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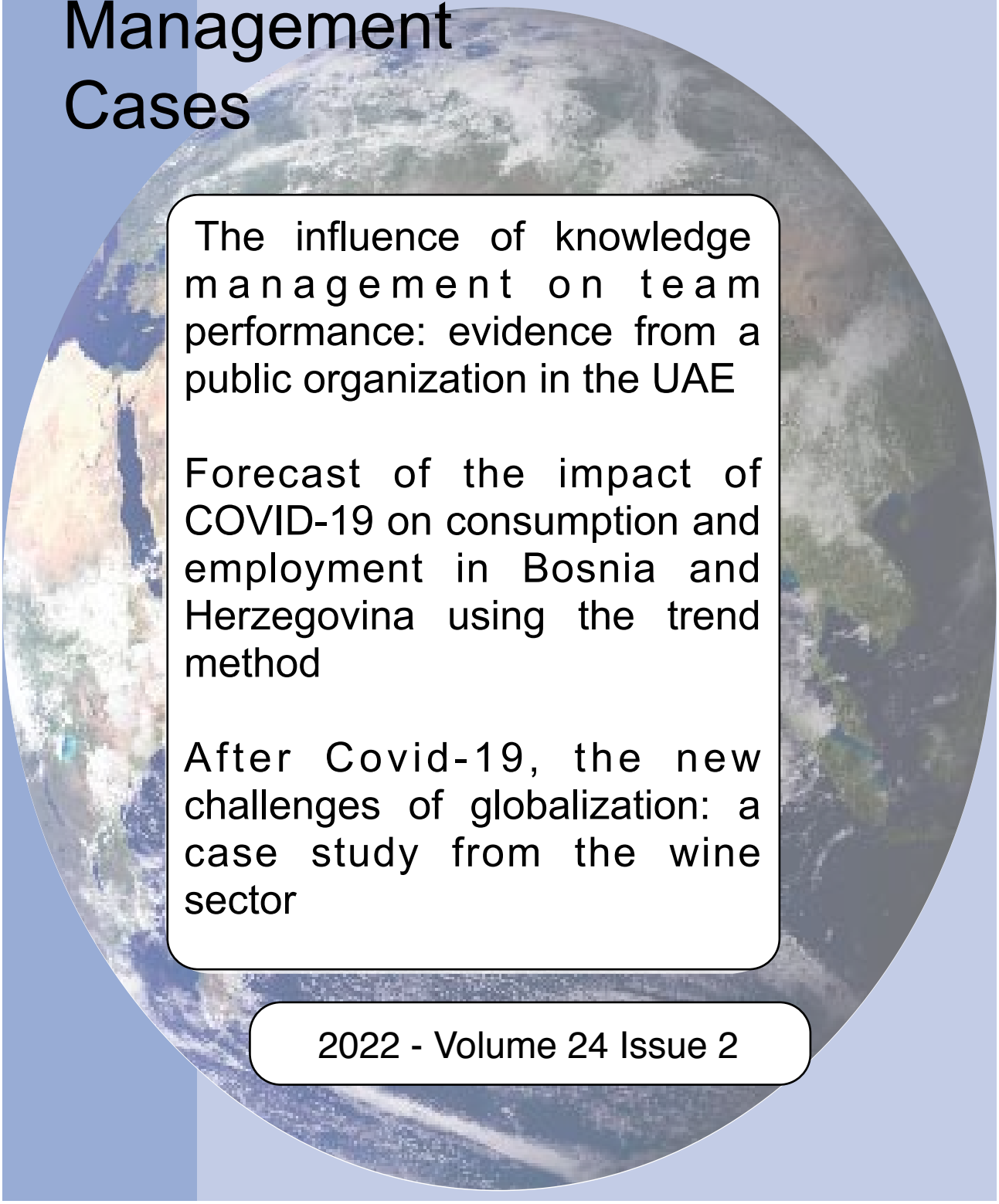

The influence of knowledge management on team performance: evidence from a public organization in the UAE

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Contents

The influence of knowledge management on team performance: evidence from a public organization in the UAE

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Abstract

Aim: This study examines how knowledge management impacts team performance in a public organization in the United Arab Emirates (UAE).

Methodology: This explanatory research uses a quantitative methodology. Specifically, it uses a purpose-built questionnaire distributed electronically in a public organization in the UAE. The data from 386 completed questionnaires were analyzed using SPSS. The hypothesis is tested. The results showed that the measurement models are valid, reliable, and fit. Also, the conceptual model is fit, and all the research hypothesis is significant and supported by the data.

Key finding- knowledge management positively impacts team performance.
Originality: This research's main contribution is that knowledge management has a positive impact on team performance.

Implications and limitations: These findings have implications for practice related to improving knowledge management and team performance. These implications are discussed herein, as are the study's limitations and recommendations for future research.

Keywords: knowledge management, team performance, public organization.

Introduction

Organizations consider knowledge a strategical resource (Clarke, 2006, p 33) since it represents an essential source of competitive advantage (Singh 2018). Therefore, most organizations develop routines, regulations, and procedures to structure, maintain, and manage knowledge, a process known as knowledge management. Due to its importance, many economies and organizations have recognized the importance of knowledge management.

Organizations, nowadays, implement some level of knowledge management due to knowledge positively and significantly influences performance at the organizational level (Fedoce et al. 2015; Hasanzadeh and Mahaleh 2013; Inkinen et al. 2015) the individual level, as people share their knowledge, learn from others' lessons and mistakes, and improve their skills (Biygautane and Al–Yahya 2011) and team performance (Basnayaka and Jayakody 2018).

Because of the importance of teams in organizations, the current study focuses on examining the relationship between knowledge management and team performance. Teams are important for any organization since teams are collections of individuals who are interdependent in accomplishing tasks yet share responsibility for specific outcomes that are part of a larger social system (Cohen and Bailey, 1997). Studying teams involves understanding the behavior and social psychology between the leaders and followers

required to foster employee involvement and leverage human resources (Campion, Papper, and Medsker 1996, as cited in Basnayaka and Jayakody 2018).

Indeed, teams became increasingly a popular way to organize and coordinate work, which created new challenges for leaders to balance between motivating individuals and improving team performance at the same time (Rao and Abdul Kareem, 2015). In fact, some researchers argues that the current trends in organizational studies call to shift the attention from leading individuals to leading teams (Chen et al., 2007).

In teams, knowledge is created, shared, and becomes part of routine and practice (Singh and Gupta, 2014). This takes place when team members assist each other. They provide solutions, reformulate problems, redirect attention to appropriate knowledge sources, and validate other team members' newly proposed solutions (Cross and Sproull 2004). Teams can be incorporated as part of the knowledge-management process (Cohen and Baily 1997). Despite the growing importance of teams in organizations, little has been written about the relation between knowledge management and team performance (Dionne et al. 2004). Researchers have raised several issues with the extant knowledge generally and in MENA region and UAE specifically.

Many researchers have studied the influence of knowledge management on organizational performance (El−Kot and Gamal 2011; Fedoce et al. 2015; Hasanzadeh and Mahaleh 2013; Inkinen et al. 2015; Jain and Moreno 2015; Stock et al. 2010). However, few, if any, have studied how and why knowledge management affects team performance. The literature suggests a promising link between knowledge management and team performance. This research aims to examine the role of knowledge management on team performance in a public organization in the UAE.

Research Purpose and Objective

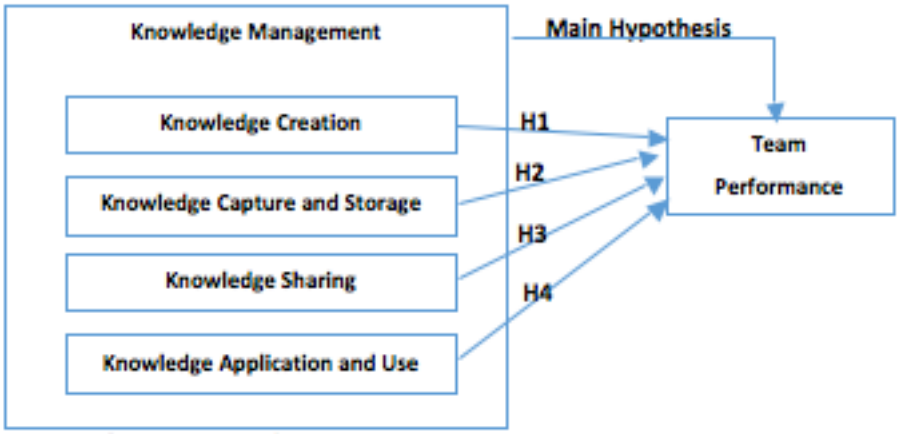
This study could enhance the understanding of the importance of knowledge management in public organizations and how leaders can create a competitive advantage for public UAE organizations to drive the UAE toward a knowledge-based economy. Additionally, the study emphasizes the important role of knowledge management in driving organizations to develop stronger team performance.

Therefore, the research questions are as follows:

- RQ1: How does knowledge management influence team performance?
- RQ2: How does knowledge creation affect team performance?
- RQ3: How does knowledge capture and storage affect team performance?
- RQ4: How does knowledge sharing affect team performance?
- RQ5: How does knowledge application and use affect team performance?

Based on the discussion and research questions, Figure 1-1 represents the proposed conceptual framework and the proposed hypotheses.

Figure 1–1: Conceptual framework



As presented in the model, the knowledge management construct comprises four dimensions: knowledge creation, knowledge capture and storage, knowledge sharing, and knowledge application and use. These were adopted from Ahbabi et al. (2019), Lawson (2003), and Lee and Wong (2015).

On the other hand, team performance construct comprises four dimensions: meeting or exceeding customers' expectations, distinctiveness of work, minimized errors, and overall improved performance. These were adopted from Edmondson (1999) and Basnayaka and Jayakody (2018).

Contributions of this research

Concerning the implementation of knowledge management in public organizations, Busanad (2016) suggested that further research is needed in the Arab context. This research answers that need and furthers our understanding of knowledge management in public organizations, The current study provides insights into knowledge management in the public sector in the UAE and its role in supporting teams to achieve specific governmental visions and the national goal of becoming a knowledge-based economy.

Literature review

This section presents the previous literature on knowledge management, and team performance.

Knowledge management

The concept of knowledge management has evolved over the years. From 1990–1995, the first generation of knowledge management research focused on definitions, benefits, technologies, and best practices to capture knowledge (Laszlo and Laszlo 2002). In the second generation, organizations started to recognize the human side of knowledge management and how it could drive organizational change according to new management practices and knowledge taxonomies (Ergazakis et al. 2005). More recently, the focus has shifted to knowledge value and its organizational and societal impact (Vorakulpipat and Rezgui 2008).

Knowledge has been studied from different perspectives. As an object, it is viewed as “a thing that can be stored and manipulated” (Zack, 1999, p 46). However, as a process, it is viewed as “information processed by individuals, including ideas, facts, expertise, and judgments relevant for individual, team, and organizational performance” (Wang and Noe, 2010, 117).

Knowledge management involves how organizations structure and maintain their intellectual assets to improve their competitive advantage (Clarke 2006). It is defined as an organization-wide integrative and systematic process to coordinate activities at the individual and group level to achieve organizational goals (Rastogi, 2000) and improve their competitive advantage.

Knowledge management plays a critical role in organizations. Al−Tahat and Al−Shoubaki (2012) emphasized the importance of knowledge management, which they argued plays an important supportive and coordinative role in improving the conversion of resources into capabilities. Knowledge management has a key role in transforming implicit knowledge to explicit knowledge and using effective knowledge sharing across an organization (Davenport and Prusak 1998; Nonaka and Takeuchi 1995).

