CHARACTERIZATION ON THE WINERIES OF THE WINE ROUTE OF VALLE DE GUADALUPE, BAJA CALIFORNIA, MEXICO

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Abstract

Based on a non-experimental design applied to the wine enterprises, this empirical study presents the characterization of the wineries located in the Wine Route of Valle de Guadalupe, Baja California (Mexico), specifically in terms of size, number of employees, production, company type and age. The methodological framework was based on three main stages: (i) firstly, a sample of 64 wineries located on the Wine Route of Valle de Guadalupe was taken, considering some aspects such as: location within, vine land, wine tasting room and area of production and sale; (ii) secondly, was designed and implemented a structured questionnaire integrated by seven questions, including different levels of measurement (nominal, ordinal and scale); (iii) and finally, the analysis and interpretation of data was continued by testing statistics and content analysis using the Statistical Package for the Social Sciences (SPSS) V.20.0 software. Through the application of the questionnaire and data analysis the results showed that most of the companies are integrated as Capital Variable join-stock Company (25.9%), are micro sized (59.4%), 73.2% are familiar and only four companies are the largest wine producers (L.A. Cetto, Barón Balché, Emeve and Paralelo), of which L.A. Cetto winery is the oldest (85 years). In conclusion, the proposal constitutes and important contribution for the wine industry, particularly in Mexico, and as an analytical tool for future research contribution.

Keywords: Wine, Wineries, Valle de Guadalupe, Baja California

Introduction

Currently, the micro, small and medium enterprises (MSMEs) have taken great importance in the economy of the countries where its development has been supported by the implementation of different strategies (Araiza, Velarde, & Zarate, 2010). Stressing the value of MSMEs, it is known that these play a key role for developing countries because they offer certain solidity and stability by contributing to job creation, raising the competitive level of economies, especially in times crisis (Aguilera, González, & Hernández, 2012; Carvalho & Costa, 2014).

Despite its high degree of importance, information and data regarding these businesses is very diverse, with variations in their different definitions across countries and economic sectors. Moreover, it becomes necessary to have detailed approaches related features of the heterogeneity of the group of these companies, in order to have a clear support for policy design (Guaipatín, 2003).

In Latin America, according to the Economic Commission for Latin America and the Caribbean (2000) in Montoya, Montoya, & Castellanos (2008), this group of companies generate about 20% to 40% of employment, the main source of employment generation in the economies of the region. Some of the advantages that have MSMEs, on the one hand, are that when they acquire the knowledge and information may come to compete with large companies through the implementation of competitive advantages. By the other hand, training the limited number of employees becomes more economically profitable and simple, reflecting the productivity of the same company (Álvarez & Durán, 2009).

In Latin American countries, this group of conglomerates whose industrial organizational structure is based on micro, small and medium enterprises with high technology (Corrales, 2007), have begun to seek their own development and potentiating with State aid by linking with national and international markets, the new forms of production and the production quality assurance and services (Añez, 2007).

However, despite the continued efforts that has been made in favor of MSMEs, according to Montoya, Montoya, & Castellanos (2008) Latin America is at higher level of backwardness compared with other countries of European Union or United States. No country in the region is situated in the list of the top 24 Innovation Index (Van y Gómez, 2012). What could be consistent with the lack of financing, high taxes and political destabilization.

Also, some disadvantages which result in problems and threats to these companies, some empirical studies located from the internal and external environment are presented. But in general, their main limitations are related to the vision and entrepreneurial culture, external competition, sources of financing, lack of knowledge of legislation, vulnerability, and the challenges posed by globalization. Note that in its classification, that the process of integration and standardization for each Latin America country govern different duties and rights (Álvarez & Durán, 2009). Here, to more closely homogenization it is necessary to consider the differences between the number of employees, assets and gross sales (Guaipatín, 2003).

As a result, lack of studies examining the characterization of companies, in this case the wineries of the Wine Route of Valle de Guadalupe, in terms of size, number of employees, production, company type and age. Therefore, this study aims to offer responses to the following research questions:

1. There is a classification of companies on a general level that can be applied to the wineries?
2. What factor (number of employees, production, company type, and age) can be considered as more important to establish a classification of enterprises?
3. Most of the companies are micro-sized, small, medium or large?

