THE IMPACT OF STRATEGIC MANAGEMENT ON THE COMPETITIVE ADVANTAGE OF BUSINESS: A CASE OF THE WINE INDUSTRY

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Abstract

The purpose of this research is to analyze the effect of strategic management on the competitive advantage of business. To answer this question, we interview the general managers of the three largest wine producers in Kosovo, as these companies account for over 70 percent of wine sales in Kosovo. The primary data were collected for the purpose of this research by targeting the top management directly, whereby three qualitative formal interviews took place during which the data were gathered. Two types of data were generated: fieldwork notes collected while being shown around the company premises, as well as detailed notes taken during the interviews based on interviewee observations. All three interviews were audio recorded and then transcripts, were made for later analysis, including coding in NVivo. Our results show a relevant and meaningful impact of strategic management on the competitive advantage in the wine industry sector. It is considered that the results of this work will provide a valuable contribution to the wine industry to understand the importance of the work on strategies and their competitive advantages as the main part of the wine industry, as well as the benefits that they can have and that can be included in the expansion of the international market, marketing, etc.

Keywords: Wine Industry, Strategic Management, Competitive Advantage, Interviews


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1. INTRODUCTION

According to Leurdijk and Zandee (2017) considering the European states, Kosovo is known as a self-declared independent but disputed country of the Balkan region. In 2008, the country became independent from Serbia and did not violate international law. Kosovo has a large range of mountains, sharp peaks, narrow valleys and a climate facilitating vineyards. In Index Mundi (2021), when considering the industries of Kosovo, it is observed that the country demonstrates a slow growth, being a developing country. Krasniqi (2016) stated that as per the record of 2016, the wine industry of Kosovo accounted for 71% of the country’s production. However, according to European Commission (2023), in 2018, 0.4% share of Kosovo’s wine industry was in exports and 4.0% in imports. Further, the wine industry of Kosovo has benefited from approximately 9000 vineyard areas,
which increase wine productivity. The area of this country is divided into public and private ownership. Leurdijk and Zandee (2017) noted that the wine industry of Kosovo has been suffering due to different obstacles and significant challenges, resulting in much decline as compared to the other industries of the country. According to Hudelson (2014), the art of making wine was adopted from Albanian and Balkan technologies, based on oenology (the science of winemaking), but the execution of proper strategic management policies has been the main reason for the decline. Therefore, it is important for the wine producers in Kosovo to execute key administration processes by following definite policies to manage the operations smoothly. Consequently, if the processes match competitiveness strategies, the results will be superior in terms of maximizing profits.

The Republic of Kosovo is situated in the heart of southeastern Europe which is still experiencing economic transition. Wine making has a long history and legacy in Kosovo although wine consumption is not widespread. According to historical data and archaeological findings, it is proven that “grapes had been processed in this region during the period of Illyria (Illyricum), dating back to 2000 years ago. This sector was producing at full capacity until 1990 when the war started. In 1988, the total surface of vineyards was 9,000 hectares. Today, there are only 3,177 hectares — 769 hectares are utilized for table grapes and 2,348 hectares for wine grapes. Many of the vineyards and wineries were destroyed. In 2006, with the privatization of some state enterprises and the full support of the Ministry of Agriculture of Kosovo, the wine industry was revived. Today, wine production is one of the most strategic and promising, sectors in the industry of Kosovo, thus being one of the rarest sectors where exports are higher than imports. The main reasons for inhibiting the development demanded by the wine industry are the lack of assistance and collaboration from the relevant governmental institutions.

Having fertile soil, around 270 days of sun, a cheap working force and tradition in wine production, this industry includes one of the main resources of the economy of Kosovo. Even though salaries are being increased gradually continuous emigration in European countries has gathered momentum in the last 15 years, therefore the workforce needed for vineyards is at risk in the near future. The three biggest wine companies represent about 90% of total wine production in Kosovo (Gazeta Express, 2018), and extend to two main regions known for grape production in Kosovo: Rahovec Area (Stone Castle and Bodrumi i Vjetër) and Suhareka (Agrokosova vineyards). Furthermore, in the viticulture regions of Kosovo, in terms of geological conditions, the vineyards were put up on hills mainly and side inclines of valleys from 350 to 600 meters above sea level.