Unlike products, which are designed to become obsolete, knowledge (and, by extension, knowledge management) can provide sustainable advantages. Knowledge and knowledge management can improve operations and increase profit margins and growth (Alavi and Leidner 1999). Hence, it has proved to be a key strategic resource (Ali et al. 2016).

Knowledge management provides a number of benefits for organizations and the people within (Dalkir 2011). Knowledge management benefits individuals within organizations by helping them do their jobs in less time because of acquired problem-solving and decision-making skills. It provides them with opportunities and challenges to contribute and builds community bonds and relations within their organizations. Therefore, knowledge management helps people develop communities of practice within their organizations. It also helps them develop a common language, a professional code of ethics, and professional skills. Moreover, it promotes peer-to-peer mentoring and facilitates effective networking and collaboration.

Besides its benefits on individuals and communities of practice, knowledge management benefits organizations. It helps drive strategy, promote best practices, and increase innovation through facilitating the cross-fertilization of ideas. Moreover, it helps organizations solve problems quickly and build organizational memory, which leads to improved services and products; hence, enabling organizations to be ahead of their competitors (Dalkir 2011, 397). Therefore, it is important to integrate knowledge management with other organizational resources and competencies to develop and maintain a sustainable competitive advantage in business environments (Dalkir 2011; Johnson 1998; Zack 1999). Overall, successful knowledge management in an organization leads to a more innovative organization with more competitive advantages in achieving its goals (von Krogh and Roos, 1995). Organizational goals are attained through knowledge management to improve individual decision-making and organizational performance. “In project-based industries such as construction, knowledge management is being viewed as a critical success factor in the everyday business of the society” (Idris and Kolawole 2016, 2).

Team performance

Generally, performance is considered important for national economies, quality of life, and improving organizational competitiveness in the fast-changing global economy. Therefore, this has highlighted the importance of team performance, attracting the attention of researchers (Cohen and Bailey 1997). “Most interpersonal trust dimensions are positively related to the variables of knowledge acquisition [and] the effects of interpersonal trust on team performance to a large extent are mediated by the intervening variables of knowledge acquisition” (Politis 2003).

There are various ways to measure team performance. Although some claim that team research lacks a proper framework (Lent et al. 1971), others argue that team performance in the literature has been addressed within a generalized framework that consists of inputs, processes, and outcomes (Guzzo and Shea 1992; Hackman 1992). Nevertheless, most team performance evaluation is based on quality concepts, such as meeting or exceeding customers’ expectations, minimizing errors, and overall performance improvements. Others have identified specific measures for team performance according to the type of the team in the organization (Piña, Martínez, and Martínez, 2008, pp 11-15).

There are two main points to consider when viewing team performance. One is associated with the teams’ achievement toward their goals, and the other is associated with the psychological aspect of the team members. Concerning the former, team performance is defined as the level to which a team achieves its mission and goal, which can be evaluated qualitatively or quantitatively based on fundamental work outcomes (Devine and Phillips 2001; Basnayake and Jayakody 2018) through assessing fundamental outcomes that may be either quantitative or qualitative. It also refers to the psychological status of the members of the team—for example, the amount of pleasure they take from working interactively and cooperating to achieve the team’s goal.

The measures used to monitor and report a team’s performance can be categorized as financial and nonfinancial (Politis 2003). Basically, financial measures are rated by the team leader using three main indicators: quality, profit, and schedule. They relate to productivity outcomes, whereas nonfinancial measures relate to human factors. In nonfinancial measures, teams can self-assess their performance using relative measuring instruments. These instruments can measure the team members’ perceptions of their performance, allowing them to assess their own team performance by indicating their degree of agreement or disagreement with a series of related statements (Politis 2003). Nonfinancial measures can affect the financial measures. For example, Lemmink and Mattsson (1998) argued that “the ‘soft’ side (human factor) determines the ‘hard’ productivity outcomes” (505). They found “a substantial correlation between perceived warmth during the service encounter as a measure of perceived relationship and likeability, perceived service quality, and loyalty” (Lemmink and Mattsson 1998, 505).

Hypotheses Development - Knowledge Management and Team Performance

The studies on the impact of knowledge management on team performance are sparse, therefore, there is a vacuum exists in understanding this relationship. Researchers have looked into knowledge management in teams, yet much has not been studied. Some have been emphasizing the role of teams in knowledge management. Davenport and Grover (2001), suggested that using teams and learning communities is a way to create knowledge-oriented culture. Further, Cohen and Bailey (1997) suggested that teams can

be integrated as a process of knowledge management to assist achieve organizational outcomes and goals.

On the other hand, knowledge can also be acknowledged as being essential for work teams facing unique and complex problems (Basnayaka and Jayakody, 2018; Yang and Choi, 2009)

Yang and Choi (2009) examined the effect of employee empowerment on team performance in 176 U.S municipal work teams. Among the examined sub-constructs of employee empowerment, they found that there were positive and significant impacts of information and creativity on team performance. Their study indicates a potential positive impact of knowledge management on team performance.

According to Senge (1997), harnessing the spirit and intelligence of people at every level of an organization to share and build knowledge can be a major challenge. Therefore, some knowledge management researchers have begun focusing on people and actions (Politis 2003). Others have studied the impact of knowledge management on performance at the organizational level. Knowledge-management processes a positive and meaningful impact on organizational performance (Cegarra-Navarro et al. 2016; Cho and Korte 2014; Payal, Ahmed, and Debnath, 2016; Tatić et al. 2010; Tubigi and Alshawi 2015; Zaied et al. 2012; Valmohammadi and Ahmadi 2015). However, there has been far less research examining the impact of knowledge management on teams (Basnayaka and Jayakody 2018). Basnayaka and Jayakody (2018) found that knowledge management practices within teams significantly and positively predict their performance.

Basnayaka and Jayakody (2018) studied software development and business process outsourcing companies in Sri Lanka. They concluded that knowledge management practices have a positive impact on team performance. Indeed, it was found that knowledge creation, knowledge sharing, and knowledge retention jointly explains about eighteen percent of the variance in team performance. However, only knowledge retention among the others found to have a positive influence on team performance.

A synthesis of the above information resulted in the development of the following four research hypotheses to be tested in the context of the UAE public sector:

Main Hypothesis: knowledge management has a positive impact on team performance.

H1: knowledge creation has a significant and positive impact on team performance.
H2: knowledge capture and storage has a significant and positive impact on team performance.
H3: knowledge sharing has a significant and positive impact on team performance.
H4: knowledge application and use has a significant and positive impact on team performance.

Methodology

This research is explanatory in nature. Its design for hypothesis testing is causal design. Its methodology is quantitative, and the method used is a questionnaire. The organization this research studies is one of the largest law enforcement agencies in the UAE, a metropolitan police force. The population for this research consists of all the employees working in this organization. The unit of analysis was all the individuals working at all levels

of the organization. According to Krejcie and Morgan (1970, p. 608) table, a sample size of 375 to 377 would be appropriate for a population of 15,000 to 20,000, constructing a 95% confidence interval with a margin of error of +5%.

The researcher adopted, translated, and distributed a questionnaire electronically to measure the variables and their relationships. A link to the survey (hosted on the SurveyMonkey website) was sent via SMSs to all the employees in the public organization being studied. The sample size of 386 represented respondents from different organizational units within a metropolitan law enforcement agency. The researcher collected the data, then analyzed the results using SPSS® Statistics for Windows, Version 24.

The adopted questionnaire consists of two main parts: demographic characteristics and the variables identified in the conceptual model. The questionnaire begins with gathering the sample's demographic characteristics, including age, gender, duration of service, and educational level. The second part of the questionnaire was developed based on the available literature. The constructs used were adopted from relevant and validated items across a variety of studies.

Knowledge management

The measures for knowledge management in this study were adopted from Ahbabi et al. (2019). They have been previously used by Lawson (2003) and Lee and Wong (2015). The instruments consists of 17 items: four items on knowledge creation, five items on knowledge capture and storage, four items on knowledge sharing, and four items on knowledge application and use. The scale used was a five-point Likert scale.

The instrument was found to have high validity and reliability. A first-order confirmatory factor analysis (CFA) indicated a strong convergent validity. The confirmatory factor loading, which indicates the correlation between the individual items and the corresponding construct of all items, was above 0.5 and significant at $p < 0.001$, which indicated strong convergent validity (Anderson and Gerbing 1988; Ahbabi et al. 2019). Furthermore, the discriminant validity test indicated that the items representing the different constructs were not related to each other. The results indicated that the intercorrelation was less than 0.85, which is the suggested threshold (Kline 2005, 2011; Ahbabi et al. 2019). Therefore, the results implied a strong discriminant validity.

Concerning the reliability of the constructs, which refers to the internal consistency that is measured using Cronbach's alpha, the instrument demonstrated the strong reliability of all the constructs since all items showed a higher value than 0.70. According to Nunnally and Bernstein (1994), the acceptable threshold for reliability is 0.70.

Team performance

The team performance measures were adopted from Edmondson (1999). These consisted of five items total. The reliability coefficient for the scale was 0.93 (Edmondson 1999). This scale has been well established and used widely across many cultures (Basnayaka and Jayakody 2018). The measure used a seven-point Likert scale.

The Likert scale use in the instrument consisted of five levels: 1 = "strongly disagree"; 2 = "disagree"; 3 = "moderate"; 4 = "agree"; and 5 = "strongly agree."

The questionnaire is translated into Arabic using a professional translation agency. To ensure the proper translation and to avoid any misunderstanding of the questions, the translated questionnaire was back-translated and a pilot version was conducted. Each question was presented in both languages to ensure that all the employees were able to understand the questions.

Results

The data was collected from a sample of 386 employees in the abovementioed organization.

Study sample description

The demographic information describes the gender, age, educational level, and the period spent with the current supervisor.

Most of the participants were male (76.4%). Most of the sample participants were between the ages of 30–40 (40.7%), with the next largest group being the age category of 41–50 (32.4%). About 16% of the sample participants were under the age of 30, and about 11% were 50 or above.

The educational level of the participants varied. However, almost half held a diploma or a bachelor's degree (46.4%), followed by a high school degree or below (36.3%) and a postgraduate degree (16.3%).

Regarding the period spent with current supervisor, the results showed that almost one-third of the participants had been with their supervisor from 2–4 years (33.7%), and about 45% had been together for more than that. The following table shows the frequency and percentage of each answer.

Characteristic		Frequencies	Percent
Gender	Female	91	23.6
	Male	295	76.4
Age	< 30	62	16.1
	30 - 40	157	40.7
	41 - 50	125	32.4
	> 50	42	10.9
Educational Level	High School or below	140	36.3
	Diploma or Bachelor degree	179	46.4
	Postgraduate degree	63	16.3
	Other	4	1.0
Years of Experience	<1	8	2.1
	1-5	47	12.2
	5-10	57	14.8
	10-20	142	36.8
	> 20	132	34.2
Working with current supervisor	< 6 months	35	9.1
	6 months – 1 year	47	12.2
	2-4 years	130	33.7
	4-9 years	85	22.0
	> 9 years	89	23.1

Reliability

The reliability test is conducted for each construct using Cronbach's Alpha. All results shows high reliability for all of the constructs. The following table shows the reliability statistics of each of the constructs using Cronbach's Alpha.