The remainder of the paper has been organized as follows: Section 2 presents the theoretical framework of the study; for this there is a successive review of the literature about MSMEs characterization. In Section 3, the planning and development of the applied non-experimental design and the construction-evaluation of the questionnaire is described. The results obtained from the empirical study are shown in Section 4. Finally, in the Section 5, the principal conclusions and suggestions are described derived from the study.

Literature Review

According to the definition given by the United Nations Economic Commission for Latin America and the Caribbean (1988) in Álvarez & Durán (2009: 18), MSMEs are those “small and craft enterprises, which do not always use the formal channels of market, and capitalizes on the relative abundance of resources, particularly in the labor market”.

Meanwhile, Barreto, & García (2005) present a characterization of small and medium enterprises in the detailing that this type of organizations has certain distinctive features such as isolation, lack of cooperation and limited trust between them, as well as low administrative and technical levels, with self-mentality, lack of information about the environment, among other. Since establishing cooperative ties could seize opportunities and become more competitive (Marín & López, 2011).

Even with this, it is necessary to argue that cannot establish a cross-definition for the entire business universe, in other words, use a static definition for all countries. The same goes for how to classify MSMEs since classifications offered by the countries are closely linked with certain parameters such as appointed by the national laws of each State, representing not always comparable realities; which leads to obtaining divergent data (Álvarez & Durán, 2009).

That is why the Banco Mundial (2012) provides a comprehensive classification, shown in Table 1, where micro business is one that has a maximum of 10 employees, with assets of $10,000 and lower annual earnings to $100,000 dollars; small is that which has 50 employees, assets and annual sales under $3 million; and the medium enterprise is characterized by having 300 employees and annual sales whose assets do not exceed $15 million.

Table 1. Classification of MSMEs globally

Size	Employees	Assets	Sales
Micro enterprise	1 - 10	10,000	100,000
Small enterprise	11 - 50	3,000,000	3,000,000
Medium enterprise	51 - 300	15,000,000	15,000,000

Source: Banco Mundial (2012).

Following data from the Organization for Economic Cooperation and Development (OCDE) in Moreno (2011), MSMEs in the global context represent 95% of all enterprises, which employ 60% or 70% of the population and generate around 55% of gross domestic product (GDP).

In México, according to the Instituto Nacional de Estadística y Geografía (INEGI) in 2010 indicate that there are 5,144,056 companies, of which 99.1% are MSMEs, and on average 95.2% are micro, 4.3% are small, 0.3% are medium and 0.2% are large. These generate 60% of GDP, 7% of exports and 70% of formal employment in the country (Velarde, Araiza, Harnández, & Tobías, 2011). Regarding the state of Baja California, about 98,615 companies are located. Of these, 99.5% are MSMEs, representing 91.6% micro, 6.2% small and 1.7% medium sized (Moreno, 2011).

Despite the importance of this large number of companies, MSMEs in Mexican territory still must face a series of limited information related to introduce their products in international markets, difficult access to financing obstacles, the little use of technology, lack of databases with information of MSMEs, among other, in a way that allows them to ensure their survival. Based on the cited literature, the following hypothesis have been created:

H1: The wineries of the Wine Route of Valle de Guadalupe are located in the classification of micro, small and medium enterprises.

Methodology

This empirical study is descriptive-exploratory with non-experimental design, in which to achieve this objective, the methodological framework was based on three principal stages: first, a representative sample of 64 wineries located on the Wine Route of Valle de Guadalupe was taken (Figure 1), covering the towns of San Antonio de las Minas, Francisco Zarco, El Porvenir, El Tigre and the same Valle de Guadalupe. Note that the sample was not random, since it does not depend on a probability, but on the characteristics related to the study and decisions of the investigator, so the choice of companies to evaluate was based on a careful and orderly selection, considering the following: (a) location within the Wine Route; (b) own land for plating vines; (c) wine tasting room; and (d) production and sale of wine.

The sample selection was made mainly considering those wineries that are within the Wine Route according to the brochure using the Tourism Secretariat of the State Government as a means of dissemination and promotion of tourism at national and international level. In which it offers a tour of the wineries, restaurants, hotels, attractions, recommendations and paving and rural roads in the Valle de Guadalupe.

