

LEARNING TO DO BUSINESS IN A RESPONSIBLE WAY – A DECADE OF CHANGE IN THE SOUTH AFRICAN WINE INDUSTRY

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Abstract

When the South African wine industry emerged from a long period of regulation and political isolation in the early 1990s, it was faced with enormous challenges: transforming vineyards and cellars without state support, learning the ABC of marketing, how to compete internationally and last, but not least, how to treat its labour force in a socially responsible manner. What made these obstacles extra difficult, was the dissolution of social capital and the disappearance of coordinating structures in the wake of deregulation.

The paper discusses how growers and cellars have responded to these challenges in a number of different ways. It shows how the more successful ones have managed to juggle both commercial gain and social responsibility and why. However, it also shows why some cellars, at the other end of the spectrum, have managed to do neither and stand a good chance of going out of business. Given the diversity of responses, the paper asks which factors are behind success and failure. Is it the cooperative structure or lack of technical expertise? Is it organizational culture and social networks or is it a question of far-sighted individuals? The paper tries to answer these questions by drawing on a handful of case studies. It also shows how 'strategy' is often not the result of grand design, but of trial and error and incremental learning.

Judging by export figures alone, the South African wine industry has undoubtedly notched up considerable success over the last ten years. However, it is by no means out of the woods. The paper concludes by looking at some of the key challenges the industry needs to meet if it wants to sustain and expand its share of international markets.