	Knowledge management	Knowledge creation	Knowledge capture and storage	Knowledge sharing	Knowledge application and use	Team performance
Cronbach's Alpha	0.948	0.937	0.956	0.928	0.957	0.682

Descriptive statistics and Pearson correlation coefficients for variables of the study

	Mean	Std Dev	Knowledge Management	Knowledge Creation	Knowledge Capture and Storage	Knowledge Sharing	Knowledge Application and Use	Team Performance
Knowledge Management	**4.2438**	**0.91451**	_					
Knowledge Creation	**4.2286**	**0.98645**	**.901****					
Knowledge Capture and Storage	**4.2062**	**1.01170**	**.943****	**.817****	_			
Knowledge Sharing	**4.2882**	**0.94302**	**.923****	**.737****	**.824****	_		
Knowledge Application and Use	**4.2519**	**0.99209**	**.952****	**.796****	**.862****	**.882****	_	
Team Performance	**5.3575**	**1.14207**	**.593****	**.562****	**.573****	**.505****	**.564****	_

Note: ** p-value is < 0.01 level (2-tailed)

Correlations between variables

The study shows that 59.3% of team performance can be predicted by knowledge management. This finding supports the general hypothesis that knowledge management has a positive impact on team performance.						
	Unstandardized Coefficients	Standardized Coefficients	t			
Model	B	Std. Error	Beta	Sig.		
1	(Constant)	2.216	0.223		9.945	<.001
	KM	0.740	0.051	0.593	14.42	<.001
a. Dependent Variable: TP						

The data shows also that the proposed model can explain 60.3% of team performance. The goodness of fit of the proposed model is 36.4%.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603[a]	0.364	0.357	0.91563
a. Predictors: (Constant), KAU, KC, KS, KCS				

The following table shows the coefficients of each sub construct of knowledge management to team performance.

Coefficients between knowledge management subconstructs and team performance						
		Unstandardized Coefficients				
			Standardized Coefficients			
Model		B	Std. Error	Beta	Sig.	
1	(Constant)	2.304	0.227		10.16	<.001
	Knowledge Creation	0.266	0.086	0.230	3.077	0.002
	Knowledge Capture and Storage	0.271	0.104	0.240	2.612	0.009
	Knowledge Sharing	-0.085	0.109	-0.070	-0.778	0.437

	Knowledge Application and Use	0.272	0.120	0.236	2.270	0.024
a. Dependent Variable: TP						

The findings shows that 23% of team performance can be explained by knowledge creation, 24% can be explained by knowledge catpreu and storage, and 23.6% by knowledge application and use. Thus, hypotheses 1, 2, and 4 are supported by data. However, H3 is not supported since knowledge sharing can not explain team performance.

Discussion of results

The data findings supported the hypotheses of this research that knowledge management has a positive impact team performance.

The effect of knowledge management predicting team performance was statistically significant and positive. This indicated that the knowledge management constructs (knowledge creation, knowledge capture and storage, knowledge retrieval and sharing, and knowledge application and usage) significantly predicted improvements in team performance (i.e., meeting or exceeding customers' expectations, superb work, fewer errors, and overall improved performance).

There was a relative lack of literature in this area. However, the few studies found were in line with the findings of the current research. Basnayaka and Jayakody (2018). They found that knowledge management practices within teams positively and significantly predicted team performance. Also, Mesmer-Magnus and DeChurch (2009) found that effective knowledge management was positively associated with team performance: three factors affecting team information processing enhanced team knowledge sharing (i.e., task demonstrability, discussion structure, and cooperation) and three factors representing decreasing degrees of member redundancy detracted from team knowledge sharing (i.e., information distribution, informational interdependence, and member heterogeneity) (Mesmer-Magnus and DeChurch 2009, 535).

In the UAE, the working environment is changing rapidly thanks to globalization, the harsh competitive environment, and the unexpected challenges posed by the COVID−19 epidemic that began in 2020. Challenges force organizations to speed up their learning processes to adapt to innovations, changes, problems (Mosca et al. 2009). Furthermore, concerning modernization, the UAE government has focused on nationalization (i.e., Emiratization). This initiative has been a national and strategic objective aiming to enhance the employment of Emiratis in an efficient and meaningful manner. This key indicator has been monitored closely by the UAE government and has to be satisfied by both the public and private sectors (Zeffane and Kemp, 2019).

Cumulatively, these challenges could grow worse if knowledge and skills are lost to the attrition of experts—the so-called "brain drain" effect—who move away, taking their knowledge and skills with them (Armstrong et al. 2007). Therefore, it is important for UAE's organizations to develop a strategic mechanism or approach to manage such challenges and to develop other types of knowledge and skills to maintain their desired standards of competencies to compete and survive. Hence, it is important to manage knowledge at both the organizational and the team level. Therefore, the key to overcoming such challenges is having processes to create, capture and store, retrieve and share, and apply and use knowledge.

Contributions to the literature

The concept of knowledge management is still somewhat novel and remains mostly unexplored and underutilized in the public sector (Colnar et al. 2019; Špaček 2016). Furthermore, as a research topic, knowledge management has gained inadequate recognition and attention in team-performance studies.

This research contributes to the literature of knowledge management and team performance especially in the context of the UAE public sector.

In this research, the theoretical background and empirical validation that knowledge management's impact is embedded in team performance in the public sector answered the research questions. Thus, it represents a relevant contribution to the body of literature on knowledge management, especially in the public sector. Simultaneously, it highlighted team performance and its role in knowledge management, responding to the need for more methodological diversity in team-performance research. Many previous studies have found that knowledge management can help organizations improve their organizational performance (Adams and Lamont 2003; Akroush and Al−Mohammad 2010; Inkinen et al. 2015; Hasanzadeh and Mahaleh, 2013; Jain and Moreno 2015; Stock et al. 2010). However, very few researchers have studied its impact on team performance. This research also extended the finding of Al Ahbabi et al. (2019) that knowledge management has a positive and significant impact on performance in the UAE public sector.

Conclusions and recommendations

The key Takeaway of this research is that knowledge management has a positive impact on team performance. Folows are the implications for practice, potential limitations and

Implications for practice

This research demonstrated the direct effect of knowledge management on team performance. This has high-level implications for practice and in more in-depth practical implications.

Implications for high organizational levels, key players, and their roles in knowledge management

The discussion below describes the key players and their recommended roles.

Knowledge management department/personnel. These are the people who have to develop a clear approach for implementing knowledge management throughout the

organization. Their role is to clarify and emphasize the importance and long-term benefits of knowledge management to gain support, starting with top management's buy-in, and ensure maximum individual and team engagement. The knowledge-management plan needs to be made available to everyone—and tagged as a priority.

Top management/leadership. These people must support the implementation of knowledge management throughout the organization. Their support can be translated into introducing knowledge management into the organizational vision, embedding it in the strategy, and presenting straightforward but comprehensive initiatives and projects supported by uncomplicated evaluation and measurement tools. They might also provide support for knowledge management through organizational policies and procedures. They must do what is necessary to ensure its continuous improvement by clarifying the roles and responsibilities of various departments and workgroups such as knowledge management, quality, strategy, organizational performance, and human resources management to ensure its seamless integration and minimize overlapping or wasted efforts. Furthermore, they must understand their role in creating a positive culture striving to be a learning organization, and they must develop transformational leaders. Furthermore, the full and committed engagement of principal stakeholders is critical since they are the root sources of much of the knowledge. Although these principal stakeholders might delegate some of the detailed implementation tasks, they must remain cognizant that their role is not simply to direct their organization's knowledge management; they must participate in the process as well.

Human resources management (HRM) and department. The people in human resources have a vital role to play. They need to ensure that HRM's policies and procedures incorporate and dovetail with the organization's comprehensive knowledge management practices. They must remain cognizant of knowledge management during all phases of recruiting, training, managing, and rewarding human resources.

Team Leaders. These implications target team leaders or managers with supervisory roles, although they might apply to all team members. For teams to meet or exceed their customers' expectations, the team leaders must ensure that knowledge is well managed within the team. The following recommendations can assist with this internal management: Introduce the knowledge management system and tools to the teams and encourage their optimal use. Team leaders should emphasize the importance of effective and practical knowledge management in achieving their goals and targets. Teams should learn how to get the most benefit from the new, created, and store knowledge and adapt it to their own charismatic way of leading.

To meet and exceed customers' expectations, knowledge should be created and shared with the involvement of customers, team members, and other stakeholders. Team leaders (and their followers) should be aware of the different types of communications since both formal and informal meetings and gatherings are relevant. These social interactions help minimize knowledge gaps and ensure service quality (Parasuraman et al. 1985). Team leaders should consider every possible knowledge source for the maximum benefit.

All types of knowledge need to be captured and stored using the knowledge management system or alternative technology that is user-friendly and accessible by everyone in the team. Team members need to be recognized and rewarded for sharing and capturing knowledge. Capturing and storing knowledge minimizes the centralization in the team. The workflow will be smoother, and there will be fewer delays and errors. This also helps

empower and motivate team members to participate, learn, and accept accountability and responsibility.

Team leaders should encourage team members to use and apply knowledge. When knowledge is well-managed within the team, informed and robust decisions can be made more easily. Fact-based decision-making should lead to continual improvements and greater achievements.

Overall, these implications for practice should lead to more customer satisfaction, fewer errors, improved work, and higher team performance overall.

Potential limitations

Despite the significance of knowledge management, research on this topic in the public sector is still in its initial stages (Colnar et al. 2019). This research had some limitations that suggest avenues for future research.

One of the research limitations is that the study is conducted on work teams only. Other types of teams are not studied.

Moreover, the focus of the model is on team performance specifically among other team effectiveness aspects. It did not study other attitudinal and/or behavioural outcomes of work teams effectiveness.

Despite the advantages of using instruments that have been proven valid and reliable and having a big sample size, this study's results cannot be generalized without further research. This research could be limited to public organizations in law enforcement. It would be helpful if the model could be used in studies focusing on different industries, organizations, and countries to compare the results; this would determine whether the findings differ in different contexts. Also, this study did not conduct an extensive examination of the demographic data. It would be interesting to involve these and other demographic characteristics to better understand and explain this model.

Recommendations for future research

This study provides an evidence that knowledge management has a positive impact on team performance directly. It is conducted using simple random sample for the population of all the individuals in the organization which are members of work teams. Thus, it is recommended to study this model using stratified sampling method. It is encouraged to study the other types of teams. Relevant team performance items may be used to encourage studying these relations among different types of teams in organizations.

Further, it would be a great idea to extend the model to investigate other team effectiveness aspects (i.e. attitutional and behavioural outcomes).

This study is conducted in a public organization, yet, further studies are required in other organizations and industries to deepen our understanding of knowledge management and team performance. While this study helped filled some of the gaps in the literature, others remain unfilled. Investigating the model in other organizations will create a better understanding of the model. This could be done by repeating the study in different types of

organizations. Then, more empirical studies may be with high benefits when studies and compares the findings of different contexes.

It is hoped that this research has delivered meaningful insights, practical information, and significant contributions to our understanding of knowledge management, pointing the way toward greater achievements and team performance for UAE decision-makers in public organizations.

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Forecast of the impact of COVID-19 on consumption and employment in Bosnia and Herzegovina using the trend method

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Abstract

The Covid-19 pandemic shows that the impact on the health of the population is not its only negative consequence. Due to the protection measures against Covid-19, there was a decline in economic activities and consequently a decline in macroeconomic indicators. Data are regularly published on global, regional, and local levels, indicating a decline in business activities. Disruptions in the economy have led to cuts in investments as well. This paper aims to determine the impact of the pandemic on employment and consumption in Bosnia and Herzegovina due to reduced business and investment activities. Consumption and employment forecasting for the coming months is based on time series, using the statistical trend method. The research is based on the claim that consumption in Bosnia and Herzegovina will decrease in the coming period with lower intensity than employment. The paper also deals with a descriptive analysis of consumption and employment from the beginning of the Year 2020, using the arithmetic mean, standard deviation, and the minimum and maximum values of the analyzed variables.

