and Bhattacharyya, 2010; Wei Chong *et al.*, 2011; Huang and Wang, 2011).

In the Italian literature on the Fourth Capitalism in MEs, it was found that MEs present a continuum between a monocratic and rigid governance and a bendy organisation based on flexibility, cooperation and knowledge sharing (Butera, 2013). Moreover, in these firms, human resource management is considered a key factor of success (Butera and De Michelis, 2011).

Thus, we concentrated on the literature on the organisational profiles of small and medium business linked with strategic orientation (Nandakumar *et al.*, 2010).

Consistent with these scholars, the first perspective regards structure. Following Burns and Stalker’s (1961) seminal work, two opposite models of a structure are identified. The mechanistic structure is characterised by rigid hierarchical equipment associated with a centralised decision-making process and the implementation of formal rules and procedures in vertical interaction and a strict control reporting. The organic structure is flexible and fluid, which enhances the attitude towards decentralised decision-making processes and emphasises lateral communication based on the information and advice on organisational adaptiveness and flexibility while de-emphasising formal rules and procedures (Slevin and Covin, 1997). In a knowledge management approach, the organisational design helps to contribute to develop both exploration and exploitation strategies (SubbaNarasimha, 2001), leading to an ambidextrous organisation, which pursues at the same time efficiency as well as flexibility (Del Giudice *et al.*, 2018).

Leadership is critical to link the vision, developed by top management/entrepreneur, with values and beliefs held by the employees (Rylander and Peppard, 2003). Studies on “entrepreneurial leadership” have evolved during the past twenty years (Leitch and Volery, 2017). First, there was a progressive shift from personal characteristics and traits of the entrepreneur to the role and behaviours defined by interaction within the context. Second, the development of skills, knowledge, and abilities of leaders (their human capital) only occurs through the development of social capital (Leitch *et al.*, 2013).

Four leadership styles have been studied in small entrepreneurial firms (Wilderom and Van den Berg, 1999; Zaech and Baldegger, 2017): transformational (a leader motivates followers by communicating an inspiring vision and facilitating their development and growth), transactional (a leader encourages compliance through rewards and punishment) human resources (a leader is primarily interested in people) and laissez-faire (a leader is passive and non-authoritarian).

The third profile concerns the definition and the role of culture. Culture is considered as an effective tool to manage organisations (Alvesson, 2012). It is at the basis of the definition of vision and mission: strategy must be consistent with the organisation culture

(Grant, 2003). Moreover, culture is grounded on values (Morgan, 1997). In this perspective, it has been demonstrated that “shared values” are more prevalent in SMEs (Pedersen and Sorensen, 1989), thereby suggesting the relevance of culture in the dimensional type of firm we are interested in. Extant studies on culture define different dimensions, which are affected by culture (Van den Berg and Wilderom, 2004): empowerment, intergroup orientation, internal orientation, external orientation and, in particular, human resource orientation. Regarding the last component, it has been underlined that family firms are inclined to treat their employees with high consideration (Pittino *et al.*, 2016) and that they tend to invest in building internal communities (Miller *et al.*, 2008) and promote welfare for their workers (Cennamo *et al.*, 2012).

These three profiles (structure, culture and leadership) will be analysed in the empirical research in detail. We want to understand how these organisational dimensions have evolved in relation to different strategic orientations (prospector *vs* defender) in the MEs.

### 3. Research questions and research design

This study verifies whether and how a more proactive strategic orientation leads to more innovative behaviours in both the strategic and the organisational profiles and employs it in the context of F&B sectors and for MEs to provide empirical insights. The adopted framework is the strategic orientation as defined by Miles and Snow (1978). The context is the family business. The role of family and external management are considered as factors that can influence the interactions between strategic orientation, strategic decision-making and organisational design.

This study answers the following research questions (RQs):

*RQ1.* Does the orientation towards market development lead to a different strategic decision-making process in Italian family F&B MEs?

*RQ2.* Does the orientation towards market development lead to developing innovations in the approach towards organisational design in Italian family F&B MEs?

Moreover, we expect that a firm’s strategic orientation is likely to influence its strategic formulation style and organisational design. We want to explore whether MEs with a prospector strategic orientation show higher adoption of strategic management instruments and managerial decision-making process more than MEs with a defender strategic orientation. This study verifies whether MEs with a prospector strategic orientation tends to impact the implementation of innovation in the approach towards organisational design more intensively than MEs with a defender strategic orientation.