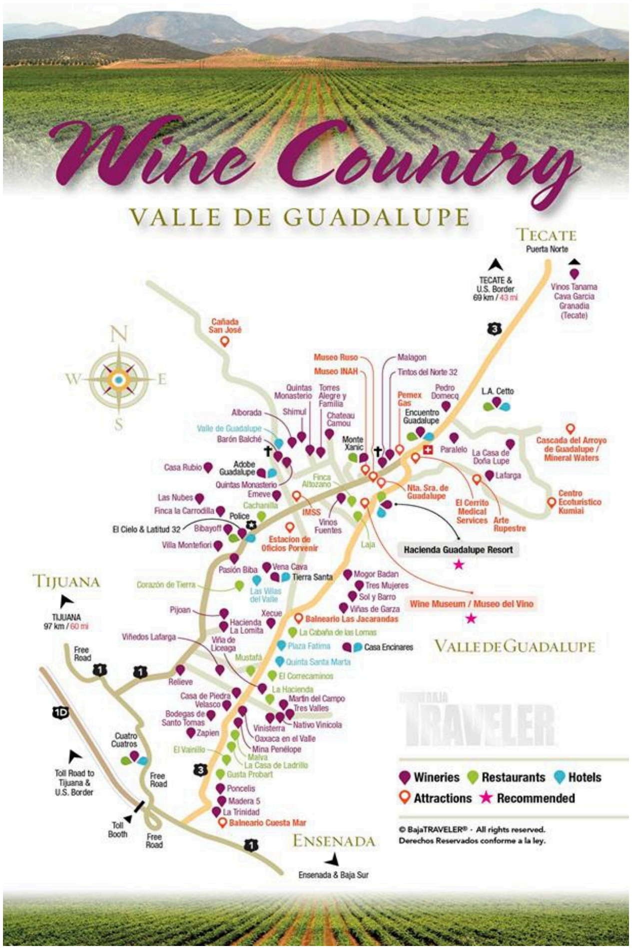

Figure 1. Map of the Wine Route of Valle de Guadalupe. Source: Baja Traveler (2014: 52).

Secondly, designed and implemented a structured questionnaire (Appendix 1) to data collection. The questionnaire design was based on a previously developed and validated in a study by Araira, Velarde, & Zarate (2010) in the companies of the metalworking sector in Coahuila, Mexico. The levels of measurement used were nominal, ordinal and scale, being composed of seven questions.

In order to check the validity of the content used to measure the theoretical framework, during October 2012, a behavioral interview a group of eight experts was made who evaluated individually all items containing the questionnaire. It was carried out a series of interviews with each of the experts in their workplace, for methodological side in the educational institution, and on the other, at the wineries.

Finally, the questionnaire was applied from March to June 2013, at a time of 9:00 hrs. to 19:00 hrs. At the time of application, this was done in two ways: self-administered, means that is provided directly to the interviewee or participant who answers the individual; and administered, implying that the interview asks the questions to each participant and record the answers as they will respond to this technique it is also known as “face to face” (Hernández, Fernández, & Baptista, 2010). Research subjects were responsible for the policy or productive part of the companies, for example the owners, winemakers or engineers, who are also linked with administrative and logistical functions of the company.

As a last step, the analysis and interpretation of data using the software Statistical Package for the Social Sciences (SPSS) V.20.0, with which the frequencies and distributions were determined. To do this, the variables with the level of nominal and ordinal measure, or with dichotomous scale, were determined through analysis of frequencies; and the scale variables were analyzed using measures of central tendency.

Results

The results showed that 100% of the sample (64 wineries) was taken as a basis 89% who successfully completed the questionnaire (57 wineries), with the missing values or did not respond to the questionnaire, 10.9% (7 wineries). Of these, 89% are engaged in the manufacture and sale of wine, and 60% alternately offer other products and services such as food and lodging, elements of the wine experience (Meraz, 2014).

As shown in Figure 2 about the type of society in which wineries are formed, considering the Ley General de Sociedades Mercantiles en México (1934), 25.9% are integrated into a Capital Variable join-stock Company, followed with 22.2% in other types of society, and 14.8% in Join-stock Company. This higher level of competitiveness for companies is generated, allowing them to gain support from the private sector, hiring professional services and implementation of best production practices.

