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Towards a New Approach to Measuring the Internationalization Degree of Wine Companies in China

The Internationalization Assessment Framework

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前言

本论文的重点是了解葡萄酒公司如何在中国进行全球扩张。它特别关注这些公司的组织方式以及他们如何管理员工对这种扩张的影响。最重要的是，本文旨在提出一种新的方法来定义和衡量公司的国际参与程度。

葡萄酒行业的历史很长，也很丰富。数千年前，格鲁吉亚、埃及、希腊和意大利的古代文明最先生产葡萄酒。酿酒艺术通过罗马帝国传播到整个欧洲。 15 世纪，葡萄树被引入新大陆。此后，现代技术和交通的创新推动了葡萄酒行业的全球化。 “新世界”葡萄酒产区出现，其中包括中国。近年来，由于消费者对环保葡萄酒的需求，可持续性和有机实践受到重视。

中国葡萄酒的历史可以追溯到几千年前，受到丝绸之路和外国传教士的影响。 20 世纪，特别是 1949 年以后，中国政府制定了现代化政策，使酿酒业取得了重大发展。近几十年来，中国中产阶级的崛起推动了葡萄酒消费文化的发展，使中国成为全球最大的葡萄酒市场之一。中国酿酒师在技术和基础设施方面进行了大量投资，提高了葡萄酒质量并在国际比赛中获得认可。然而，气候变化和质量问题最近对中国的葡萄酒生产产生了负面影响。此外，对消费者进行有关葡萄酒风格和产区的教育也是一个挑战，因为很大一部分中国人对葡萄酒缺乏了解。

总体而言，中国葡萄酒行业经历了显着的增长和积极的发展。其中包括葡萄酒旅游:许多酒庄为游客提供葡萄园和酒窖的美好体验。此外，中国葡萄酒在著名的比赛中获得了国际认可，这标志着质量和酿酒技术的提高。可持续葡萄栽培变得越来越重要，有利于环境和葡萄酒质量。同时，中国葡萄酒企业正在通过出口和合作伙伴关系进入国际市场。正因为如此，全球葡萄酒行业正变得更加多元化。最后，与国际公司的投资和合作增强了中国酒庄的能力，并有助于改善其全球形象。

在过去的 20 年里，葡萄酒行业得到了很大的发展和壮大。如今，来自不同国家的酒庄在全球生产和销售更多的葡萄酒。对于国际酒庄来说，中国对其销售变得重要，因为中国消费者对葡萄酒越来越感兴趣并且拥有更大的消费能力。由于中国经济的快速发展，许多外国葡萄酒公司决定开始在中国销售葡萄酒。 20 世纪末 21 世纪初，中国改变了规则，使国际贸易变得更加顺利。这使得外国酒庄更容易在中国销售葡萄酒，

尤其是在中国加入世界贸易组织（WTO）之后。随着中国中产阶级的扩大，国内优质产品（包括葡萄酒）的需求也增加了，促使国外葡萄酒公司纷纷实施进入中国市场的战略。其中一些战略包括合资企业和合作伙伴关系、营销和品牌调整以及针对特定消费者群体的战略重点。为此，不少葡萄酒企业纷纷在中国设立子公司，促进出口。与此同时，中国也想加入国际葡萄酒市场，因此他们开始与国外酒庄合作并获取他们的知识和技术。这有助于中国自己的葡萄酒产业的发展。政府的支持、对外国葡萄园的投资、与外国专家的合作以及参加国际葡萄酒比赛也极大有助于中国葡萄酒行业的发展。目前，中国酒庄正在提高其葡萄酒的质量并在促进其产品的出口。

这些因素改变了外国和中国酒庄的组织，特别是他们如何管理人员，包括如何雇用和培训员工。对组织机构来说，不少的中外酒庄都采用了分散的组织结构。分散经营使得这些企业能够更好地管理其不同市场。同时，他们必须增加部门之间的合作：为了在全球范围内有效地进行业务，部门如营销、销售和供应链需要共同努力。

最重要的是，本论文旨在强调人力资源在中外葡萄酒公司国际化中的关键重要性。葡萄酒公司的内部关系对其盈利能力有很大影响。协作、信任和有效的团队合作有助于提高组织效率和成功进入国际市场的能力。在酿酒、营销、销售和出口等部门之间共享知识和技能可以促进发展。葡萄酒公司可能会招募外国酿酒师和员工，因为他们在特定葡萄品种和风土方面的专业知识可能很有用。全球葡萄酒公司往往强调人才流动，以促进不同地区的经验分享和积累，培养未来的领导。

全球葡萄酒公司需要能够理解和适应不同文化和环境的员工。在这种情况下，文化能力和外语知识至关重要。例如，一些中外葡萄酒公司正在聘请了解当地情况的人员，以在中国市场建立牢固的关系。公司也在寻找能说中文和英语的员工。这些公司也在寻找具有国际经验和全球思维的人才。有这种经历的人经常在国外工作或学习。为了留住人才，葡萄酒公司提供有竞争力的薪酬、职业发展机会和积极的工作环境。一些外国公司甚至允许员工到不同国家工作以拓宽他们的技能。这些因素在评估葡萄酒公司的国际化水平时是关键的。实施培训计划还有可能改善员工的情绪、绩效和满意度。

公司国际化是公司将业务扩展到国内市场以外的战略过程。在此过程中，公司建立了全球影响力并从事国际商业活动。这包括进入国外市场、与国际合作伙伴建立关系以及调整商业实践以适应不同的文化、法律和经济环境。到目前为止，大多数学者都

使用与盈利能力有关系的数字来评估企业的国际化水平。例如，乌普萨拉模型（Uppsala Model）分析公司活动在国外市场的逐步扩张。其他国际化衡量标准是于公司的国外销售、国外资产和国外子公司的百分比本的。这些标准有助于为评估公司的国际化水平提供有用的信息。然而，每种模型都有其局限性，可能无法全面了解企业的国际化程度。这是因为这些标准忽视组织结构、管理做法以及公司员工的能力和技能的重要性。当一家公司想要在其他国家销售其产品时，了解不同的文化、习俗和当地客户的需求非常重要。公司招聘和管理员工的方式对此是关键的。如果一家公司有良好的策略来招募和留住来自不同背景、具有国际经验的员工，就可以有不同文化的客户建立良好的关系，也可以促进创新。在葡萄酒行业，人力资源管理也是国际化的驱动力：管理者需要具备关系能力并提供培训计划。

基于上述概念，本文旨在提出一种衡量企业国际化水平的新方法。该模型称为国际化评估框架,也可以称为 IAF。IAF 模型通过 7 个参数衡量企业的国际化程度。这 7 个参数包括全球业务程度、国际劳动力比例、员工文化能力程度、员工国际流动性程度、人力资源政策适应程度、全球领导力发展程度、员工跨界合作程度。全球业务参数代表公司开展业务或拥有子公司的国家/地区数量。国际劳动力参数代表公司中有多少来自不同国籍的人员。文化能力参数代表员工的跨文化培训和外语技能。国际流动性是指调往国外（如外派人员）和完成国际任务的员工数量。人力资源适应参数代表政策如何适应不同国家的文化和法律差异。全球领导力发展参数分析了公司的全球领导力发展计划和国际职位的继任计划。跨境协作参数分析了公司促进与其他国家人员互动的程度。

本论文将利用 IAF 模型来分析不同葡萄酒企业的国际化程度。根据这些酒厂共享的信息，我们将用 1 到 5 的等级来衡量每个参数。通过 IAF 模型可以得到的最高分数是 35。通过把最终分数转换为百分比，我们可以把结果分为四个阶段：

- 0-25%：国际化程度低；
- 25-50%：中等国际化；
- 50-75%：适度国际化；
- 75%-100%：国际化程度高；

通过访谈和调查报告，以及收集公开信息和数据，我们将利用 IAF 衡量中国市场上举足轻重的三大葡萄酒企业的国际化水平：银高地酒庄(Silver Heights),富邑葡萄酒集团（Treasury Wine Estates，简称 TWE) 和保乐力加 (Pernod Ricard)。银高地酒庄是一家家族式酒庄，产能有限，但在多个国家都有业务活动。得益于其对人力资源政策的良好适应和强大的全球领导力发展该公司达到了中等国际化水平。相反，富邑葡萄酒集团和保乐力加是两家产能较大的公司。他们的产品几乎出口到全球每个国家，并在几乎每个大陆都建立了子公司。由于高度先进和适应性强的人力资源管理政策，这两个酒庄在 IAF 中获得了很高的分数，也就是说他们的国际化程度很高。

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ABSTRACT

The present study aims at investigating the dynamics shaping the internationalization of wine companies in China, and poses particular attention to the role played by organizational structures and human resource management practices in the process of such internationalization. Most importantly, this thesis wishes to suggest a new approach to defining and measuring a firm's level of international outreach.

Historical and economic evidence shows that the wine business underwent significant growth and expansion in the last two decades, resulting in wineries gaining international ground both in terms of production and export activities. The rise of New World countries such as China has presented wine businesses with the opportunity to tap into an increasing pool of consumers, leading them to expand their operations abroad to benefit from new, differentiated businesses. At the same time, emerging markets such as China itself have also seen the potential of developing their own international wineries and engaging in export activities. As a result, the last decade has been marked by the establishment of wine subsidiaries and joint ventures in China. These partnerships fostered the sharing of winemaking and technological expertise, therefore promoting the growth of the domestic wine sector. Recently, more and more Chinese-owned wineries have increased the quality of their products and are gaining global recognition, reaching a large number of foreign markets. These shifts have determined major changes at the organizational levels of both international and Chinese wineries, involving adaptation of HR practices, recruitment, and training.

Previous research on the measurement of a firm's level of internationalization has strongly relied on economic and performance factors aiming at highlighting companies' profitability (such as foreign sales and foreign assets) as valid measures of international exposure. Through a review of measurement frameworks suggested by scholars such as the Uppsala Model, the Transnationality Index (TNI), the Transnational Activity Spread Index (TASI), and the Degree of Internationalization Scale, this study aims to expose the limitations of such models in effectively capturing the extent of business internationalization. Above all, it argues that human resource practices are key determinants of a company's cross-border development, and thus should be thoroughly researched when assessing firms' international engagement.

Through an attentive analysis of the key HR and managerial practices of international wine companies, the thesis further highlights the importance of these variables and suggests a new framework aimed at evaluating the level of internationalization of such businesses: the

Internationalization Assessment Framework (IAF). This model focuses on seven crucial parameters concerning various aspects of global talent management and offers an effective scoring system. By gathering data from both international and Chinese wineries through personal interviews, surveys and public data, this study will present a detailed examination of the level of internationalization of three major wine companies: Silver Heights, Treasury Wine Estates and Pernod Ricard.

1. INTERNATIONALIZATION IN THE WINE BUSINESS

1.1. The Wine Business: History Overview

The wine industry has a rich and long history which originated centuries ago. The wine business has developed significantly from ancient civilizations to present day, expanding globally and undergoing plenty of transformations. Nowadays, it has become a global phenomenon.

The history of wine dates back thousands of years. The first evidence of winemaking and consumption was found in ancient civilizations based in Egypt, Mesopotamia, Greece, and Rome. Archaeological discoveries suggest that winemaking practices existed as early as 6,000 BCE in the region of modern-day Georgia. The Egyptians believed wine to be a gift from the gods and used it during religious rituals and social gatherings. In Greece, wine had a cultural significance, and was frequently associated with Greek mythology and poetry. After that, the Roman Empire played a crucial role in spreading viticulture and winemaking throughout its territories, reaching other European countries. Roman legions carried vine cuttings as they expanded their empire, planting vineyards in France, Spain, and Germany. In addition, the Romans also refined winemaking techniques and introduced wooden barrels for wine storage and transportation, which facilitated the export of wine across the Mediterranean.

Centuries later, during the Middle Ages, monastic orders played a great role in preserving viticulture and winemaking knowledge in Europe. As monasteries became centers of winemaking expertise, monks would keep cultivating vineyards and refining winemaking techniques. Wines crafted in these sites gained prestige for their quality and were often used in religious ceremonies. In particular, the Cistercian monks contributed significantly to expanding the vineyard area in Burgundy and to developing the region's wine industry.

Later on, the Age of Exploration in the 15th and 16th centuries brought about major changes in the wine business. European explorers, such as Christopher Columbus, introduced vines to the New World, leading to the plantation of vineyards in regions such as Chile, Argentina, and California. The exchange of grape varieties and winemaking techniques between the Old and New Worlds greatly contributed to the diversification of the global wine industry.

In the 18th and 19th centuries, wine trade and commercialization expanded on a global scale. Wine-producing regions in Europe, such as Bordeaux and Champagne in France, and the Douro Valley in Spain, gained international recognition, and wine became a popular commodity of global trade. Major innovations in transportation brought about by the Industrial Revolution, such as the development of railways and steamships, facilitated the export of wine to distant markets. However, in the late 19th century the wine business also had to face one of the most significant challenges to ever occur: the phylloxera epidemic. This highly damaging vine pest attacked vineyards across Europe, destroying vast vineyard areas. This crisis forced winemakers to replant vineyards with phylloxera-resistant rootstocks, significantly altering the grape varieties and vineyard landscapes in affected regions.

In the early 20th century, in the United States there was Prohibition, a period during which the production, sale, and transportation of alcoholic beverages, such as wine, were banned. This law had substantial consequences on the dynamics of the global wine trade, especially because the US was a major wine-consuming market. After the Prohibition law was revoked in 1933, the wine industry gradually recovered, but its structure had changed. Decades later, in the post-World War II era, the wine industry witnessed modern innovations that transformed production and distribution processes. Progresses in viticulture and enology, such as irrigation techniques, temperature-controlled fermentation, and stainless steel tanks, led to higher wine quality and consistency. Moreover, the development of global transportation networks and the advent of the Internet further promoted the internationalization of the wine business, allowing consumers worldwide to access a diverse range of wines from different countries.

The late 20th and early 21st centuries saw the rise of "New World" wine regions, including Australia, New Zealand, South Africa, Chile, and Argentina. These regions gained recognition for producing high-quality wines and implemented innovative marketing strategies to capture the attention of international markets. The New World's success challenged traditional wine-producing regions, leading to increased competition and a more diversified global wine landscape.

In the last fifteen years, China has also risen to be one of the main players among these “New World” wine regions. Although so far the country has been known more for its consumers rather than for its producers, China is quickly becoming a remarkable winemaking country thanks to investments in advanced technology and the attraction of foreign know-how.

Generally speaking, it can be added that in recent decades there has been a strong, growing focus on sustainability and organic practices in all wine regions, including China. Consumers are increasingly concerned about their health and therefore they are interested in wines produced with minimal environmental impact and ethical practices. Plenty of winemakers worldwide have adopted sustainable viticulture, organic farming, and biodynamic principles to meet the demands of environmentally conscious consumers.

1.2. The Wine Business in China: From Ancient Times to Present Day

The history of the wine business in China is a fascinating tale of continuity and transformation. From ancient winemaking traditions to modern internationalization, the Chinese wine industry has evolved and adapted to changing social, political, and economic conditions, helping to shape the present situation of the global wine market. Thanks to the rise of Chinese wine consumption and the development of Chinese wine production (with products being exported also to international markets), China has had a crucial role in promoting the growth of the wine business.

The origins of winemaking in China date back to thousands of years ago. Fermented beverages made from grapes, rice, honey, and other ingredients have been produced since 7000 BCE, during the Neolithic period. Because wine was present in many aspects of social, religious, and ceremonial life, the Chinese were able to develop winemaking techniques. During that time, wine symbolized celebration, friendship, and hospitality, and it played an important role in Chinese culture and customs.

Later on, the Silk Road, an ancient trade network that connected China with the Mediterranean and other Asian countries, played a significant role in the spread of winemaking knowledge and the wine trade. During the Han Dynasty (206 BCE - 220 CE), wine consumption started to become more widespread among the Chinese elite, and wine was often exchanged as a diplomatic gift between the Han Dynasty and neighboring regions, such as Central Asia. However, the popularity of wine declined during the Tang Dynasty (618-907 CE) due to a shift in cultural preferences towards other beverages like tea, also determined by the spread of Buddhism. Later on, the wine industry started to recover during the Yuan Dynasty (1271-1368 CE) under Mongol rule. The Mongols allowed the promotion of wine consumption by establishing vineyards in regions such as Shandong and Ningxia, which to this day remain among the main production areas in the country.

In the 19th and 20th centuries, Western influence played a crucial role in modernizing the art of winemaking in China. Missionaries and foreigners introduced European grape varieties and winemaking techniques to China. The establishment of wineries by European immigrants and foreign companies marked the beginning of the modern Chinese wine industry. Some of these wineries included La Shangyi Cave de Pékin, The Qingdao Winery, and the Tong Hua Winery. However, due to political and social changes, the Chinese wine industry faced challenges during this period, remaining quite underdeveloped.

In 1949, the People's Republic was established. During this time, China strived to modernize its wine industry by building new wineries, planting new vineyards, and implementing advanced technologies to produce higher-quality wine. In the 1970s, increasing vineyard areas boosted the volumes of wine. At this time, there were about 100 wineries in the country. At the end of the decade, Deng Xiaoping’s political program, called “Reform and Opening”, encouraged economic growth and foreign investment, and thus further promoted the development of the wine industry. In the early 1980s, key wineries like Dynasty (Sino-French joint venture), Great Wall (state-owned), and Changyu emerged. Regardless of the challenges that the industry faced in these years due to market fluctuations, in the 1990s and 2000s, the wine sector still managed to expand.

Most importantly, the rise of China's middle class as a consequence of the country’s economic growth in the last decades has resulted in a remarkable increase in the consumption of wine. In modern Chinese culture, wine is now a symbol of social status and prosperity, and its consumption is often associated with celebrations and business occasions. This has resulted in a rapid expansion of the Chinese wine market, where both imported and domestic wines have gained popularity among urban consumers. This trend has had a major impact on the global wine industry, and China is now one of the world's largest wine markets.

Nowadays China counts 12 wine regions. Some of these regions, such as Ningxia, Shandong, and Xinjiang, are now home to large-scale vineyards that were established thanks to the government’s support, which has been investing in modern infrastructure and technology. As Chinese winemakers experiment with various grape varieties and terroirs, the quality of Chinese wines increases, attracting foreign investors and consumers. The quality of some of these wines has been rewarded at international wine competitions, boosting the reputation of Chinese wineries.

However, in the last five years trends have seen a shift in the development of the country’s wine sector. As reported by Statista, in 2022 China recorded a total of 116 wine enterprises which generated annual revenue above 20 million yuan, around three more than the previous year. However, the total wine production volume saw a decrease of more than 20 percent that year (Statista, 2023). This was likely caused by climate change, which is highly affecting yield volumes. At the same time, issues such as poor quality, homogeneity of products, and inconsistent standards, are hindering the development of Chinese vineries (Wang et al., 2010).

Lastly, China also faces challenges in developing a wine culture and enhancing consumer knowledge about wine. Traditionally, China has been a nation of spirits and beer drinkers, and wine is relatively new to many consumers. Educating consumers about different wine styles, grape varieties, and wine regions is essential to ensure a deeper appreciation for wine and promote long-term growth in the market.

1.3. Wine Business in China: Current Developments

Regardless of the challenges faced, in recent years the Chinese wine industry has witnessed outstanding developments that reflect its continued growth and maturation. Notably, there is a clear inclination towards enhancing consumer engagement by effectively conveying the wines' quality. This effort is aimed at appealing not only to domestic consumers but also to foreign ones. The following are some of the latest positive developments in the Chinese wine business:

a) Wine Tourism

Wine tourism is emerging as a popular trend in China, driven by the country's increasing interest in wine culture and the rise of domestic tourism. More Chinese consumers are seeking unique experiences, and visiting wineries has become a sought-after activity. Chinese wineries have responded by creating attractive wine tourism destinations, offering visitors a chance to explore the winemaking process, taste different wines, and enjoy the picturesque vineyard landscapes. For example, Ao Yun Winery in Yunnan has become a notable wine tourism destination. Owned by LVMH, the winery is situated in the foothills of the Himalayas, a location chosen for its unique terroir, and highly suitable for quality winemaking. Ao Yun offers guided tours, wine tastings, and immersive experiences in the vineyards, allowing visitors to learn about the winemaking process and the importance of terroir in wine production. Silver Heights in Ningxia is another prominent winery attracting wine tourists. Known for producing high-quality wines, Silver Heights welcomes visitors to its winery, offering tours that provide insights into their sustainable viticulture practices and winemaking techniques. The winery also hosts wine events and festivals to engage wine enthusiasts and promote the region's wines.

b) International Recognition

Chinese wines have been gaining international recognition and acclaim, showing to the world the country's major improvements in terms of quality and winemaking techniques. At prestigious wine competitions like the Decanter World Wine Awards, Chinese wineries have been awarded medals and achieved high scores, which greatly helped affirm their presence on the global wine stage. Changyu Pioneer Wine Company, one of China's most renowned and historic wineries, achieved significant recognition at the 2020 Decanter World Wine Awards. Its Cabernet Gernischt (Carmenere) wine was awarded a Gold Medal, showcasing the company's ability to produce high-quality wines with unique characteristics. This milestone not only elevates the reputation of Changyu Pioneer Wine Company but also raises the status of Chinese wines in general. The international recognition of Chinese wines highlights the industry's efforts and dedication to improving winemaking practices and the commitment of Chinese winemakers to producing wines that can compete with established global players.

c) Sustainable Viticulture

The global wine industry has recognized the importance of sustainability when it comes to wine, and China is no exception. As a consequence, more and more Chinese wineries are starting to implement sustainable viticulture or even converting to organic and biodynamic farming. Eco-friendly practices are crucial to minimize the wineries’ impact on the environment as well as preserve the biodiversity of the regions in which they are located. Chateau Changyu Moser XV, located in Ningxia, has been at the forefront of sustainable viticulture practices in China. The winery, in collaboration with the renowned Austrian winemaker Lenz Moser, has invested in sustainable initiatives such as water saving, and using drip irrigation to optimize water usage and minimize waste. Additionally, the winery practices organic farming, avoiding the use of harmful chemicals and promoting natural biodiversity. The implementation of sustainable practices not only benefits the environment but also enhances the quality of the wines produced. Both Chinese and international consumers increasingly value wineries' efforts towards sustainability, making it a key differentiator in the market.

d) Export Expansion

Up until a couple of decades ago, China was mainly known as a wine-consuming country, rather than a producer and exporter of wine. As the country's wine industry developed, Chinese wineries are now actively seeking opportunities to expand into international markets through exports or even through the establishment of joint ventures and subsidiaries. This trend is driven by a growing demand for Chinese quality wines abroad. Grace Vineyard, a boutique winery based in Shanxi, has made significant strides in international markets. Grace Vineyard originated as a family-owned winery seeking to target mainly the domestic market. However, with time the winery's premium wines have caught the attention of consumers and critics. Thanks to global recognition, Grace Vineyard has successfully penetrated markets such as the United Kingdom and Canada, where its wines have been well-received by wine enthusiasts. The growing export of Chinese wines abroad underlines a shift in the global perception of Chinese wines. In addition, as more and more Chinese wineries enter international markets, they also contribute to the diversification of the global wine landscape.

e) Investment and Collaboration

Chinese wineries are attracting increased investment and partnerships with international winemakers and investors. For example, LVMH, the luxury conglomerate, invested in the Chinese winery Ao Yun located in Yunnan. The collaboration between LVMH and Ao Yun showcases the industry's potential for collaboration with global luxury brands. This partnership not only enables Ao Yun to benefit from LVMH's expertise in luxury branding but also elevates the image of Chinese wines in the luxury market. The investment and collaboration between Chinese wineries and international companies foster knowledge exchange and technology transfer, enhancing the capabilities of Chinese wineries and contributing to the industry's development on the global stage.