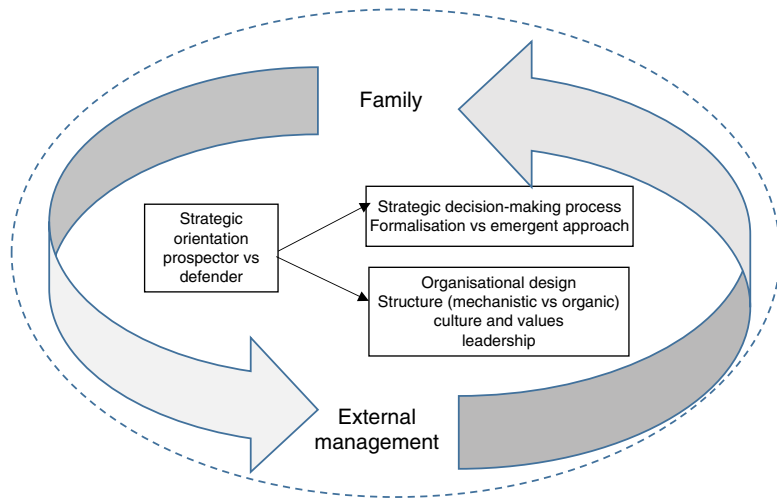
Figure 1 illustrates the research framework and identifies the role and interactions among the mentioned topics. The empirical analysis has followed this framework.

### 4. Methodology

#### 4.1 Case study methodology

The empirical data for this study were collected by applying a multiple case study approach (Yin, 1994; Cunningham, 1997; Eisenhardt and Graebner, 2007).

The decision to adopt this methodology is derived from two motivations: the research scope (strategic orientation, strategy formation process, and organisational design) and the type of firms (family MEs). Regarding the “research scope perspective”, the case study methodology is consistent with research questions based on “how” and “why” (the relationship between strategic orientation, strategy formation process, and organisational design). Qualitative research is appropriate when the emphasis is on the development of a conceptual framework and the identification of critical factors and other key variables (Geisler, 2007; Massingham, 2004).



**Figure 1.**  
The conceptual framework

Regarding the “type of firms perspective”, since MEs tend not to disclose strategic and organisational information, direct contact is essential to understand these profiles.

Moreover, multiple cases enable a more generalisable and robust theory than single case (Eisenhardt and Graebner, 2007; Del Giudice *et al.*, 2017; Dezi *et al.*, 2018; Ferraris *et al.*, 2019). The research has been conducted according to the guidelines and suggestions for qualitative methodologies provided in the literature (Yin, 2003).

We carried out several in-depth and semi-structured interviews based on face to face meetings using a semi-structured questionnaire, which allows for comparisons across the selected companies, as suggested by Massingham (2004). We interviewed entrepreneurs and managers responsible for corporate and business strategy on strategic orientation, application of strategic management tools, and organisational design.

Consistent with Saebi *et al.* (2017), we define prospector orientation as whether firms emphasised the implementation of new solutions, the launch of new products and services, and innovation or R&D in the competition against their closest competitors. The defence orientation corresponds to a stronger emphasis on the reduction of operative costs, process improvement and low prices.

Regarding the strategic formulation process, we requested a description of the entire processes, the adopted instruments of strategic planning, the time framework and the most important activities involved in the strategic making process.

With reference to the organisational topics, interviewees were invited to deepen the main features of the organisational culture, the values on which it is grounded, the prevailing leadership styles, the inspirational bases of the strategies related to human resources and the processes of their management, in addition to the most relevant elements about the structure.

The interviews lasted for two hours and were conducted by, at least, two of the authors to guarantee the possibility of a comparison between the researchers. All the answers were transcribed and analysed independently by the authors and discussed to reduce the subjectivity in the interpretation of the data.

When necessary, we carried out a follow-up correspondence with the firm’s respondents via e-mail and telephone. In addition to the primary data from interviews, secondary data from documents (such as business publications, corporate presentations, internet-based information and newspapers) were gathered. We triangulated these data with the primary data, analysing the results and their coherence and reinforcing the knowledge of each



company. The data were analysed following the protocols for qualitative data analysis. The main research was carried out in 2018. Given the longitudinal approach, we recorded and verified the primary and secondary information collected during the previous ten years (2009–2018).