Keywords: pandemic, employment, consumption, trend, forecast

Introduction and literature review

Pandemic and Post-Pandemic

Due to protective measures against the coronavirus, which led to reduced business activities, the world is facing the biggest crisis since the global financial crisis. According to Herbane (2010), the term crisis includes disaster, business interruption, and emergencies. The crisis is primarily caused by the shock of aggregate supply, unlike the global financial crisis and the Great Depression of the 1930s, caused by problems on the side of aggregate demand. Although the causes of the crisis are different, they have left consequences on both the supply and demand sides.

The crisis caused by COVID-19 is manifested at the level of the company, industry, market, and/or society (Vlašić et al., 2020). The Global Board Risk Survey (Ernst & Young LLP, 2020, p 16) found that only 21% of companies were prepared to respond to an adverse risk event. Only 19% of companies frequently performed scenario analyzes and stress testing, being better positioned to respond to emerging challenges. The crisis encompasses a complex mix of interconnected stakeholders and supply chains: employees, companies, suppliers, consumers, technology providers, civil society, financial institutions, policymakers, politicians. The impact of the pandemic on business and supply

chains cannot yet be determined with precision, given that various economic forecasts are not convergent and are often revised (BiH Directorate for Economic Planning, 2021, p 11) due to the impact of several factors affecting supply and demand. (UNDP, 2020, p 4).

According to updated data from the International Labor Organization Monitor, 114 million jobs were lost in the Year 2020 compared to the Year 2019, with an estimated $ 3.7 billion in lost global labor income (ILO, 2021, p 2). That is more compared to estimates from April 2020, when the ILO predicted the upper limit of lost global labor income of 3.44 billion dollars for the whole year (ILO, 2020, p 5). The revised projections (ILO, 2021, p 2) indicate there will be no significant improvements in the Year 2021, given that even according to the optimistic scenario, global working hours will not return to pre-Covid level. As for working-hour and employment growth rates in the second and third quarters in the Year 2020, sectors at high risks were: accommodation and food service activities; wholesale and retail trade; repair of motor vehicles and motorcycles; manufacturing; real estate; business and administrative activities (ILO, 2021, p 14).

The World Economic Outlook Update (IMF, 2021, p1) predicts the global economy will grow 5.5 percent in 2021 and 4.2 percent in 2022. Reduction in global growth for 2020 is estimated at -3.5 percent, which is 0.9 percentage point higher than projected in the previous forecast. As for contributions of consumption and investment to global GDP growth (IMF, 2021, p 2), private consumption recovered the most in the third quarter of the Year 2020, while investment increased relatively slowly. The World Bank Group (2021, p 5) forecasts global GDP growth of 4 percent in the Year 2021 and 3.8 percent in the Year 2022.

Pandemic suspended and slowed down many previously planned investments (UNCTAD, 2020, p 3). One part of the investment expenditure continues, but mainly the fixed running costs of projects. UNCTAD forecasted (p, 6) a decrease in global foreign investment in the Year 2020 and the Year 2021, to a level about 40 percent lower than in 2019. UNCTAD (2021) published The Investment Trend Monitor with updated data on the global FDI decline of 42 percent in the Year 2020.

The pandemic has also shown there is a strong interdependence of economies at the regional and global levels. They need to respond to economic, social, and technological challenges by resetting priorities and reforming the system (Schwab and Malleret, 2020). According to the same source, the reset takes place at the macro (economic reset, societal reset, geopolitical reset, environmental reset, technological reset) and micro-level (industry, business). Umbrello (2021) believes that the book focuses on theoretical construction with no real obvious ways forward. Although the book does not offer ways to recover, it can serve as a framework for discussions on future directions at the macro and micro levels, given that the changes in the areas covered in the book are already somewhat present in economic reality. Solutions may be different, and certainly cannot be the same for all economies.

Countries with advanced digital economies, strong social safety nets, and strong health systems are more ready to recover (Schwab and Zahidi, 2020). In the EconPol Policy Report (Boumans et al., 2020), research results among 110 countries and 950 economic experts show that the crisis could accelerate the processes of automation and digitalization within companies, as well as the expansion of digital distribution channels (p 16), that European countries health systems were better prepared for the second wave of the pandemic (p 17), and that policy response assessed as most suitable are (p 8) liquidity

assistance to small businesses, improvement of the health care system and temporary tax deferrals for businesses.

Health system and economic recovery

Estimates of economic and social developments are also affected by uncertainty about the duration of the pandemic, including the time to acquire herd immunity. According to the IMF (2021, p 3), local virus transmission is expected to be low by the end of 2022. To ensure equal distribution of vaccines, the World Health Organization (WHO), the Vaccine Alliance (GAVI), and The Coalition for Epidemic Preparedness Innovations (CEPI) established a COVAX mechanism. Vaccine stocks and funds earmarked for the COVAX initiative are not sufficient, to be delivered to all in need (OECD, 2021, p.16). Vaccines from the COVAX mechanism are expected in Bosnia and Herzegovina at the end of March 2021. The contract with COVAX was signed in September 2020.

Economic crises have so far put pressure on healthcare budget cuts weakening health systems in the long run (Mladovsky et al, 2012). Countries more affected by the financial crisis in the Year 2008 recorded a significant decrease in health care investment compared to the pre-crisis period (OECD, 2013). In the following years, the average rate of health spending growth has tended to closely track growth in the overall economy (OECD, 2019). Investing in the health system leads to GDP growth (Öztürk and Topcu, 2014), labor productivity, and private consumption (Raghupathi, 2020).

The current crisis requires increased investment in health care, which is another difference from the previous ones. Apart from the impact on the health of the population, investment is a precondition for economic recovery. From the economic aspect investing in the health cares system is not the cost in the long run, but an investment. Vaccination not only reduces mortality and the risk of disease but also has other effects.

Vaccination reduces costs of treatment and medical care (Rémy et al., 2015; Largeron et al., 2015), reduces loss of productivity due to illness and absenteeism (Postma et al., 2015; Sevilla et al. 2019), and contributes to increased consumption and GDP growth (Bärnighausen et al., 2014). Stabile health systems and immunization are important for economic activities, investors' confidence, employment, and consumption growth.

Economy in Bosnia and Herzegovina through the pandemic

Initial measures introduced by the entities of Bosnia and Herzegovina to protect companies and households, such as subsidizing minimum wages and social security contributions in companies affected by the corona crisis (Lucchetti and Rigolini, 2020; World Bank Group, 2020, p 11), have somewhat mitigated the initial economic shock, but the country's complex institutional structure and insufficient resources are limiting support. Bosnia and Herzegovina had different wage subsidy program schemes, not a national one. Due to the lack of data, the actual effects of those and other measures cannot be estimated. Some of the key economic indicators and projections are presented in Table 1.

Table 1. Economic Indicators

Bosnia and Herzegovina	2017f	2018	2019	2020e	2021f	2022f
Real GDP growth (percent)	3.2	3.7	2.6	-3.2	3.0	3.5
Composition (percentage points):						
Consumption	n.a.	n.a.	n.a.	-2.3	3.2	3.2
Investment	n.a.	n.a.	n.a.	-4.7	0.5	1.2
Net exports	n.a.	n.a.	n.a.	3.8	-0.7	-0.9
Exports	n.a.	n.a.	n.a.	-2.7	0.3	0.5
Imports (-)	n.a.	n.a.	n.a.	-6.5	1.0	1.5
Foreign direct investment inflows (percent of GDP)	2.1	2.5	2.7	2.6	2.8	2.9
Unemployment rate (percent, period average)	20.5	18.4	15.7	n.a.	n.a.	n.a.

Source: World Bank Group. (2020). Western Balkans Regular Economic Report. An Uncertain Recovery

Other sources provide different data and projections. According toTrading Economics and Bosnia and Herzegovina Agency for Statistics-BHAS (webpage), GDP was -6.3% at the end of the Year 2020, -6.5% (Statista, webpage), -4,6% (Central Bank of Bosnia and Herzegovina-CBB, webpage). Trading Economics (webpage) projects Bosnia and Herzegovina GDP Annual Growth Rate to trend around 2,5 % in the Year 2021 and 2,9 % in the Year 2022. Central Bank of Bosnia and Herzegovina (webpage) project GDP annual to be 2,7 % in the Year 2021 and 3,0 % in the Year 2022. The unemployment rate in the Year 2019 was 15.7% (BHAS, webpage), and in the Year 2020 was 18.44% (Statista, webpage).

The Central Bank of Bosnia and Herzegovina- CBB (webpage) and World Bank Group (2020, p 5) indicates that during the Year 2020, the growth of government spending somewhat mitigated the decline in overall economic activity. Due to unfavorable trends in the labor market, the decline in foreign remittances, reduced lending activity, there was a significant decline in personal consumption in the Year 2020. CBB data (web page) shows that personal spending in the Year 2019. was 2,4%; in the Year 2020. it was -5,3% and projected for the Year 2021. is 2,7%. Government spending in the Year 2019. was 2,3%; in the Year 2020. it was 4,0% and projection for 2021. is 2,8 % (annual changes).

According to the Economic Impact Assessment of COVID-19 in Bosnia and Herzegovina (UNDP, 2020, p 9), the sectors directly affected by the pandemic are transportation and storage, accommodation and food service activities, arts, entertainment, and recreation. Strategic industries (UNDP, 2020, p 8) are fabricated metal products, mining, textiles, chemicals, agriculture, tourism, and the growing ITC sector. According to Trading Economics (webpage, 2021), based on data from Bosnia and Herzegovina Agency for Statistics (BHAS), these sectors had the largest decline in activities: accommodation and food service activities (-57.7%), transportation and storage (- 23.9%) and arts, entertainment and recreation (-23.3%).

In 2020, export was lower by 8.5% compared to the previous year, while import was lower by 13.4%, and the coverage of imports by exports was 63.4% (BHAS, webpage). In the period January-February 2021, export was higher by 7.3% compared to the same period last year, while import was lower by 6.3% compared to the same period last year. The

coverage of imports by exports was 72.7%, and the foreign trade deficit amounted to KM 718 million. Major trading partners are Germany, Italy, Croatia, Slovenia, Serbia, Austria and Turkey. Bosnia and Herzegovina mainly export semi-finished industrial products and intermediary industrial products, such as electricity (UNDP, 2020, p 12) and these products are more sensitive to business cycles compared to household products. Global disruptions and expected efforts to relocate supply chains to countries geographically closer to the EU, which will be supported by the EU Next Generation program, can be an opportunity for Bosnia and Herzegovina industry, provided the accelerated process of European integration and increased industrial productivity and competitiveness (United Nations Bosnia and Herzegovina, p 13).

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According to preliminary data from the Foreign Investment Promotion Agency-FIPA (webpage), FDI inflow in the first nine months of the Year 2020 decreased by 34% compared to the same period in 2019, which follows the declining trend of FDI globally. Information on the structure of FDI in 2020 is not yet available. In the Year 2019, the manufacturing sector received 35% of FDI, followed by the banking sector (25%), and 12% each in trade and telecommunications.The countries that invested the most in Bosnia and Herzegovina in the Year 2019 were Russia and Croatia. At the end of 2019, the total foreign direct investments from Bosnia and Herzegovina abroad amounted to KM 916.0 million.