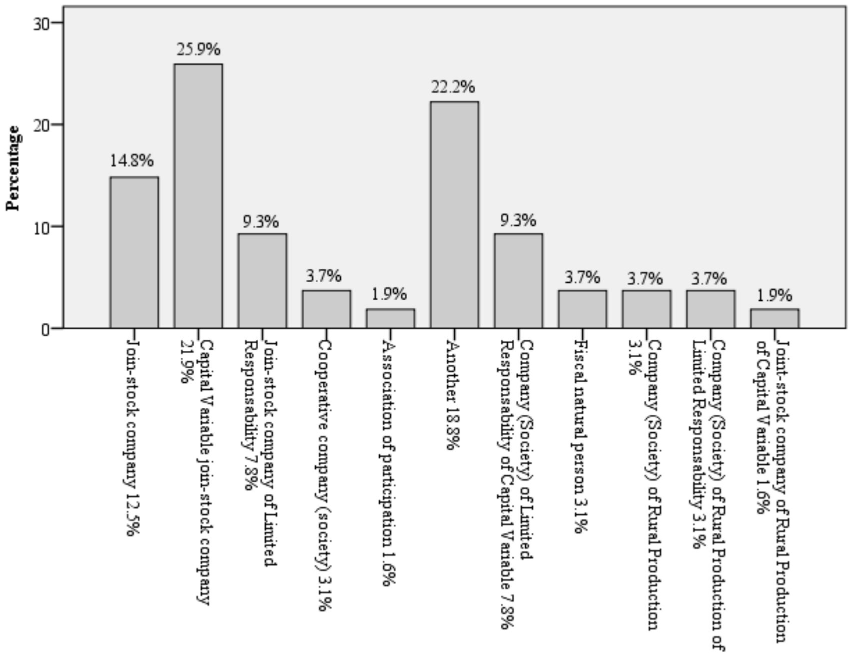

Figure 2. Types of wine company wineries. Source: Meraz (2014: 196).

Regarding the size of the wineries (Figure 3), and considering the classification established by the Banco Mundial (2012), 59.4% are micro, 18.8% are small and 10.9% are medium. This coincides with the affirmation of INEGI (2010) that the majority of the companies in Mexico are MSMEs (99.1%).

Also, 73.2% reported that the majority control of the Company is familiar, and 16.6% reported that it was formed as nonfamily firms. Leaving to see that most of them initiated by a familiar taste, simplifying the traditional model of Latin American company, which has a head to head entrepreneur, with full knowledge of employees and, in general, despite the difficulties evade achieved (Van & Gómez, 2013). Of these, 68.8% said it is an independent company, and 20.3% who were part of a group or partners.

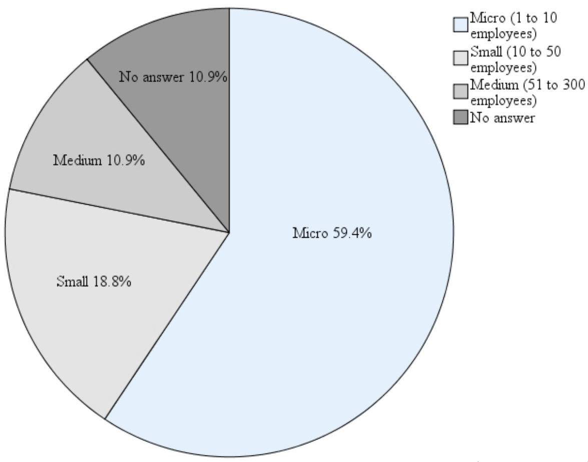

Figure 3. Size wineries. Source: Meraz (2014: 198).

Regarding production during the years 2009, 2010 and 2011, on average there were 19,326 cases of wine in 2009 (each box contains 12 bottles of 750 ml each), 19,501 cases of wine in 2010 and 19,838 in 2011 (Figure 4). Reflecting a similarity in production between 2009 and 2010, this could be associated with the economic crisis and the entry of new foreign products on the market (Carvalho & Costa, 2014; Meré, 2010). The company most cases of wine produces was L.A. Cetto (1,000,000), in fewer companies Barón Balché (11,000), Emeve (10,000) and Paralelo (10,000).

As for the age of the wine companies, the winery L.A. Cetto is known for being the longest with 85 years, is located immediately Zapien with 70 years, Vinos Fuentes y Viñedos de Santana with 54 years. In general, most between 12 years with a minimum of 0 years and a maximum of 85 years, these being relatively young.