#### 4.2 Case selection

Hence, to select some cases of F&B MEs, we applied the criteria proposed by Mediobanca and Unioncamere (2017) for awarding ME status. They are diffused in the strategic management and industrial organisational literature (Butera, 1998; Tunisini and Dalli, 2007) and can be described as follows: turnover ranging from €16–355m; number of employees between 50 and 499; and the state of not being controlled by any large holding company (independence criteria).

Moreover, we introduced the following criteria: food sector, with a focus on premium/differentiation strategy; national and international scope; the status of not listed without any mandatory requirements regarding corporate information; and strong familiar and entrepreneurial features, which can be found in the ownership and management structure.

Finally, we have decided to limit our analysis to Liguria, a region in North-West Italy, which is an interesting region to study since it presents an economic fabric predominantly constituted by micro and small firms or big ones; only 32 MEs out of 3,376 Italian MEs (and out of 1,387 Northern-Western MEs) are positioned in Liguria. Moreover, food is one of its most important manufacturing industries. In 2017, firms operating in the Liguria food industry were 1,754 (–0.7 per cent in 2016 and +2.4 per cent in 2010), representing 17.4 per cent of the total industry in the region (it is ranked 13th in Italy in terms of the number of firms). The selection procedure has led to five case studies. According to Kumar Basu (2015) and Winterhalter *et al.* (2017), the number of five is appropriate to justify a research focussed on strategic and organisational profiles.

## 5. Results

### 5.1 Companies' profiles

Three companies out of five are traditional family businesses founded by previous generations, where family ownership and family management coexist (Table I). Noberasco, Fratelli Carli and G. Alberti's full ownership and top management positions belong to the third and fourth generation of the respective families.

Noberasco is an Italian leader in the dry and dried fruit sector thanks to the expertise achieved in over a century of activity (it was founded in 1908). The orientation towards differentiation is high. Moreover, innovation in production processes through digitalisation has been considered a good opportunity to enhance the food value.

Fratelli Carli is mainly focussed on Olive Oil and Mediterranean specialities (such as preserves in oil and sauces). It was founded in 1911. Its strategy is characterised by segmenting the market concerning the distribution channel and is exclusively based on home delivery. The company seeks a differentiation advantage in product quality and customer service. Investments in CRM and digital marketing tools have led to a better brand position.

G. Alberti is focussed on a limited range of food dairy products (milk and cheese) and a geographic niche (Liguria and Piedmont). It was founded in 1948 by Giacomo Alberti and is now at its third generation. It focussed on a limited range of food dairy products (milk and cheese) and on a geographic niche (Liguria and Piedmont). Its strategy is based on high-quality milk and is linked to the territory's specificities and value.

Appetaitalia is focussed on developing and creating recipes and new ready-meal concepts to anticipate and meet the demand of consumers with little time to devote to cooking. Although it works for private labels, the focus is on premium products, where quality and innovation are sources of differentiation. It is the youngest company in the

**Table I.**  
Selected companies  
profiles and their  
strategic orientations

Company	Profiles/strategic business units	Year of foundation	Location	What is strategy for the company?	Strategic paths (evolution in the last 10 years)	Strategic orientation
Nobersco S.p.A. (pure family business)	Dry and dried fruit	1908	Savona (Albenga)	Market/product Marketing Digital marketing	Focus on a market niche High differentiation: brand image New value for products Vertical integration (control of the most important production phases) International partnership with producers and big retailer (private label) Focus on a market niche: home delivery/e-commerce	Prospector
Fratelli Carli Sp.A. (pure family business)	Olive oil/ Mediterranean food specialities Cosmetics	1911	Imperia	Market/product Production: innovation Marketing Partnership with retail and producers	High differentiation: brand image Diversification (cosmetics, Mediterranean) Internationalisation (FDI and export)	Prospector
Appetais Italia Sp.A.	Frozen fish Frozen ready-meals	1990	Genova	Market/product Master production Schedules/MPR	Focus on a market niche: frozen food Diversification from frozen fish to frozen ready-meal International partnership with a big retailer (private label)	Prospector/ defender (analysier)
Generale Conserve S.p.A.	Tuna/mackerel	1980	Genova	Product: product orientation Sustainability	Focus on a market niche: tuna/mackerel Vertical integration (control of the most important production phases) International partnership with fishers (control of the filiere); FDI in Portugal (plant for tuna) Past diversification in tomato sauce (de Rica); now focus only on tuna and fish	Prospector/ defender (analysier)
G. Alberti and C. S.p.A. (pure family business)	Milk and cheese	1948	Imperia	Entire value chain	Focus on a market/geographical niche: milk and cheese/Liguria and Piedmont Acquisition of two labels in the same product/geographical niche	Defender