1.4. The Internationalization of the Wine Business

The wine industry is nowadays a global industry holding major importance. To underline the changes it went through, and the factors which led to its internalization, we will refer to a review of literature and articles concerning this matter.

It can be argued that the internationalization of wine started to gain ground in the 1990s. Before that, both the production and the consumption of wine was rather localized. This was closely linked to the fact that consumers themselves lacked an interest in and understanding of foreign wines, therefore being only used to drink local wines. As a result, winemakers engaged in minimal cross-border interactions, and there was limited exchange of different winemaking techniques and styles, as well as grape varieties. Indeed, wine import and export did exist, but were rather limitedneighboringing countries. In addition, the majority of wine production and export activities used to concern mainly those countries thaare knownnow as "Old World". These include historical and traditional winemaking regions located in Europe, such as France, Italy, Germany and Spain. However, since then the wine industry expanded rapidly. The more noticeable and profound change is that this development has become very much transnational in nature. The intense need for capital, the opportunity to source grapes (at competitive prices) from multiple areas and the buying power associated with shavee has led the larger wine firms to look for acquisitions beyond their shores. But perhaps more important driving forces behind this activity have been the need to capture the most innovative oenological techniques, key brands, markets and market share (Aylward, 2005). This transition was made possible thanks to a reduction in logistic costs and tariffs, as well as a reduction in trade barriers. This gave wineries easier access to international markets, promoting their export activities and thus entering successfully in foreign ma rkets.Following this increasingly international context, winemaking practices and styles started to change to adapt to a larger, more diversified consumer base. Wineries that were able to adapt to this shift were deemed to have a competitive advantage over others. At the same time, the wine industry saw the gradual rise of "New World" countries, the namely USA, Australia, New Zealand, Chile and more, that started putting more focus on the quality of their wine production, making a name for themselves in international markets. In response to rising competition from New World producers, many Old World countries have expanded their target markets to include Asian countries like China and India. Additionally, the 21st Century brought about an increasing interest in export activities, which were promoted through the reduction of regulatory obstacles. As consumer preferences are always shifting, the wine industry is expected to become more and more international.

One of the most important works regarding the topic of wine globalization is provided by Hussain et al. in “An Analysis of Globalization Forces in the Wine Industry:I mplications and Recommendations for Wineries” (2008). The paper analyses which factors determine the globalization of wine companies and offers a study of the competitive advantage positions of nine wine-producing countries. The authors argue that countries are able to reach global success for their wines according to five different key success factors: existing domestic market position, domestic market growth potential, economies of scale and/or underlying cost structure benefits, adaptability to industry changes, and potential to attract foreign investment. Their findings are reported in Table 1.

	Exiting Domestic Market Position	Domestic Market Growth Potential	Economies of Scale/Cost Structure Benefits	Adaptability to Industry Change	Potential to Attract Foreign Investment	Overall Competitive Advantage
New World Countries						
United States	Strong	Strong	Moderate	Strong	Strong	**Strong**
Australia	Weak	Weak	Strong	Strong	Strong	**Strong**
Chile	Weak	Weak	Strong	Strong	Strong	**Strong**
Argentina	Moderate	Weak	Moderate	Strong	Moderate	**Moderate**
South Africa	Weak	Weak	Moderate	Strong	Moderate	**Moderate**
Old World Countries						
Italy	Strong	Weak	Weak	Moderate	Moderate	**Moderate**
Spain	Moderate	Weak	Weak	Moderate	Moderate	**Moderate**
France	Strong	Weak	Weak	Weak	Moderate	**Weak**
Germany	Strong	Moderate	Weak	Weak	Weak	**Weak**

Table 1. Competitive Advantage Position by Nation. Source: Hussain, M., Cholette, S., & Castaldi, R. M. (2008). An analysis of globalization forces in the wine industry: implications and recommendations for wineries. Journal of Global Marketing, 21(1), 33-47.

Based on the authors’ conclusions, we can determine that Old World countries are in a weaker position due to their limited potential for further development. In this context, New World countries have a stronger ability to experience growth as they are more flexible in terms of production and development. As now China is also emerging as a New World country, one could suppose that China might also possess the same competitive advantages.

Another key aspect to consider when talking about wine internationalization is the globalization of wine education. As wine becomes increasingly global, more and more people from all over the world develop an interest in this product category. Wine education is fundamental for the development of global leaders, winemakers and employees who seek to work in this industry. One of the main education institutions in the wine business is the Wine & Spirit Education Trust (WSET). Established in 1969 for the UK wine trade, WSET has since grown to become the global industry leader, nowadays a comprehensive suite of globally recognized qualifications covering wines, spirits and sake. The table below (Table 2.) clearly indicates the global scope of WSET's courses, with attendants from every country in the world. Particularly remarkable is the percentage of candidates in China, which is equal to 10% of total candidates.

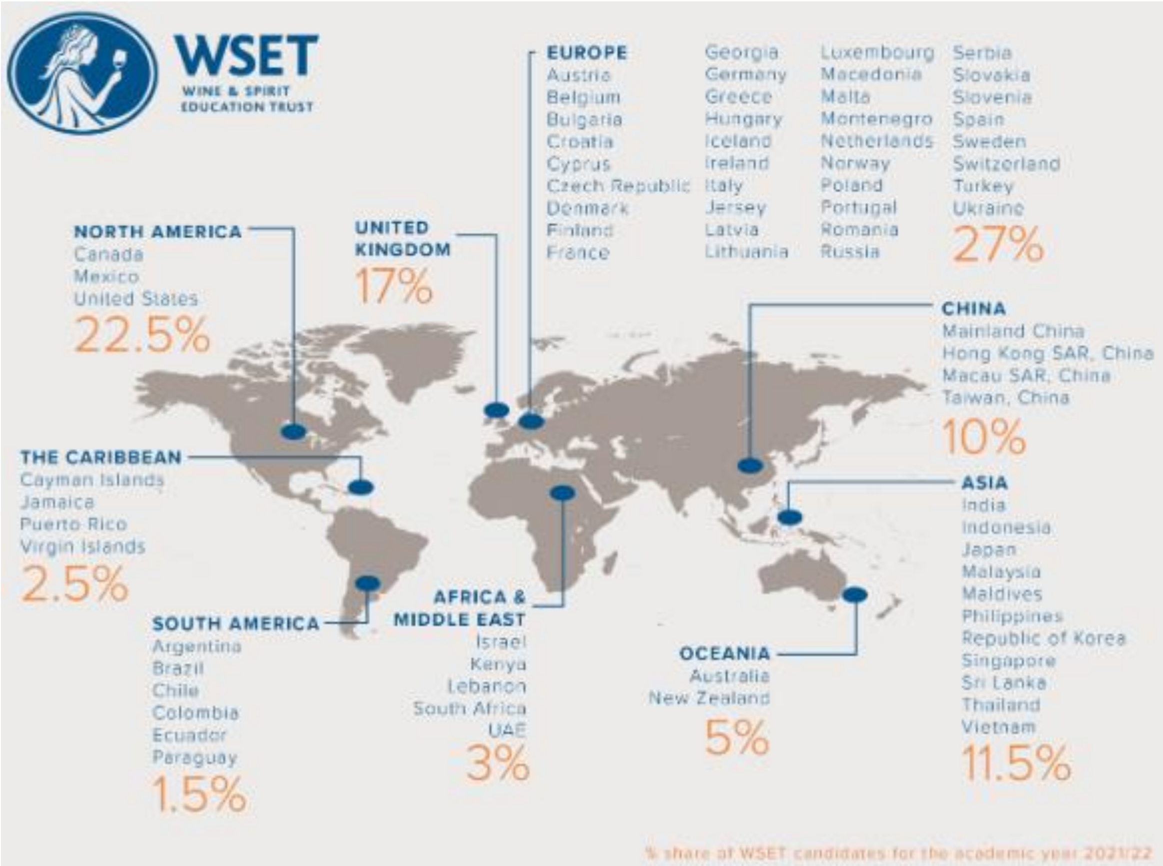

Table 2. % share of WSET candidates for the year 2021/22. Source: wsetglobal.com, 2023.

Similar to the global expansion of certification bodies such as WSET, wine courses in higher education are also becoming a global phenomenon: more and more universities worldwide are developing degree and master courses in wine, with a particular emphasis on the international wine business. Two of the world's most renowned courses are located in France, namely the Burgundy School of Business in Dijon and the KEDGE Wine School in Bordeaux. The Burgundy School of Business offers an MBA in Wine & Spirits, an MSc in Wine Management, and a Specialized Masters in International Trade in Wines and Spirits, which is taught exclusively in French. The Specialized Masters in International Wine & Spirits Business is the longest-standing international program ranked number 1 in France and number 3 in the world. Taught 100% in English, the MSc and the MBA are both taught full-time over 18 months with global exposure and international internships. The MBA coursework includes

Strategic Management, Law, Career and Leadership, International Markets and Distribution, Product Knowledge, and Innovation (Sommelier Business). The US is also emerging as home to some remarkable higher education programs for wine professionals, especially the Sonoma State University and the University of California. At the same time, wine courses are also spreading to Asia. The Hong Kong Polytechnic University's School of Hospitality and Tourism offers a Master of Science (MSc) and a Postgraduate Diploma (PgD) program in International Wine Management. These programs aim to develop future leaders and researchers in the global wine and hospitality industry. They provide a comprehensive understanding of international markets and specifically focus on the intricate and rapidly expanding wine consumer markets in Asia, including Mainland China.

In Mainland China, the main independent wine training institution is Dragon Phoenix, which was founded in Beijing in 2007 by Fongyee Walker and her husband Edward Ragg. The organisation provides courses across all of China, and to this day counts over 17WSET-certifiedied students. Dragon Phoenix's team is composed of over seventeen Chinese trainers who operate across its locations in Beijing, Shanghai, Chongqing, Chengdu, Dalian, Shenyang and Qingdao.

1.5. The Internationalization of Wine Companies in China

As China is becoming more and more involved in the global wine market, this has led to a gradual internationalization of both foreign and domestic wineries. With time, both international and Chinese wine companies have started to expand their reach beyond domestic borders to seek new markets and opportunities for growth. As China has become a major player in the wine sector, more and more international wineries have decided to expand their operations to China. This strategy not only allows them to grow their profits by better targeting Chinese consumers, but also to explore and take advantage of the Chinese territory which could, in the future, establish itself as a wine region of world prestige. At the same time, as Chinese wineries improve the quality of their products and acquire advanced know-how, they are seeking higher profits either through exports or by establishing subsidiaries and joint ventures in foreign countries. During this process of internationalization, many are the strategies employed by wine companies, both foreign and domestic, to capitalize on Chinese and global wine consumption.

1.5.1. Internationalization of Foreign Wine Companies in China

As a consequence of China's economic development and the shifts in consumer demand (also for wine), a rather large number of foreign wine companies have strategically decided to expand their operations in the country. In the late 20th and early 21st century, China implemented major economic reforms and opened its borders to international trade. This transition presented foreign wineries with the opportunity to access China's consumer base with increasing disposable income. This proved particularly effective after China's WTO accession which led to higher competition among foreign wineries and also to the growth of the domestic wine industry, especially between 2004 and 2007 (Li et al., 2017). With the expansion of the Chinese middle class, the demand for high-quality products - including wines - also increased, leading foreign wine companies to implement entry strategies tailored to the characteristics of the Chinese market. Some of these strategies include:

a) Joint Ventures and Partnerships:

The strategy of forming joint ventures and partnerships with Chinese companies emerged as a pragmatic approach for foreign wine companies to navigate the intricate complexities of China's business environment. This type of collaboration allowed foreign companies to access already established local distribution networks, managing to deal more smoothly with regulatory difficulties and gaining valuable insights into the preferences of Chinese consumers.

One illustrative example is the joint venture between Pernod Ricard, a prominent French wine and spirits company, and Yanghe Distillery, a well-established Chinese spirits producer. Thanks to the rich expertise and resources of the two companies, Pernod Ricard and Yanghe Distillery formed a strategic partnership to better tap into China's wine market. This collaboration made it possible for Pernod Ricard to access Yanghe Distillery's large distribution network and consumer knowledge, improving its market penetration and positioning in China.

b) Tailored Marketing and Branding

As foreign wine companies have recognized the major importance of aligning their products with the culture and preferences of Chinese consumers, they have strived to tailor their marketing and branding strategies to the local market. Implementing standard approaches proved ineffective, leading companies to adapt their marketing strategies to better match the values, aspirations, and culture of the targeted Chinese consumers.

An example of this approach is Treasury Wine Estates, an Australian wine company renowned for its premium wine brand, Penfolds. Treasury Wine Estates was able to successfully connect with Chinese consumers through the implementation of localized marketing campaigns. Taking advantage of the power of Chinese social media platforms and influencers, the company engaged directly with its target audience, developing an emotional connection. Additionally, the company also strived to adapt its packaging and messaging choices to the Chinese culture, which determined higher engagement with local consumers, allowing the Penfolds brand to gain remarkable popularity in the Chinese wine market.

c) Focus on Tier-1 Cities and Luxury Segments:

When first entering the Chinese wine market, foreign wine companies recognized the importance of focusing on tier-1 cities, which include metropolises such as Beijing, Shanghai, and Guangzhou. These cities, characterized by a higher number of consumers, higher incomes, and higher exposure to international trends, were the most suitable locations for the introduction of premium and imported wines. Within this context, foreign wine companies focused their efforts on capturing the attention of affluent consumers who sought exclusive, premium products. The luxury segment quickly emerged as a target, which allowed foreign wine brands to effectively position their brands, which consumers viewed as symbols of opulence and sophistication.

The very well-known French luxury wines and spirits conglomerate, Moët Hennessy, strategically targeted China's elite consumer base by advertising its premium Champagne and Cognac selections. By doing so, the company effectively aligned its products with the aspirations of China's wealthy consumers, creating a general perception of exclusivity and prestige around its products.

1.5.2. Internationalization of Chinese Wine Companies

While many foreign wine companies have entered the Chinese market by establishing partnerships and subsidiaries, Chinese wineries also have started their internationalization process. This was possible thanks to a multitude of factors including government support, growing interest in improving wine quality, and the desire to achieve global recognition. By expanding abroad, Chinese wineries are striving to broaden their market presence and make a name for themselves in the global wine business. Strategies adopted by Chinese wine companies during this process include:

a) Government Support and Policy Incentives

The internationalization of Chinese wine companies has been supported and facilitated by governmental policies. In the last decades, the Chinese government has recognized the potential of the domestic wine industry and the positive impact its development could bring to the country's economy and cultural exchange. As a result, it offers financial support to enterprises going abroad, and it also simplifies the approval process of Outward Foreign Direct Investment (Yadong et al.,2010). Through the institution of policies that provide financial assistance, and tax incentives, Chinese wine companies are encouraged to expand their operations abroad. This support extends also beyond financial considerations, with diplomatic initiatives such as the Belt and Road Initiative, which aims at promoting trade relationships that can allow Chinese wine companies to enter and thrive in international markets more effectively. This alignment between governmental policies and the aspirations of Chinese wine companies has proved efficient in helping their internationalization efforts, making it possible for them to establish themselves as key players in global trade and investment.

b) Investment in Foreign Vineyards

Some Chinese wine companies have opted for direct investment in foreign vineyards and wineries to gain access to international grape varieties and expertise. By owning vineyards abroad, Chinese wine companies can secure a more stable and differentiated supply of grapes, strengthening their image as international players. For example, Changyu Pioneer Wine Company, one of China's oldest and largest wine producers, has invested in vineyards in countries like France and Chile.

c) Collaboration with International Experts

In facing their internationalization journey, many Chinese wineries understood that enhancing their winemaking techniques and product quality was key to successfully reaching global recognition. For this reason, they strongly relied on advanced technology and foreign know-how. This led many Chinese wine companies to pursue collaborations with internationally acclaimed wine experts, consultants, and winemakers. Through these collaboration projects, Chinese wineries were able to acquire knowledge, technical expertise, and global perspectives which would prove crucial for their operations. By relying on the insights and guidance of renowned experts, Chinese wineries can improve their winemaking processes, optimize grape selection, and elevate their wines to global standards. A clear example of this approach is the collaboration between the boutique Chinese winery Helan Qingxue and Bordeaux-based oenologist Michel Rolland. Similarly, plenty of Chinese wineries have appointed experienced foreign winemakers in key roles, such as the Chinese winery Silver Heights, whose current CEO is the Italian native Marco Milani. The establishment of these partnerships shows the country's efforts to embrace international expertise in order to elevate the quality and reputation of Chinese wines on a global scale.

d) Participation in International Wine Competitions

Participation in international wine competitions and events has emerged as an effective strategy through which Chinese wine companies seek international recognition for their wines. Receiving positive scores and praise in these competitions is highly useful in validating and showcasing the quality and excellence of Chinese wines on a global platform. By comparing their products with other established global contenders, Chinese wine companies strengthen their credibility and visibility in the eyes of international wine consumers and investors. An example is Great Wall, leading state-owned Chinese wine producer, which received the International Trophy for its Ice Wine at the 2019 Decanter World Wine Awards. This victory not only highlights the significant improvements made by Chinese wine companies in terms of wine quality but also fuels their increasing participation in international wine competitions.

1.6. Consequences of Internationalization of Wine Companies in China

The internationalization of wine companies in China, both foreign and domestic, has had major consequences on their organizational structure and recruitment policies. As wine companies expand their operations beyond domestic borders, they face challenges such as managing a global workforce and adapting to different market demands and characteristics, which often require the implementation of cross-cultural management practices. Because of this, wine companies underwent shifts in organizational design, leadership styles, and human resource management practices.

1.6.1. Impact on the Organizational Structure

a) Globalization and Decentralization:

As wine companies internationalize, they often adopt a more decentralized organizational structure, which allows them to better manage the diverse markets they operate in. This kind of flexible structure is useful to promote faster decision-making and responsiveness to local market needs. In this context, many foreign wine companies have established regional offices in key markets, such as China, to gain a deeper understanding of local consumers and regulations. For example, the large Australian wine company Treasury Wine Estates has established regional offices in China to manage its operations in the country and develop tailored strategies.

b) Cross-Functional Collaboration:

As wine companies increase their level of internationalization, they require stronger cross-functional collaboration to effectively plan strategies and put them into action across different markets. Departments such as marketing, sales, and supply chain need to work together to ensure a cohesive broad international presence. This is particularly important for Chinese wineries, who have to strongly rely on these collaborations in order to increase the popularity of their products. For instance, Changyu Pioneer Wine Company integrated its marketing and sales teams to better understand the market dynamics and consumer preferences. Through cross-functional collaborations, the winery was able to direct its marketing efforts in two directions: the Chinese market and the exports. In China, Changyu employed about 1,500 people and 3,000 agents, who were trained by the company and who worked in marketing and management. At the same time, the winery started to advertise its wines abroad and, by relying on experienced agents, made efforts to increase its export volume.

c) Adaptability and Flexibility:

Working with an international approach requires wine companies to be more adaptable and flexible in order to effectively respond to market changes and consumer trends. Companies need to be fast in adjusting and adapting their product offerings, branding, and marketing strategies to cater to different cultural preferences. Foreign wine companies have been praised for their ability to adapt to local markets. For instance, the French-based company Pernod Ricard has benefitted from China’s local vineyards and terroir to produce wines in its Chinese subsidiary, the winery Helan Mountain, which would meet the taste of Chinese consumers, thus showing remarkable adaptability.

1.6.2. Impact on Recruitment Policies

a) Cross-Cultural Competence

The internationalization of wine companies has increased the demand for employees with cross-cultural competence. Wineries need employees who understand and can adapt to different cultural situations and business practices in foreign locations. Foreign wine companies often prioritize hiring local talent with cultural knowledge to navigate the complexities of the Chinese market. For instance, Pernod Ricard has chosen the first Chinese home-grown winemaker, Yanling Ren, to become Chief Winemaker of Helan Mountain. Yanglin has had international experience and has deep knowledge of the Ningxia terroir, where the winery is based. Similarly, Moët Hennessy has appointed Aigou Liu and Su Long, both Chinese nationals, as Chief Winemaker and Estate Director at its subsidiary Chandon China, a producer of premium sparkling wines.

b) Language Proficiency

Working in an international context requires the ability to communicate in different languages. For this reason, wine companies are looking for talents with good knowledge of foreign languages. This trend is relevant regardless of the size of the firm, as the wine sector is now global, and foreign languages are used to communicate with foreign stakeholders. Language proficiency helps build relationships with clients and consumers and communicate effectively with colleagues. While English may be enough, more and more foreign wineries are requesting bilingual employees to work in their Chinese subsidiaries. In all cases, language proficiency is becoming a key requirement when it comes to talent recruitment. For example, Moët Hennessy is currently recruiting talents who are fluent in both Chinese and English for their open job positions in China.

c) Global Mindset and International Experience

As they expand in other countries, both foreign and Chinese wine companies are increasingly seeking employees with international experience. Usually, people with such international backgrounds tend to have a more global mindset, which is key for navigating the intricate cultural patterns of an international company. Having a global mindset means not only recognizing when it is beneficial to create a consistent global standard but also deepening the understanding of local and cultural differences, crossing cultures, and changing contexts. It requires simultaneously recognizing situations in which demands from both global and local elements are compelling while combining an openness to and awareness of diversity across cultures and markets with a willingness and ability to synthesize this diversity (Cohen, 2010).

People with a global mindset often have worked or studied abroad, and thus have a deeper understanding of both their home market and foreign ones. They can serve as useful mediators in intercultural working environments, whether they have to interact with other colleagues or with clients. In 2020, Changyu announced the implementation of the Youth Excellent Talent Plan, a way to help the company track and train international talents by offering job exchanges and providing individuals with more learning opportunities and promotion channels. At the same time, it strived to reform its employment system by raising the standards for employing recruits.

d) Emphasis on Talent Retention

As more and more wineries are seeking talented professionals, recruitment competition intensifies. As a consequence, wine companies, both foreign and Chinese, are now also focusing on talent retention. To achieve this, they are implementing strategies such as competitive salaries, offering career development, and promoting a positive work culture. Foreign wine companies may offer attractive packages for expatriate employees working in China. For example, foreign wine companies like Torres China allow employees the opportunity to rotate between different subsidiaries located in different countries, broadening their skill set and global perspective.

1.7. The Importance of the Human Factor for the Internationalization of a Wine Company

When it comes to company internationalization, relationships are critical, especially in the wine business. On a global scale, the wine industry comprises thousands of distinct geographic regions that are often marketed according to the unique strengths of their terroir. Yet, as the number of regions and wine producers continues to grow, using differentiation as a source of competitive advantage becomes more difficult. Indeed, it has been suggested that to survive in this adverse environment, wine producers should develop strong linkages with other businesses in their region, cluster, and/or network. These relationships can assist the region (and winery) in building strong brand identity and brand awareness, which are crucial for securing long-term success in the wine market (Lewis et al., 2015). Such networks extend beyond the boundaries of winegrowers and producers and include suppliers, buyers, and even co-workers. In the context of internationalization, focusing on the importance of the human factor becomes crucial to promoting the success and sustainability of a wine company's global expansion.

The wine industry is a business which strongly relies on relationships. Fostering and maintaining such relationships is essential to achieve an efficient value chain. Winegrowers rely on their relationships with producers to turn grapes into wine, while producers rely on distributors and retailers to reach consumers effectively. Furthermore, the success of wine companies often relies on the ability to establish strong relationships with customers, importers, and distributors in foreign markets.