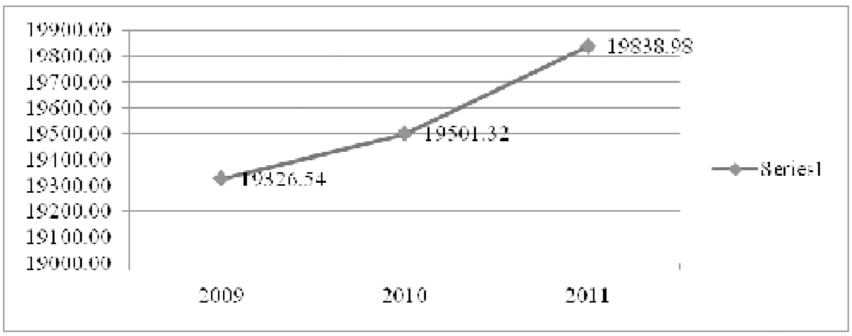

Figure 4. Cases of wine produced in 2009, 2010 and 2011. Source: Meraz (2014: 201).

Conclusion

From an academic perspective, the results allow to conclude that the analyzed wineries are well suited to the classification established by the Banco Mundial placing them as micro, small and medium enterprises, ruling out the possibility that some is large in size, thus the H1 hypothesis has been accepted. For the classification of wineries is relevant mainly consider the number of employees, and in a second aspect to consider the production, discarding the company type and age. It would have been interesting to ask in the questionnaire the assets and sales.

From a business perspective, the first conclusion that may draw from results is that the conglomerate of wineries located in the Wine Route of Valle de Guadalupe is still very small and its production level is very low compared with other wine regions of the New Producing Countries (Argentina, Australia, Chile and South Africa) or Traditional Producer Countries (Spain, Italy and France). Another conclusion is that the changes brought about as a result of globalization are shaping a new scenario in which new forms of marketing, production and motivations for visiting tourists' destinations emerge. So, before these trends, micro, small and medium enterprises must play a role enabling them to obtain a leading position in the market, adapting to the changes of more competitive environment.

In summary, after analyzing the wineries some important facts has found: (a) all the wineries of the Wine Route of Valle de Guadalupe are MSMEs; (b) all offer different alternative activities to the sale of wine as food and lodging; (c) the majority (73.2%) is family businesses, with a relative majority control (68.8%). Also, the data denoted wine production rose slowly but considerably over the course of three years, so that reactivation of existing wine companies and star-ups has been gradual; anticipating an increase in future production.

The present research has its share of limitations. First, the absence of a comprehensive database of all wineries distributed in the Wine Route of Valle de Guadalupe; second, poor signaling the location of the wineries, many of them are in rural roads without signs or closed to the public, as only open weekends; another limitation is the lack of information from the wineries in terms of production and sales, some do not have data recorded, since its size is very small; and finally, the lack of interest by some companies to give information when answering the questionnaire.

The research proposal represents an important contribution to the wine sector, especially considering the scanty studies addressing the problems analyzed in the wineries of Mexico, which serves as an analytical and methodological tool for future research. For further studies, the analysis of assets and sales could be interesting research perspective; even applying the questionnaire to the other wine producing areas of Baja California, and whether influence gender and education in the size of the company, and consequently, in their classification.

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Appendix

Appendix 1. Questionnaire

QUESTIONNAIRE FOR WINE SECTOR COMPANIES LOCATED IN THE WINE ROUTE OF VALLE DE GUADALUPE, BAJA CALIFORNIA, MEXICO	
Number of company: __________	Number of questionnaire: __________
DEAR ENTREPRENEUR:	
The information you provide through this information collection instrument will be used confidentially and with scientific and academic purposes. Therefore we appreciate your time and attention in filling this questionnaire.	
I. IDENTIFICATION OF THE COMPANY	
1. Main activity: ____	
Place an "X" in the answer	
2. Are you built your business in a type of society?	
( ) 1. Join-stock company	
( ) 2. Capital Variable join-stock company	
( ) 3. Join-stock Company of Limited Responsability	
( ) 4. Cooperative company	
( ) 5. Association of participation	
( ) 6. Other. Indicate: ____________________	
3. Company size. According to their number of employees.	
( ) 1. Micro enterprise 1 - 10 employees	
( ) 2. Small enterprise 11 - 50 employees	
( ) 3. Medium enterprise 51 - 300 employees	
( ) 4. Big enterprise 301 - + employees	
4. The majority control of the Company is:	
( ) 1. Familiar (when family has more than 50% of capital)	
( ) 2. No familiar	
5. Your company is:	
( ) 1. Independent	
( ) 2. Part of a group of partners	
Enter the number	
6. Over the last 3 years (2009-2011) how many cases of wine produced your company?	
( ) 2009	
( ) 2010	
( ) 2011	
7. Age of the company:	
( ) Years	