**Source:** Authors' work

selected group, established in 2001 from the merger of two companies (Comisal International buys seafood for tuna companies, such as Palmera and Star; and Meno45 specialises in seafood processing and preparation). Appetais Italia lost the independence requirement at the end of 2018 when our analysis was already completed. However, further contacts have confirmed that the role of family and the trusted top manager remain pivotal for the strategic decision and the definition of the most important organisational features. The founder and previous owner of the company is now a shareholder, and he is still directing the company.

Generale Conserve is the second-largest producer of canned fish on the Italian market and the leader company in the premium segment (flagship brand: AsdoMar). It was born as a family company, and, in 2013, the ownership passed to another family who is now managing the company (father and son). Established at the end of the 1980s as a distribution company, it became a producer of tuna.

### 5.2 *Strategic paths and orientation*

All of the companies have set up growth strategies. Noberasco has followed both product and process innovation. By creating new products and new mixes of products and innovative packaging, it aims to satisfy different and emerging needs (aperitif, health, cooking) and to overcome the seasonal consuming of dried fruit. According to Gian Benedetto Noberasco, “Our new production processes allow us to offer to the market a product line comprising of plums, apricots, figs and other fruits (which are sometimes unusual or totally innovative), as well as a complete line devoted to customers who increasingly ask for a product which is healthy and has no added preservatives. We are mainly persuading young people”. Thus, to control the phases and techniques of preservation and packaging, the company has implemented a vertical upstream integration strategy in the manufacturing activity, investing in the new Industry 4.0 production plant located in Carcare (a little town in the hinterland). Vertical integration has strengthened the company’s competitiveness.

Over the years, Fratelli Carli has diversified its portfolio by adding the recent line of cosmetics (the “Mediterranea” brand) to the traditional oil and food specialities (the core business). This diversification strategy has been driven by synergies in sharing the same logistics system and customer relationships database.

Appetais also applied a diversification strategy starting from the production of frozen fish products and enlarging its portfolio with frozen ready-made dishes and baked products for the private labels. In this case, the diversification was undertaken to identify more profitable and expanding businesses where the differentiation strategy is possible (“frozen fish is a commodity”). Moreover, the baked products plant was totally refurbished and reorganised for the exclusive production of gluten-free food to capture high-value segments.

Generale Conserve, once a distribution company, has pursued a vertical integration strategy to control the most important production phases. It stresses the importance of sustainability as a form of differentiation (in recent years, it obtained the certification of Friend of the Sea, increasing its brand value). The control of the filière is made by creating an international partnership with fishers.

G. Alberti developed a number of its products starting from packaging milk. In 1980, the company pursued a vertical integration in the production of Grana Padano in Piedmont. More recently, it expanded into acquiring other brands (such as Latte Valli Genovesi) to reinforce its positioning in the milk “premium” niche.

Comparatively, by evaluating the strategic orientation, Noberasco and Fratelli Carli can be considered as prospectors. Although they operate in a mature industry, they thrive in innovative, dynamic environments, maximising new opportunities, respectively, through innovation and diversification.

Appetais and Generale Conserve can be described as a mixture of both the prospector and defender traits. They could be described as “analysers”. Such ones focus on efficiency and increased production and innovation when the market is stable and dynamic or uncertain, respectively.

G. Alberti is mainly aimed at reinforcing its territorial and product market niche, thereby revealing its “defender” orientation.

### *5.3 Strategic decision-making and attitude towards planning*

Regarding the investigated companies, family entrepreneurs are directly involved in the strategic governance of the firms and are supported by managers (Table II). The higher the expansion of the managerial team that participates to the strategic decision-making process, the higher the attitude to adopt a strategic planning perspective.