The BH Directorate for Economic Planning (2021) emphasizes that the main obstacles to the growth trend are caused not only by the COVID-19 Pandemic, but also by obstacles in the areas covered by the planned structural reforms. The structural reforms that need to be implemented relate to (p 79) energy and transport market reforms; agriculture, industry and services; business environment and reduction of the informal economy; research, development and innovation and the digital economy; trade-related reforms; education and skills; employment and labor markets; social protection and inclusion. Eighteen priority reform measures have been defined, of which twelve have a high impact on employment.

Research methodology

The research is based on the claim that consumption in Bosnia and Herzegovina will decrease in the coming period with lower intensity than employment. Descriptive statistics and dynamic analysis, trend, were used in data analysis. Descriptive statistics calculated the arithmetic mean, maximum and minimum value, as well as the standard deviation, which shows the deviation around the average value. The trend method was used to calculate the parameters of the linear function, to show employment and consumption trend in Bosnia and Herzegovina from April to June 2021.

Findings and discussion

Employment

Table 2. shows the number of employees in Bosnia and Herzegovina during the crisis affected by the Covid-19 pandemic. Due to the short series of data, the forecast is made on a monthly basis.

Table 2. Number of employees in Bosnia and Herzegovina

Time period	Number of employees	Index
January 2020	834500	/
February 2020	832500	99,7
March 2020	831000	99,8
April 2020	809000	97,35
Maj 2020	809000	100
June 2020	804000	99,7
July 2020	803000	99,8
August 2020	799000	99,5
September 2020	806000	100,8
Oktober 2020	807000	100,1
November 2020	815000	100,9
December 2020	814000	99,8

Source: Agency for Statistics of Bosnia and Herzegovina

According to the above data, there was a noticeable decline in the number of employees from February 2020, which continues until September, when there was an increase in employees, and in December the number of employees began to decline again. From January 2020 to December 2020, the number of employees declined by 20500.

Graph 1. Number of employees in Bosnia and Herzegovina

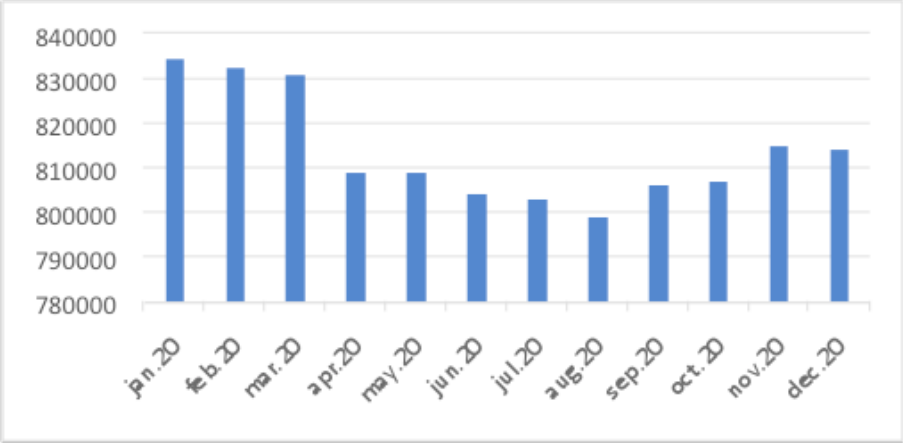


Table 3. Descriptive statistics of the number of employees

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Number of employees	12	799000.(	834500.(	813666.6	12285.122
Valid N (listwise)	12				

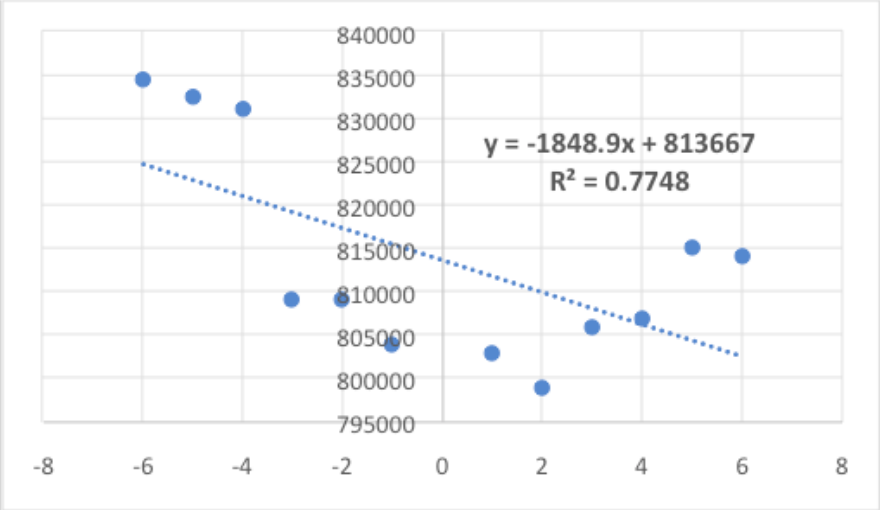
The average number of employees in the Year 2020 was 813666. Compared to the largest number in January 2020, it is lower by 20834 employees. The minimum number of employees was in August 2020, which is a difference of 35500 employees compared to the maximum value.

Table 4. Descriptive statistics of growth/decline index

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Growth/decline index of number of employeess	12	97.35	100.90	99.787	0.87856
Valid N (listwise)	12				

The employee growth index averaged 99.78, meaning that the average decline in the number of employees was 0.22%. The maximum decline was 2.65%, while the maximum growth during the pandemic was 0.9%.

Graph 2. Number of employees-trend



The trend indicates a decrease in the number of employees during the first lockdown. With the opening of the economy, the number of employees increased until November. Due to the second wave of the pandemic, the number of employees decreased in December.

The linear function of the employee trend is

Y = -1848,9xi + 813667

Table 5. Expected number of employees for period April-June 2021

Year	Expected No of employees	Chain Index
2021 - April	800725	98,36
2021 – May	798875	99,76
2021 – June	797026	99,76

In April 2021, the rate of employees is expected to decrease by 2.70%. For May and June, a decline of 0.24% is expected. The annual average for the Year 2020 was 0.22%. The model-representativeness is 78%.

Consumption

Table 6. shows consumption during the Year 2020. The highest decline is recorded during the first wave of the pandemic from April to May. Although, consumption in Bosnia and Herzegovina has been declining since the beginning of 2020. After February there was a sharp decline in consumption, gradually recovering from June to the end of the year. Graph 3 shows the percentage of consumption in Bosnia and Herzegovina during the Year 2020.

Table 6. Consumption in Bosnia and Herzegovina (%)

Time period	Consumption in %
January 2020	-2
February 2020	-4
March 2020	-8
April 2020	-25
Maj 2020	-18
June 2020	-8
July 2020	-7
August 2020	-4
September 2020	-3
Oktober 2020	-2
November 2020	-2
December 2020	6

Source: Trading Economics

Graph 3. Consumption in Bosnia and Herzegovina (%)

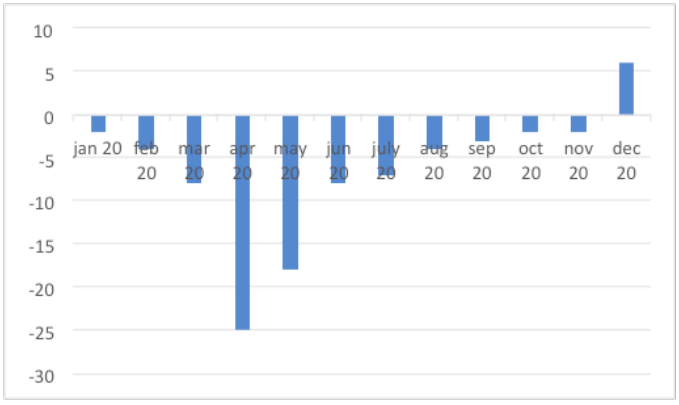
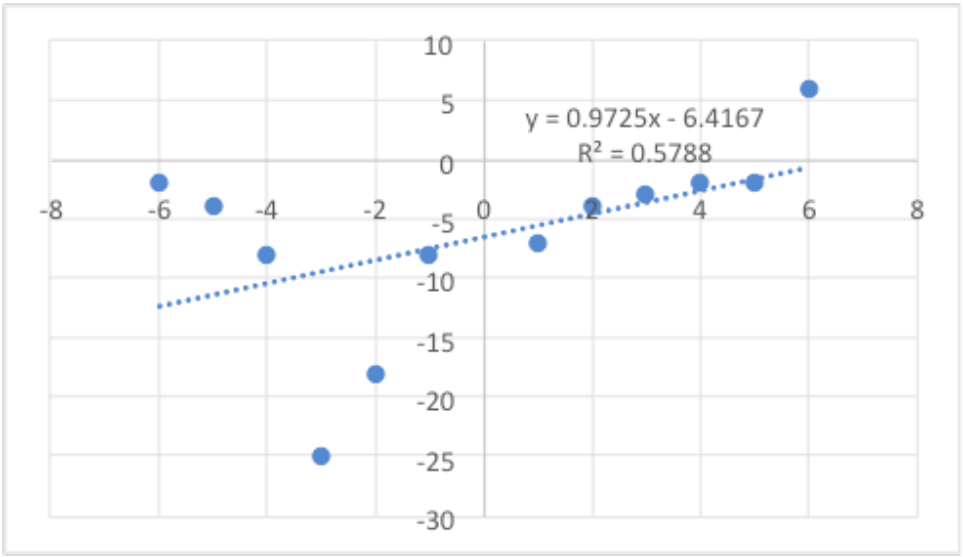


Table 7. Descriptive statistics of consumption

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Consumption Growth/Decline	12	-25.00	6.00	-6.4167	8.09555
Valid N (listwise)	12				

The decline in consumption in the past year averaged 6.41%, and the highest decline was 25%, while the lowest was 2%. Graph 4. shows the consumption trend during the Year 2020.

Graph 4. Consumption- trend



The linear function of the consumption trend is

Y = 0,9725xi + 6,4167

Following the above, Table 8. shows the forecast of consumption for April, May, and June 2021.

Table 8. Consumption forecast

Year/month	Expected consumption
2021 - April	-3,30
2021 – Maj	-4,28
2021 – June	-5,25

The forecast shows a decline in consumption for these three months. The model-representativeness is 58%.

The presented results indicate the possibility of transferring decline in economic activities in the Year 2021, confirming the claim that consumption in Bosnia and Herzegovina will decrease in the coming period with lower intensity than employment.

According to the CBB (webpage), a stronger recovery can be expected in Bosnia and Herzegovina at the end of 2022. At the global level, projections of recovery differ regionally (World Bank Group, 2021), depending on medical and policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis (IMF, 2021, p 1). For the Western Balkans (World Bank Group, 2020, p 34), a recovery in the Year 2022 is also estimated, emphasizing that in addition to supporting measures within each of the countries, stronger development of e-commerce at the regional level would be an additional stimulus to overcome the pandemic crisis.

Conclusion

According to available researches and projections, global economic recovery could take several years. Several factors affect the intensity of economic recovery such as previous economic strength, the extent of the pandemic, dynamics of immunization, fiscal and monetary policy and support, adequate strategic plans with recovery priorities, health system strength, the recovery of major trading partners. Along with effective immunization, adequate measures of direct assistance to real sector, reduction of fiscal and parafiscal levies, implementation of structural reforms, and health system reforms can accelerate the process of economic recovery in Bosnia and Herzegovina.