In Kosovo, there are about 35 different grapes planted and since it is a small country the regions do not differ a lot in the grape varieties, so wine-grape varieties are as follows.

The red wine grape: Pinot Noir, Gamey, black Gamey, Merlot, Cabernet Frank, Vranac, Kratosia, Barbera, Alicant Buse, Sauvignon and Prokupje.

The white wine grape: White Pinot, Chardonnay, Italian Riesling, Semillon, Zhuplanka, Frank, Rheine Riesling, and Zhilavka.

The table grape: Cardinal, Muscat Hamburg, Afuz, Antigona, Groqaku, Ribier, Red Thanch, Demir and Sasla.

The comparison in percentage between the wine grape and table grape is 82% against 18%, in favour of the wine grape. Comparing the wine grape varieties of the red grape and white grape is 60% against 40%, in favour of the red wine grape.

The main objective of the study is to find out the contributors of strategic management to the competitiveness of a given business. Hence, the goal of this research can be stated as determining the impact of strategic management on the competitive advantage of business, specifically in reference to the wine industry in Kosovo.

The following research questions were formulated to guide the investigation for the purpose of this research:

RQ1: What are the key strategic management factors impacting the success of business?

RQ2: How does strategic management assist businesses in achieving competitive advantage?

RQ3: What is the impact of strategic management on competitive advantage in the wine industry?

RQ4: What strategic management and strategic planning recommendations can be put forward for the wine companies in Kosovo?

The aim of this research is to analyse the effect of strategic management on the competitive advantage of business. It will examine the factors and aspects of strategic management which are important in maintaining the competitiveness of a business. The research conducted aims to meet the following research objectives:

• To understand the concept of strategic management and competitive advantage in the context of the wine industry;
• To explore and determine the impact of strategic management on the competitive advantage of wine companies;
• To make recommendations pertaining to the strategic management of the wine industry in Kosovo;
• To provide necessary recommendations for wine companies regarding the execution of strategic management.

Strategic management in the wine industry represents an advantage for achieving success. The importance of this paper is to explain why strategic management should be studied in the context of competitive advantage.

The research at hand explores the concepts and significance of strategic management in the context of competitive advantage. Moreover, it aims to put forward some recommendations for strategies for the three companies selected in a case study. The research explores different ways of attaining competitive advantage. The primary data discussed below has been utilized in this research and helped to identify the current needs of the wine company in Kosovo and to recommend the strategic direction in order to ensure competitive advantage in future. The main method of primary data collection is the qualitative interview, thus ensuring the reliability.
and validity of the study. Also, the advantages and disadvantages of using this research method are clarified. The main method of primary data collection is the qualitative interview, thus ensuring the reliability and validity of the study. Four wine interviews were conducted with the three biggest wine companies in Kosovo, the wine companies interviewed are Stone Castle Vineyards and Winery, Bodrumi i Vjeter Winery, and AgroKosova Holdings. One of the companies is larger than the other two. Consequently, we considered that, apart from the interview with the general manager, another interview with the company production manager should be conducted. In addition, secondary data were obtained from the financial statements of each company for the period of the last four financial years. The data analysis methods, such as coding, are also employed in order to meet the requirements of the qualitative study. In the end, the methodology is critically evaluated in retrospect. We interviewed the general manager of each company. Collecting data from the executives is desirable because they are involved mostly in every investment project and decision-making process. The length of the interview varied from one hour and a half to two hours and a half. In two cases, the process also involved an extensive inspection of the facility and a wine-tasting session. The interviews were held mostly in the Albanian language with two companies, while one of them was mainly in English. Each interview was recorded with the permission of the interviewee.