In larger companies, such as Fratelli Carli, Noberasco and Generale Conserve, strategic options are considered in a “sharing” mode, involving family entrepreneurs and managers, who bring their specialised skills to support strategic decision-making. The use of consultancy is limited (for technical-specialist problems or market analysis).

Despite the Mintzberg’s model of the emerging strategy being predominant, companies with a “prospector” orientation adopt “embryonic” planning processes by employing written plans to collect the results of the environmental analysis, defining strategic objectives, and indicating the main actions (such as organisational variables and investments).

In Noberasco, written and formalised plans are mainly set up for new products. New ideas (such as “dried fruit for sport”) are generated by in-depth discussions within the family group and presented to both the commercial and marketing directors. External consultants are employed to provide market data. The strategic plan contains the strategic objectives set out in quantitative terms and a budget system aimed at the monitoring process. The plans are defined according to products; thus, it is possible to identify the strategies related to the whole business and the individual market segments.

Fratelli Carli has recently adopted a more formalised strategic decision-making process. The board of directors, composed of family members and managers, defines a three-year plan, supported by an annual budget system. The control system is based on monthly budgets. The board sets decision-making goals concerning the allocation of financial and human resources with respect to businesses (corporate level). Plans relating to oil specialities and cosmetics are written. In each document, the main critical issues relating to the competitive advantage and the configuration of the business model are identified in addition to a set of objectives expressed in quantitative terms to implement the strategic control.

For Appetais, strategies are rarely the result of a formalised decision-making process. This process is managed through a procedure consisting of daily meetings and an in-depth monthly meeting with the sales office for production planning. In this company, the strategy is, essentially, guided by organisational and administrative aspects (budget and production programmes).

The new family owner (formed in large and structured companies belonging to the same industry) has ensured that Generale Conserve has started to utilise a more formalised decision-making process. In particular, strategic decisions are made to enhance the company’s sustainability strategies and improve its market leadership in the premium tuna niche.

G. Alberti has a defensive orientation currently; it adopts descriptive documents (typically on the product and on the production process), where the entrepreneur outlines quantitative objectives that predominantly have the role of ex-post control. However, the young third generation and the managerial team recognise the importance of introducing a planning process and intend to introduce more formalised procedures.

Leader in the decision-making process	Consultants	Strategic plans	Process of formalising strategic decisions	Main drivers	Structure	Culture	Leadership
Noberasco S.p.A.	Yes	Yes. Three-year plans structured on the different businesses	Yes. Systematic for every business	Process led by product and marketing	Organic	HR Stimulation of creativity in employees/empowerment	Transformational
Fratelli Carli S.p.A.	Yes	Yes. Annual plans reserved to for new products (definition of an industrial plan for succession)	Yes, in case of products' line innovation	Process led by innovation (R&S) and Marketing	Organic	HR Stimulation of creativity in employees/empowerment	Transformational
Appetait Italia S.p.A.	No	No. Monthly budgets Production plans	Yes, methodical, but only on a short-term basis	Process led by financials and production	Mechanistic	Internal orientation (initiatives to improve ways to work) External orientation (working to improve the market position)	Transformational/transactional
Generale Conserve S.p.A.	Yes	Yes. Annual plan	Yes, systematic	Process led by sustainability and by external certification bodies	Mechanistic	HR stimulation of creativity in employees External orientation (working to improve the market position)	Transformational/transactional
G. Alberti and C. S.p.A.	No	No. Only internal descriptive reports	No	Pure entrepreneurial process	Mechanistic	Internal initiatives to improve the way to work External orientation (working to improve the local market position)	Transformational/transactional

Source: Authors' work

**Table II.**  
The strategic decision-making process and organisational features

#### 5.4 Organisational design: structure, culture and leadership

Regarding the investigated companies, we observe that strategic orientation impacts on the organisational design (Table II).

The firms divide tasks and create explicit functions to deal with responsibilities, share information, and create links between the owner and different heads of department. The specialisation of activities (such as R&D, production, marketing and CRM) emphasises the use of and the ability to apply analytical techniques, therefore, stimulating intergroup collaboration.

Companies presenting a more positive attitude towards prospector orientation tend to create a more flexible and organic structure, the features of which fit better with the need to accomplish both market growth and innovative paths. This situation entails a low degree of specialisation and a relatively limited number of jobs, low standardisation in working methods, high interaction among the members based on shared commitment, and strong and diffused communication in any direction.