For any wine company, the relationship between growers and producers is fundamental. Growers take care of the vineyards and supply the grapes, which are then transformed into wine by the producers. These two steps can either happen in the same place if the winery owns the vineyards or at two different levels of the supply chain if the winery does not own the vineyards and therefore purchases the grapes from other growers. The success of this partnership impacts the quality, consistency, and characteristics of the final product – the winery has to be in close contact with the growers to ensure that the grapes fit their requirements. This allows winemakers to maintain the desired characteristics and flavor profile of their wines, which is critical for building a reputable brand internationally. Consistency in grape quality also enables wineries to deliver consistent products to their buyers, which is key to achieving satisfied and loyal customers. Cultivating strong relationships with growers also fosters knowledge sharing and expertise exchange. Through open communication and collaboration, winemakers can benefit from the deep understanding of terroir and vineyard management practices possessed by the growers. This knowledge exchange can lead to the improvement of vineyard practices, cultivation techniques, and grape selection, and as a consequence lead to the production of higher quality wines that express the local terroir better and resonate with the taste of international consumers. When a wine company seeks to expand internationally, its relationship with growers becomes even more critical, because it needs to ensure a reliable supply chain in order to meet a larger, global demand.

Strong bonds and networking between suppliers and buyers also play a vital role in the internationalization of a wine company. Suppliers, including packaging providers, logistic partners, and equipment manufacturers, must collaborate effectively with the winery to ensure smooth operations. Because a company’s international expansion involves a higher complexity of logistics and supply chain management, developing strong relationships with suppliers helps ensure reliable and efficient delivery of materials and services. Key aspects such as timely access to packaging, transportation, and other essential resources are critical for meeting international demand and maintaining customer satisfaction. In this context, suppliers contribute to the operational efficiency of wineries, making it possible for them to focus on their core competencies and implement their market expansion strategies. Moreover, suppliers have often a deeper understanding of the local wine industry and can provide valuable insights: they possess knowledge about market trends, consumer preferences, and regulatory requirements that can help the winery in decision-making and strategy formulation. Additionally, suppliers with an established international presence can help wine companies gain access to new markets by leveraging their networks and distribution channels.

However, it’s the internal relationships within a wine company that determine the effectiveness of its operations. Collaboration, trust, and effective teamwork contribute to organizational effectiveness and the ability to successfully enter and thrive in international markets. In this context, human resource management practices are key to the company’s success, as they can reduce risks and cut costs. Efficient HRM practices benefit vineyard and winery operations through improved employee morale, attitudes, and productivity. This not only helps with retention and recruiting but can positively impact the economic bottom line and overall sustainability of your business (CSWA, 2008).

Human resources play a pivotal role in determining a company's success. They hold significant sway over the parameters and metrics within the production system, making them a universally valuable asset that requires proficient management. In enterprises, human factors are vital for successful Supply Chains (SC), as all personnel—managers, supervisors, and production line operators—are involved (Lengnick-Hall et al., 2013). While prior studies have predominantly explored the influence of human factors in production systems, the focus has mainly centered on manufacturing industries. However, the wine industry also operates within its own unique SC framework that necessitates investigation. A recent study by the authors (Alfalla-Luque et al., 2015) addressed this vital human resource aspect in SCs. The research introduced a list of 28 factors affecting SC integration, pinpointing managerial commitment and human resources as the most impactful. Effective communication within the organizational structure, another crucial element, is achievable primarily through human resources. Furthermore, the authors emphasized that human resources are indispensable for the successful functioning of SCs. Their responsibilities encompass the execution of all strategies within the SC (Lengnick-Hall et al., 2013). Consequently, the accomplishment or failure of SCs can, to some extent, be attributed to them. Their dedication reverberates across a broader spectrum beyond just SCs.The qualifications of employees also merit consideration in the realm of human resources. Education, skills, and capabilities relevant to specific roles enhance the SC's flexibility and forestall delays in delivering end products. Well-educated and trained personnel possess the capacity to make prompt and effective decisions, ensuring efficient operations. A research carried out in 2014 on a set of Spanish wineries located in La Rioja, highlighted that human resources have a positive impact on the agility and flexibility of wine supply chains, therefore contributing to the improvement of the winery's economic performance (Garcia-Alcaraz et al., 2017).

Co-workers within a wine company often possess diverse expertise and experiences. Sharing knowledge and skills across departments, such as winemaking, marketing, sales, and export operations, promotes continuous learning and development. This cross-functional collaboration strengthens the company's collective capabilities, enabling it to better understand international markets, adapt to cultural nuances, and effectively communicate its brand value. HR practices such as recruitment, training, and employee development programs play a crucial role in building a multicultural workforce. To this end, wine companies may actively recruit winemakers and employees from different wine regions to leverage their expertise in specific grape varieties and terroirs.

Global wine companies often emphasize talent mobility to promote sharing and gaining experience from different regions and nurture future leaders. They encourage employees to take on international assignments, allowing them to be exposed to diverse market conditions and cultures. For instance, a winemaker from the company's Australian division may be assigned to the Chinese market to understand the region's terroir and consumer preferences as well as work in a multicultural environment. This kind of experience allows employees to bring valuable insights back to their home division and contribute to the company's overall internationalization strategy.

These variables, in addition to many others which also include language and cultural skills, are crucial when assessing the level of internationalization of a wine company. The alignment of HR strategies with the company's organizational structure, together with a focus on knowledge transfer and improving employee performance allows the wine company to be innovative and competitive in its international endeavors. Creating and implementing successful training initiatives has also the potential to elevate employee morale, enhance performance levels, and cultivate job satisfaction.

2. DEFINING INTERNATIONALIZATION

2.1. Defining Internationalization: Literature Overview Across Fields

Internationalization, rooted in ancient trade and cultural exchanges, has evolved into a multifaceted global phenomenon with far-reaching implications. From early theories of colonialism and mercantilism to the post-World War II economic internationalization and the contemporary era of globalization, internationalization has continuously adapted to historical contexts and changing global dynamics.

Internationalization is a term that has been widely discussed and defined across disciplines. While there is no single agreed-upon definition, scholars have consistently attempted to capture the essence of internationalization by exploring its diverse dimensions. In today's world, a company's "internationalization" can be best described as the strategic process through which the company expands its operations, presence, and reaches beyond its domestic market to establish a global presence and engage in international business activities. This involves penetrating foreign markets, forming alliances with international partners, and adapting business practices to suit diverse cultural, regulatory, and economic environments.

The concept of internationalization is present in economic, political, cultural, and educational aspects, all contributing to a more interconnected and interdependent global system. The following sources shed light on the various definitions and meanings of internationalization.

From an economic standpoint, internationalization refers to the integration of national economies into the global marketplace, involving the exchange of goods, services, and investments across borders. Peter Dicken, in his book "Global Shift: Mapping the Changing Contours of the World Economy" (2015), views internationalization as the process through which national economies become increasingly linked through trade, foreign direct investment (FDI), and international financial flows. This definition highlights the significance of economic ties and the role of multinational corporations (MNCs) in fostering global interconnectedness. In the business context, Rugman and Collinson, in International Business (6th ed., 2012) define internationalization as the process of integrating an international, intercultural, or global dimension into the goals, functions, and delivery of a company's products, services, processes, or systems

However, internationalization is not solely an economic and business phenomenon but also a political process involving cooperation and interactions among states. Andrew Linklater, in "The Transformation of Political Community: Ethical Foundations of the Post-Westphalian Era" (1998), argues that internationalization denotes the evolution of political communities beyond the traditional Westphalian model, as states engage in supranational organizations and transnational governance structures. This perspective emphasizes the importance of political institutions and their role in managing global challenges.

Cultural internationalization, on the other hand, pertains to the exchange and diffusion of cultural values, practices, and ideas across borders. Arjun Appadurai, in "Modernity at Large: Cultural Dimensions of Globalization" (1996), examines how internationalization fosters the circulation of cultural commodities, media, and symbols, leading to the emergence of a global cultural economy. This definition acknowledges the cultural interconnectedness that shapes identities and societal norms in the contemporary world.

Many scholars argue that a comprehensive understanding of internationalization requires acknowledging its multidimensional nature. John H. Dunning, in "The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions" (2000), posits that internationalization encompasses economic, political, technological, and cultural elements, and is driven by the quest for ownership-specific, location-specific, and internalization-specific advantages. This eclectic paradigm provides a holistic perspective on internationalization, considering various factors that influence the expansion of businesses and activities beyond national borders.

As internationalization has evolved, scholars have explored distinct phases that characterize its development. Globalization, a prominent term in contemporary discourse, signifies the intensification of interconnectedness at a global scale. Anthony Giddens, in "The Consequences of Modernity" (1990), characterizes globalization as a transformative process that erodes traditional boundaries, leading to the proliferation of global norms, identities, and practices. However, scholars like Roland Robertson, in "Globalization: Social Theory and Global Culture" (1992), propose a nuanced understanding of globalization, highlighting its hybrid nature where global and local forces intertwine, leading to "glocalization."

As the world continues to grapple with globalization and its effects, the multifaceted nature of internationalization remains central to understanding global dynamics. Acknowledging the different dimensions and interpretations of internationalization is crucial for policymakers, researchers, and practitioners to navigate the challenges and opportunities presented by an increasingly interconnected and interdependent world. With the continuous evolution of internationalization, scholars will continue to explore its implications and complexities, fostering a deeper understanding of our globalized reality.

2.2. Defining Internationalization: A Closer Look At Firm Internationalization

As this research will focus on the internationalization of wine companies, it is useful to take into account what previous scholars have stated about business internationalization, a dynamic field of research that explores the strategic expansion of companies beyond their domestic markets into international markets.

The Uppsala Model of Internationalization, proposed by Johanson and Vahlne (1977), stands as one of the pioneering frameworks in the field of international business. This model emphasizes the gradual and incremental process of internationalization. It suggests that companies initially enter geographically and culturally close markets with low psychic distance, gradually moving to more distant and complex markets as their knowledge and experience in international business grow. A deeper consideration of the Uppsala Model will be provided in the next section of this work.

Alongside traditional models, the concept of "Born Global" firms has gained prominence in recent years. A ‘born global’ can be defined as a firm that from its inception pursues a vision of becoming global and globalizing rapidly without any preceding long-term domestic or internationalization period (Oviatt and McDougall, 1994; Gabrielsson and Kirpalani, 2004). Born global companies present an intriguing case where they operate with a global reach right from their inception due to the effects of time and space compression. This concept, as described by Harvey in 1996, means that geographic processes can be condensed into immediate global trade and information exchange, enabled by infrastructure, communication, and IT capabilities, along with skilled personnel. Knight and Cavusgil (2009) discuss the characteristics and strategies of Born Global firms, highlighting their reliance on advanced technology, international networks, and entrepreneurial orientation. The phenomenon of born global companies challenges conventional internationalization theories, suggesting a new dimension to consider.

Another influential perspective on business internationalization is the network theory, which emphasizes the role of relationships and networks in facilitating internationalization. The network model differs from the market model in terms of how actors relate to one another. In a market, actors have no particular connections to each other; their interactions are governed by market prices. However, in a business network, actors are connected through ongoing exchange relationships, and their needs and abilities are shaped through these interactions. The work of Johanson and Mattsson (1988) on internationalization networks has been instrumental in shaping this approach. The network theory suggests that companies leverage social and business networks to access foreign markets, gain knowledge, and secure resources. In comparison to a hierarchical structure, the industrial network operates differently. In a hierarchy, actors follow a top-down structure with centralized control, whereas in a business network, actors are independent and manage their interdependencies through bilateral exchanges. Networks are more loosely connected than hierarchies and can adapt more easily. Any actor within the network can establish new relationships or discontinue existing ones, leading to changes in the network's structure. This flexibility makes business networks better suited to respond to dynamic conditions in rapidly changing industries, particularly those marked by swift technological advancements. In essence, business networks emerge in fields where specific actors can benefit greatly from coordinated efforts, especially in fast-changing environments. The network approach shifts the focus away from analyzing individual firms and toward studying interactions and exchanges between firms and groups of firms. Moreover, this approach emphasizes enduring exchange relationships that form a framework for international business activities, moving beyond mere transactions.

International entrepreneurship is a growing area of interest that explores the intersection of entrepreneurship and internationalization. Oviatt and McDougall (1994) define international entrepreneurship as the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services. International entrepreneurship is a topic also discussed by Knight and Cavusgil (2009), who describes it as “the process of creatively discovering and exploring opportunities that lie outside a firm’s domestic market in the pursuit of competitive advantages”. This perspective emphasizes the role of entrepreneurial behavior in driving international expansion.

Entry modes and internationalization strategies have also been extensively studied by scholars. Root (1998) examines various entry modes, such as exporting, licensing, joint ventures, and wholly-owned subsidiaries, and their suitability in different international contexts. Companies must carefully select entry modes that align with their resources, capabilities, and risk tolerance.

Lastly, institutional theory has been applied to analyze how companies adapt to institutional environments when internationalizing. Peng (2002) underlines how institutional frameworks influence organizations by indicating which choices are acceptable and supportive. Consequently, institutions help organizations by providing clarity and reducing uncertainty. In this context, institutional factors can significantly influence a company's decisions regarding market selection, entry mode, and operational practices in foreign markets.

3. MEASURING FIRM INTERNATIONALIZATION

3.1. Measuring Internationalization: Existing Measures of Firm Internationalization

Before this research, many scholars have tried to answer the question of how to measure firm internationalization. It is therefore crucial to analyze their work in order to determine which aspects of this topic have been covered before, but especially to uncover the ones that are yet to be investigated.

Through attentive research of other publications regarding how to measure the degree of internationalization of a firm, one can notice that the majority of texts pertaining to this topic use the company's home country as a reference point to measure its level of internationalization. This approach has been frequently used in the past, in particular following the development by Jan Johanson and Jan-Erik Vahlne of the Uppsala model in the 1970s (Table 3.).

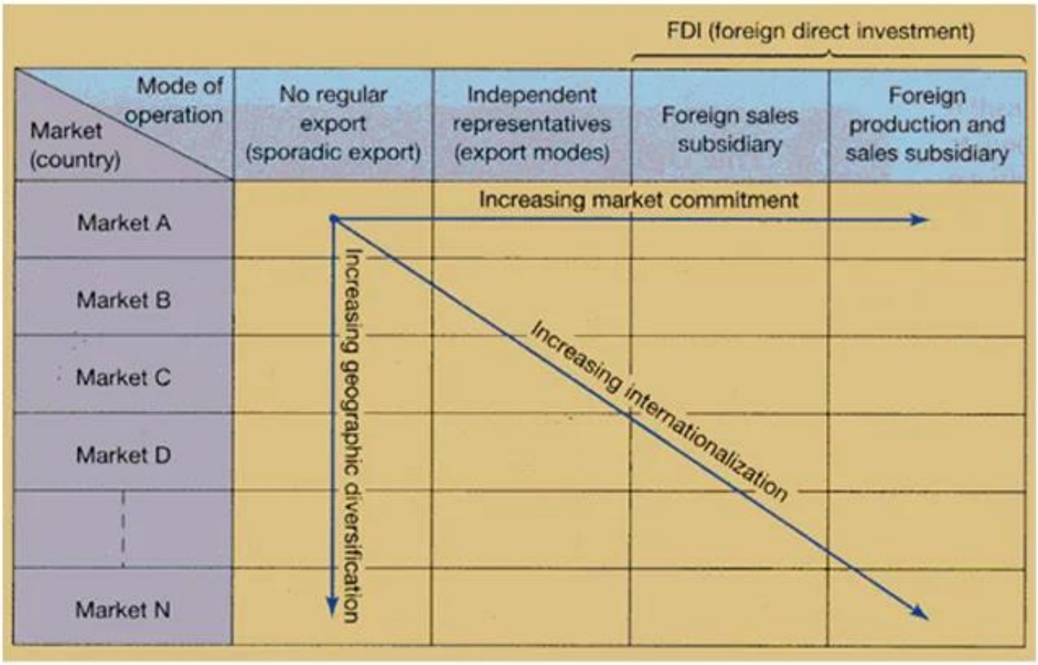

Table 3. The Uppsala Internationalization Model. Source: 2021, Internationalization Concept -The Uppsala Internationalization Model, MBA Knowledge Base.

The Uppsala model, also known as the Uppsala Internationalization Process Model, was formulated during the 1970s by a group of Swedish researchers at the University of Uppsala, namely Johanson and Wiedersheim-Paul in 1975, and Johanson and Vahlne in 1977. The model aims to explain the process of internationalization which companies usually follow, particularly in terms of their market entry decisions and the gradual expansion of their activities in foreign markets. Their focus was on Swedish manufacturing companies, and they developed a model to understand how these firms decide on the markets they enter and the ways they enter them when expanding abroad. The Uppsala model is based on the idea that firms' internationalization is a step-by-step process, characterized by learning and increased commitment to foreign markets over time. Based on their observations, the Uppsala researchers identified certain patterns in how firms internationalize. They noticed that companies tend to start their international operations in nearby markets and then gradually move into more distant ones. Additionally, they found that companies typically begin by exporting their products rather than immediately setting up their own sales or manufacturing operations in new markets. Only after a period of exporting do they establish fully or majority-owned subsidiaries. To describe this gradual expansion, the model identifies four key stages that companies go through during their internationalization process:

1. No regular export activities: In the initial stage, companies have no regular export activities and rely primarily on domestic markets. They may engage in occasional exports driven by external factors such as unsolicited orders or chance events.
2. Export via independent representatives: As companies gain some experience and knowledge about foreign markets, they may start exporting through independent representatives, such as agents or distributors. This stage allows firms to gain initial market insights and learn about foreign customers' preferences and needs.
3. Establishment of sales subsidiaries: In this stage, companies establish their own sales subsidiaries in foreign markets. This allows them to have more control over their operations and develop a closer relationship with customers. The decision to establish sales subsidiaries is usually driven by increased market knowledge and confidence gained from previous export experiences.
4. Production/manufacturing abroad: The final stage involves the establishment of production or manufacturing facilities in foreign markets. Companies choose to invest in foreign production facilities when they have a deeper understanding of the market, a strong commitment, and a desire to overcome trade barriers and increase market responsiveness.

The Uppsala model suggests that companies gradually increase their commitment to foreign markets as they gain knowledge and reduce uncertainty. It emphasizes the importance of experiential learning, psychic distance (cultural, linguistic, and geographic differences between countries), and market knowledge in the internationalization process.

Market commitment is seen as a combination of two factors: the amount of resources invested and the level of commitment. The investment can be measured by the resources allocated to the market, such as marketing, organization, and personnel. The degree of commitment refers to the difficulty of reallocating these resources to other uses. In addition, engaging in international activities requires both general knowledge and market-specific knowledge. Market-specific knowledge is gained primarily through experience in the market, while operational knowledge can be transferred across countries. This transfer of operational knowledge facilitates geographical expansion. The relationship between market knowledge and market commitment is direct: better knowledge of a market leads to more valuable resources and a stronger commitment to that market. The Uppsala Model also highlights that firms tend to expand into markets with increasing psychic distance. Psychic distance encompasses factors like language, culture, and political systems that hinder information flow between the firm and the market. Hence, companies begin internationalization in markets they can easily comprehend, where they perceive opportunities and low market uncertainty, and then gradually move to countries with higher psychic distance.

Later on, the original model was expanded by Welch and Loustarinen in 1988, introducing six dimensions of internationalization, including sales objects, operational methods, market differences, organizational structure, finance sources, and personnel skills. This broader framework enhanced the understanding of how firms navigate the internationalization process.

Because the term "internationalization" can have different meanings, especially when talking about companies going international, scholars have always had different visions of this concept. Some might think of it as a step-by-step journey, while others see it as how much a company is connected internationally. As a consequence, scholars have also different opinions on which aspects should be measured to determine how international a company is. Dörrenbächer (2000) grouped these opinions into three different clusters, namely structural indicators, performance indicators, and attitudinal indicators (Table 4.)

Table 1
Individual Internationalisation Indicators

Structural Indicators	Performance Indicators	Attitudinal Indicators
1. Relating to foreign activities	**1. Foreign sales**	**1. 'Soft' indicators**
• Number of countries a company is active in • Number or proportion of foreign affiliates • Number or proportion of cases of non-capital involvement abroad (e.g. strategic alliances, franchised operations) • Amount or proportion of foreign assets • Amount or proportion of value added abroad • Amount or proportion of sourcing abroad • Number or proportion of foreign employees	• *Demand:* Amount of foreign sales by customer location Exports from the home country + Revenues of foreign affiliates – their revenues from exports to the home country • *Supply:* Amount of sales of foreign affiliates Sum of revenues of foreign affiliates	• Ethno-, poly-, regio- or geocentric management style according to: organisational complexity, authority, decision making, communication flows, recruiting, staffing, control **2. 'Hard' indicators** • International experience of top managers cumulative duration of the years top managers spent working abroad weighted by the total years of their working experience
2. Relating to governance structures	**2. Operating income abroad**	
• Number of stock markets on which a company is listed • Amount or proportion of shares owned by foreigners • Number or proportion of non-nationals in the board of directors	Sum of operating income of foreign affiliates	

Table 4. Individual Internationalisation Indicators. Source: Dörrenbächer, C. Measuring corporate internationalisation. Intereconomics 35, 119–126 (2000).

Structural indicators aim to show how involved MNCs are with other countries at a certain time. Some key indicators relating to foreign activities include the number of countries a company is active in, the number/proportion of foreign affiliates, the number/proportion of cases of non-capital involvement abroad (e.g. strategic alliances, franchised operations, etc.), the amount/proportion of foreign assets, the amount/proportion of value added abroad, the amount/proportion of sourcing abroad, the number/proportion of foreign employees. In addition, a second set of indicators refers to the companies' internationalization of governance structures, which include: the amount/proportion of shares owned by foreigners, and the number/proportion of non-nationals on the board of directors.

Performance indicators measure the degree to which the success or failure of corporate activity during a certain period of time (usually one year) is connected to foreign countries. The two main indicators are turnover and operating income (Dörrenbächer, 2000). However, when it comes to turnover, two key elements should be kept in mind. The first element is the demand. This means calculating how much of the sales take place in other countries. This indicator is called "amount of foreign sales by customer location". The second element is supply. This means calculating how much of the business activity takes place in foreign offices or subsidiaries. This figure is represented by the indicator called "amount of sales of foreign subsidiaries". A second important performance indicator is the amount of operating income earned abroad. This indicator is usually calculated as the sum of operating income generated by all foreign affiliates.

Attitudinal indicators try to give a picture of how MNCs view foreign countries and treat their subsidiaries in foreign countries and, in reverse, this indicator also gives a picture of the role of the entities in the home country (Dörrenbächer, 2000). These indicators usually focus on what the people in charge of the company think and do.

During the 1990s, a plurality of scholars came up with different indices to measure the level of internationalization of a firm. These indices offer approaches to assess the degree of internationalization of a firm from a quantitative point of view (Table 5.).

Composite Indicators Used to Measure Corporate Internationalisation

Transnationality Index (UNCTAD 1995)	**Transnational Activities Spread Index (Ietto-Gillies 1998)**	**Degree of Internationalization Scale (Sullivan 1994)**
Ratio of foreign sales to total sales	Ratio of foreign sales to total sales	Ratio of foreign sales to total sales
+ Ratio of foreign assets to total assets	+ Ratio of foreign assets to total assets	+ Ratio of foreign assets to total assets
+ Ratio of foreign employment to total employment	+ Ratio of foreign employment to total employment	+ Ratio of foreign affiliates to total affiliates
divided by 3	divided by 3	+ "International experience of top management" (see above)
	multiplied by	+ "Psychic dispersion" of international operations
	Number of foreign countries in which a company owns affiliates as a proportion of total number of countries in which foreign direct investment has occurred minus one (= home country of the company)	

Table 5. Dörrenbächer, C. Measuring corporate internationalisation. Intereconomics 35, 119–126 (2000).

The first index created was the Transnationality Index (TNI), which was first introduced in the World Investment Report of 1995 by UNCTAD. This index aims to show to which extent transnational companies (TNCs) are involved in the global economy. The TNI is based on three ratios: foreign sales compared to total sales, foreign assets compared to total assets, and foreign employment compared to total employment.

