

# **IMPACT OF HR PRACTICES ON WINERY PERFORMANCE: COMPARISON OF U.S & AUSTRALIAN SMALL FAMILY WINERIES**

by

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*By Dr. Liz Thach & Dr. Roland Kidwell*

Wineries in the United States and Australia were the focus of this study, with a specific emphasis on those that operate as family businesses. The purpose of the study was to identify and compare HR practices between countries, as well as the impact of those practices on company sales and profitability.

A survey was developed based on Huselid's (1995) development of an instrument designed to tap the use of high-performance human resource management practices (Delaney and Huselid, 1996; Becker and Huselid, 1998). The survey targeted the human resource function within each business and the human resources practices conducted by the organization and the organization's general business strategy. The CEO or General Manager was asked to respond to a variety of questions concerning the company's human resource system, the effective use of human resources, the alignment between business and HR strategies, the scope and strategy of the business and background information about the business.

In Australia, participants were drawn from the Australian-New Zealand wine industry directory, whereas in the USA mailing lists were provided by Wine America and the Wine Institute. A total of 1470 surveys were distributed in both electronic and paper formats with an averaged response rate of 6%.

Results show that wineries in both countries are implementing the majority of the HR practices, but to varying degrees. High-level results show more Australian winery emphasis on training, whereas the U.S. wineries focus on hiring qualified employees and structuring the job to enhance business performance. In general, U.S. wineries report higher profitability than Australian wineries.

Per the chart below, HR practices which are positively correlated with sales, ROI and profitability have to do with motivational and leadership practices. A motivational system was measured by the proportion of the work force that regularly received a performance appraisal and that have merit pay increases determined by performance appraisal. The number of employees within American wineries is positively correlated with sales revenue. This could be because they believe that a higher number of employees engaged in sales activities results in more revenue. The disturbing fact about the chart is that it only illustrates those practices that did have a correlation to financial performance. The fact that employee involvement, training, and HR systems and alignment are missing suggests that these processes may be perceived as an overhead expense, though it is difficult to verify this without further investigative research.

***Linkage of HR Practices to Sales, ROI, and Profitability for Australian and US Wineries***