However, the responses given in an interview can sometimes be inaccurate, which might affect the credibility as well as rigour of the study. Moreover, the data should be verified by resorting to more sources. The secondary data collection is conducted to ensure the accuracy of the information used for research purposes and to supplement the primary data. In the case of the present study, this was achieved via the scrutiny of company documentation. These documents included financial statements, information about subsidies received, strategic plans, budgeting plans and other related matters. Each company's permission to give access to these documents was due to acquaintance with the researcher and/or his extensive business network. The reason for collecting the secondary data was to confirm and supplement the information gathered from the interviewees. On the other hand, it helped the researcher to bring close consideration and understanding of the concepts of strategic management and competitive advantage of the Kosovo wine industry. So overall, a mixed qualitative-quantitative approach was chosen, and the well-known qualitative analysis software known as NVivo was used.

This paper is structured as follows. Section 1 presents the introduction, context, and research objectives. Section 2 reviews the literature (previous research on the topic and research gap identification). Section 3 provides research design and methodology. Section 4 presents the research results and Section 5 analyses and evaluates the findings. Section 6 provides conclusions and recommendations for wine industry management in Kosovo.

2. LITERATURE REVIEW

This section discusses in detail the publications collected and reviewed, from various secondary sources such as business journals and online databases/libraries. It serves as a discussion of existing work concerning the concepts of strategic management, the concept of competitive advantage, the impact of strategic management on competitive advantage, and the impact of strategic management on competitive advantage in general and within the wine industry in particular as stated by Lasserre (2017), strategic management is related to ensuring that implemented strategies are not only favouring the organization but also contributing towards betterment within the industry.

Morschett et al. (2015) claimed that strategic management serves organizations in a diverse manner while considering resources, capabilities and competencies. In this case, each domain of the organization is aligned with strategies. As per the orientation of strategic fit; companies intend to integrate their projects based on product development, profit maximization and changing operations. Mao et al. (2016) stated that strategic management brings uniformity in the performance of companies where management chooses strategic ways like defining vision, motivating the employees, increasing engagement at the workplace and bringing productivity, which impacts positively business profits and market image. Sakas et al. (2014) stated that strategic management is important for the regulations where it helps to process the day-to-day operations by planning the resources. Moreover, strategic orientation implies that companies consider reporting and monitoring procedures that are directed towards the vision. As explained by Durroch et al. (2015), competitive advantage is considered to be one of the important tools for gaining superiority within the marketplace. It is based on providing the same value to the customers as competitors but at lower prices and differentiation. The fundamental objective of strategic management is to enable a company to decide and execute a strategy that generates a competitive advantage. Overall, a firm generates a competitive advantage when it is capable of making more economic value than its competitors (Barney & Hesterly, 2012). Haines (2000) also stated that strategic integration in companies brings the consideration of continuous learning where personnel gets involved in learning and bringing new ideas. It helps to develop a plan strategically to solve the strategic issues which the company has been facing. Trigeorgis and Reuer (2016) stated that companies intend to implement the strategies as per the requirements of the organization. It is based on using strategies which are favourable and can bring desired results for the profitability of the company. Menghini (2015) raises the issue of the structural and financial constraints on the winemakers in the wine sector where demand is extremely variable. While in Kosovo three companies control over 70% of the Kosovan wine market (Ministry of Agriculture, Forestry and Rural Development, 2017), it is important to benchmark against successful and prosperous companies in the wine sector, the recent evolution of the international wine trade should be considered. In the last 15 years, international trade has grown by 75% in volume and doubled in value. The growth rate was not always positive and constant (Pomarici, 2016).
3. RESEARCH METHODOLOGY

The main method of primary data collection is the qualitative interview, thus ensuring the reliability and validity of the study. Four interviews were conducted with three biggest wine companies in Kosovo.