The second index is the Transnational Activity Spread Index (TASI), which was developed by Ietto-Gillies in 1998. The TASI combines two indices: because Ietto-Gillies felt that the UNCTAD index didn't consider how widely a company's foreign activities are spread, she suggested adding a "network spread index" to the UNCTAD index. As a result, this led to a new concept called the "Transnational Activity Spread Index."

The third index was created by Sullivan in 1994, and is called the Degree of Internationalization (DOI). To measure this index, Sullivan used five ratios: the ratios of foreign sales to total sales, foreign assets to total assets, the number of foreign subsidiaries to the total number of subsidiaries, (measured as the cumulative duration of the years top managers spend working abroad weighted by the total years of their working experience) and the psychic dispersion of international operations (Dörrenbächer, 2000).

As shown by previous research, indicators such as the ratio of foreign sales to total sales (FSTS), the ratio of foreign assets to total assets (FATA), the ratio of foreign businesses to total businesses (FBTB) and the ratio of foreign employees to total employees (FETE) have been frequently used to determine the level of internationalization of a company.

The Ratio of Foreign Sales to Total Sales (FSTS) is a financial metric used to assess the proportion of a company's sales that come from foreign markets relative to its total sales. The FSTS is calculated by dividing a company's foreign sales by its total sales and multiplying the result by 100 to express it as a percentage. For example, if a company generates $1 million in total sales and $500,000 of that comes from foreign markets, the FSTS ratio would be 50% ($500,000 foreign sales / $1,000,000 total sales).

The FSTS serves as a key performance indicator for multinational corporations and companies with significant international operations. A high FSTS indicates a substantial portion of a company's sales comes from foreign markets. This implies that the company has a strong presence and market share in international regions. It may suggest that the company has successfully adapted its products or services to meet the demands and preferences of customers in various countries. A high FSTS can also indicate that a company is effectively capitalizing on the growth potential of emerging markets, which can provide long-term opportunities for revenue expansion. On the other hand, a low FSTS suggests that a company relies heavily on its domestic market for sales. This may indicate limited international presence or challenges in penetrating foreign markets. It could imply that the company has not yet effectively expanded its operations globally or has encountered barriers such as cultural differences, regulatory hurdles, or intense competition in foreign markets.

The Foreign Assets to Total Assets (FATA) ratio aims to measure the proportion of a company's total assets that are located or invested in foreign countries. It provides valuable insights into a company's international asset allocation and its exposure to foreign markets. The FATA ratio is calculated by dividing a company's foreign assets by its total assets and multiplying the result by 100 to express it as a percentage. For instance, if a company has $10 million in total assets and $3 million of those assets are located or owned abroad, the FATA ratio would be 30% ($3 million foreign assets / $10 million total assets).

A high FATA ratio indicates that a significant portion of a company's assets is located or invested in foreign countries. This suggests that the company has a substantial presence in global markets and is actively seeking opportunities outside its domestic market. It could also indicate successful international expansion, diversification of assets, and the company's ability to generate revenue from a wide range of geographies. On the contrary, a low FATA ratio suggests that a company has fewer assets abroad. This may indicate a more domestically focused business or limited exposure to international markets. A low FATA ratio could be a result of a company's strategic decision to concentrate its assets in its home market or difficulties in expanding operations globally. It might also indicate concerns about political, regulatory, or economic risks associated with foreign markets.

The Ratio of Foreign Businesses to Total Businesses (FBTB) compares the number of a company's subsidiaries, branches, or divisions located in foreign countries to the total number of businesses it owns globally. To calculate the FBTB, the number of foreign business entities is divided by the total number of offices operated by the company worldwide. For example, if a company has 10 subsidiaries globally, out of which 4 are located in foreign countries, the FBTB ratio would be 40% (4 foreign businesses / 10 total businesses).

A high FBTB suggests that the company has a significant number of business entities located in foreign countries compared to its total business portfolio. This indicates a strong international presence and a successful expansion strategy. A high FBTB may be indicative of the company's efforts to tap into new markets, leverage local resources, or gain a competitive advantage by establishing a global footprint. It can also demonstrate the company's ability to adapt to diverse business environments and its willingness to take risks in pursuing international growth opportunities. Conversely, a low FBTB implies that the company has fewer or no branches in foreign countries. This may suggest a more focused or domestic-oriented strategy, limited international expansion, or a preference for operating primarily within the company's home country. A low FBTB does not necessarily indicate poor performance or lack of success, as some companies may choose to concentrate their operations domestically due to market conditions, regulatory constraints, or specific business strategies.

The Ratio of Foreign Employment to Total Employment is a measure that indicates the proportion of a company's workforce that consists of foreign employees relative to its entire workforce. A higher FETE ratio is usually associated with companies having a more diverse workforce, including talent from different nationalities. At the same time, this aspect is usually linked to firms that are pursuing internationalization efforts in markets abroad. These companies often rely on foreign talents who have a better knowledge of the country where the firm is trying to expand its operations. This is the only ratio which concerns the talent composition of the organization.

3.2. Limits of Existing Measures of Firm Internationalization

While the measures reported so far had a pioneering impact on the way companies' level of internationalization was (and still is) measured, they have major limitations. This is due to the fact that, as they were developed more than fifty years ago, they can no longer be applied to the current dynamics in which firms operate nowadays. Their home-country and profitability-centric approach has been proven inefficient. Home-country-centric theories of internationalization measurement focus primarily on the activities and perspectives of domestic firms in the internationalization process. These theories often assume that firms from a particular country follow a standardized approach to enter and expand into foreign markets. However, they tend to overlook the complexities and dynamic nature of international business, leading to their ineffectiveness.

Home-country-centric theories of internationalization measurement ignore firm-level heterogeneity, meaning that they often fail to acknowledge the significant differences among firms within a country. Each firm has its unique set of resources, capabilities, strategies, and internationalization trajectories. Assuming a standardized approach overlooks the diverse motivations, capabilities, and strategies of individual firms, leading to an oversimplified view of internationalization. Secondly, they tend to neglect host country factors. As internationalization is not solely determined by the characteristics and actions of the home country, the host country's market conditions, institutional environment, cultural factors, and competitive dynamics play a crucial role in shaping a firm's internationalization strategy. Most home-country-centric theories also tend to overemphasize domestic factors, such as government policies, domestic market size, and industry structure. While these factors can indeed impact a firm's internationalization decisions, they do not provide a comprehensive explanation. These theories should also take into account external factors, such as global market trends, technological advancements, and competitive forces.

Internationalization is a dynamic process that evolves over time. Home-country-centric theories such as the Uppsala model often assume a linear and sequential progression of internationalization stages. However, firms often engage in non-linear patterns, adapt their strategies, and adjust to changing circumstances. While the Uppsala model provides a useful framework for understanding the general process of internationalization, it may not capture the full complexity and variability of firms' internationalization experiences.

Additionally, focusing solely on the profitability aspects of a firm (such as the percentage of foreign sales) also poses strong limitations. Internationalization is not solely driven by individual firms' actions but also by networks and relationships among firms, suppliers, customers, and other stakeholders. These theories often overlook the importance of networks, alliances, and social capital in facilitating internationalization processes. Neglecting these factors undermines the ability to comprehensively understand and measure internationalization.

While the Degree of Internationalization index developed by Sullivan is able to cover structural, performance, and attitude indicators effectively, the index still shows limitations, as it is questionable whether it is actually efficient to determine the extent of a firm’s internationalization level. In particular, there are two main issues with the attitudinal indicators used by Sullivan. Firstly, the viability of both attitudinal indicators used by Sullivan is heavily disputed. Dörrenbächer (2000) points out that other experts disagree with using the duration of international experience as a way to measure how internationally-minded the company’s management is. In fact, they believe that different aspects, such as how widespread the company is and its history, have a larger impact on developing a global mindset. In addition, they criticize the plausibility of the "psychic dispersion of internationalisation" concept. Using this concept would mean, for instance, that a company operating in France and the United Kingdom has a higher psychic dispersion of its internationalization than a company operating in Japan, India, Israel and Brazil (Dörrenbächer, 2000). There are also doubts about whether Sullivan's indicator can be regarded as comprehensive. Because he seems to focus on choosing indicators for the index based on how much they're connected to each other, this might leave out other important ones. For this reason, Sullivan's Degree of Internationalization might exclude some of the common strategies for international business, like indirect exporting, licensing, and joint ventures. Dörrenbächer (2000) also argues that another issue with the DOI is determining how important each indicator should be in the index. In conclusion, there isn't a single indicator or index that effectively measures the complete extent of a company's internationalization.

The measures mentioned, such as the ratio of foreign sales to total sales (FSTS), the ratio of foreign assets to total assets (FATA) and the ratio of foreign businesses to total businesses (FBTB), are indeed helpful in providing useful information for assessing the internationalization level of a firm. However, each measure has its limitations and may not provide a comprehensive understanding of a firm's global presence.

Firstly, the ratio of foreign sales to total sales (FSTS) indicates the proportion of a firm's sales generated from international markets. While it provides a general idea of a firm's global reach, it fails to consider other factors such as the profitability or strategic importance of those sales. A firm may have a high FSTS ratio but still operate in a limited number of foreign markets or face significant challenges in expanding its international operations.

The ratio of foreign assets to total assets (FATA) considers the value of a firm's foreign assets relative to its total assets. However, this measure overlooks the significance and strategic value of those assets. A firm may have a large proportion of foreign assets, but if they are mainly non-core or non-strategic assets, it may not truly reflect the level of internationalization.

The ratio of foreign businesses to total businesses (FBTB) provides insight into the number of foreign subsidiaries or affiliates a firm has. However, it does not consider the size, significance, or performance of those businesses. A firm may have a high FBTB ratio, but if its foreign businesses are small or underperforming, it may not accurately reflect its global presence or success.

It is important to consider aspects other than sales when assessing the level of internationalization of a firm. Sales figures alone do not capture the strategic intent, market access, or operational complexity of a firm's international activities. The only ratio concerning the internal composition of the company’s workforce is the ratio of Foreign employment to Total Employment. This measure is useful for assessing the level of diversity and inclusion of firms, as well as their intent to acquire global knowledge. However, it should be noted that this ratio does not provide an accurate representation of the company’s internationalization efforts, because it is solely based on the number of foreign employees and does not consider key elements such as training programs, skills requested and leadership development.

Overall, it can be said that traditional measures of firm internationalization predominantly rely on quantitative metrics, often overlooking the qualitative aspects of internationalization. They neglect to consider the firm's strategic orientations, innovation capabilities, organizational learning, and adaptation to diverse cultural contexts. These qualitative factors play a crucial role in determining a firm's ability to compete effectively in global markets. Many of the measures listed above also tend to overlook the internal dimensions of the firm that contribute to its international success. They fail to recognize the significance of internal organizational structures, management practices, and the capabilities and skills of the firm's employees. Neglecting the internal perspective poses challenges to a comprehensive understanding of how firms navigate international markets.

3.3. A New Approach for Measuring Firms' Internationalization: the Human Factor

The landscape of international business has undergone significant transformations in recent years. In the past, when assessing a firm's level of internationalization, the conventional approach has primarily revolved around measuring sales and profitability as key indicators of success. The traditional measures used to gauge a firm's internationalization are now considered obsolete due to the changing dynamics of globalization, advancements in technology, and evolving organizational structures. This necessitates a paradigm shift in how we understand and analyze firm internationalization. Recognizing the significance of the human factor, particularly human resource (HR) practices in internationalization efforts opens new ways for understanding and improving a firm's global reach.

To overcome the limitations of previous measures and gain a more holistic understanding of firm internationalization, we must focus on the internal organization and the people that drive its success. By shifting the focus to the human factor, specifically HR practices, we gain a deeper understanding of the organizational capabilities, cultural adaptability, and talent management strategies that contribute to successful internationalization. HR practices are elements which shape the organization's culture, values, and the skills of its employees, and they can involve a wide range of activities, including recruitment, selection, training and development, performance management, and compensation.

Expanding into international markets necessitates a keen understanding of diverse cultures, norms, and consumer preferences. HR practices play a vital role in building cultural competence within the organization. Effective HR strategies can ensure the recruitment and retention of employees with diverse backgrounds and international experience, promoting cross-cultural collaboration and innovation. By focusing on HR practices, firms can cultivate a workforce that possesses the necessary cultural intelligence to adapt to new markets successfully.

Internationalization often involves knowledge transfer across borders, enabling firms to benefit from new insights, ideas, and technologies. HR practices, such as training and development programs, facilitate knowledge transfer within organizations. By investing in employee development, firms can foster the acquisition and dissemination of knowledge throughout the internationalization process. Consequently, this enhances the firm's capacity to adapt to foreign markets, understand local business practices, and identify growth opportunities. Effective talent management is another critical element of successful internationalization. HR practices shape the recruitment, selection, and development of global leaders who can guide the firm's expansion efforts. Nurturing a pool of individuals with the necessary skills, competencies, and cross-cultural mindset strengthens the organization's capacity to make informed decisions, navigate complexities, and foster relationships in diverse markets.

In addition, firms seeking to expand internationally are required to have a global mindset, which involves a cognitive orientation that transcends national boundaries and embraces a global perspective. HR practices can be strategic tools to promote such mindset among employees. By promoting diversity and inclusion, encouraging cross-cultural collaboration, and providing international exposure opportunities, organizations can instill a global outlook within their workforce. Having a global mindset enhances adaptability, creativity, and innovation—key attributes for thriving in international markets.

These practices reflect a deeper commitment to internationalization and suggest that a firm is investing in building a global organizational culture and capabilities.

4. HRM IN CHINA AND THE WINE INDUSTRY

4.1.Development of human resource management in China

The following review of the dynamics of HRM practices in China is based on the research carried out by Zhao and Du called “Thirty-two years of development of human resource management in China: Review and prospects” (2012). The paper examines the evolution of human resource management in China over three distinct time periods since the country's reform and opening-up. It traces the shift from planned labor and personnel management to modern human resource practices. The challenges faced in human resource management during China's economic transition are discussed, focusing on internationalization, corporate culture, and organizational innovation. Additionally, the paper outlines the potential future developments and trends in Chinese human resource management.

Over the span of three decades of reform, China's progression in HR management can be discerned through stages of conceptual evolution, exploration, and system intensification. These developmental phases reflect three distinct roles of HR management. The initial phase revolves around administrative responsibilities, primarily centered on management administration and personnel record-keeping. The subsequent phase involves supportive functions, encompassing a variety of human resource practices that offer supportive services to employees. The final stage encompasses strategic roles, involving contributions to organizational goals and safeguarding ethical standards within the organization (Zhao, 2002).

Before the 1980s, China predominantly operated within a labor and personnel management framework under a planned economy structure. Emerging during the early 1980s, human resource (HR) management emerged as a prominent focus within American management studies. Nevertheless, until the mid-1980s, the term "HR management" remained unfamiliar to Chinese companies and was occasionally misconstrued as "personnel management." When the fundamental principles of HR management began to enter China, weren’t subject to extensive implementation. In the context of the planned economy system, personnel management was still subject to administrative directives. During this era, laborers were regarded not as individual contributors but rather as elements of production akin to land, capital, and other resources. Personnel management was mainly seen as a way to control costs, not considering the needs of individual workers. HR departments mostly did routine tasks like assessing employees, managing pay, and keeping records. Personnel management relied on administrative decisions, and there weren't effective ways to evaluate job performance. Labor contracts were not very important, and there weren't strong rewards or competitive job structures.

Starting from the mid-1990s, Chinese professionals and researchers began incorporating HR management into the way businesses and government manage their personnel. A comprehensive nationwide survey conducted by Zhao (1999) revealed that industries were adopting and enhancing HR management functions. These included areas like recruitment, training, pay, performance evaluation, and professional skill improvement. Some businesses introduced an annual salary system that not only encouraged entrepreneurs but also restrained business operations and income. The implementation of the annual salary system was a noteworthy step forward. This system not only displayed characteristics of performance-based pay for managers but also motivated them by balancing responsibilities, risks, and income. It enabled managers to share in profits, fostering long-term dedication. Moreover, the annual salary system formed a solid basis for shared motivation, particularly benefiting senior management. Its implementation also played a role in mitigating the risks of management corruption. As for employees, their pay was mainly linked to performance. However, reform of the pay management system was still ongoing due to the need for clearer structures, like post analysis, salary framework, and performance evaluation system (Deng & Liu, 2007). It's important to mention that due to the market system's imperfections, there were limitations in HR management during that period. These limitations stemmed from unclear property rights, excessive administrative control within state-owned enterprises, and the gradual development of professional human resource market management.

From the late 1990s onward, the reform of human resource management has gained momentum, demonstrating China's increasing emphasis on evolving corporate perspectives and enhancing HR management practices (Xiong & Zeng, 2008). This period witnessed considerable growth in China's labor market, more comprehensive implementation of labor laws, strengthened government HR management, and a shift towards fostering employee autonomy and effective HR management practices by businesses. In response to the evolving 21st-century landscape, HR management reform has embraced international, market-oriented, and professional dynamics. China's entry into the World Trade Organization (WTO) in December 2001 introduced a more intricate market environment, compelling the examination of HR management patterns suitable for Chinese enterprises' enduring growth. Throughout this phase of systematic intensification, HR management became an integral facet of business administration. The Human Resource Department transformed from traditional personnel administration to strategic HR management, effectively playing dual roles as both managers and contributors to the corporate development of HR practices. As the fundamental management model underwent profound changes, HR management emerged as a pivotal resource, gaining widespread recognition alongside the notion of "people orientation." Within this context, a new HR management approach was established, centered around personnel assessment, performance evaluation, and incentive-based compensation.

With a growing understanding of Western strategic HR management theories among the Chinese, further advancements can be anticipated. Strategic HR management from Western concepts recognizes employees as a crucial organizational asset. The progress of an organization and the development of employee skills are interdependent. Hence, companies consistently foster the enhancement of employee skills to strengthen a company's competitiveness. This involves a shift towards emphasizing the individual's growth in addition to their work capabilities. Strategic HR management underscores the notion that investing in human capital can establish an organization's core competitive advantages. By nurturing the human resource, an organization can generate value. This approach calls for creating a fair environment that facilitates value generation and provides essential resources. Delegation of authority and power to employees is deemed essential. Employing scientific and effective motivation systems can incentivize employees through tangible and social rewards, premised on an equitable assessment of their skills, behavior, and performance. This approach empowers employees to contribute value to the company while realizing their own potential (Zhao, 2008).

As Chinese companies gain international ground, they will place significant importance on nurturing global leaders. As Drucker (1998) pointed out, two distinct types of managers are emerging in the 21st century: those with a global perspective and those without. Effective global leaders are becoming indispensable for businesses, and a company's shortcomings can be attributed in part to a lack of such leaders (Javidan & House, 2002). Within China, the rise of international capital and technology has prompted shifts in competitive dynamics across industries and enterprises. This transformation involves the localization of international competition and the internationalization of local competition. Chinese companies now face the pressing challenge of insufficient skilled global leaders. To address this, companies must foster their capacity for global collaboration and teamwork through the flow of resources within transnational networks comprising business units, communities, and economic management. A crucial element of organizational triumph and a prerequisite for maintaining a competitive edge is the strategic focus on recruiting and retaining skilled talent within HR management. Companies should guide employees in career planning, provide tailored human resource services and offerings, and emphasize the development of human capital within their operational strategies. Concurrently, organizations should strive to enhance the work-life quality of their employees, aiding them in realizing personal value and career aspirations. Strategic HR management should furnish companies with the requisite hard skills to generate market value while facilitating the attraction and retention of exceptional talent. The ability to acquire and retain talent demands the fostering of strategically oriented values within the company, coupled with HR policies and practices that strengthen skills pertinent to an innovative organization.

Chinese companies can embark on various paths to cultivate global talent. They can cultivate high-caliber individuals through global recruitment and systematic training, procure talent through outsourcing, or attract skilled professionals from international or local entities. To fortify innovation culture, companies can design performance systems that reward specific skills. The operational landscape of pioneering Chinese companies should prioritize transnational and cross-functional collaboration, strengthening each unit's contribution to global performance through enhancements in indices that reflect global production and performance in the employee's remuneration system. In parallel, companies should institute innovative global incentive mechanisms aligned with new strategies and encourage knowledge exchange across the organization. Trust, in this context, acts as a stimulus for communication, cooperation, and conflict reduction. Chinese companies can establish suitable cross-functional mechanisms to cultivate trust amidst diverse cultures through institutional arrangements, team cultivation, cross-cultural training, and the establishment of information-sharing systems (Zhao, 2012).

4.2.Human Resource Management and Management Skills in the Wine Business

The topic of HRM practices in the wine business is still relatively unexplored. Without the aid of previous studies on this matter, it is challenging to define exactly which characteristics pertain to the sphere of talent management in wineries. However, a research carried out by Charters (2008) showcases a study of the managerial expertise of winery owners/managers in Western Australia, from which useful insights can be drawn. These insights could potentially be applied to international wine companies and help define which skills and practices managers and owners should rely on to promote the internationalization and success of wine companies.

The research unveiled a spectrum of managerial skills deemed vital by industry experts for efficacious winery business operations. The most important managerial skills within the industry were deemed to be marketing and sales. Marketing skills, in particular, encompass plenty of dimensions, including comprehension of international markets, distributors, agents, proficiency in cellar door sales, and adept management of relationships with customers and distributors. Most winery managers are also actively responsible for the development of their company’s export volumes. A big part of their job is traveling to meet customers and expand their markets. When they can't travel themselves, they rely on agents and distributors. Moreover, as wine tourism is on the rise, wineries need to find and keep skilled staff to boost their cellar shops. A key skill that talents recruited for these positions should have is communication – being able to talk to customers in a way that makes their experience special.

The research also determined that managers should know how to handle money and finances in order to improve the winery's future success. In the case where managers do not have financial knowledge or expertise, they should hire accountants to help. Another important skill is planning how to use money wisely. This includes aspects like managing the money that comes in and goes out, finding funds for new projects and ideas, and being prepared for losses. Planning for the future and who will take over the business is also crucial.

The research also highlighted that in the case of family-owned wineries, where most of the workers were family members, managing employees wasn't seen as a big challenge. These wineries only hired extra workers on a temporary basis during certain times of the year. On the other hand, the larger wineries had more employees, therefore talent management was a bigger deal. In both cases, having good management skills for their employees is regarded as a key attribute for running a successful business.

During the 1st Global Conference on Wine Business Education held in Sonoma, participants pointed out that in larger companies, different skills are required according to different management levels. At the entry level, having good wine knowledge, communication skills, presentation skills and an understanding of consumer behavior are required. At mid-level positions, planning, problem-solving, quantitative and leadership skills are more important. At the VP and executive level, skills required also include strategy, diplomacy and innovation (Veissiere, 2015). On the other hand, employees working in smaller companies are often expected to take on multiple roles and responsibilities that go beyond what their job title suggests. This implies that they need to be more versatile and have a wider range of skills and abilities to handle various tasks. Lastly, in the segment of hospitality and tourism, wine professionals are required to possess a wide array of skills, which includes understanding different customer cultures, having good knowledge of culture, history, and languages, as well as planning events and managing talent.

Another useful research regarding which managerial characteristics drive US wineries to success was carried out by Gilinsky et. al. (2018). Evidence from the research showed that the development of human resource management practices and skills of employees in the wine industry is a key element of winery management and plays a crucial role in the growth of wineries. Wine businesses continue to recognize their relationships with consumers as critical to continued success and sustainability (Gilinsky et. al, 2018). Research results pointed out that the vast majority of wine companies gave particular importance to managing and building customer relationships and brand awareness. At the same time, it was noted that many wine businesses had relied on changes in staffing levels, training and skills, and the organizational structure to boost the company’s profitability. Regarding the characteristics that future managers should possess, the research showed that marketing, strategic planning and entrepreneurial thinking were deemed as the most important.