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After Covid-19, the new challenges of globalization: a case study from the wine sector

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Abstract

Covid-19 has changed the business landscape suddenly for almost all firms in the world. It is possible to argue that some businesses might suffer from the outbreak effects more than others, as these might face major challenges in order to survive and develop in the near future. The study posits that one of those industries that are suffering more than others after the outbreak is the wine sector. So far, almost one year is gone since the Covid-19 outbreak begins, and several events succeeded that had a profound impact on the wine industry. Considering some data, it is possible to underline that the global wine trade has fallen dramatically and that from March to May 2020, international export flows reduced by 1.8 billion euros, which is equivalent to a -17% in value compared to 2019. This decrease has broken for the first time the positive general trend of the last decade (Sanchez Recante, 2020). The exploration of the effects of the pandemic crisis might also shed light on the structural problems that characterized the Italian wine sector since this time. A survey conducted by 'Wine Monitor Nomisma' pinpoints that small wineries (e.g., under 1 million euro of turnover) have suffered more compared to other players in the wine sector during the economic crisis related to the outbreak. These firms are showing worse performance in terms of sales contraction in several sales channels. Furthermore, exports have been deemed to be paramount for the small firms in this sector. Therefore, the paper aims to analyze how small wineries cope with the present crisis, and how these might redesign their export strategies, considering the new challenges posed by the after-covid context and strong future uncertainty. To this end, the study adopts a case study methodology, encompassing the case of a small winery based in Marche region (Italy). Data have been collected through in-depth interview with key informants.

Keywords: small business, wine industry, export, distribution channels, globalization.

Introduction

Being global is since ever one of the major challenges of small wineries (Fertö, 2017; Köhr et al., 2018). In fact, these actors were still struggling to reach a global commercialization while, in the meantime, the Covid-19 outbreak spreads. The pandemic brought dramatic changes in the overall business scenario, but with a fiercer impact on the small wineries capability in doing business abroad.

The study acknowledges that to establish a global presence and gain profitability, the crucial element to be managed is the distribution strategy. Distribution strategy involves creating a long-term relationship with the actors that constitute that channels, mean

distributors and agents (Escobar et al., 2016; De Carvalho et al., 2013). This aspect was one of the most affected by the emergence of the pandemic. Considering some data, it is possible to underline that the global wine trade has fallen dramatically and that from March to May 2020, international export flows reduced by 1.8 billion euros, which is equivalent to a -17% in value compared to 2019. This decrease has broken for the first time the positive general trend of the last decade (Sanchez Recante, 2020). Thus, exploring how small wineries coped with the pandemic and managing their global commercialization activities is paramount for academics and practitioners.

The exploration of the pandemic crisis's effects might also shed light on the structural problems that characterized the Italian wine sector since this time. Therefore, the paper aims to analyze how small wineries cope with the present crisis and how these might redesign their export strategies, considering the new challenges posed by the after-covid context and future uncertainty. To this end, the study adopts a case study methodology, encompassing the case of a small winery based in Italy. Data have been collected through in-depth interview with key informants.

The remainder of the paper is organized as follows: the first section outlines the theoretical background of the study; the second section describes the methodology, data collection and data analysis; the third section provide a comprehensive picture of the events according to key informants and reliable secondary data; the fourth section provides the theoretical analysis of the findings and the fifth the managerial implications that is possible to grasp from the case; finally, the sixth section outlines the conclusive remarks of the study.

Literature Background

Distribution in the wine industry

The relationship between wineries and their distribution system is characterized by complexity. 'Out of the simplest case of direct sale, possibly through the Internet or the winery's point of sale, the wine distribution involves more actors who give shape to specific marketing channels' (Pomarici et Al., 2012, pp 24). According to the terminology proposed by Baritaux et al. (2006) and Hall & Mitchell (2008), the actors might be addressed to two main categories: market makers and matchmakers.

The main difference between these two categories is how the actor is compensated and how goods' ownership flows in the intermediation process. Moreover, according to the country or the type of wine distributed, matchmakers and market makers may act at different marketing and sales channels and perform various roles.

Moreover, the operative dimensions of market makers and matchmakers can be very different. In fact, they might be different according to their dimension or their scope: there are some large companies and a large number of small or niche actors (Lapsey & Moulton, 2001; Gaeta & Pomarici, 2001; Hall & Mitchell, 2008).

The actors belonging to the market makers category are addressed to wholesaler, distributors and importers or exporters. The market makers participate in the ownership flow, and their reward comes from the bid-ask spread; indeed, matchmakers do not participate in the ownership flow, and their reward comes from a revenue-sharing commission due to the matching of buyers and sellers in order to help them to transact.

The actors belonging to the matchmaker's category are agents and brokers. They are essential for small wineries, especially in the case of international trades (Fraboni, 2019). Ho.Re.Ca, which stands for Hotel, Restaurants and Catering, is one of the most critical channels in wine distribution. Indeed, it is very dynamic and represents the primary voice of wine on-trade consumption and a significant outlet for the wine industry. It represents the way through which all the firms work directly with the consumers. Finally, it is the core of the small wineries' distribution strategies, and it is still one of the significant communication vehicles for the market. The off-trade consumption passes through supermarkets, discount stores, traditional retail, and specialized stores (bottle stores, vintners, and wine cellars). The attention for the Ho.Re.Ca. channel is guaranteed by the possibility to improve brand image and perception through the direct relationship between wine and food. Furthermore, the wineries that want to be perceived as high quality and build their credibility struggle to be in Michelin's starred restaurants (Hall and Mitchell, 2008; Sabatini et al., 2021). However, despite all of this, wine sales to restaurants often are not enough to generate optimal profits for small wineries (Velikova et al., 2019)

Besides Ho.Re.Ca., high volumes of wine sales are made off the shelves of retail, which have increased in time (Rabobank International, 2003). This could be because families consider retail a reference point for their quality purchases. In the past, this role was a prerogative of specialized retail and wine cellars, but now they became available in modern distribution. Indeed, in many supermarkets and hypermarkets, part of the shelf is reserved for high range wines (Soressi, 2011). Therefore, the wine sector is increasingly dependent on big retailers known for their fierce buying strategies, which push their prices down because of their strong negotiating power (PTV, 2012). Large retailers are increasing their market power, purchasing a significant volume of goods at low prices. They prefer to deal with larger firms with renowned brands in order to achieve that result. Large wineries can pull, rather than push, products through the marketing chain, which is a determinant key to a successful relationship with big retailers. Moreover, large wine firms could accommodate the enormous sales volume required by big retailers purchasing logic (Lapsley and Moulton, 2001). Therefore, these reasons bring big retailers to operate directly with the largest wine actors while excluding too small suppliers (Pomarici et al., 2012).

To overcome these difficulties, selling directly to the consumers through offline and online channels has increasingly taken shape among small wineries. Several studies have reported that direct channels allow wineries to transmit the large quantity of information sought by wine buyers and broaden their markets, which have traditionally been limited to the local or regional level (Fiore, 2016; Gurau and Duquesnois, 2008).

Nowadays, wineries point of sales become the points of reference for all wine lovers. These places become the wineries' direct selling success. According to Pomarici et al. (2012, pp 25), in line with Soressi (2011): 'wineries include in their point of sale also a wider range of selected products to satisfy customers and bring them towards new forms of consumption, such as wine by the glass'. The same authors suggest that these channels are usually preferred by women, young people, and moreover tourists. Wineries point of sale shoppers relying on the advice of the wine owner. Here, the winery has the chance to build a direct relationship with buyers and to nurture their curiosity about the winemaking process, and the specifies of the wine production adopted from the small winery (Flamini, 2011).

On the other hand, a new solution emerged for small wineries that aims to establish a valuable relationship with customers. To reach new market segments and increase word-of-mouth, more and more wineries are developing their online direct selling strategy (Louvieris et al., 2003; Bonn et al., 2016; Fernàndez et al., 2019). Nowadays, the consumers' focus is not only on the final product but also on any stage in the purchasing process. Their engagement in all these stages might be facilitated by exploiting digital communication and distribution channels. Thus, integrative sales and communication channels are the key points to enhance the consumer experience in the modern digital era (Saghiri et al., 2017). In an exploratory study conducted in Australia, Sellito (2004) found that SMEs wineries were more active on websites than larger ones, attributing this finding to smaller firms' obstacles when attempting to reach large distributors.

Gurau and Duquesnois (2008), like Sellito (2004) findings, found out that direct channels were more used by small-sized firms among French wineries. Additionally, within small Italian wineries, those are characterized by low-innovation propensity are more likely to use indirect channels, while those show high innovation propensity choose wine experts and direct distribution channel, according to the literature (Fiore, 2016; Casali et al., 2018). Moreover, using online channels and social media represents a useful way to customer loyalty (Szolnoki et al., 2014) and a successful way to attract younger customers (Fuentes Fernández et al., 2017).

Although, the possibility for small wineries to sell directly is important for them to establish a direct marketing channel with wine distributors that represent strategic agents to access the market (Mora e Akhter, 2012).

Winemaker and distributor partnership have been defined as 'the extent to which there is mutual recognition and understanding that the success of each firm is in part dependent upon the other firm, and where because of this, each firm takes actions to provide a coordinated effort that is focused upon jointly satisfying the requirements of the customer marketplace' (Anderson and Narus, 1988, pp 1).

It is fundamental to rely on the right distributor to promote a brand. Indeed, this allows the manufacturer to achieve better profitability (Prichard, 2004). Moreover, in the long term, the distributor is paramount to understand better and serve the customer's needs (Escobar et al., 2016; Kalwani and Narayandas, 1995). According to the literature (Anderson and Narus, 1990; Beaujanot et al., 2005; De Carvalho et al., 2013), building trust and credibility between suppliers and distributors is the key to build and develop successful long-term relationships (Sabatini et al., 2021). Regular training of the sales staff provided by the winery is fundamental to improve the relationship between manufacturer and seller. This training must include information about the wine, accompany the staff on a visit to retail accounts, and conduct tastings and other trade events (Thach and Olsen, 2006). Another important aspect is that the manufacturer's support has several positive aspects in the distributor's performance. Indeed, he/she enhances the performance in the marketplace (Anderson and Narus, 1988), and besides, offering support encourages and motivates the distribution channel to do a more effective selling job for the manufacturer (Rosenbloom, 1978).

In this context, it is important to underline that winemakers could greatly benefit from a multi-channel strategy, but it is essential to consider the balance between risk and benefits (Gurau and Duquesnois, 2008).

Nonetheless, a condition where multiple channels are not tightly integrated could become an adverse situation for the manufacturer (Sharma and Mehrotra, 2007; Neslin and Shankar, 2009): indeed, the risk is that there could be a cannibalization process, for instance of the new sale channels towards the old ones, or there could be competition for the same costumers. Finally, sales from a new channel may be insufficient to cover their costs (Calderón et al., 2019).

In views of these considerations, it is fundamental to develop online channels considering the synergy with the existing ones, to achieve a successful multi-channel strategy. All channels must be coordinated and integrated at all levels, not managed separately (Herhausen et al., 2015; Verhoef et al., 2015).

The global wine industry: data and facts

The wine industry experienced an intense evolution over the past decades due to the strong growth in international markets and the rise of new competitors out of the old continent. Europe remains the most important continent in the wine sector, even if it is predominantly shaped by small and medium enterprises (European Parliament, 2012). However, the world wine consumption depicted a stable trend due to the sum of the minor consumption from the traditional wine producer country and the major consumption from non-traditional or traditional wine producer that is not a European country (Del Rey et al., 2020).