The present research has been conducted by using the field research method, which appeared to be the most convenient and appropriate method. The main reason for choosing such a method is that we aim to reveal complex phenomena within their common surroundings and create patterns based on observations. The second reason for choosing the field research approach is that it is inconvenient to develop hypotheses based on the dynamics of strategic management in wineries from the existing literature because of the exploratory nature of our investigation. Third, in order to identify the phenomena to be studied, our problem statement is formed in quite extensive terms. The present research was designed as a longitudinal case study of three main wine companies in Kosovo. Some primary data were collected by means of the semi-structured interview (audio recorded with the consent of the interviewees). In this case, a small number of respondents was targeted, namely three managers (one per company) and, additionally, a few members of staff (when being shown around), with face-to-face communication taking place on the company premises. The primary data were collected for the purpose of this research by targeting the top management directly, whereby three qualitative formal interviews took place during which the data were gathered. Two types of data were generated: fieldwork notes collected while being shown around the company premises, as well as detailed notes taken during the interviews based on interviewee observations. All three interviews were audio recorded and then transcripts were made for later analysis, including coding in NVivo.

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4. RESEARCH RESULTS

The insights gained in the coding process are used to generate a grounded theory of how strategic management impacts competitive advantage, and how they are adapted to help align strategic management on businesses operating in the wine industry in Kosovo.

The themes and/or the main constructs that emerged in the process of interpreting the interview data in NVivo. Based on the length of the interviews, most instances of the 13 thematic codes were detected in the Stone Castle Vineyards and Winery transcript (Table 1).

<table>
<thead>
<tr>
<th>Case name</th>
<th>No. of coding references</th>
<th>No. of coding nodes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodrumi i Vjeter</td>
<td>75</td>
<td>13</td>
</tr>
<tr>
<td>Stone Castle</td>
<td>142</td>
<td>12</td>
</tr>
<tr>
<td>Agrokosova</td>
<td>74</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Authors' calculation.

Based on the length of the interview (and the transcript) the most — by far — textual references coded were found in the Stone Castle Vineyards and Winery case. Altogether, the total number of code nodes amounted to 13, with the total number of coding references being 291 (Table 2).

<table>
<thead>
<tr>
<th>Code node name</th>
<th>No. of coding references (text)</th>
<th>No. of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production/Sales</td>
<td>57</td>
<td>3</td>
</tr>
<tr>
<td>Strategy/Objective</td>
<td>51</td>
<td>3</td>
</tr>
<tr>
<td>Strengths/Opportunities</td>
<td>37</td>
<td>3</td>
</tr>
<tr>
<td>Quality</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td>Threats/Barriers</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Marketing</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Structure</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Future plans</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>History/Legacy</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Needs</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Support</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Technology</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Authors' calculation.

On numerous occasions, there was an overlap of code nodes referring to the same text, especially in the top three categories, namely production/sales, strategy/objectives, and strengths/opportunities, but also in relation to technology, as illustrated by some suitable interview quotes in Table 3.
Table 3. Quotes from the interviews