Evidence from the studies reported above underlines the key importance of managerial skills and human resource management in determining the success of wine business and, as a result, their expansion in foreign markets. Data indicates that changes in the organizational structure are the drivers of higher financial success, rather than the other way around. For this reason, it is mandatory to focus on these elements when assessing the level of internationalization of wine firms, rather than on measures of profitability.

5. THE INTERNATIONALIZATION ASSESSMENT FRAMEWORK (IAF)

Through attentive research, our objective is to create the Internationalization Assessment Framework (IAF). This name indicates that the method is designed for assessing a firm's internationalization level. The term "framework" implies a structured approach that takes into account various aspects of the firm's operations. This framework aims to offer a useful approach for evaluating and quantifying a company's degree of internationalization, with a particular emphasis on its internal organization and human resources practices. The primary aim of the IAF is to establish a methodical means of evaluating different aspects related to a company's global involvement, cultural assimilation, and the management of its international workforce.

Through this study, we will apply the Internationalization Assessment Framework (IAF) to both international and Chinese wine companies. By doing so, we aim to comprehensively evaluate and ascertain the extent of internationalization achieved by these firms within their respective contexts.

The Internationalization Assessment Framework (IAF) wishes to be useful to a variety of stakeholders across different levels and functions within a company, as well as external parties. Its utility arises from its ability to provide a structured and systematic approach to evaluating a company's level of internationalization and guiding strategic decision-making. For this reason, the IAF wishes to serve as a tool for stakeholders seeking to make informed decisions and evaluations of their company's organizational structure and workforce. At the pinnacle of organizational hierarchy, company executives and top management wield the responsibility of steering the strategic trajectory of the firm. The IAF stands as a strategic ally, enabling executives to make judicious decisions concerning resource allocation, leadership cultivation, and workforce diversification. Within the structure of an organization, HR departments play a crucial role in designing the overall employee experience. The IAF also offers valuable assistance to HR professionals by enabling a comprehensive evaluation of HR policies and practices in the context of internationalization. By identifying areas that need improvement in cross-cultural training, examining strategies for recruiting talent in international roles, and assessing how well the global workforce is integrated, the IAF empowers HR departments to create a work environment that is both harmonious and culturally sensitive.

5.1. Research Methodology

The methodology used to define the Internationalization Assessment Framework (IAF) navigates through a sequence of strategic steps, each meticulously designed to dissect and analyze key facets of the company's global engagement. The methodology will include the following steps.

5.1.1. Definition of the Parameters

The first step will consist of defining which parameters should be considered when assessing the level of internationalization of a firm. Because the IAF focuses mainly on the internal organization and HR practices adopted by a company, these parameters will focus on aspects such as the nationality of the workforce and other talent management strategies in use. By identifying a set of clear parameters, we lay the foundation to build a structured evaluation of the company's internationalization. It should be noted that, according to the different industries the firms operate in, it is possible to modify such parameters in order to have them aligned with the company's internationalization goals.

In the context of this specific study, the parameters we will take into consideration are the following:

1. Global Presence

The parameter referring to the company's global presence identifies the number of countries where the company operates or has subsidiaries. As a result, this field can include both countries where the company carries out international operations (such as export activities and/or marketing campaigns) and countries where the firm has established foreign offices or subsidiaries. The extent of the global presence of a company is a useful indicator to determine the international exposure of a company. However, it is not a comprehensive tool to assess the general level of internationalization of the firm, especially because it doesn't take into consideration any aspects related to the organizational structure. Still, it is very useful to compare it to other parameters of the IAF to spot any weaknesses in the company's management.

2. International Workforce

The second parameter requires the analysis of the percentage of international employees in the company, especially in leadership and strategic roles. Key elements to consider when assessing this parameter include the distribution of employees' nationalities, international leadership and cross-border hiring. The existence of an international workforce usually requires stronger adaptation strategies and integration, and may be an indicator of a higher level of internationalization.

3. Cultural Competence

Cultural competence is generally defined as a combination of knowledge about certain cultural groups as well as attitudes towards and skills for dealing with cultural diversity

(Betancourt, 2003). In a highly internationalized firm, cultural competence is a key skill that most employees should have in order to successfully navigate an intercultural environment. For this parameter, one should evaluate the level of cultural competence within the organization, considering factors like cross-cultural training, language skills, and cultural sensitivity.

4. International Mobility

International mobility refers to the number of employees who have been transferred or promoted internationally. In large companies which have established offices or subsidiaries abroad, a high level of international mobility is usually accompanied by a large number of expatriates who relocate to foreign countries. In these cases, it is likely that companies have developed expat programs to help and support employees promoted abroad. However, in smaller companies with no international branches, international mobility may be limited to business trips. While these assignments do not require the relocation of employees, they still allow team members to gain significant exposure to foreign contexts and cultures, and may take up from a couple of weeks to several months – depending on the extent of the trips. In the context of wine firms, employees often attend international wine fairs and events through which they can expand their network of importers, distributors and customers. During these events, cultural competence and language skills are often challenged, as these events represent a connection point for wine professionals worldwide.

5. Adaptation of HR Policies

These parameters measure how well HR policies are adapted to accommodate cultural and legal differences in various countries. An increasing level of internationalization leads firms to adapt and develop their HR practices to fit a more global environment. This process usually involves the definition of HR policies that are unified across the different locations, which are in line with the core values of the company, but also the implementation of adapted HR strategies that fit the specific cultural and legal context of each location. For this reason, firms can either develop a centralized HR division which sets the practices for all countries, or foster collaboration between decentralized, local HR managers in order to promote the consistency of such practices. Adaptation of HR policies is required when managing a global workforce, and is crucial when dealing with employees with different ethnic, cultural and linguistic backgrounds. In this context, it is also important to promote training programs for employees which aim at expanding their cultural sensitivity, therefore creating a more inclusive environment.

6. Global Leadership Development

This parameter aims to assess the company's programs for developing global leaders and succession planning for international positions. According to a study by Goldsmith et al. (2003), a global leader should possess the following skills: thinking globally, appreciating cultural diversity, developing technological savvy, building partnerships and alliances and sharing leadership. As companies become more and more international, they need to develop global leaders with a global mindset. Key elements that can contribute to the development of global leaders can involve international education, international experience and international exposure. These practices should be actively promoted by the company in order to prepare team members to cover leadership roles.

7. Cross-Border Collaboration

This last parameter strives to assess the extent to which a company encourages and facilitates interactions with individuals from other countries. Cross-border collaboration, in this context, refers to the interactions between the firm’s employees and other colleagues, partners and clients located abroad. Cross-border collaboration allows the team members to gain higher international exposure and helps foster cultural competence and language skills. For this reason, however, employees engaging in cross-border collaboration either must already possess a good level of these skills, or have to be trained by the company in order to carry out their job activities.

5.1.2. Development of a Scoring System

Each of the parameters defined above will be assigned a numerical value on a scale from 1 to 5, in order to quantify them. Setting this simple criteria for scoring each parameter in the Internationalization Assessment Framework (IAF) helps establish a consistent and objective basis for evaluating a company's internationalization level. Each of the parameters will be given a score according to the following criteria:

a. Global Presence:

Score 1: The company operates exclusively within its home country and has no subsidiaries or operations abroad.

Score 2: The company has expanded to a limited number (1-2) of international markets, with minimal subsidiaries or activities.

Score 3: The company operates in several countries (3-5), with a stable number of subsidiaries or international offices.

Score 4: The company has a strong global presence, operating in numerous countries (6-15), and actively expanding its international operations.

Score 5: The company has an extensive global presence, with operations in over 15 countries across multiple continents, demonstrating a highly diversified geographical footprint.

b. International Workforce:

Score 1: Less than 5% of the total workforce is international, and representation in leadership roles is negligible.

Score 2: Around 5-10% of the workforce is international, with minimal representation in leadership and strategic positions.

Score 3: Approximately 10-20% of the workforce is international, with some representation in mid-level leadership roles.

Score 4: About 20-40% of the workforce is international, with a significant number occupying leadership and strategic positions.

Score 5: More than 40% of the workforce is international, and a substantial proportion holds leadership and executive roles, reflecting a high level of diversity in leadership.

c. Cultural Competence:

Score 1: No formal cross-cultural training is provided, and cultural sensitivity is virtually absent among employees. Language and cultural mediation skills are notably limited, with < 5% of the workforce possessing them.

Score 2: Basic cross-cultural training workshops are sporadically conducted. Basic language skills and cultural awareness are present, with 5-10% of the workforce demonstrating proficiency.

Score 3: Cross-cultural training is offered periodically, resulting in moderate enhancement of cultural understanding. Language skills and cultural awareness reach a moderate level, with 10-20% of the workforce exhibiting competence.

Score 4: Comprehensive cross-cultural training programs are regularly conducted, leading to strong language skills, high cultural sensitivity, and improved communication. Language skills and cultural awareness are pronounced, encompassing 20-40% of the workforce.

Score 5: Advanced cross-cultural training initiatives are integrated into organizational culture, resulting in exceptional language proficiency, cultural competence, and seamless interactions across diverse cultures. Language skills and cultural awareness are elevated, exceeding 40% of the workforce.

d. International Mobility:

Score 1: Less than 1% of employees have been transferred or promoted internationally.

Score 2: Around 1-5% of employees have experienced international mobility, indicating minimal exposure to global opportunities.

Score 3: Approximately 6-10% of employees have been transferred or promoted internationally, reflecting a willingness to embrace cross-border roles.

Score 4: About 11-20% of employees have engaged in international mobility, highlighting a significant commitment to cultivating a global talent pool.

Score 5: More than 20 % of employees have experienced international assignments or promotions, demonstrating a robust culture of international mobility and talent exchange.

e. Adaptation of HR Policies:

Score 1: HR policies are largely uniform across all locations, with little consideration for cultural or legal differences.

Score 2: Basic modifications are made to HR policies to accommodate some cultural variations, but inconsistencies remain.

Score 3: HR policies are partially adapted to align with local cultural and legal contexts in key markets.

Score 4: HR policies are well-tailored to address cultural and legal nuances in various countries, demonstrating a high level of adaptability.

Score 5: HR policies are extensively customized to suit each country's specific cultural and legal requirements, ensuring seamless integration.

f. Global Leadership Development:

Score 1: Leadership development programs lack an international focus and do not prepare leaders for global roles.

Score 2: Limited efforts are made to develop leaders for international positions, with minimal succession planning for global leadership roles.

Score 3: Some leadership development initiatives include an international component, with basic succession planning for international roles.

Score 4: Comprehensive global leadership development programs are in place, coupled with robust succession planning for international positions.

Score 5: The company excels in global leadership development, with highly effective programs and a robust pipeline of leaders ready for international roles.

g. Cross-Border Collaboration:

Score 1: Very few employees (less than 5%) have direct interactions with individuals from other countries, and cross-border collaboration is extremely rare.

Score 2: Some employees (5-15%) engage with international colleagues, clients, or partners occasionally, accounting for a small percentage of their interactions.

Score 3: Cross-border collaborations occur regularly among certain teams or departments (15-30%), representing a notable portion of their overall interactions.

Score 4: A significant portion of the workforce (30-50%) participates in cross-border interactions, accounting for a substantial portion of their daily interactions.

Score 5: Cross-border collaboration is deeply ingrained in the company's work culture, with a majority of employees (more than 50%) routinely engaging with international stakeholders.

These criteria provide a foundation for objectively assessing and scoring each parameter within the IAF. In the table below, called the Internationalization Parameters Scoring Chart (Table 6.), each row corresponds to a specific parameter, and the columns represent the different score levels for each parameter. This table format provides a clear visual representation of the scoring system and allows for easy comparison between different score levels for each parameter. Customizing these criteria based on the company's unique context, goals, and industry will enhance the accuracy and relevance of the assessment process.

	SCORE				
PARAMETER	1	2	3	4	5
Global Presence	Exclusive home country	Limited presence (1-2)	Several countries (3-5)	Strong global presence (6-15)	Extensive global presence
International Workforce	<5% international, minimal	5-10% occasional	10-20% moderate	20-40% significant	>40% substantial, leadership
Cultural Competence	No training/skills, low sensitivity	Basic training/skills, awareness	Moderate training/skills	Comprehensive training/skills	Advanced training/skills
International Mobility	<1% employees transferred/promoted	1-5% occasional transfers	6-10% moderate transfers	11-20% significant transfers	>20% extensive mobility
Adaptation of HR Policies	Standardized, no adaptation	Minimal adaptation, uneven	Partial adaptation, context	Well-tailored	Highly customized, seamless
Global Leadership Development	No international focus	Limited efforts, no planning	Some international focus	Comprehensive programs	Advanced programs
Cross-Border Collaboration	Minimal interaction	Occasional interaction	Regular interaction	Integrated collaboration	Seamless integration

Table 6. Internationalization Parameters Scoring Chart

Lastly, we will add the values of each parameter to determine the final level of internationalization of the firm. The maximum score which can be achieved through the IAF is 35. From there, it will be possible to convert the final score to a percentage. According to the final percentage obtained by the company, its level of internationalization can be further divided into four stages:

- 0-25%: low internationalization;
- 25-50%: intermediate internationalization;
- 50-75%: moderate internationalization;
- 75%-100%: advanced internationalization;

5.1.3. Data Collection and Analysis

In order to gain data regarding the different scores for each parameter, we will require the help of leaders and managers of the companies. People covering key roles inside these firms will be first asked to respond to a survey containing the same indications as the paragraph above. By taking into consideration the current situation of their company's organizational structure, HR policies and international operations, they will bestow a score from 1 to 5 on each parameter.

This first step will allow us to get a general understanding of the level of internationalization of the firm, shedding light on its internal organization and the composition and skills of its workforce.

Secondly, where possible, we will carry out individual interviews with managers and HR experts of the company in order to get a more detailed understanding of the practices implemented by the firm in terms of human resource management, recruitment and training. This will allow for a more in-depth evaluation of the internationalization of the company.

Once achieved the final score through the Internationalization Assessment Framework, it will be possible to compare the company's performance against other competitors to highlight the strengths and weaknesses of the firm. It should be noted that such comparison shall be made taking into account the different characteristics between firms, including their size, ownership structure and product offerings. This process could prove useful in offering a clearer picture of the company's internationalization as opposed to other key players, as well as identifying potential areas for improvement. By sharing the results with the company's management team and HR department, one can encourage them to use the feedback to develop strategies and action plans to enhance their internationalization efforts.

In addition, it could be advised to repeat the assessment periodically in order to track the company's progress and assess the effectiveness of improvement initiatives.

It is important to acknowledge that the specific parameters and scoring system may vary based on the company's unique characteristics, industry, size, and internationalization goals. The methodology's flexibility ensures its adaptability to different organizational contexts.

5.2. Applying the Internationalization Assessment Framework: Data Collection and Analysis

In order to test the effectiveness of the Internationalization Assessment Framework in relation to wine companies that operate in China, the goal was to gather information from multiple wineries concerning their organizational structure and HR practices. Although over 10 companies, both Chinese and international, were contacted for this project, only two of them responded and agreed to participate in this study: the Chinese winery Silver Heights and the Australian winery Penfolds (owned by the group Treasury Wine Estates). The following sections report the information collected through surveys and interviews following the Internationalization Assessment Framework, as well as the analysis of such data.

5.2.1. Data Collection and Analysis: Silver Heights

Silver Heights is one of the leading Chinese boutique wineries. The estate and its vineyards are located in Ningxia, on the eastern slopes of the Helan Mountains. Their vineyard rises at an altitude of 1200 meters, marking it as one of the highest vineyards in the country. Silver Heights' international recognition has contributed significantly to the success of Chinese wine: in 2020, the winery exported RMB 1.64 million (US$254,000) worth of wines, which accounted for 61.88% of Ningxia's total export value (RMB 2.65 million), making it the biggest wine exporter among all wineries in Ningxia (Wang, 2021).

The history of Silver Heights began in 1997 with Gao Lin, who used to work in viticulture. Through his work, he saw the potential of growing vines and producing wine in the Ningxia region, which led to an increasing interest in building a project to craft high-quality Chinese wines. In order to achieve this, Gao Lin traveled to European countries such as France and Germany to gain a deeper knowledge of the art of winemaking and the wine business. Similarly, his daughter Emma, raised in Ningxia, also learned to appreciate the potential for the area's unique terroir and agriculture. She studied in Bordeaux, obtaining the prestigious Diplome National d'Oenologue, becoming one of China's first women with this title. In the following years, she gained valuable experience in winemaking by working at various estates, including Chateau Calon Segur in Bordeaux, and by visiting many wine regions across Europe.

Returning to Yinchuan in 2007, Emma and her family founded Silver Heights Vineyards, with the promise to make artisanal wines that demonstrated craftsmanship, integrity and passion. In the beginning they didn't have their own vineyards, and therefore relied on local growers to supply grapes. During this time Emma was able to experiment with different varietals and refine her own winemaking style. In 2012, they planted their own vineyard. They used organic viticulture principles to farm their tiny family farm, while also partnering with additional farmers, sharing best practices. Eventually, their singular attention to quality and authenticity would help bring critical acclaim to Ningxia as China's premier wine-growing region.

Gaining early positive reviews from the world's most respected media (Jancis Robinson / Robert Parker / RVF), Emma showed that China could produce artisanal wines with balance, delicacy and longevity. Among Silver Heights' range of wines is the exclusive Emma's Reserve, a limited edition collection, with only 2,000 bottles crafted annually. This special wine is meticulously created to rival Bordeaux's esteemed Grand Crus. It is made entirely from Cabernet Sauvignon grapes and matures in new French oak barrels for two years. Notably, the 2009 vintage received a remarkable score of 17 out of 20 from Jancis Robinson MW, a renowned British wine critic, thus earning recognition as the highest-rated Chinese wine by this authority.

Since their beginning days, Silver Heights embraced natural techniques in farming, while also following the ancient Chinese principles of Jieqi (well respected in agricultural parts of the country). After 2015, the winery was able to make their wines from 100% estate fruit, and eventually earn the Chinese Government's Organic Certification. Moreover, since 2017, the focus has been on enhancing the ecosystem and soils of their vineyards by converting to Biodynamic Viticulture. The estate now includes chickens, horses and donkeys which all contribute to the nutrient-rich composts and the vineyard's cycle of life. This holistic approach and passionate philosophy allowed Emma's understanding of winemaking to progress using only the most delicate hand to guide the wine fermentation and evolution.

Silver Heights wines are now sold around the world, showing the elegance and finesse expected of the world's best Chateaux. Over the years, Silver Heights wines were poured for two state dinners, first for China's former Prime Minister Li Keqiang and German Chancellor Angela Merkel during her visit to Beijing in 2016, and second for President Xi Jinping and President Emanuel Macron in 2019. To this day, Emma Gao continues to gradually expand her production capability, while also pushing for innovation in her repertoire of wines. For over a decade, the winery has been consistently setting an example as a multigenerational family winery prioritizing sustainability and harmony with nature.

In order to carry out this research to assess the level of internationalization of Silver Heights, we reached out to the winery's CEO, Marco Milani. Milani is also in charge of the Asia Pacific development of the Italian-based Zenato winery, has been an official judge of CWSA (China Wine Spirits Awards) and is a member of the Hanoi vino club and alumni of Cairoli College of Pavia. Thanks to his experience and knowledge of many Asian markets, in particular the Chinese one, Marco Milani is leading Silver Heights towards further growth.

According to Milani, 10-20% of the company's total turnover currently originated from exports to foreign markets. This insight signals that the winery places a significant emphasis on its domestic market. It is noteworthy that Silver Heights functions as a family-owned boutique winery, which comes with inherent limitations on production capacity, thereby presenting challenges in achieving substantial export quantities. Despite these constraints, the winery maintains a robust network of importers and distributors across the globe, including notable companies such as the Oeno Group in the United Kingdom, recognized for its diverse portfolio of top-tier wineries.

Drawing from Milani's observations, Silver Heights wines are presently reaching out to approximately 15 countries, spanning Asia, Europe, North America, and South America. Emma Gao, the owner, highlighted in a previous interview that the winery witnessed a significant surge in exports during the year 2020. Notably, this period marked successful expansions into new and pivotal markets such as the United Kingdom, United States, Singapore, Belgium, Denmark, and Italy. Furthermore, during the same year Silver Heights effectively reinforced already established partnerships in key markets, including Japan, Canada, and the Philippines.

Despite its inherent limitations in production capacity, Silver Heights undeniably exhibits a growing presence in an expanding number of countries. A notable development in 2022 includes the beginning of exports to Vietnam and Malaysia, marking a significant step forward in its ongoing global expansion efforts. Since 2023, Silver Heights is also imported in Peru, and is currently served at Central in Lima, which has been nominated the best restaurant in the world according to 50 Best.

Upon careful examination and comparison of data pertaining to Silver Heights' export-generated turnover percentage and the number of export markets, several noteworthy conclusions can be drawn. Specifically, it becomes evident that the winery's export turnover is relatively modest in relation to the extensive array of markets where its wines are imported and distributed. This suggests that while Silver Heights is notably engaged in export endeavors, these endeavors are likely characterized by relatively limited wine volumes. This observation can be attributed to two distinct factors that warrant consideration. Primarily, the winery's production capacity is notably confined, thereby rendering it insufficient to meet substantial foreign demand. Instead, its focus predominantly centers on catering to the domestic Chinese market, where its limited production can be optimally allocated. Secondarily, the global demand for Chinese wines from foreign countries is somewhat constrained. Despite the increasing international recognition bestowed upon Chinese wines, including the notable prominence of Silver Heights as a beacon of high-quality Chinese wine, the winery may be encountering challenges in attaining a commensurate level of awareness and demand compared to more established and renowned wine regions such as France, Italy, or Spain.

In essence, while Silver Heights actively participates in the export arena, its constrained production capacity and the evolving perception of Chinese wines on the global stage contribute to the observed dynamics in export turnover and market penetration.

The upcoming paragraphs will showcase the responses provided by CEO Marco Milani to a survey structured according to the Internationalization Assessment Framework. By closely analyzing the scores attributed to each parameter within the framework, we will derive conclusions pertaining to the extent of internationalization achieved by Silver Heights.

a) Global Presence

As a response to the first parameter regarding the company's global presence (Figure 1.), Silver Heights achieved a score of 4, indicating that *"the company has a strong global presence, operating in numerous countries (6-15), actively expanding its international operations".*

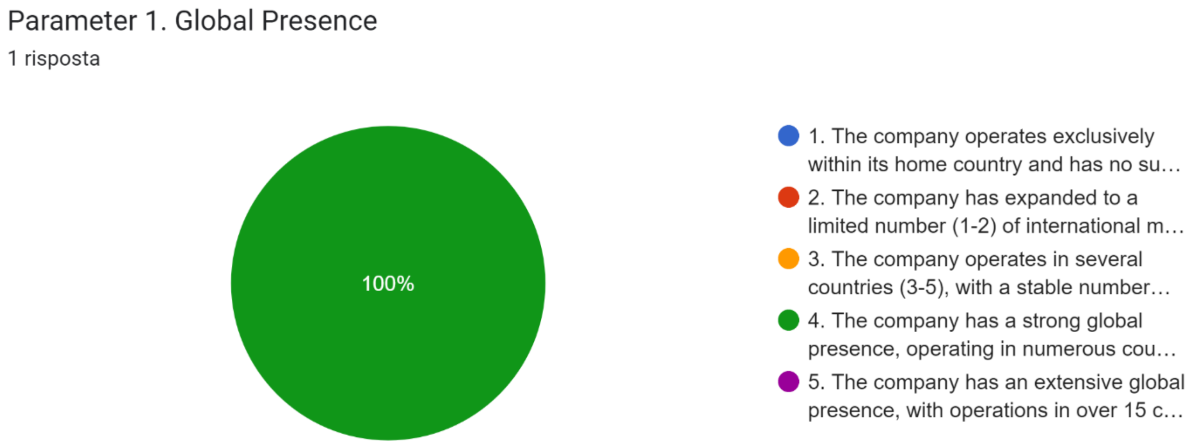

Figure 1. Silver Height's global presence in 2023.