So far, Italy occupies fourth place in the extension of the area planted with vines. Although Italy has not the largest area planted with vines, it has the highest production of wine in the world. The supply side's tendency is characterized by a soft contraction of area planted with vines linked with a softer decrease of wine production thanks to the average yield of vines (Del Rey et al., 2020). Indeed, an abundance of high qualities grapes lowers a winery's profit margin because the product prices have to be dropped (Tate, 2004).

Considering the wine production in a stable trend and a declining tendency of national wine consumption for the traditional European producer country, it is evident how exports play a crucial role in the last years. There has been a significant increase in export orientation by both 'new' and 'old World' wine-producing countries (Wine Institute, 2006) according to the terminology proposed by literature (Johnson & Robinson, 2013).

Nowadays, wineries play in an increasingly competitive international environment characterized by mature per capita consumption in the traditional market and increasing competition from new emerging wine producers (Köhr et al., 2018). As a matter of fact, wineries are increasingly required to improve marketing activities linked with their production capacity (Fiore et al., 2017; Azabagaoglu et al., 2006). The wine market dynamics highlight the necessity to intercept the changes in consumer buying attitudes. Over the last decade, public attention towards food products was focused on quality and environmental issues (Giacomarra et al., 2016) and the sustainability topic of developing new business relationships (Atkin et al., 2006; Sabatini et al., 2021). In response to these marketing and commercial problems, information and communication technologies (ICTs), particularly the Internet tools, represent a source of competitive advantage, providing access to alternative sales channels. Indeed, ICTs are particularly useful to overcome the commercial shortcomings that traditionally characterized agri-food products, especially organic products (Fernàndez et al., 2019). Also, some literature points out the positive correlation between internationalization and ICT use, especially in the agri-food sector

(Moral et al.,2015). For example, high-quality websites linked to social networks and presented in a different language are a cheap way of internationalizing and reaching out to many foreign users (Manyika & Loud, 2016). Indeed, the number of websites visits is positively related to business integration, organic certification, export activity and the marketing of bottled wine (Bernal-Jurado et al., 2021).

However, the internationalization of wine due to globalization developed rapidly until 2013, especially in the first decade of the XXI century. The ratio between exports and consumption of wine world trade in 2000-2019 shows a positive tendency. In terms of volume, world wine exportation increases during the last 20 years with a 2,9% annual growth rate, from 60 million hectolitres registered in 2000 to 103,3 million in 2019 (Del Rey et al., 2020). The evolution of the world wine trade in value has been even better than in volume. This means that in the last 20 years, not only more wine has been sold internationally.

Furthermore, it was sold more profitably from the 13.7 billion euro of 2000 to 31.7 billion in 2019, with an average annual growth of 4.5%. Moreover, the average wine price sold increase with an annual growth rate of 1,6% (Del Rey et al., 2020). According to the ongoing trends, in the wine sector is emerging a process of upgrading called 'premiumization'. In other words, the forecast for the following years shows the possibility of the wine sector selling more quality wine at a better price with a stable sales volume (Del Rey et al., 2020).

France, Italy, and Spain play the most important role in the world wine trade in this context. In the total value amount in euro of the wine trade in 2019, France represents more than one-third of the wine trade, with 10 billion euro. Italy achieves 23% of world wine commercial trade, more than Spain that represents 9%. These three countries cover more than two-thirds of the world wine value trade, although they represent only 55% of the total volume of wine exported (Del Rey et al., 2020).

Considering the noticeable difference between the value and volume of wine export, it is evident that is an essential difference in the wine positioning pursue by the three countries. Nonetheless, the wine scenario is characterized by different submarkets that exhibit several distinctive characteristics. Submarkets range from commodity-type segments to highly fragment and differentiated exquisite luxury top market segments (Karelakis et al., 2008); this implied a differentiation from a supply-side positioning perspective.

In this context, Italy's turnover breakdown in 2019 shows 25% of sparkling wine (especially 'Prosecco'), 69% of bottled wine and only 6,1% of bulk wine and bag in box. The good' Prosecco' sales evolution and the progressive left of the sales of bulk wine traditionally sold with a lower price explain Italy's good export performances in the last years (Del Rey et al., 2020). Indeed, a registered shift in demand for Italian exports towards higher quality wines has opened a significant opportunity for small and medium business (Corsi et al., 2004).

Internationalization of a firm is considered an essential strategy for business growth and diversifies operational risks (Johanson and Vahlne, 1977; Leonidu, 2004, Maurel, 2009).

Nonetheless, the relationship between firm size and export behaviour remains one of the most widely analyzed relationships (Mora and Atker, 2012; Mugler and Miesenbock, 1986; Bonaccorsi, 1992). According to some literature, firm size and export activity seem to have

a positive relationship (Hirsch and Adar, 1974; Cavusgil and Nevin, 1981; Cavusgil and Naor, 1987). While other studies point out that size exerts little or no influence (Bilkey and Tesar, 1977; Hester, 1985; Edfelt, 1986; Holden, 1986). Moreover, others have found that only up to a specific range size influences export activity (Hirsch, 1971; O'Roarke, 1985). So far, the literature does not show concordance results, hence from a managerial perspective, firm size should not be considered a major barrier in undertaking the export activity. Managers should look beyond their firms' size to understand whether to export or not (Calof,1994).

However, in the progressively globalizing world, the wine trade is changing shape, especially by a geographical relocation of demand (Aizenman and Brooks, 2008). In the ProWein 2018 business report, one of the largest and most famous international wine fairs, China was mentioned as the globally most attractive export market, followed by Japan, Hong Kong, Singapore, Scandinavia, the USA, and Canada. Besides, the report mentioned that the markets with the highest growth potential in the coming five years were Singapore, the Czech Republic, Taiwan and the United Arab Emirates (Prowein 2018). Although the EU has seen a decrease in total annual wine volume import from 73% in 200 to 58% in 2019, it is still the centre of the world wine trade. Germany and the United Kingdom are the most important importers of wine, with more than 14 million hectolitres in 2019, followed by the USA, France and China (Del Rey et al., 2020).

However, the new demand in foreign markets is creating new challenges and opportunities for international trade. Traditional wine country producer can count on the positive halo effect of country-of-origin that influences consumers' perception of a brand (Piron, 2000; Panda & Misra, 2014; Rodrigues et al., 2020). To penetrate correctly foreign markets, it is important to understand their culture, language and laws. Indeed, the global wine exports costs are lower if trading partners are culturally similar (Balogh et al., 20180).

The performances and internationalization of a firm are closely connected to generate and exploit resources. This activity is considered substantially different between SMEs and MNEs (Laufs and Schwens, 2014). From a resource-based view, small business may find themselves facing more resource constraints than big firms do. This aspect may be correlated with the lack of personal and financial resources. Specific barriers to the development of small wineries derived from informational assets. Informational barriers represent a challenge for SMEs due to their relatively higher resource constraints than obtaining, assimilate and process information (Laufs and Schwens, 2014; Shaw and Darroch, 2004; Leonidou, 2004). To begin a new development path, small wineries must carry on cooperative strategies; these relationships represent an effective way for the smallest firms to expand their knowledge on the export markets and reinforce their resources. According to the literature, finding the right distributors and establishing a relationship with them is the basic recipe to achieve success for small wineries, according to the literature (Kung, 2007).

Methodology

The nature of the events and their effects under study asks for an explorative and qualitative approach. The phenomenon under analysis is still ongoing, and the scenario in which the firms are operating are constantly changing day by day (Voss et al., 2002). A qualitative methodology that adopts a longitudinal case study has been developed to shed lights on how small wineries cope with the changes in the distribution channels that emerged after the Covid-19 outbreak. (Yin, 2014; Eisenhardt, 1989).

The case has been selected for its revelatory potential (Siggelkow, 2007). Also, for the ongoing collaboration with the team of researchers for a long time. These two factors allow for a deeper understanding of the ongoing dynamics and continuous and reliable access to information and insights. Furthermore, the firm's good relationship granted direct access to key informants (Yin, 2014). To date, more than five interviews with the owner and his collaborators have been done, where, in addition to the key informants' insights, the researchers had the chance to analyze the impact on global sales and corroborate information with real numbers.

Further interviews with winery agents and exporters are yet planned. Longer meetings than interviews have been required to analyze the pandemic's effects on sales operations and sales relationships with distribution channels worldwide. In addition to formal meetings, researchers maintained a continuous flow of information with the winery owner through weekly updates by phone call.

DATA	KEY INFORMANT	LENGHT	SUPPORT
22 Jan 2019	winery owner	1 hr.	Audio + Verbatim
03 Apr 2020	winery owner and collaborator	3 hrs.	-
28 Jul 2020	winery owner and collaborator	3 hrs.	-
04 Nov 2020	winery owner and collaborator	3 hrs.	-
17 Feb 2021	winery owner	45 mins.	Audio + Verbatim

The data gathered through meetings and interviews have also been analyzed according to secondary data collected through multiple sources: sector statistics, competitors balance sheets, news, NGO statistics on global trade, etc. Triangulation between the different data sources ensured the validation of the data collection and the completeness of key informants' perspective (Yin, 2014).

Covid 19: first evidence from the field

The wine sector during Covid-19: a snapshot

The economic crisis that emerged after the Covid-19 outbreak brought unpredictable negative effects. Indeed, it is relevant to cite that the global wine commerce was already challenged by other international events like Brexit, protectionist policies pursued by the USA and Russia, and a significant decrease in wine import by China since 2018. The crisis generated by the COVID-19 pandemic, which adds to previous issues for small wineries, had different effects depending on the period that it is considered. Therefore, it is impossible to talk about the single and unique impact of the covid-19 crisis on the wine market. The three moments that can be identified are the lockdown phase, the new normal reality achieved on end-spring/beginning of summer 2020 and the so-called second wave with new restrictive measures. In sum, there were discontinuous openings and closing in many countries, decided by the policymakers week after week. For example, the Italian policymaker chose to limit the so-called 'movida' (night clubbing, dining at restaurants, bar

and pub night time opening, among the most relevant) and introduce the colour code for the second wave to determine the intensity of lockdown pursued.

This uncertain situation led to move several events that have a high impact on wine sales in the future (e.g., weddings, other religious celebrations, parties, family reunions). Similar measures have been taken worldwide, causing the wine sector a critical contraction that risk goes to detriments, especially small wineries that might be more affected by this crisis. Indeed, in this scenario also the habits of customers have changed, the sparkling wine consummation decreased significantly since it is used usually to celebrate and have a good time outside. Another trend observed is that the consumer prefers the local wines more than in the pre-pandemic times. In addition, as explained in Barcaccia et al. (2020, pp 3): 'the general uncertainty resulting from a national lockdown, the population promptly reconfigured their daily needs, prioritizing their health and that of their relatives, along with the supply of foodstuffs and drinks to deal with home family quarantine, according to ISMEA periodical surveys'.

Considering some data, it is possible to underline that global wine trade falls of -10% in March, -22% in April, and -27% in May reduced international export by 1.8 billion of euro in 4 months, which is equivalent to a -17% in value compared to 2019. This decrease broke the positive general trend of the last decay (Sanchez Recante, 2020). On the off-trade, after some stockpiling signs detected during the first weeks of March (up to 20% in volume), the sales were down (up to 16.1% in value) from the second half of March. When looking at the value, a shift to entry-level wines has also been observed in this channel. For example, bag-in-box sales increased by even 40% compared to the same period last year, stabilizing their increase during the rest of the lockdown phase to +20% (Sanchez Recante, 2020).