<table>
<thead>
<tr>
<th>Code</th>
<th>AgroKosova Holding</th>
<th>Stone Castle Vineyards and Winery</th>
<th>Bodrumi i Vjeter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production/Sales</td>
<td>&quot;The production process is more technology-oriented&quot;; &quot;We sell our products 100% in bottles&quot;.</td>
<td>&quot;Yes, the best quality or else known as the owner's choice — is the best wine that we can produce and only the 10 best restaurants in Kosovo will have that. It won't be sold in the markets&quot;.</td>
<td>&quot;The trend is changing for the white wines. We are currently producing 65% red and 35% white. We want to increase the production of white wines, but it is a challenge because we do not have our own vineyards&quot;.</td>
</tr>
<tr>
<td>Strategy/Objective</td>
<td>&quot;We are also aiming to create new and more qualitative wine brands. Our capacity of accepting grapes is not large, around 3 million liters. We are not aiming to increase the stock and the liters produced but our idea and strategy is by working hard to increase the quality for the EU Market&quot;.</td>
<td>&quot;So after maintaining the best quality the next objective is promotion and sales. Fill recently we had 60% of the export in bulk, now 60% is sold in bottles and 40% in bulk, 23,000 litres a tank in bulk. The primary market is Germany&quot;.</td>
<td>&quot;We fulfilled almost 90% of our goals since we have the adequate technology, very qualified people who work in the winery&quot;.</td>
</tr>
<tr>
<td>Strengths/Opportunities</td>
<td>&quot;Suhareka has a Mediterranean climate which comes from Drini (the river from Albania), it is a specific climate since no other area with vineyards has this type of climate&quot;.</td>
<td>&quot;Solidarity within the community here is really important since we also want to help the farmers and improve the economy&quot;; &quot;All our equipment is from Italy&quot;.</td>
<td>&quot;At the moment we are selling all our capacity, there is no problem in sales, what we work hard on is to keep in condition this volume of sales&quot;.</td>
</tr>
<tr>
<td>Quality</td>
<td>&quot;A good grape, that fulfills all conditions and requirements brings you good wine. From the vineyards, we take the grapes manually by hand, in plastic bags, and then we have inox oaks to divide in every section of the winery. So, the grape comes to the production area as fast as possible. 10 to 15 minutes&quot;.</td>
<td>&quot;We aim at a higher quality of the vineyards, to be controlled more and more (tighter control). We also try to train and protect our farmers to achieve better quality. We divide the grapes into three categories, based on the parameters that they have&quot;.</td>
<td>&quot;In big wineries, you aim to reach the best quality and what you cannot reach then that is the low quality. The low quality you don’t want to put in a bottle because of reputation, so we have some wineries to sell these table wines for cooking&quot;.</td>
</tr>
<tr>
<td>Threats/Barriers</td>
<td>&quot;Having no insurance for climate conditions and nature disasters. There is currently no insurance for us – no force majeure insurance&quot;.</td>
<td>&quot;We face barriers all year long since we need to deal with all sorts of obstacles in order to produce to good wine: from December on, the vineyards, fermentation, stabilization, etc.&quot;.</td>
<td>&quot;Our main problem believe is the country’s (Kosovo) reputation. Even though Kosovo is performing well from year to year, we still do not have sales reputation when we represent the company internationally, no one expects wine from Kosovo to be good&quot;.</td>
</tr>
</tbody>
</table>

Source: Authors’ calculation.

Table 4. Top 10 words in the three cases

<table>
<thead>
<tr>
<th>Word</th>
<th>Count</th>
<th>Weighted percentage</th>
<th>Similar words</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines</td>
<td>83</td>
<td>3.26%</td>
<td>Wine, wines</td>
</tr>
<tr>
<td>Company</td>
<td>48</td>
<td>1.89%</td>
<td>Companies, company</td>
</tr>
<tr>
<td>Quality</td>
<td>46</td>
<td>1.42%</td>
<td>Quality</td>
</tr>
<tr>
<td>Year</td>
<td>36</td>
<td>1.42%</td>
<td>Year, yearly, years</td>
</tr>
<tr>
<td>Market</td>
<td>33</td>
<td>1.30%</td>
<td>Market, marketing, markets</td>
</tr>
<tr>
<td>Grapes</td>
<td>27</td>
<td>1.06%</td>
<td>Grape, grapes</td>
</tr>
<tr>
<td>Sell</td>
<td>25</td>
<td>0.98%</td>
<td>Sell, selling</td>
</tr>
<tr>
<td>Kosovo</td>
<td>23</td>
<td>0.98%</td>
<td>Kosovo</td>
</tr>
<tr>
<td>Improve</td>
<td>22</td>
<td>0.90%</td>
<td>Improve, improvement, improving</td>
</tr>
<tr>
<td>Produce</td>
<td>22</td>
<td>0.87%</td>
<td>Produce, produced, producers</td>
</tr>
</tbody>
</table>

Source: Authors’ calculation.

Unsurprisingly, the most common word is “wines”, followed by “company” and “quality”. “Quality” used in the context of the other words in Table 4 points to a strong strategic orientation toward improvement of quality and positioning in the wine market.

So-called word clouds are visual representations of the most frequent words in the interview transcripts. They constitute, therefore, an objective measurement of the words actually used, unlike the coding nodes with their textual references, which were determined by the researcher. In order to verify their accuracy and enhance the reliability of the results, the transcripts should ideally be coded by at least one more coder. Since this was not the case here, this classifies as one of the limitations of the study at hand.