This data shows that Silver Heights has a rather high global presence, having established successful relationships with importers and distributors in about 13 countries. It should be noted that the winery's global presence should be intended only in terms of export activities, since Silver Heights has not established any foreign offices or subsidiaries yet. This information also indicates that the winery is actively trying to expand its international operations – the gradual opening of more and more new markets shows the winery's commitment to increasing its export volumes. The CEO, Marco Milani, has also expressed the willingness to improve the international performance of the company, while also focusing on strengthening the already-existing relationships with partners and importers.

b) International Workforce

As a response to the first parameter regarding the company's global presence, Silver Heights achieved a score of 1 (Figure 2.), indicating that *"Less than 5% of the total workforce is international, and representation in leadership roles is negligible."*

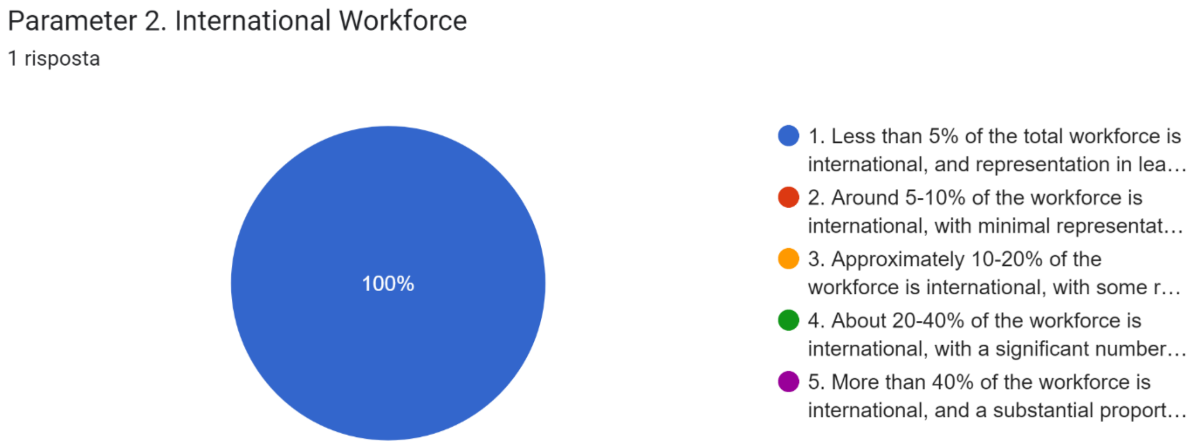

Figure 2. Silver Height's international workforce in 2023.

This information regarding the nationality of the employees currently working in Silver Heights is particularly interesting. The figure shows that most of the winery's workforce is composed of people of Chinese nationality, with a very limited percentage of international employees. Since Silver Heights is a family-owned winery, most of the leadership positions are covered by the members of the founding Gao family. The winery also focuses on employing local people from the Ningxia region to work in the vineyards and the winemaking facilities – this is because they feel confident in relying on local talents who have a deep understanding of the soil and climate of the area. An exception to the nationality of the workforce is the current CEO of Silver Heights Marco Milani, of Italian nationality. It could be said that Silver Heights focuses on its employees with an international background (such as Marco Milani, who comes from the Italian wine business, and Emma Gao, who spent many years studying winemaking in Europe) to cover roles with high international exposure. Still, the winery remains largely composed of Chinese nationals.

c) Cultural Competence

In terms of cultural competence, the winery has achieved a score of 2 (Figure 3.), thus indicating that *"Basic cross-cultural training workshops are sporadically conducted. Basic language skills and cultural awareness are present, with 5-10% of the workforce demonstrating proficiency."*

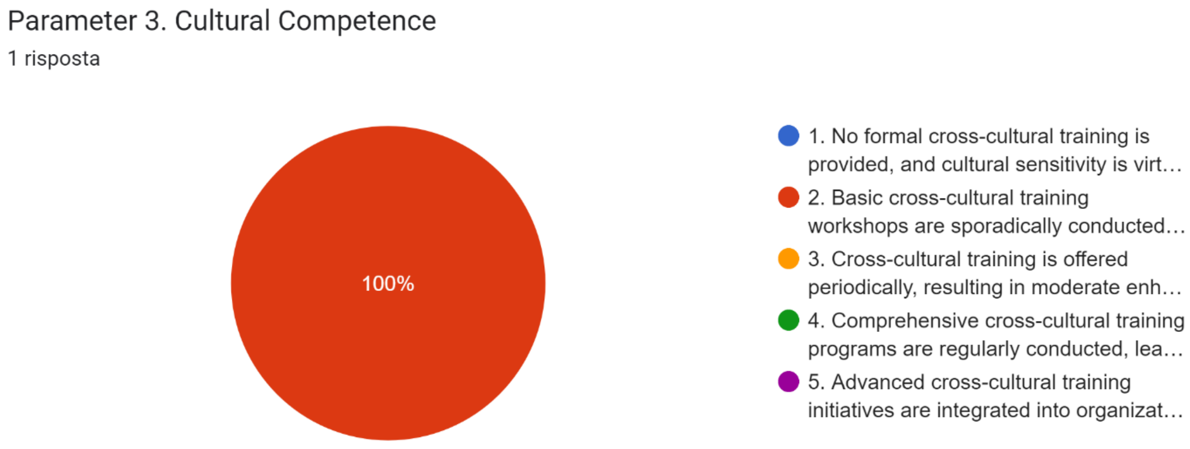

Figure 3. Silver Height employee's cultural competence in 2023.

This data highlights that while Silver Heights does engage in training activities aimed at enhancing the cultural competencies of its employees, such activities are rarely carried out. This may be due to the fact that because Silver Heights is a winery which still strongly focuses on its domestic market, cross-cultural training may not be considered as a key focus. The data also indicates that a minor percentage of the workforce is able to communicate fluently in foreign languages and possesses strong cultural awareness. While this percentage may be considered relatively low, it still shows that inside the company there is a foundation for cross-cultural interactions, with employees possessing the right set of skills to connect with international players. Because the number of employees with high cultural competence is not very high, we could assume that this is due to the fact that only a few people in Silver Height's team require these skills in their daily activities. Since the winery is composed mainly of Chinese employees, Silver Heights may be experiencing a weaker need for people with high cultural awareness. Still, the presence of sporadic training shows a gradually increasing commitment to elevating the language and cultural skills of its employees, especially as the winery gains more international recognition.

d) International Mobility

The fourth parameter of the IAF concerns international mobility. When assessing this element, Silver Heights scored 2 (Figure 4.), stating that *"Around 1-5% of employees have experienced international mobility, indicating minimal exposure to global opportunities"*.

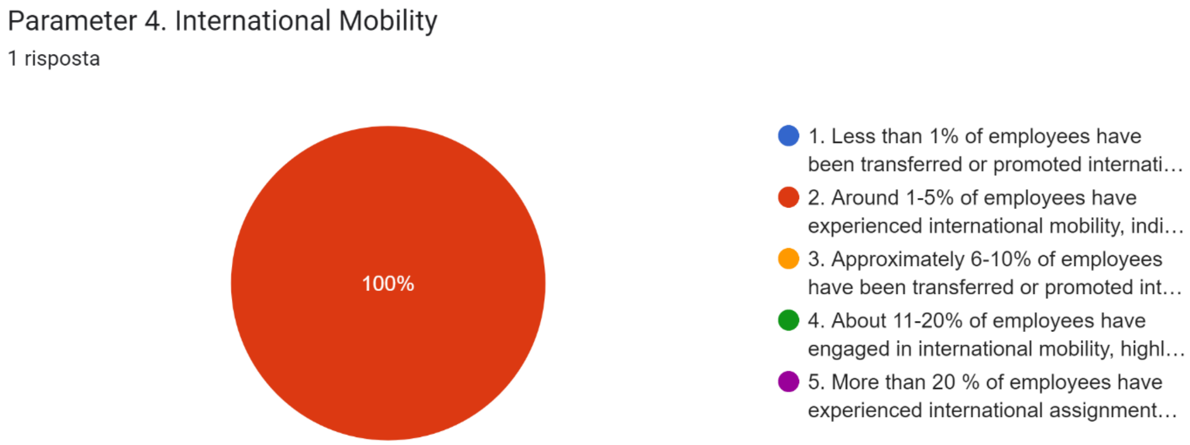

Figure 4. Silver Heights employee's international mobility in 2023.

This information underlines that while some employees take part in international mobility programs, their scope remains highly limited. Because Silver Heights has no foreign offices or subsidiaries, the term international mobility refers mainly to overseas work trips which include visits with clients and partners, wine fairs (such as ProWein) and other marketing events. Like most wineries, Silver Heights does engage in events abroad, but these endeavors take up rather short time periods and therefore do not require the relocation of employees. Moreover, data acquired from previous parameters can lead to the suggestion that these international trips are undertaken only by the few people who possess proficiency in language and cultural skills – most likely, owner and chief winemaker Emma Gao and CEO Marco Milani. In July 2023, Gao and Milani visited plenty of their distributors in Europe, including the London-based Oeno Group. In addition, they also hosted events such as wine tastings with prominent professionals of the European wine industry, such as Gabriele Gorelli, Italy's first Master of Wine.

e) Adaptation of HR policies

In terms of adaptation of HR policies, Silver Heights has achieved a score of 3 (Figure 5.), thus indicating that *"HR policies are partially adapted to align with local cultural and legal contexts in key markets"*.

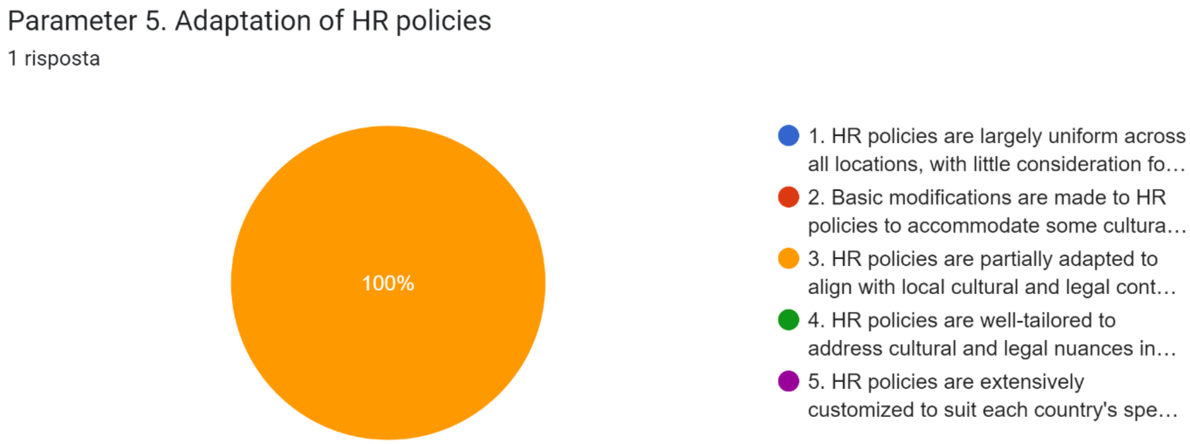

Figure 5. Silver Heights's adaptation of HR policies in 2023.

This information underlines that Silver Heights has achieved a partial adaptation of its human resource management practices in order to deal with an increasing level of internationalization. This data also shows that the winery recognizes and values the importance of implementing HR policies tailored to the different locations they operate. Although the winery does not have offices or subsidiaries abroad, it could be supposed that it still had to adapt its human resource management strategies to accommodate the presence of remote workers. For example, employees engaging in international trips are still required to carry out their job activities, but their tasks and tools have likely been adapted to a more flexible schedule.

f) Global Leadership Development

As a response to the parameter regarding the company's global leadership development, Silver Heights achieved a score of 3 (Figure 5.), indicating that *"some leadership development initiatives include an international component, with basic succession planning for international roles"*.

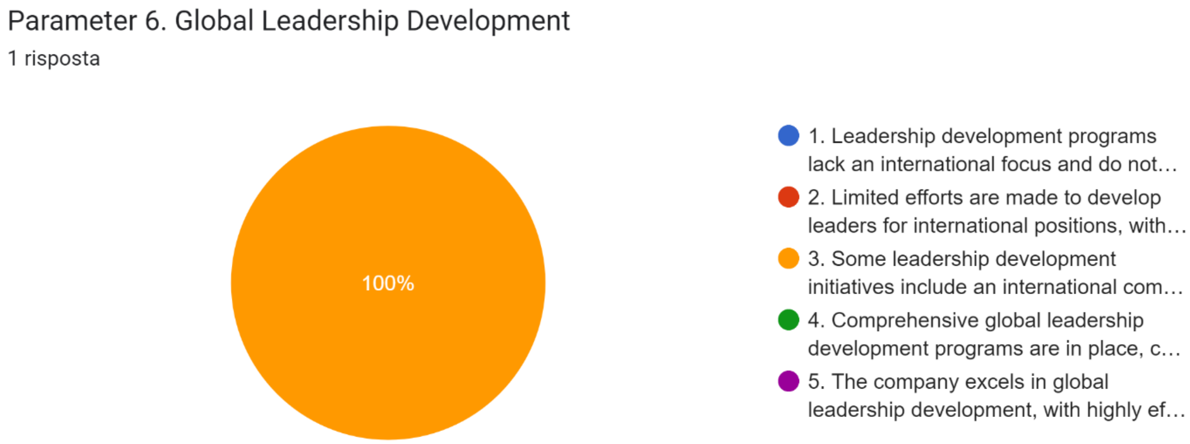

Figure 5. Silver Height's global leadership development in 2023.

This information highlights that Silver Heights does have a basic succession plan in place and, most importantly, the succession has a global element. As reported by the winery, Emma Gao continues to plan for the future of the winery, gradually teaching the next generation to understand the family business. Her daughter, Emma Junior, is already applying for school in France to learn the art of winemaking. Similarly, her nephew Eddie has graduated with a Master of International Business from the University of Sydney, and is also part of the family business. The international education of the future generation of Silver Heights' leaders will be crucial in preparing them for global roles, and it will most likely boost the internationalization of the company, leading it to thrive in new markets.

g) Cross-Border Collaboration

In the last parameter of the IAF concerning cross-border collaboration, the winery Silver Heights achieved a score of 2 (Figure 6.), stating that *"Some employees (5-15%) engage with international colleagues, clients, or partners occasionally, accounting for a small percentage of their interactions"*.

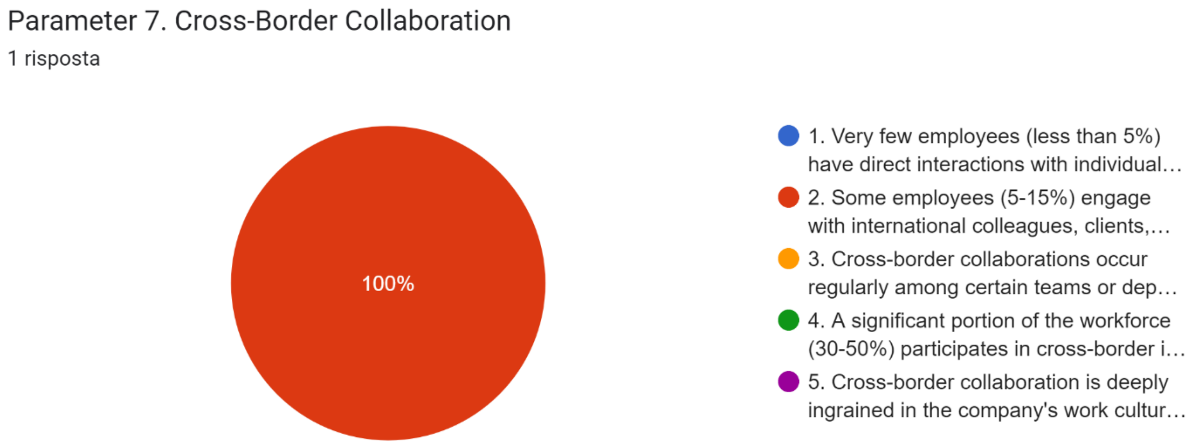

Figure 6. Silver Heights cross-border collaboration in 2023.

This data shows that a smaller percentage of Silver Heights' team engages in cross-border collaboration – meaning that only a few employees have direct contact with colleagues, clients or partners who operate abroad. This information resonates quite well with the scores achieved by previous parameters such as international workforce and cultural competence. It can be suggested that only the managers of Silver Heights have frequent interactions with foreign players. In addition, it can be argued that another reason for the low frequency of communication is the limitation of foreign demand for Chinese wines. As Silver Heights establishes itself even more in the global wine scene, cross-border collaboration will likely increase. In this context, the development of global leadership will also play a key role in enhancing the relationships with partners abroad. Lastly, increasing international engagement could potentially contribute to diversifying the winery's networks, knowledge exchange, and business opportunities. This could be beneficial for innovation, market expansion, and adapting to global industry trends.

Through the scores achieved by Silver Heights in the parameters above, we can now determine the total score pertaining to the winery's level of internationalization using the Internationalization Assessment Framework. Considering that the maximum score is 35, by adding each score we reach a total of 17 (Figure 7.).

PARAMETER	SCORE
1. Global presence	4/5
2. International Workforce	1/5
3. Cultural Competence	2/5

4. International Mobility	2/5
5. Adaptation of HR policies	3/5
6. Global Leadership Development	3/5
7. Cross-border Collaboration	2/5
Total Score	**17/35**

Figure 7. Silver Height's internationalization score according to the Internationalization Assessment Framework.

We can now translate the score of 17/35 to a percentage. Solving the proportion:

$17 : 35 = x : 100$

$x = 48.57$, which can be rounded to **48.6**.

Therefore, we can determine that Silver Heights's internationalization level is 48.6%. This means that, according to the Internationalization Assessment Framework, Silver Heights has achieved an intermediate level of internationalization. Evidence shows that the winery has indeed taken measures to adapt its organizational structure and human resource management practices to suit a more international landscape, but still shows room for growth and improvement in terms of employee training and skills. The winery has successfully entered plenty of international markets, establishing relationships with highly skilled importers and distributors, targeting a quite elite and wine-savvy customer base and having their wines showcased at exclusive locations. However, because of the limited production capacity of this boutique winery, and also because of the rather low demand for Chinese wines, the winery's export volumes only account for a smaller percentage of its sales. As a result, the winery's team remains more focused on the domestic market. This becomes particularly noticeable when analyzing parameters such as the internationality of the workforce, which is remarkably low. Efforts towards a higher level of internationalization are being made in terms of cultural competence, international mobility and cross-border collaboration, but still remain quite underdeveloped. Stronger results are being achieved in terms of adaptation of HR policies and global leadership development.

As a family-owned winery with a production capacity of about 50,000 bottles a year, it could be said that Silver Heights has achieved a rather reasonable level of internationalization. The results achieved through the Internationalization Assessment Framework also provide clues for future improvement and growth. Should Silver Heights seek to achieve a higher score in the IAF, it should seek to focus its recruitment efforts towards a more international workforce with higher cultural competence levels. At the same time, it should also strive to provide its employees with training programs tailored to enhancing their cross-cultural skills, preparing them to navigate the international wine business. It should be noted that achieving a higher internationalization score might require additional investment in resources, including financial, human, and knowledge resources.

5.2.2. Data Collection and Analysis: Treasury Wine Estates

Penfolds is one of the leading wine producers worldwide. The brand is owned by Treasury Wine Estates, among the largest wine companies in the world, also listed in the Australian Securities Exchange. TWE operates as a vertically integrated wine enterprise with a primary focus on elevating its portfolio through premium products, backed by innovation, substantial investments in brand development, and a comprehensive approach to global sales and marketing strategies. The range of TWE's brands spans luxury, premium, and commercial price segments. Central to its operations is TWE's robust, global, and multi-regional sourcing model. This involves vineyard and production facilities located in internationally acclaimed winemaking regions, such as the renowned Barossa Valley and Coonawarra in Australia, Napa Valley in the United States, Marlborough in New Zealand, Bordeaux in France, and Tuscany in Italy. Treasury Wine Estate's products are currently present in more than 70 countries, where customers enjoy the wines, available in major retailers, premium wine outlets, restaurants, bars, and online channels. The company counts over 2500 employees, a world-class team which has a presence across Australia, New Zealand, Asia, the Americas, the United Kingdom, Europe, the Middle East, and Africa.

In terms of organizational structure, since 2021 TWE has operated according to three separate divisions (Figure 8.): Treasury Americas – representing sales of US-sourced brands, as well as those imported from Australia and New Zealand, in the Americas; Penfolds – representing global sales of the Penfolds brand portfolio; Treasury Premium Brands – representing the sale of TWE's diverse range of predominantly Australia and New Zealand sourced brands globally.

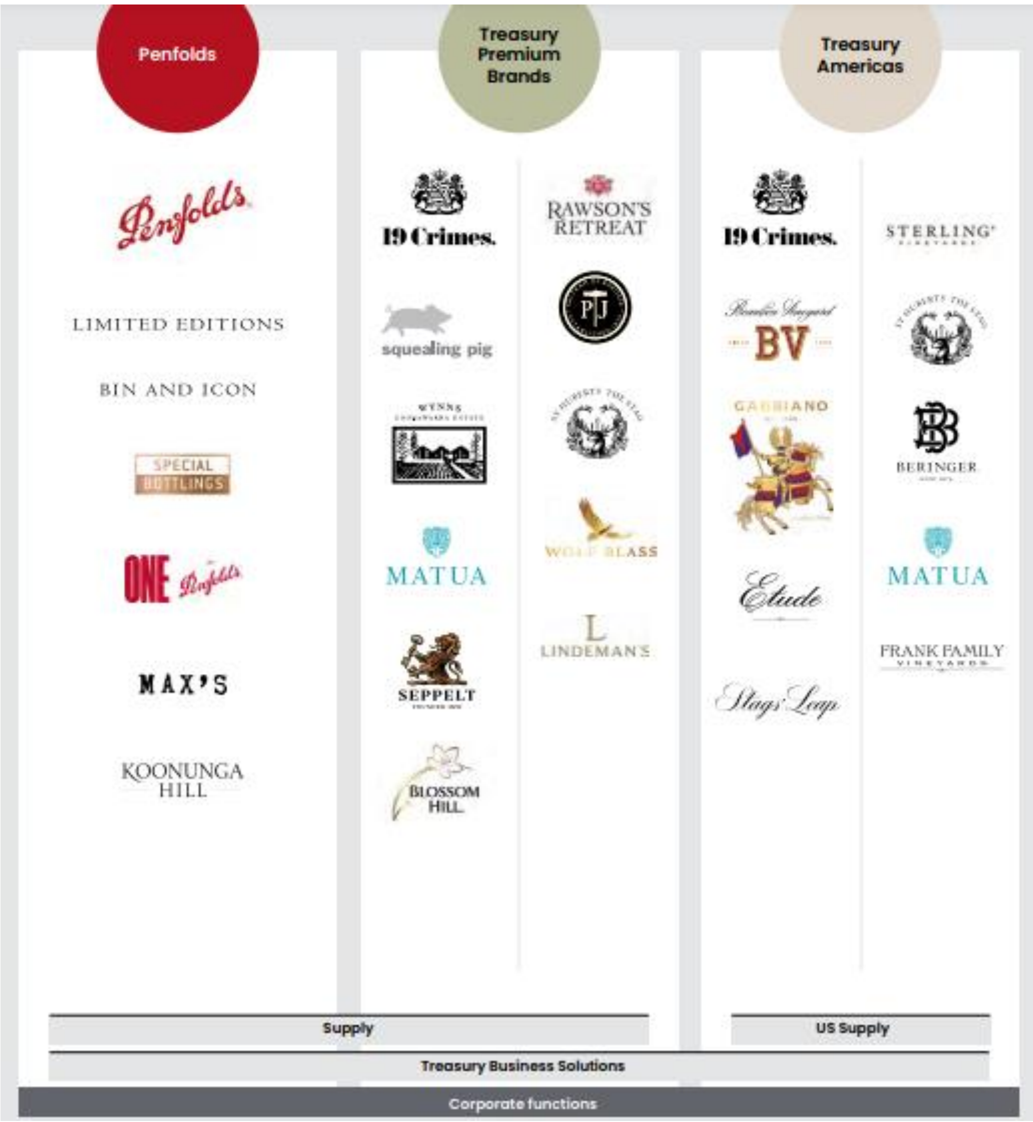

Figure 8. TWE organizational structure. Source: Treasury Wine Estates Annual Report 2023.