Noberasco and Fratelli Carli show an organic structure to support a differentiation strategy and improve their performance in terms of objective fulfillment and of relative competitiveness. In Fratelli Carli, while the oil and food specialities division is more mechanistic, the Mediterranean strategic business unit is characterised by an “organic organisation” that can create relationships with other partners (such as the University of Pavia) to exploit product innovation and the potential of new international markets.

Noberasco is now oriented to the Industry 4.0 style, characterised by the flexibility paradigm and the attitude to de-centralise decisions.

The other cases (Generale Conserve, Appetais, and G. Alberti) present a more mechanistic structure, which helps to improve financial performance.

Concerning culture, all the companies are proud to be “Made in Italy” representatives and the connected values (quality, excellence, care, and beauty) are the basis of their way of working. Moreover, the relationship with their territories is considered a prominent value, shared by the whole leading group. This situation is particularly true regarding Fratelli Carli, Noberasco and G. Alberti; they have implemented efforts to promote their territory. The role of the respective families is widely recognised in the relationship with their roots and their approach to CSR, which also profoundly influences the way of assuming strategic decisions (whether to remain in the territory and create their development strategies). This situation is especially evident in Noberasco, for instance, regarding its decision to build the new modern factory in Carcare. Fratelli Carli has reinforced this profile by creating the Emporio Fratelli Carli (“flagship store”) and the Oil Museum in Imperia to attract eno-gastronomic tourism. G. Alberti has its milk collecting centre in Piedmont and created a cheese factory in the same site where Grana Padano D.O.P. is produced since 2000.

The valorisation of the territory for Generale Conserve is affected by its sustainability culture. Its vision of sustainability is to re-shore production in the Italian territory (its market). Thus, a plant located in Olbia (a town in the North of Sardinia) is considered not only as a production place but also an opportunity for reinforcing its consumer market.

Appetais is strongly characterised by pride in its products that represent the Italian cuisine in general (or, in most cases, the Italian cuisine interpreted to meet the taste of foreign customers), but the valorisation of the territory is only mediated by the “Made in Italy” ready-meal products.

Consistent with extant literature on MEs (Butera, 1998), the culture of the human resource is always emphasised. The selected firms devote great attention to their workers. People are considered the primary source of the competitive advantage, and they form their strategic orientation independently. This situation also means that these firms tend to create a good environment for their employees, implementing attractive welfare policies. The new Noberasco plant in Carcare has been characterised by many facilities for employees to



“compensate” them for the travel time from their places of stay and exemplify care towards employee needs and wellness. Fratelli Carli is the first Italian manufacturing company to have received the certification of “Benefit Corporation” by the American non-profit organisation “BLab” regarding the attention shown towards their employees. Concerning Generale Conserve, the culture of the human resource is consistent with its sustainability policy, aimed at creating workers with a specific sensibility towards environment relevance and promoting the role of female employees in its production processes. Regarding Appetais, the culture of human resource is oriented to “the respect for individuals, the environment and the community in which we operate”. The internal orientation is the most inspiring of all the cultures in the subjects studied: “R&D is the mainspring of our work: in collaboration with chefs and food designers, the R&D Team studies new products to meet customer needs regarding quality, flavour, speed of preparation and innovation”. G. Alberti, instead, has an external orientation to improve the local market position and promote efforts for exceptional performance of the firm focussed on its local market (Liguria and Piedmont).

In conclusion, we can state that strategic orientation does not affect cultural style. It is, instead, the role of entrepreneur-family in the organisation with the product topology that affects culture.

Concerning leadership, a transformational style is present in all the firms, which are, in some cases, combined with a transactional one. This observation is consistent with the entrepreneurial features of these firms, where communication of vision is necessary to inspire development and growth among collaborators. In this vein, the task of understanding what is important for employees is entrusted to the leadership to create a profound feeling of collaboration on major assignments.

This attitude is especially predominant in companies characterised by a prospector orientation. Analysers and defenders complete their approach with some attributes from transactional leadership (attention to rewards and maintenance of standards, focus on performance, and own interests). These profiles have been found in Appetais, Generale Conserve and G. Alberti, where rewards for good work and criteria for performance-related benefits are underlined as the principal features of the working relationship.