As the secondary data, the documentation including financial statements of the companies were provided by management. The validity and reliability of the sources have been addressed in this section. Moreover, based on tables and figures the quantitative data is systematically analysed.
As mentioned before, Stone Castle Vineyards and Winery is the biggest winery in Kosovo, with the highest annual revenue. Bodrumi i Vjetër Winery is more stable when it comes to production and sales. AgroKosova Holding has three other brands representing it, namely Suhareka Wine, Theranda Wine and Premium SHE. As seen in Figure 1, it has an increasing revenue trend.

As shown in Figure 2, Stone Castle Vineyards and Winery is the company with the highest revenues. Although big wineries mainly trade in bulk, over the last four years Stone Castle Vineyards and Winery has also been increasingly selling in bottles.

On the other hand, AgroKosova Holding since it was all newly renovated has focused 100% of its sales on bottles.

5. EVALUATION OF FINDINGS

The interpretation of the primary data calls for some generalizations. For this purpose, the responses of the interviewees are dealt with collectively, representing the wine industry in Kosovo. Some representative answers given by the interviewees are provided below, to give a general overview of the wine sector, strategic management and the needs of the wine producers in Kosovo. The first question asked was about the opinion on the wine sector’s evolution and the investments made in this sector. Usually, the companies have their products 80% sold in the vendor market. This then motivates the owners to invest in improving and growing the company. The answers obtained mainly pointed out that the managers were committed very much to success and performance-oriented. In some cases, their views about the future were optimistic: “Performance in total is growing and positively affects the reputation of wine production in Kosovo” (Bodrumi i Vjetër Winery).
“In 2009, as production this company had around 9 types of wines, in 2012 they increased the assortments to 12 types of wines. While now in 2022, the company has 23 types of wines” (AgroKosova Holding).

The wine companies are also facing some problems, such as finding and retaining engineering staff. They were also aware of the upcoming developments in this sector: “Our next problem is looking for new engineers since everyone is going to work abroad. Our problems are also for the skillful people because when I make him ready and train the employers they go and work in Germany” (Stone Castle Vineyards and Winery).

Regarding the second question on the improvement in the value chain, all the companies in some way agreed and highlighted the fact that they need to focus on two the aspects of value chain, namely sales and marketing. With sales, they want to prioritize the issue of selling containers, since companies are aiming to sell more in bottles than in bulk.

“We are a big winery, 3.5 million liters and in big wineries you aim to reach the best quality and what you cannot reach then is the low quality. The low quality you don’t want to put in bottle because of reputation” (Bodrumi i Vjetër Winery).

Marketing, on the other hand, is crucial for the wine companies in Kosovo. They look forward to new marketing ideas and look for inspiration abroad: “This year we got a new management team, and we planned that company should an external partner for the marketing for the best of the company. To design, websites and everything” (Stone Castle Vineyards and Winery).

“We have some associations and pay also for some digital and marketing channels” (Bodrumi i Vjetër Winery).

They also mostly share the same opinion on the question concerning the main barriers that the company may face. They see the country’s (Kosovo’s) reputation as one of the biggest obstacles for the companies to export abroad.

“Our main problem I believe is the country’s (Kosovo) reputation. Even though Kosovo is performing well from year to year, we still do not have sales reputation when we represent the company internationally, no one expects wine from Kosovo to be good” (Bodrumi i Vjetër Winery).

“EU agreements are different, and they do not believe that Kosovo can produce good wines, even though we do thanks to nature since nature gave us this climate for producing wine” (AgroKosova Holding).

Other barriers mentioned were production capacities, lack of trained staff, and natural disasters: “Our threats and problems are the natural disasters because we have no insurance in agriculture. We cannot have insurance on frosting, so we have to cover this kind of disasters” (Stone Castle Vineyards and Winery).