TWE's business model is based on three activities: grape growing and sourcing, wine production and wine marketing, sales and distribution. In terms of grape growing and sourcing, TWE uses grapes that come from company-owned vineyards, leased vineyards, growers' vineyards or from the bulk wine market, depending on the region. Figure 9 shows that TWE tends to rely heavily on contracts with growers. In addition, China is the only country where the company doesn't own any vineyards. TWE has established a worldwide sourcing strategy that spans various geographical regions, grape varieties, and pricing tiers. This approach not only promotes growth, but also mitigates the impact of vintage variability risk and the fluctuations in grape and bulk wine prices during periods of supply imbalances. In order to maintain and broaden its premium portfolio, TWE strategically manages its inventory, while also concentrating on expanding its access to premium and luxury fruit from diverse origins. This is achieved through initiatives like vineyard acquisitions, leasing arrangements, and collaborations with external growers. When focusing on the production of commercial wine, TWE favors sourcing from the bulk wine market.

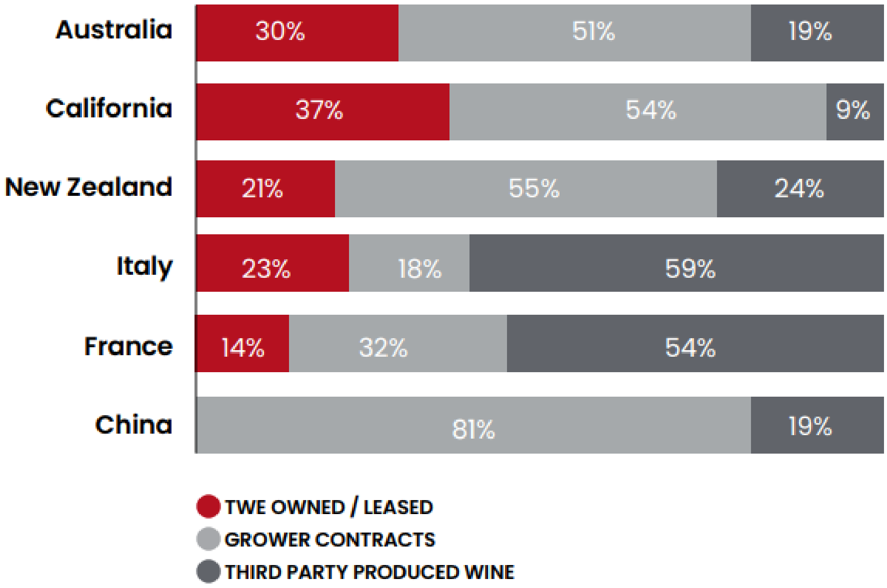

Figure 9. TWE sourcing model. Source: Treasury Wine Estates Annual Report 2023.

In terms of wine production, TWE counts on a large number of wineries and facilities which are owned by the company. TWE owns seven wineries and one packaging facility in Australia, seven wineries and one packaging facility in California, one winery in New Zealand, one winery in Italy and three wineries in France. The company's profits are generated from the production, marketing and sale of its branded wines, with its route-to-market model reflecting regional insights and opportunities. TWE's profitability is increasingly linked to its luxury and premium segments, with its Penfolds brand leading the company's total revenues (Figure 10.)

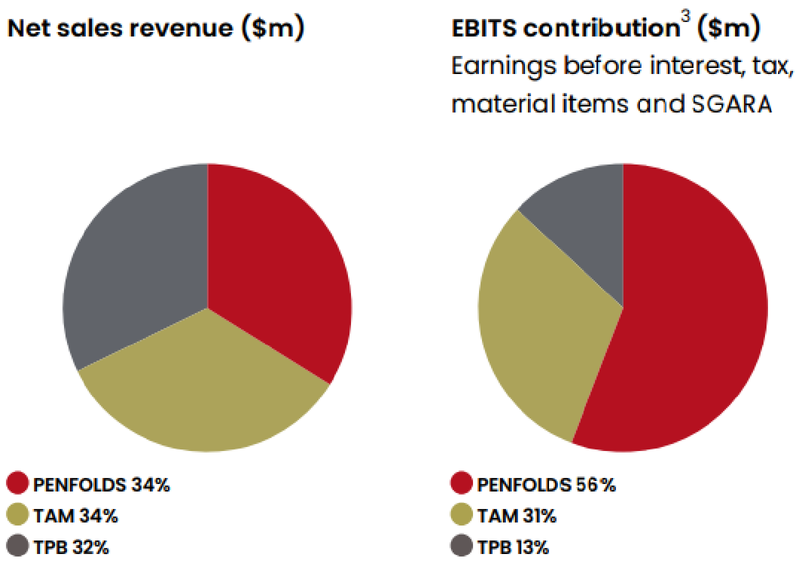

Figure 10. TWE's business performance by division in F23. Source: Treasury Wine Estates Annual Report 2023.

According to its business proposition, TWE aims at having a corporate culture centered around the employee's experience, thus striving to build a positive working environment. Currently, TWE's global workforce is composed of 55% of employees located in Australia and New Zealand, and 45% of employees located abroad (Figure 11.). The company also has a broad diversity agenda which helps them create an international and inclusive world-class team. At the same time, through programs such as the TWEforME, the company is actively involved in fostering employee resilience and well-being, promoting personal development and nurturing an environment of inclusivity, support, and collaboration. Through this initiative, employees are also offered development tools and programs for learning, as well as community events.

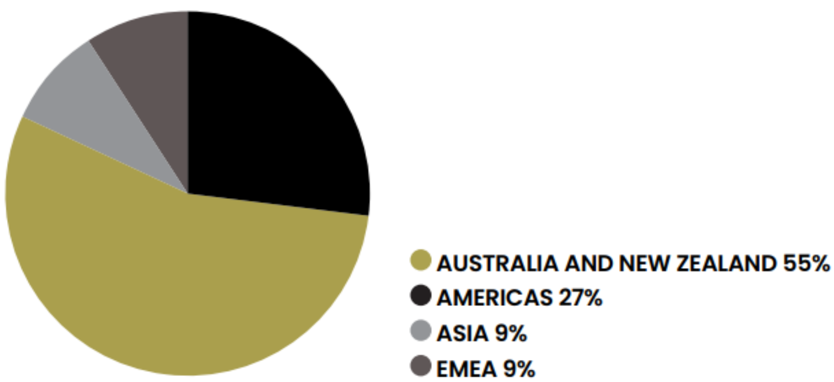

Figure 11. TWE's global workforce by geography. Source: Treasury Wine Estates Annual Report 2023.

TWE also recognizes that its ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled, and motivated talent in core functions such as winemaking, sales, and marketing, as well as on the presence of strong, resilient, and effective leaders. Because of this, the company is aware that the potential inability to retain key talent could impact relationships with TWE's key partners, result in lost business knowledge, increase the risk of employee burnout, and block the business's ability to deliver on key initiatives. To mitigate these risks, the company implements effective HR policies aimed at promoting programs involving strategic workforce planning, talent review and succession planning processes and strategically aligned and targeted learning and development. In addition, TWE makes efforts to promote employee health, safety and well-being, including mental and physical health and resilience. Regarding the topic of compensation, TWE provides employees with market-competitive remuneration and benefits, and incentives and rewards aligned to the achievement of the firm's financial and business goals and demonstration of the right behaviors.

In terms of leadership, TWE claims to have a board with members who possess the right skills, experience, and diversity to achieve the company's strategic goals. The significance of diversity in culture, location, and gender is represented in the Board's composition, which includes three non-executive directors based overseas. In addition, leadership training is also promoted through programs conducted in collaboration with the Global Leadership Group. These initiatives aim to assist leaders in incorporating Inclusion, Equity, and Diversity (IE&D) into their daily interactions.

Penfolds is TWE's flagship wine: from its origins in Australia, the brand has now conquered the global wine scene and is developing a wide set of international projects – the most recent one involving China.

Dr. Christopher and Mary Penfold planted their vine cuttings upon their arrival in Australia, establishing the fledgling vineyard as the Penfolds wine company at Magill Estate in 1844. As the company expanded, so did Dr. Penfold's reputation in the medical field, allowing Mary Penfold to assume a more significant role in running the winery. Initial ventures into Clarets and Rieslings gained popularity, and after Christopher's passing in 1870, Mary took full charge of the winery. Mary's leadership marked a period of determined effort. By her retirement in 1884 - when her daughter Georgina took over - Penfolds was producing one-third of South Australia's wine. Her forward-thinking agenda, rooted in experimentation with novel wine production methods, continues to influence the company. Mary's legacy bore fruit with Penfolds emerging as South Australia's largest winery by 1907. A historic moment occurred in 1948 when Max Schubert assumed the role of the company's first Chief Winemaker. Schubert's loyalty to the company and innovative spirit led to the creation of Penfolds Grange in the 1950s, which propelled the brand to global prominence. In 1959, the tradition of 'bin wines' was initiated with Kalimna Bin 28, named after the storage area where it aged. This marked the first official Penfolds Bin number wine. Following Schubert's efforts to perfect Grange, the Penfolds board instructed him to officially recommence Grange production in 1960. Praise and awards flowed in, and Grange swiftly became a highly regarded global wine. In 1988, Schubert was recognized as Decanter Magazine's Man of the Year, and on Penfolds Grange's 50th anniversary, it received a heritage listing in South Australia.

To this day, Penfolds remains committed to progress. In 2012, the company introduced a groundbreaking project - 12 meticulously handcrafted ampoules of the rare 2004 Kalimna Block Cabernet Sauvignon. Two years later, as Penfolds celebrated its 170th anniversary, the 2008 Grange secured a perfect score of 100 in influential wine magazines.

Nowadays, Penfolds owns vineyards in six different locations in Australia: Magill Estate, Barossa Valley, Adelaide Hills, McLaren Vale, Coonawarra and Eden Valley. In addition to these, the winery has been undertaking international projects, leading to the expansions of its vineyards and its operations in other prominent wine regions, such as California and Bordeaux.

Penfolds began its venture in California 40 years ago at the Camatta Hills vineyard in Paso Robles. In the 1980s, the winery launched a viticultural project in Australia known as Heritage Selections. Through this initiative, winemakers carefully identified the finest vineyards, blocks, and vines that yielded the highest quality fruit. Cuttings from these exceptional Heritage Selections were later transported and planted in California. Since 1998, Penfolds winemakers have worked in the prestigious Napa Valley AVAs of Oakville, Diamond Mountain District, and Rutherford, cultivating the grapes to craft Penfolds' Californian wine selection, which includes Quantum, Bin 149, and Bin 704.

In 2022, the partnership between Penfolds and the highly praised wine producer Maison Dourthe in Bordeaux led to the release of two new wines: Dourthe x Penfolds II Cabernet Shiraz and FWT (French Winemaking Trial) 585 Cabernet Merlot Petit Verdot. These wines are crafted by blending the elegance of French cabernet with the depth and power of South Australian shiraz.

Overall, Penfolds has always been dedicated to its Chinese customer base. Having reached a very remarkable reputation as a producer of premium wines, the brand gained outstanding success in the country. In 2020, China accounted for 39% of the global revenues of Penfolds' high-end Bin and Icon range; the country was the source of two-thirds of Treasury Wine Estates's Asia earnings, and 30% of the company's group earnings (Woodard, 2022). In 2022, 57% of Penfolds' Net Sales Realization (NSR) took place in Asia. Because of this, Penfolds has engaged in plenty of projects aimed at customizing its products to the Chinese audience, such as the release of a limited edition magnum bottle of Bin 389 Cabernet Shiraz to celebrate the Lunar New Year. The bottle, launched in 2023, features the design of a rabbit to celebrate the Year of the Rabbit. The number of the Bin, 389, was also chosen to suit Chinese culture: in China, 3 symbolizes new beginnings, 8 symbolizes prosperity and 9 symbolizes longevity.

After China imposed tariffs of up to 212% on Australian wine in 2021, thus posing serious challenges for Australian wine producers exporting to China, Treasury Wine Estates entered into an agreement with China Alcoholic Drinks Association (CADA) to produce its own China-made wine and bypass the duties. The partnership also aims to promote the development and advancement of Chinese wines on the global scene. This collaboration involves the exchange of technical expertise and knowledge, as well as the promotion of wine education initiatives. Through this agreement, TWE was able to carry out investments in China, which led to the release in 2023 of the company's first Chinese "trial" wine, called CWT 521 (Chinese Winemaking Trial 521). The first release involved limited volumes, but the winery has already expressed optimism for the future. CWT 521 is a blend of Cabernet Sauvignon sourced from the Shangri-La region and Marselan sourced from the Ningxia region. The number, 521, represents the five geographical areas from which the grapes are sourced - four from Yunnan and one from Ningxia -, and the first vintage released, 2021. At its launch, the wine retailed for RMB730 or USD100. Later this year, Penfolds also launched One – a range of wines crafted from each of the winery's regions, including a red blend from Ningxia, China.

The internationalization journey of Treasury Wine Estates, and especially of the Penfolds brand, required major changes in terms of organizational structure and management. Penfolds established offices and subsidiaries in each of its global wine-producing regions, which involved blending both Australian and foreign practices. This proved particularly true for TWE's China project, where the wines are made following Penfolds' traditional winemaking techniques, but the different terroir of the Chinese regions required significant adaptations, as well as the establishment of solid relationships with local growers.

Through its agreement with CADA, TWE is actively promoting the development of Chinese wine professionals. The establishment of the Ningxia National Open Development Comprehensive Pilot Zone for the Grape and Wine Industry signified the region's increasing commitment to advancing this sector's growth. Concurrently with the introduction of Penfolds' China-produced wine, the company has forged a collaboration with the China Agricultural University. This collaboration aims to establish a student fund and academic exchange program that promotes the development of winemaking and viticultural studies among local talents. In addition to providing financial assistance based on merit and need, the One by Penfolds Student Fund will facilitate academic and cultural exchanges, provide wine education resources, and grant students access to a variety of global wine samples for advanced learning.

When reaching out to Treasury Wine Estates to carry out this research, I was connected with Josh Miles, Supply Operations Manager of the Chinese division of Penfolds, who filled out the Internationalization Assessment Framework survey and answered some additional questions through a video call interview. Miles is a US national who has worked in the wine business across the USA, New Zealand, the UK and now China. During the interview, Miles stressed the importance of export activities for the Penfolds brand. Australia is a very export-oriented country when it comes to wine, and China represents one of the key markets for this product category. Indeed, the company has made substantial efforts to gain a stronger market position in China: after the country imposed high tariffs on imported wines three years ago, Treasury Wine Estates has embarked on a new project to produce its own Chinese wine, establishing its own subsidiary based in Shanghai. For its Chinese-made wine, the company relies on contracts with local producers and therefore does not have ownership of production sites yet. Instead, it leases facilities or buys bulk wine from Chinese growers. As a result, the Chinese Penfolds division is concentrated in their main office in Shanghai but also spends time at the processing facilities they work with.

a) Global Presence

Treasury Wine Estate counts on a rather extensive global presence. The company's products are exported to more than 20 countries across all continents: Asia, Europe, North America, South America, Australia/Oceania, and Africa. In addition, TWE has established subsidiaries in the USA, France and China, thus strengthening its international presence. As a result, the global presence parameter was awarded a score of 5, meaning that "*the company has an extensive global presence, with operations in over 15 countries across multiple continents*" (Figure 12.).

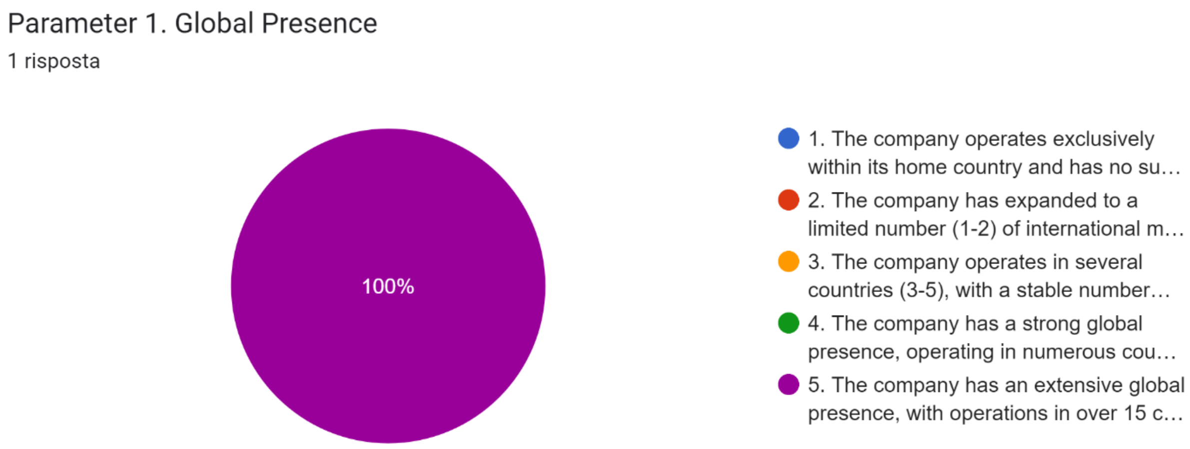

Figure 12. Figure 1. TWE's global presence in 2023.

b) International Workforce

Regarding its workforce, the Penfolds team in China is mainly composed of Chinese nationals. The Shanghai office counts about 120 people. All employees working in the production sites are locals, and TWE's office team in China is also composed of the majority of Chinese people. As reported by Miles, the General Manager for the Supply Department and himself are the only two expatriates in the supply team. Most of the local talents have been recruited based on their previous experience in the same field or in similar ones. For example, people with experience in manufacturing can be easily incorporated into the packaging and bottling divisions. Regarding the local workforce that takes care of the winemaking processes, Miles underlined the presence of plenty of university and academic programs in China which train local professionals. Similarly, team members in other geographical locations are usually hired from the local talent pool with experience in the wine industry. Therefore, TWE's level of international workforce reaches a score of 5, meaning that (Figure 13.).

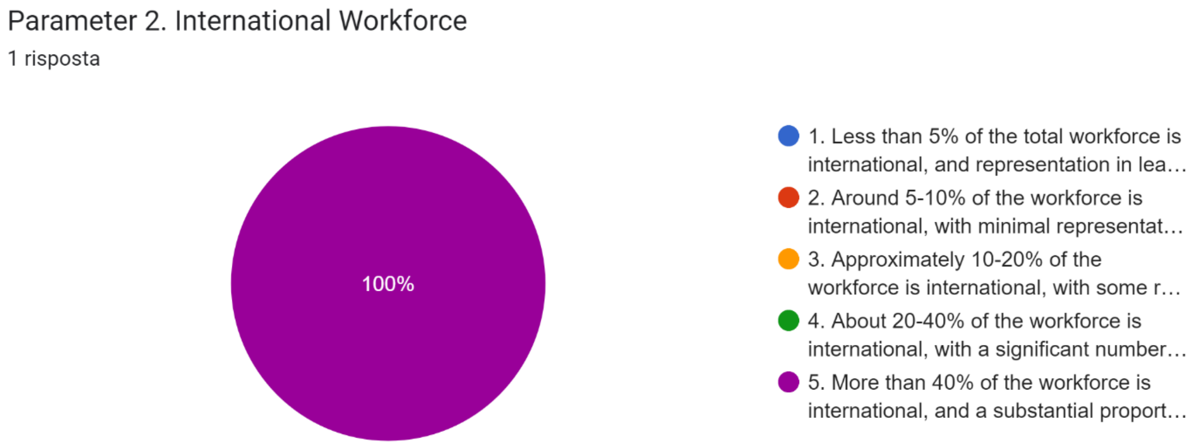

Figure 13. TWE's international workforce in 2023.

In terms of recruitment, generally speaking, the company tends to recruit people who have already gained experience and knowledge in viticulture. Additionally, they value foreign language skills as well as university degrees. Miles pointed out that more than 50% of the Chinese division members acquired a university degree in China, but they also have many locals who attended university programs overseas and then returned to China after completing their studies.

c) Cultural Competence

In terms of cultural competence, the company indeed values employees who possess an international background and who are able to adapt to different cultural contexts. Josh Miles himself reported that gaining previous work experience in the US and in Australia has helped him adapt to the Chinese context, preparing him to work in an increasingly different cultural environment than the ones he was used to. In order to prepare for this role, Miles has also taken Mandarin lessons to help him have smoother relationships with his Chinese colleagues. In addition, the Chinese offices also employ translators to ensure smoother communications between locals and English-speaking staff. However, the company does not have any specific international programs in place to enhance the cultural competencies of its employees, but it does provide regular business activity training. Additionally, there is mandatory legal compliance training tailored for each location. Overall, TWE does make efforts to create a positive environment for its multicultural talent pool. For example, it has established plenty of Employee Resource Groups, such as TWE Mosaic. These Groups are led by employees on a voluntary basis and aim to promote diversity and inclusivity in the company's different locations. TWE Mosaic is composed of a network of people with different cultural backgrounds and wishes to educate people about cultural diversity. At the same time, Miles stated that most employees are required to attend regular meetings with the head office in Australia to gain a better understanding of business activities, because the Chinese subsidiary is still very new when compared with the highly experienced Australian headquarters. During these interactions, people are encouraged to develop an intercultural approach. Lastly, on-the-job learning and proficiency in foreign languages (English is mandatory) are highly valued. Based on this information, TWE's cultural competence reaches a score of 4, which means that "*comprehensive cross-cultural training programs are regularly conducted, leading to strong language skills, high cultural sensitivity, and improved communication. Language skills and cultural awareness are pronounced, encompassing 20-40% of the workforce*" (Figure 14.).