## 6. Discussion

Addressing the Miles and Snow's (1978) classification, this study has demonstrated that companies with a prospector strategic orientation are likely to unveil higher adoption of strategic management instruments and a managerial decision-making process more intensively than MEs with a defender strategic orientation.

Our analysis confirms what the national and international literature states regarding a more extensive use of tools of strategic management by SMEs, which are oriented towards growth (Upton *et al.*, 2001). We observed that Fratelli Carli and Noberasco belong to those firms, which “prepare” documents such as plans, even if sometimes very short, where the description of the main strategic goals in the medium-term together with vision, mission and values describing organisational and entrepreneurial culture are expressed.

More complex strategies, such as internationalisation, diversification and innovation of product lines persuade enterprises to follow more formalised decision processes and prepare documents containing goals (financial and market ones), how to obtain the, and the related organisational implications.

Goals are characterised by small decisional groups, composed of the entrepreneur, the family and, in some cases, the involved managers (whose presence is a sign of a recognition of the complexity of the strategic and the organisational issues) and are communicated to all to reinforce organisational commitment, thus, showing the close relationship between strategy and organisation.

Following Hart's scheme (1992), which examines the alternative approaches to strategy definition, we can remark that, in MEs, a strategy may assume a "symbolic" style, in which culture and vision from the entrepreneur play a relevant role (see Fratelli Carli and Noberasco). Moreover, plans offer many technical elements and are connected with the launch of new products and the entrance in other new markets.

We, then, observe an orientation towards formalised strategy through the drafting of plans; thus, there is a strong orientation towards growth and more complex strategies; in these cases, the managerial involvement has found more profound and developed.

Thus, focussing on the impact of strategic orientation on the approach towards organisational design, our analysis has demonstrated that, while culture is predominantly connected to the typology of firms ("pure" family vs managerial), organisational structure and leadership style tend to follow the adopted strategic orientation. In particular, prospectors companies are implementing an organic organisation, since flexibility is considered a key factor in accomplishing their attitude to growth. Regarding leadership, the same orientation requests a transformational style, based on vision, mission, and values oriented to the development and the company's success.

## 7. Conclusions, implications and limitations

This study scrutinises the relationship between strategic orientation, following the paradigm of Miles and Snow (1978), and both the process of strategic decision-making and the organisational design. The context is the family MEs operating in the Italian F&B sector. From the analysis of five case studies, it emerges that the prospectors of MEs are more inclined to use more formalised strategic processes, while the strategic orientation impact only organisational structure and leadership and not culture (that depends more on factors connected to the characteristic of the firm and people).

Theoretical and practical implications characterise this study. Regarding the theoretical implications, the relationship between strategic orientation, strategic formulation and organisational design offers an original contribution to the literature by analysing all those constructs simultaneously. This study contributes to the limited literature focussed on MEs, which is still a neglected area of research, to bridge the literature gap on family MEs in F&B since a systematic study does not exist. This study also contributes to enrich the literature about family businesses in F&B and helps readers to understand better the balance between family and external management that is common when the firm becomes more complex.

Moreover, this research has significant managerial implications. Our research demonstrates the necessity to adopt more structured decision-making processes when the company has a more aggressive market orientation and when it is necessary to face a more competitive environment. Indeed, it represents an interesting opportunity for the involved companies. Also, with regard to the organisational perspective, our study confirms the importance of a more flexible and organic structure which fits better with the need to accomplish both market growth and innovative paths and of a specific care for human resources, which are the first source of the competitive advantage.

Paying attention to a policy level, our research puts in evidence how it is important to promote the culture of entrepreneurship, sustaining training activities devoted to reinforce strategic thinking and connected tools, and to develop leadership capabilities so to allow enterprises, and familiar ones especially, to mature appropriately managerial attitudes.

Despite the importance of these empirical results and practical implications, this study has some inherent limitations, which might be challenged in future research.

First, the study is based on a multiple case study design that does not provide static generalisations, yet it offers a "stepping stone" to building a new theory about the connection between family management and strategic orientation and their impact on the strategic formulation process and the organisational design. In this sense, this study is a pilot study.

Further studies are needed to extend the number of case studies by including other MEs from other Italian Regions. Second, the number of organisational variables could be expanded by adding other factors related to organisational design, such as roles, symbols and human resources practices. Finally, another interesting topic would be a comparison between the listed family MEs and those not listed.

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