Worth stressing is the fact that some of the managers have already started some initiatives to improve the reputation and image of Kosovo in the world: “We are consolidated with each other to have mutual agreements with GOs and NGOs, at least to have a small insurance, since in former Yugoslavia we had an artillery of protection from the sky” (AgroKosova Holding).

Regarding the responses to the question on the business objectives that the companies aim to achieve by introducing improvements, the managers were all hopeful to develop and achieve a better quality of the wine (“quality” being one of the most frequently used words — see the primary data analysis section): “We aim at a higher quality on the vineyards and wine production, to be controlled more and more” (Stone Castle Vineyards and Winery).

One of the managers expressed it in more general terms by saying: “My objective would be general: Stability of the country will be a huge advantage for all the cooperatives and wine companies in Kosovo, including us” (AgroKosova Holding).

Also, some other important factors were emphasized: “To be more professional, although we already are but there is no limit to being professional and reaching more quality markets and sales” (Bodrumi i Vjetër Winery).

Based on the specific growth capacity and sales, the company’s needs vary from one another. So, consequently, the answers differed when listing the company needs: “We also need some storage/warehouse for depositing the wine” (Bodrumi i Vjetër Winery).

“We only need to move from selling on bulk to selling with bottles” (Stone Castle Vineyards and Winery).

“Having insurance for climate changes and nature disasters” (AgroKosova Holding).

Taking into account, the ancient heritage of wine production in Kosovo, the following question was whether the heritage or tradition helps the companies to increase their sales. All the companies interviewed were privatized in a year from 2006-2009. The tradition of cultivating grapes and producing wines dates from ancient times. The managers admitted that this helped them a lot in their marketing efforts and sales perspectives: “Yes, in extraordinary way, tradition is really helpful” (Stone Castle Vineyards and Winery).

Furthermore, it is definitely a priority to continue and preserve the tradition they have: “One objective is to continue the tradition and heritage that we have, and doing that we are investing more and more in this field” (AgroKosova Holding).

The last question dealt with the resources and the strategy that could be employed to improve the business plan. Managers were asked to list the resources that would be useful for them. Bodrumi i Vjetër Winery’s manager stated: “We plan more and more to outsource since we believe that these are the best way”.

Stone Castle Vineyards and Winery’s manager believed: “We only need to have more agreements with European markets to sell more in bottles than in bulk”.

5.1. General recommendations for the wine industry in Kosovo

Based on a thorough study of the wine industry in the region, as presented above, several recommendations are suggested — both for the management of wine companies, as well as external stakeholders (such as the government, local
authorities, and industry associations), as specified below. Kosovo Chamber of Commerce in accordance with the Association of Wine Producers of Kosovo should take the initiative to promote strategic management and its significance in helping businesses to overcome the difficulties that they face. The wine producers (including companies and independent winemakers) suppliers, distributors and retailers should extensively exploit the international fairs to create a network and share experiences with other wine producers globally for benchmarking purposes and to apply strategic management to their business. Big companies that produce wine should create strategic management plans by measuring and comparing their objectives and executions until finding the ideal strategy for their business. Wine consumption in Kosovo is increasing rapidly; from 2014 to 2017 the average consumption per capita has risen from 0.6L to 1.5L annually. Following this increased trend, it is a beneficial opportunity for the winemakers to draw up a useful strategic framework for selling the wines domestically, for example using price strategy since people in Kosovo are price sensitive and they will switch to competition because of a more reasonable price.

5.2. Specific recommendations for Stone Castle Vineyards and Winery

Based on the research conducted and its findings the following recommendations can be made.

Based on the information from the interview the company is facing problems with the workforce, continuous staff training and an optimal pay rise should be introduced in order to prevent a high staff turnover and provide competitive options for leaving Kosovo for job opportunities abroad. Since the premises are old, an overall improvement in the technology and winery equipment would help the company to increase the quality of all its wines, with a focus on selling in bottles rather than in bulk. The introduction of a sustainable distribution channel for the EU market would offer a competitive advantage.