The pandemic crisis contributes to shedding light on the structural problems that are characterizing the Italian wine sector. This scenario, led by uncertainty, has damaged more small wineries that have to face the closure of Ho.Re.Ca. channels (Ho.Re.Ca. registered -41% of wine sales volume in 2020) in addition to their lack in terms of commercial, financial and human resources. Indeed, the closure of Ho.Re.Ca. means the blockage of the main channel in which 'Made in Italy' agri-food products have a medium-high positioning and which absorbs significant percentages of the total export flows. The replacement of the consumption on-trade with home deliveries only partially compensated for the wiping out of Ho.Re.Ca. channel.

However, this crisis has boosted wine e-commerce in Europe by +180% on average in volume in the lockdown phase (Sanchez Recante, 2020). As explained in the report of 'Rabobank' edited in July 2020: 'before the current crisis, most decision-makers in the wine industry – and the beverage alcohol industry more generally – failed to invest in their digital capabilities proactively. Then came Covid-19' (Rabobank, 2020). However, e-commerce only represents 1% of the EU wine companies' turnover and could not compensate for the on-trade channel's losses. After this phase, the e-commerce trade reduced but maintained its growth (+30% in major market). The growth of e-commerce regards the US, UK and China (Sanchez Recante, 2020) particularly.

Nonetheless, the Covid-19 has had a tremendous impact on the wine tourism business from wineries. Blocked international travel and the impossibility of moving between regions and countries (including EU countries) have entirely blocked the tourist flow, which has always represented one of the major sales channels for these small businesses. Thus, it

might be easy to understand the cause of this decrease. Indeed the border between countries has been closed since the start of the pandemic emergency, with a few exceptions. With its strong territorial roots, food and wine tourism doubled its figures in Italy in 2019, achieving 12 billion euros (15% of total tourism) of foreign tourists' expenditure alone (ISMEA). Unfortunately, Covid-19 had an unprecedented impact on international tourist arrivals. As UN-WTO states (*UNWTO, 2020, Impact Assessment of The Covid-19 Outbreak on International Tourism), it declined by an average of 70% in the January-August period. A pre-existing base oriented toward domestic tourism will have provided wineries with robustness against international visitors' missed revenue (Wine Tourism, 2020).

To cope with previous issues and all the new challenges that emerged after the Covid-19 outbreak, several researchers and practitioners suggested that The post-Covid economic recovery should begin with developing a multi-channel sales strategy to diversify the export's actors and countries. In addition to that, working on improving brand awareness by using social media customer engagement strategies (Hollebeek et al., 2011) and developing better relationships with distributors (Survey Wine Monitor Nomisma, 2020; Federvini, 2020).

The Alpha story: coping with the pandemic

Alpha is a small Italian winery; it sells around 50 thousand bottles per years for a turnover of around 400 thousand euros. Alpha has been established in the beginnings of the 2000s, starting in the same fashion as several other Italian wineries. The owner inherited lands with vineyards, which allow them to create a winery on their own. Since then, the winery grew and engaged with a new stakeholder who also works as an employee to manage the growing volume of activities, especially sales abroad.

Alpha is, since the beginning, very focused on global sales, as it is one of the few small wineries in his area to have developed a strong network of agents and distributors that supports its sales in foreign countries. Besides, since the beginning, Alpha's owners were very busy participating in international trades and business trips all over the world. So far, foreign sales account for 60% of the total winery sales; although it is relevant to point out that the most significant stake of sales of the winery comes from consumers who buy directly in the winery shops, these are mainly foreign tourists coming from different parts of the world (mainly Germans, Netherlanders, Swedes, and Americans). With this well-established network of global partners, the winery plans its growth and future investments such as new wine shops and new types of wines to acquaintance the tastes of high standard consumers, to begin with, luxury restaurants.

However, suddenly emerged the Covid-19 outbreak. The effects of the pandemic in the wine sector have been explored in the article's previous section. However, the initial concerns about what the actual effects could be were very high; in fact, the policymaker seems to have played a central role in the activities concerning Ho.Re.Ca. businesses. During the first months of the pandemic, when the initial dismay passed, it was possible to understand better how the situation was evolving. Here, the initial concerns leave for a reassurance that comes from the global sales.

The winery's local sales dropped suddenly and, so far, the winery is still grappling to achieve previous sales results with their local distributors (which before accounts for more than 20% of total sales). Besides, against all odds, winery's global sales have risen

sharply as the results of the work done in several previous years aimed to build thorough relationships with these business actors. However, foremost for a different distribution channel, these actors use sales and a different policymaker approach to managing the pandemic. It is important to note that the largest distributor in 2020 is an American wine shop online, operating with a new business model despite traditional wine distributors.

When analyzing this phenomenon, the winery owner said that "the pandemic has revealed that international markets are more ready with online sales. The Italian market has proven to be more conservative and tied to physical presence. In this moment of difficulty, foreign countries continue to do business while in Italy everything went shut down". The winery owner underlines how small shops and Ho.Re.Ca. are suffering, and consequently, all the wineries that have been doing business with those actors. However, the retail channel increases its sales volume, making the fortune of those prominent players dealing with this distribution channel yet.

The adoption of online sales has been perceived as a distribution channel representing coping with new challenges even in the worst times ever of the 2000s. Moreover, the winery owner identified the further problem when comparing Italian actors of the distribution channel versus international actors in their readiness with a lean and digitized organization. International companies continued to operate with the same efficiency as in the normal situation, while Italian companies have – and still – struggle to find a proper organizational structure to operate effectively and efficiently combining digital tools and physical activities.

In fact, with international actors, things have not changed at all; as the winery owner suggests, "the relationship with distributors has not changed, just the ratio of digital channels increased". However, not every international distributor was ready with their digital presence. The informants suggest that many small distributors faced the same issues as their Italian counterparts. Foreign relationships are still managed by their agents that operate nearby their distributor; the winery owner confirms how the agents are crucial for maintaining such relevant relationships, now more than ever.

The winery owner, then, posits how to cope with such complex events the winery should invest in developing a more capillarity of distribution, increasing their proximity to the end consumers, and improve their communication channels, in order to by-pass the filter of the distributor and reach the consumer in creating a brand awareness that stands for itself. In the meantime, the winery should constantly look for new potential distributors to open new paths in emerging markets. However, the winery owner acknowledges how policymaker choices have influenced a large portion of the sales. Constant monitoring of policymaker decisions will help the winery strategize quick changes and adapt to the new scenarios.

Theoretical discussion

The study highlights the challenges that small wineries faced during the pandemic. The disruption of the different distribution channels might represent a threat and an opportunity, considering the chance to acquire a new market position thanks to the outbreak's turmoil.

The study posits that the development of business relationships with distributors and other business network actors is ever paramount (Sabatini et al., 2021). These relationships are since ever central to manage complex events and remain linked with business actors even if thousands of miles away. Therefore, the study argues that small wineries should more

than ever be focused on develop and strengthen their relationships with distribution channel actors.

On top of that, small wineries are called to diversify the different actors involved in distribution. The pandemic argued how different actors reached very different performances. Large retailers and online retailers continue doing business, whether small shops and Ho.Re.Ca. had their way blocked by the policymaker's decisions. Small wineries are called to build up their distribution channels with the awareness of the actors' different potentials, trying as much as possible to combine these channels to safeguard the business continuity (Escobar et al., 2016; Pomarici et al., 2012). The engagement with several actors as distributors should provide the small firm with an enhanced capillarity to reach directly and indirectly a more comprehensive number of final consumers (Sharma and Mehrota, 2007; Neslin and Skandar, 2009; Calderon et al., 2019; Herhausen et al., 2015; Beaujanot et al., 2005). Therefore, the study argues that the increasing proximity with final consumers and a more robust relationship with distributors might support small wineries in moderating the risks connected to the emergence of unexpected events such as a pandemic.

Small wineries major damage comes from the impossibility to sell directly at their point of sale. Not only policymaker decisions, but the total lack of tourism disrupted small wineries' direct sales performance, which previously related to this channel for profitability and survival (Fiore et al., 2016; Gurau and Duquesnois, 2008; Casali et al., 2018). However, on the other side, small wineries discovered the potential of online selling. Moreover, thanks to international partnerships, small wineries acquired advantages working with distributors that were already doing business online (Saghiri et al., 2017). As suggested by the key informant, the Italian scenario is still backward according to digitization and online selling.

The partnership with distributors and agents during the pandemic was even more crucial than in 'normal time' (Anderson and Narus, 1988; Escobar et al., 2016; De Carvalho et al., 2013; Beaujanot et al., 2005). In this tumultuous scenario, the study finds that small wineries should be increasingly keen to accommodate distributors' requests and be flexible to support their operations from analyzing the case. Moreover, these small firms should develop a network of agents that might support their aims in being chest-to-chest with distributors worldwide (Fraboni, 2019). As highlighted from the case, the small winery, which has an agent near the distributor abroad, maintains a thorough relationship with it and manages to improve their business.

Managerial implication

The study also offers several implications for small wineries managers and entrepreneurs. First, the study pinpoints the need to begin with a clear strategy about the management of distribution. Thus, the firm should identify the different actors' specification engaged in distribution and understand how to combine them to manning all the channels. Then, considering the endemic resource scarcity of small firms, these are called to develop a network of actors that might support relationships abroad. Their aims should be to increase the proximity to both business partners and consumers.

Besides, the study suggests that to maintain those actors engaged globally, the digital channels play a crucial role. The study highlights how to support the distributors' activities online, and the digital channels should be developed to improve the winery image and reputation towards new business actors and potential consumers. In addition, the winery

might use online channels to sell directly to the actors mentioned above (both B2B or B2C) or to begin into a wine e-commerce platform that is experiencing skyrocketing growth during this time.

Conclusions, limitations, and further research

The study posits that going international is mandatory for small wineries, moreover during a tough time such as the one we are experiencing right now. The study highlights several manners in which being global supported the small winery business and protected it from further potential fierce crises related to the outbreak. However, the study pinpoints that these positive results' achievement is not casual but comes from several activities that small wineries should deploy.

These are mainly addressed to the development of a thorough and long-lasting relationship with distributors and agents. The distributors' analysis and capabilities are also crucial, as small wineries are called to combine distributor channels to increase their capillarity and proximity. Furthermore, small wineries are living the last call for digitalization. Digital selling and digital communication have been deemed paramount to maintain the relationship with final consumers and business partners during the pandemic. The study suggests that small wineries should invest in developing these channels to support their internationalization activities.

With the pandemic, the distribution of wine experienced a brutal polarisation addressed to two specific channels: large retailers and online retailers. These two channels have been the only ones that the decisions of policymakers have not impacted. Thus, all the firms that already commercialize their products through these channels suffered less than those firms that were struck at the door. In this case, the study suggests how globally it is possible to find distributors prepared to work on new sales channels such as the online channel. On the contrary, the case suggested that in the Italian scenario, distributors and wine business actors are still laggards in respect to online sales and promotion.

However, the study is not without limitations. First, the study is still ongoing and further interviews are planned to gain a better perspective of how small wineries might manage their distribution strategies during crisis time. Then, even though the adoption of qualitative methods has been applied extensively in the literature, these provide single context perspectives and thus are limited in depicting a comprehensive picture of the scenario.

Further studies are suggested in understanding how wineries managed their global commercialization activities. Maintaining a qualitative approach, the study suggests exploring a large winery case and identifying the potential differences and similarities with a small winery case. The study also suggests developing quantitative studies that might provide validation to the assumption discussed so far. By the way, given the relevance of the globalization strategies for small wineries, the present study can provide relevant insights into the theoretical and managerial community.

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