

Chapter 32

Sustainability, Corporate Social Responsibility, and Corporate Reputation in the Wine Sector: A Key Performance Indicator Framework Model

Barbara Iannone

University of Chieti-Pescara, Gabriele d'Annunzio, Pescara, Italy

ABSTRACT

This article offers a comprehensive overview on the relationship between sustainability, corporate social responsibility (CSR), and corporate reputation (CR) by examining a field study case of a wine family firm located in the Abruzzo region of Italy. Through qualitative research methods, direct interviews to the family, social accountability, archives and observations of the company's life, information is organized in thematic areas suggesting the need of an alignment between environmental and business interests. The results are further used in proposing a framework model focused on the identification of key performance indicators (KPI). The main pillars of this concept are evaluating, monitoring and improving CR. The conclusion stresses the importance of replicating this type of modelling initiative with the purpose of professionalizing the wine industry into a more sustainable production and more successful business practices.

1. INTRODUCTION

The word “Nachhaltigkeit” (the German term for sustainability) was first used in 1713: it was originally coined in forestry where it means never harvesting more than what the forest yields in new growth (Wiersum, 1995). One of the most popular inspiration came from “*Brundtland Report*” in 1987 (WCED, 1987), the UN World Commission on Environment and Development: the question which Brundtland and her colleagues posed themselves was: how can the aspirations of the world's nations for a better

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life be reconciled with limited natural resources and the dangers of environmental degradation? Their answer is sustainable development, in the Commission's words: development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

From that moment on, a growing awareness spread with regard to the environmental problems of the Planet: issues such as the fate of future generations, the present quality of life, renewable sources of energy as an alternative to fossil ones become central. The protection of the environment starts to be conceived as a necessary condition for long-lasting development, rather than a constraint to it. The issue of sustainability is turning into a new paradigm and a new way to do business by improving welfare. Since that time, there have been several developments in the concept of sustainability but the most popular is referred to its interpretation in terms of three dimensions, which must be in harmony: social, economic and environmental. This is known as Triple Bottom Line concept (Elkington, 1994). This is a concept known as a way to operationalize corporate social responsibility (CSR). Effectively, to the conventional bottom line (profit) should be added care for the environment (the planet) as well as being "good" to people (the social dimension). As a consequence, corporate initiatives aimed at generating a positive impact on the environment, CSR activities (such as recyclable packaging or no packaging, energy-efficient products, zero-km products, i.e. produced locally, purchased at farms, biological products) are perceived as positive activities.

This paper investigates how a young company, through an innovative philosophy of corporate sustainable development, focuses in the same time on the creation of new value. The analysis is tailored for the wine sector, with the goal of answering the following two research questions:

1. Looking through the lens of the sustainability philosophy, how are the attached value levers that should improve accordingly with the economic value?
2. To what degree does the CSR activities or innovative ideas bring growth in the intangibles (such as know-how, corporate culture, confidence, credibility, reputation)? Is it possible to monitor them?

Furthermore, the paper aims to consolidate the "strength" of this green philosophy, of its principles and tools, in their different expressions and in their ability to affect the structure and the management/governance processes of the company with a consequent positive return, both in economic-financial performance and regarding the intangibles, as corporate reputation (CR).

Regarding the methodology, the research follows a qualitative approach through a field case study (Yin, 2014), for a young wine family business, within the Abruzzo Region. The paper is organized as follows: section two provides the conceptual framework about sustainability and CSR, followed by CSR perspective into the family firm and then the CR in the literature. Thereafter, the focus is on the existing research of CSR in economics and some behavior economics implications. The empirical section examines the identification of value levers and of the CR concept in the case study. The paper ends with a proposal of a framework model for key performance indicators (KPI) referred to CR, conclusions, limitations and future research directions.

The main contribution of this paper is the identification of KPI for CR in order to try the application of this framework into the family firm to monitor the value of this intangible and to improve it.

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