5.3. Specific recommendations for AgroKosova Holding

Based on the research conducted and its findings, it can be stated that when it comes to characterizing the ideal organizational strategic management in terms of managing the success of the wine companies from the production process to selling the end product (Menghini, 2015), the scope of goods and services produced should be extended to include, e.g., alcohol-free wine for the Arabic countries and the development of tourist winery attractions. The business should be further developed to accommodate new profitable ventures and activities that can be accomplished with the appropriate structural enrichment defined as the process of providing reserved and tasting wines with stimulating environments where items and surroundings are provided that encourage a wonderful experience, e.g., via broadening the strategy, to include wine tourism. Since this is a company with a smaller production capacity than the other two cases, Suhareka Winery should be focused more on strategic management since it is compatible with functional management in terms of research and development, purchasing and finance. Furthermore, need to adopt a higher degree of marketing integration and control of the strategic aspects of the company.

6. CONCLUSION

The purpose of this study has been to investigate the impact of strategic management on the competitive advantage of a business, particularly in the context of the wine industry in Kosovo. The conclusions drawn from the study guide the issues that relate to the use and implementation of strategic management by providing lessons and examples, which can serve as a guide for leaders, owners, co-owners, as well other business people who intend to gain competitive advantage.

This study has focused on the Kosovan wine sector, a sector with a presence of many wine companies but only three biggest ones that control over 70% of the Kosovan market. For these companies, it is estimated that marketing and innovation strategies are the ones that boost their performance, and from the perspective of Porter’s (2008) analysis, big companies achieve better business performance via a generic differentiation strategy, creating features to distinguish their products.

As wine companies aim to become highly successful in their line of business, it is key to adopt strategies that give the business a boost and assist in achieving corporate goals and objectives.

Based on the findings, for a company to have success in business they need specific strategic factors to be fulfilled. In the interview terms like quality management, using advanced technology, giving training for the staff, cost control of the winery, attracting skillful workers, marketing and quality competition are emphasized as key management factors in business success.

How does strategic management assist businesses in achieving competitive advantage?

In the findings, it was also mentioned that in the case of Stone Castle Vineyards and Winery, the change of management resulted in a 100% profit increase. This happened through maintaining quality, exploring new markets to expand, and being in touch on a day-to-day basis with customers, which is going with the trend.

On the other hand, it can be concluded that, for the companies to be successful, they have to pursue a particular strategy of Robert Kaplan and David Norton known as “balanced scorecard”.

Strategies also have to differ based on the concept of a given company. Companies like Rodrumi i Vjetër Winery aim to expand internationally, hence “the strategic gap planning” is a preferred strategy to compare and benchmark in the market.

We consider that the recommendations provided regarding the strategic management implementations for the companies that operate in the wine industry in Kosovo could serve as a guideline to other companies, especially those operating in a similar environment. Owing to extensive fieldwork, collection and interpretation of
the interview data, and analysis of the company’s financial statements we intended to determine that indeed the components of strategic management are key to gaining competitive advantage.

Apart from the disparities, all the views mentioned can be summed up by the mutual general objective of working to realize better promotion of wines, thus increasing the country’s reputation. This is achieved by a good price-quality ratio and by generally strengthening the brand and pursuing a direct sales distribution strategy, including physical and/or virtual contact with the customers and their direct engagement.

There are several limitations to this study, which will serve as indicators for future research directions. The primary data for the study is fully based on the interviews with the managers of three companies. Relying on the integrity of the managers in evaluating their own and the company’s performance as well as strategic management may lead to a risk of subjectivity and bias. The interviews were mostly based on the individual evaluations of the managers and were not representative of the views of other employees in key positions.

The advantage of this approach is that the focus was mostly on the most adequate and acquainted person in every company under investigation, therefore the information would be more accurate than taking an average of several respondents. The prosperous wine industry in Kosovo would benefit a lot if in further research the results stemming from survey data collection and analysis were shared with the key strategic departments of the wine companies (whereby the respondents would come from various departments across the company), adding the consumers perspective, too. For the companies, it would be an additional opportunity to understand more their customer preferences and to incorporate the needs and expectations of (potential) customers and other stakeholders.

REFERENCES