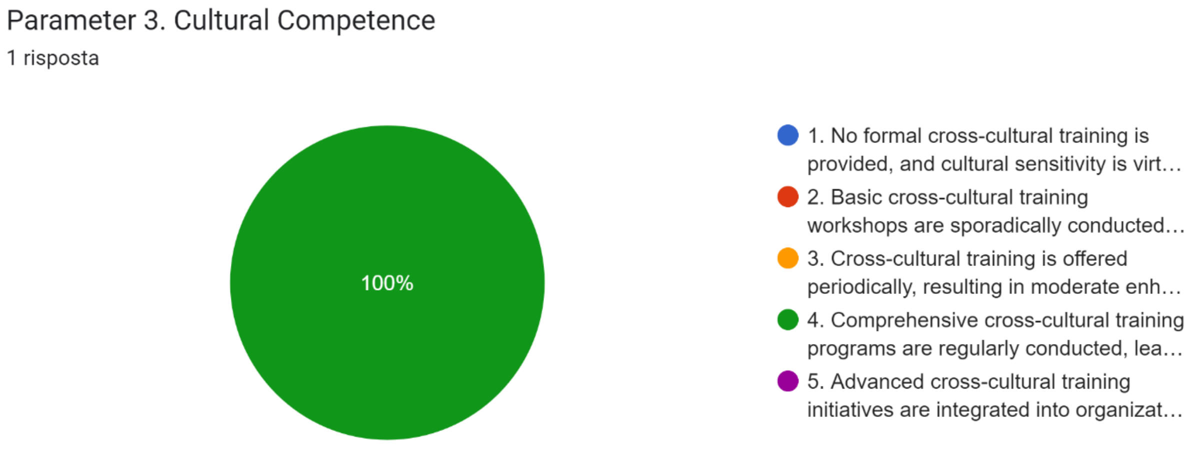

Figure 14. TWE's employee's cultural competence in 2023.

d) International Mobility

When asked about the frequency of international mobility among TWE's employees, Josh Miles reported that the opportunity to pursue a career in Penfolds' China division is still quite rare. This is likely due to the fact that this subsidiary is still quite new and is still working on consolidating its business activities. However, Miles underlined the existence of many internship programs hosted by TWE which allow trainees to gain international experience by working both in the Northern and Southern hemisphere, across TWE's production facilities. These internships are offered especially to winemakers, viticulturists, cellar managers and cellar operators, who can work for up to three months in one hemisphere at a winery during harvest season, and then spend another short period in the other hemisphere. As reported by

Miles, the majority of work placements in TWE concern the USA, UK and Australia. The company supports expatriates through programs which include help with visa applications, accommodation and more. However, there is a lack of programs aimed at providing cultural mediation during these transitions. Still, Miles pointed out that because the wine business requires technical, standardized language and pratices, this kind of support is not necessarily needed. Although we don't have verified data for this parameter, it can be assumed that TWE's international mobility accounts for a score of 3, which means that "*approximately 6-10% of employees have been transferred or promoted internationally, reflecting a willingness to embrace cross-border roles*" (Figure 15.).

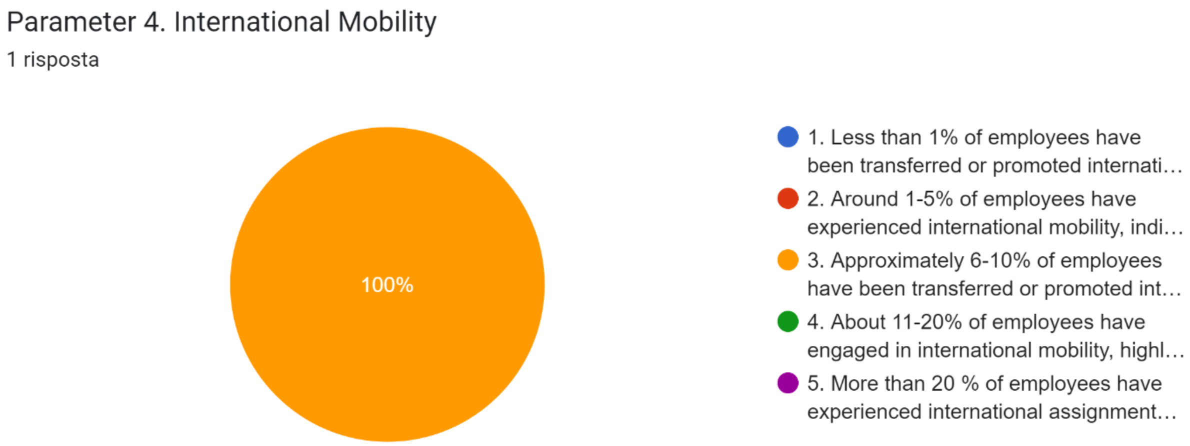

Figure 15. TWE's employee international mobility in 2023.

e) Adaptation of HR policies

Because TWE operates in many different countries, the adaptation of the company's HR policies is crucial. In the survey, Josh Miles awarded this parameter a score of 4, stating that "*HR policies are well-tailored to address cultural and legal nuances in various countries, demonstrating a high level of adaptability*" (Figure 16.).

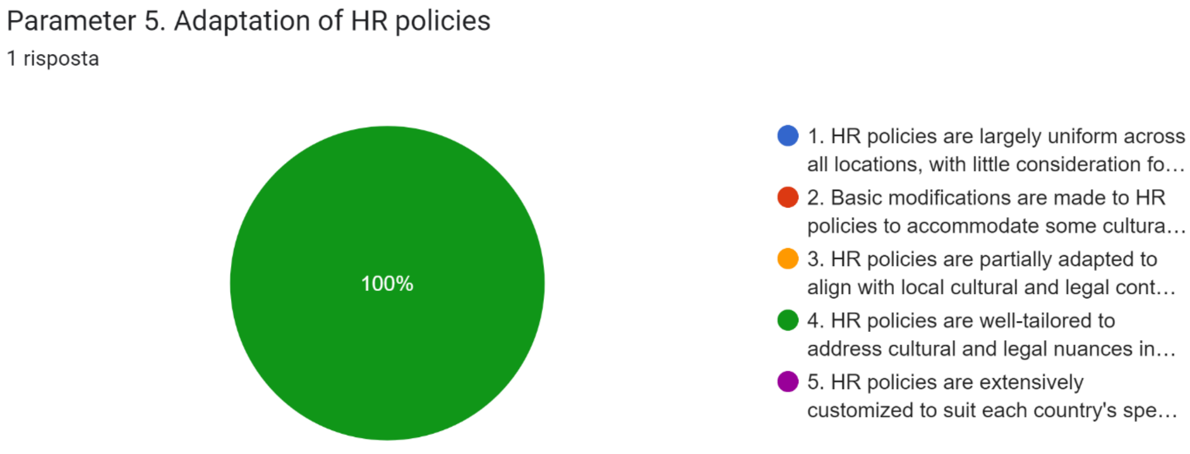

Figure 16. TWE's adaptation of HR policies in 2023.

When referring to the Chinese context, Miles reported that the company has followed the pathways that China has established for foreign people wishing to work in the country. In addition, TWE also relied on a consulting agency to gather all the necessary paperwork to ensure full and smooth compliance with local regulations. However, Miles also stated that in his opinion, no particular changes were needed in terms of management of daily operations. Therefore, the majority of adaptations were made to suit different legal environments rather than cultural differences.

f) Global Leadership Development

According to Josh Miles, TWE boasts excellent levels of global leadership development worth a score of 5, meaning that "*the company excels in global leadership development, with highly effective programs and a robust pipeline of leaders ready for international roles*" (Figure 17.). The current leadership team is composed of people with broad international experience. In the 2022 annual report, TWE stated that 3 out of the 8 directors had a good understanding of different international contexts, gained through relevant experience in regions where the company has its activities, namely the US, Asia and EMEA, while the other 5 had expert knowledge of this topic. The Board of Directors includes a Human Resources Committee which oversees training, development and succession of senior management.

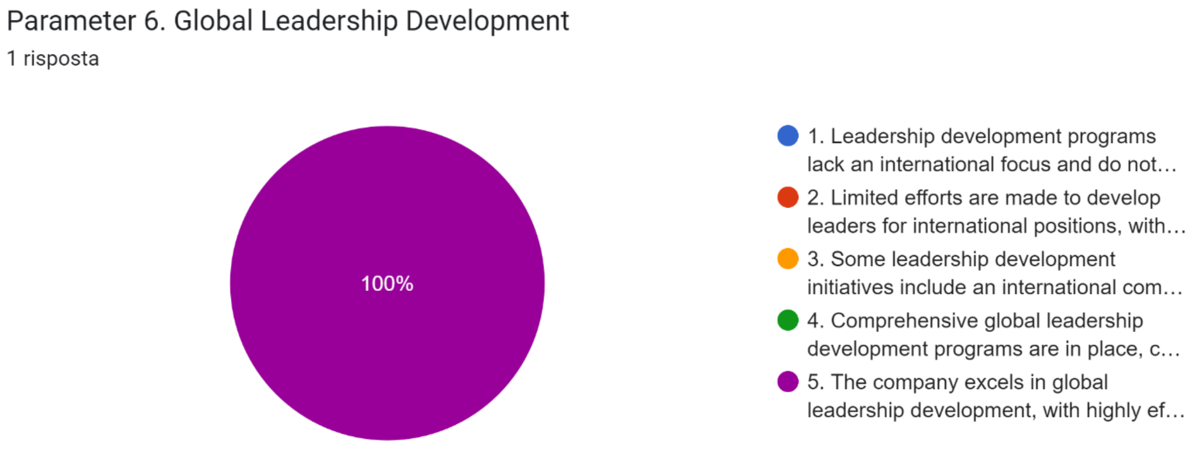

Figure 17. TWE's global leadership development in 2023.

At the beginning of 2023, Treasury Wine Estates completed its senior leadership development program, during which 27 of TWE's leaders from around the world took part in intensive courses, including six days of in-person learning at the company's main offices in Australia and in the US. During the program, the leaders visited external local organizations and gained in-depth knowledge about the metaverse, machines, and the best practices for enhancing customer satisfaction. The experience also involved close collaboration with the CEO and Executive Leadership Team to identify strategic opportunities and to effectively promote a high-performance corporate culture.

g) Cross-Border Collaboration

Cross-border collaboration between the different geographical divisions of Treasury Wine Estates takes place very often. As reported by Miles, his team in China attends regular online meetings with the headquarters in Melbourne. Additionally, due to the global scope of Penfolds' supply chain, employees are required to have contact with suppliers worldwide. As an example, Miles pointed out that the vast majority of cork suppliers are located in Portugal – as a result, team members communicate with Portuguese suppliers regularly. Additionally, the company counts on contracts with international sub-suppliers, such as international label suppliers based in China and Australia. Similarly, for its marketing activities, TWE relies on a global marketing division which is managed out of Australia and that has a view of the full portfolio. While some aspects of TWE's marketing activities are outsourced, there is a global plan which sits in Australia, as well as a marketing team in China responsible for activating collaborations and campaigns, as well as collect the right information from the market and communicate it to the global team in order to make informed decisions. As a result, TWE's cross-border collaboration amounts to a score of 4, meaning that "*a significant portion of the workforce (30-50%) participates in cross-border interactions, accounting for a substantial portion of their daily interactions*" (Figure 18.).

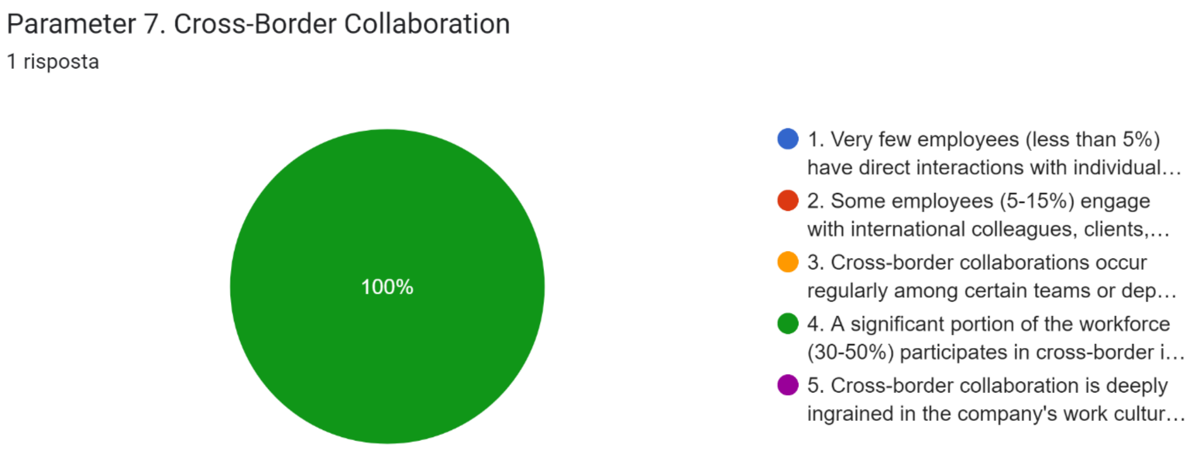

Figure 18. TWE's cross-border collaboration in 2023.

In terms of communication tools, Penfolds' team in China has a VPN for businesses which allows them to share the same network as the other geographical divisions. In particular, the whole company relies on Microsoft to exchange emails, host Teams online meetings etc.

To calculate the final score obtained by TWE through the Internationalization Assessment Framework, we will sum the scores of each parameter, reaching a final score of 30 out of 35 (Figure 19.).

PARAMETER	SCORE
1. Global presence	5/5
2. International Workforce	5/5
3. Cultural Competence	4/5
4. International Mobility	3/5
5. Adaptation of HR policies	4/5
6. Global Leadership Development	5/5

7. Cross-border Collaboration	4/5
Total Score	**30/35**

Figure 19. TWE's internationalization score according to the Internationalization Assessment Framework.

We can now translate the score of 30/35 to a percentage. Solving the proportion:

$30 : 35 = x : 100$

$x = \mathbf{85.71}$

Based on this result, we can thus determine that Treasury Wine Estates, and particularly the Penfolds brand, has reached an internationalization level equal to 85.7%. This data indicates that the company is highly internationalized. According to the information gathered through public reports and personal interviews, it can be said that TWE over time has established itself as a leader company in the wine industry, with extensive market coverage across all continents. When referring to the Penfolds brand, this coverage is particularly strong in Asian countries, especially China. The company has supported the growth of its brands across many geographical locations all over the world, and has invested in wholly-owned production sites and distribution channels. During this process, it has employed over 2,500 talents worldwide, the majority of which were hired directly in each location, therefore contributing to a more culturally diverse and international workforce. At the same time, it has fostered a global mindset among its employees and especially among its leaders, by providing them with opportunities for international mobility and global learning. Due to this international approach, many employees have regular exchanges with people from other divisions worldwide, as well as with international suppliers. The decentralized organizational structure of TWE made it possible for each division to adopt well-tailored HR practices that ensure compliance with local legal environments.

However, the IAF highlighted a few aspects that TWE could potentially improve in its HRM practices. While the company is very committed to having a skilled, global workforce, it could improve its training programs aimed at enhancing the cultural competence of its employees. For example, providing higher levels of intercultural assistance to expatriates could lead to a more cohesive environment. Similarly, adapting HR practices not only to legal differences, but also to cultural differences could also help reach better performance. This is particularly true when it comes to TWE's China division, because the psychic distance is larger than other countries such as the US and the UK. Still, there is no doubt that the company has reached a highly advanced level of internationalization and has made numerous efforts to ensure an inclusive environment. As the company consolidates its presence in China even more, it is likely that it will adopt further measures to ensure a more seamless integration.

5.2.3. Data Collection and Analysis: Pernod Ricard

Due to a lack of positive replies to my request to participate in this research, it was not possible to apply the Internationalization Assessment Framework through direct interviews with other wine companies. However, gathering key data shared by a few major players in China's wine industry allows us to achieve a better understanding of the measures implemented by such companies in terms of HRM and organizational structure during their internationalization process. Through the analysis of this useful information, we can attempt to provide an overview of these companies' level of internationalization through the IAF.

The main example is Pernod Ricard. Pernod Ricard is a French-based leader in the production and distribution of wines and spirits worldwide founded in 1975, from the merger of Pernod, founded in 1805, and Ricard, created in 1932 by Paul Ricard. Nowadays, Pernod Ricard offers a premium portfolio of 240 brands, which are present in 73 countries with their own salesforce and have 94 production sites in 24 countries. The company is a decentralized Group comprised of a global flagship in central Paris, autonomous affiliates, brand companies and market companies throughout the world. Pernod Ricard is part of the CAC 40 and Eurostoxx 50 indices, recognizing the Group's status as one of the leading listed European companies.

The company's operations are based on the regular interaction between Headquarters, Brand Companies and Market Companies. The Headquarters defines, coordinates and oversees the implementation of the overall company strategy and ensures that affiliates comply with corporate policies. Pernod Ricard has six main Brand Companies, namely The Absolut Company, Chivas Brothers, Martell Mumm Perrier-Jouët, Irish Distillers, Pernod Ricard Winemakers, and Havana Club International. Based on the home country of each strategic brand, the Brand Companies are responsible for developing the overall strategy for their respective brands, as well as activations that can be implemented at the local level by the Market Companies. Brand Companies are also responsible for the production and management of their industrial facilities. Lastly, the company is composed of five Market Companies, according to different locations: Pernod Ricard North America, Pernod Ricard

Asia, Pernod Ricard EMEA & LATAM, Pernod Ricard Global Travel Retail, Pernod Ricard France. The Market Companies are each linked to a region, with the exception of Pernod Ricard France, which was created from the merger of the Group's two founding Market Companies in France. The Market Companies' role is to activate the Group's international brand strategies at the local level and manage the local and regional brands in their portfolio. They are also tasked with implementing the Group's strategy and key policies, such as the transformation projects launched in recent years.

In China, Pernod Ricard is one of the leaders in the wine and spirits segment. The company started distributing key brands such as Chivas Regal, Martell and Royal Salute in the early 2000s and has experienced continued growth since then. Today, those brands have become China's top imported spirits. The acquisition of Allied Domecq and V&S further consolidated Pernod Ricard's industry status in China with the addition of Ballantine's, Mumm, Perrier-Jouët, Beefeater, Kahlúa and Malibu in 2005, and Absolut Vodka to the already strong brand portfolio in 2008. Pernod Ricard has a wholly-owned trading company based in Shanghai, with a strong distribution network. In 2012, Pernod Ricard acquired the Chinese winery Helan Mountain, which became a wholly-owned subsidiary of the French-based Group. Since then, the winery underwent a significant brand re-launch aimed at accelerating its market expansion. In the same year, Helan Mountain went public to expand its wine market share. Efforts paid off, and in 2018 their XIAOFENG Cabernet Sauvignon was named "Best Wine from China 2018" in the Hong Kong International Wine & Spirit Competition (IWSC).

a) Global Presence

Pernod Ricard currently counts production sites, Market Companies offices and Brand Companies offices located worldwide. Until June 2022, the company has 96 production sites located in 25 countries. In addition, the company's workforce is spread across 74 different countries. Lastly, Pernod Ricard's premium brands are distributed in over 160 countries. Based on this information, we could determine that the firm has a very high global presence, with offices and subsidiaries located in plenty of countries across all continents. For this reason, we could assign to the Global Presence parameter the maximum score of 5, stating that *"the company has an extensive global presence, with operations in over 15 countries across multiple continents, demonstrating a highly diversified geographical footprint".* Figures 20. and 21. highlight Pernod Ricard's production sites, Brand Company head offices and Market Company head offices across Europe, Asia-Pacific, Africa and the Middle East, Latin America and North America.

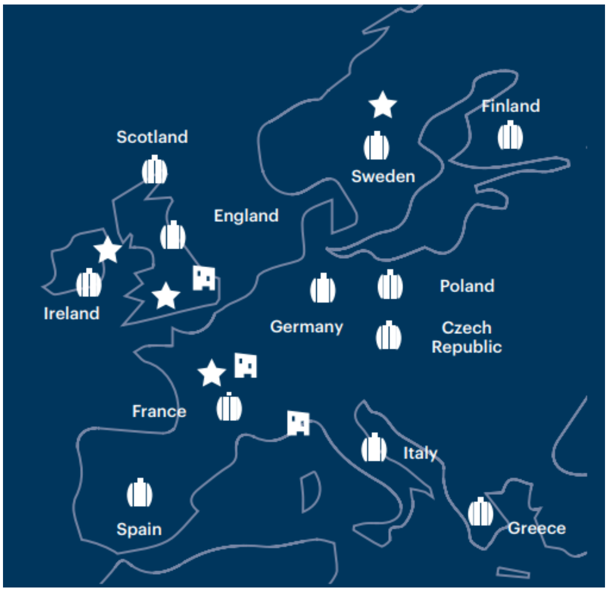

Figure 20. Pernod Ricard' global presence in Europe. Source: Pernod Ricard Integrated Annual Report FY22.

Figure 21. Pernod Ricard's global presence worldwide. Source: Pernod Ricard Integrated Annual Report FY22.

b) International Workforce

According to its latest annual report published in 2022, Pernod Ricard counts 19,480 employees worldwide, of which 66% are based in Latin America, Africa & Europe (of which 15% are in France), 10% are in North America and 24% are in Asia and the Pacific. This extensive workforce comprises both expatriates and local employees across many different locations. Over time, the company has made significant efforts to include larger numbers of local talent in its team. In its report on the company's governance published in March 2022, Pernod Ricarded highlighted that nowadays the international workforce in the Executive Committee accounts for 33% of the members (Figure 22.). In 2012, Pernod Ricard's 85% of employees were non-French, and 45% were non-European. Recently, the company has stated to have established a dedicated Diversity & Inclusion committee, as well as recruitment programs which are driving increased diversity in the firm. Pernod Ricard's staff is currently 55% female and 45% male, represents 20 nationalities, and ranges in age from 18 to 72.

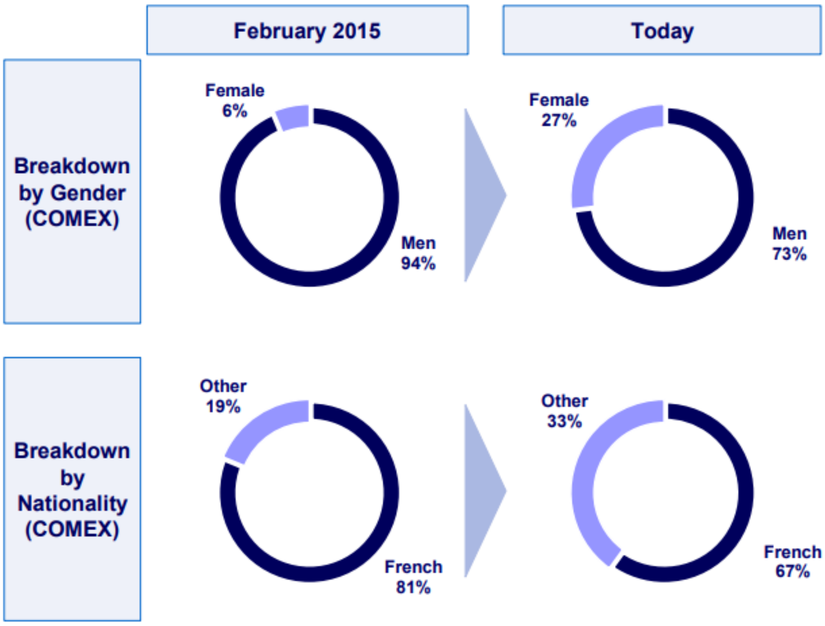

Figure 22. Pernod Ricard's increasingly diverse Executive Committee. Source: Governance at Pernod Ricard, March 2022.

In terms of the composition of the Board of Directors, the company is also making efforts to increase the percentage of directors with foreign nationality. For this reason, Pernod Ricard is establishing objectives to ensure the best balance possible by seeking complementary characteristics from both international and diversity perspectives, in terms of nationality, gender and experience. The percentage of foreign directors increased from 31.2% in 2014 to 35.7% in 2021.

Based on the information gathered above, we could determine that Pernod Ricard has reached a rather high level of international workforce. Therefore, we could assign to this parameter a score of 5, corresponding to the following statement: *"more than 40% of the workforce is* *international, and a substantial proportion holds leadership and executive roles, reflecting a high level of diversity in leadership."*.

Additionally, expanding into foreign markets has strongly impacted the way Pernod Ricard recruits its talent. In order to direct its job offerings to local people, the company had to adapt its recruitment channels to each location. In China, for example, Pernod Ricard not only makes use of global platforms such as Linkedin to promote its open positions, but also of domestic platforms used by Chinese people, namely Lietou, Zhaopin and 51job.

c) Cultural Competence

Given the scope of the international context in Pernod Ricard's works, we can assume that many employees are required to possess a good level of cultural competence. For example, the chairman of the Pernod Ricard brand Martell Mumm Perrier-Jouët has stated that when approaching the Japanese market, he took courses on Japanese etiquette and language, and read books on Japanese culture (The New York Times, 2015). Evidence also indicates that the firm strongly values knowledge exchange and learning. In 2019, The Absolut Company by Pernod Ricard established an educational program to focus on its innovative internal leaders and promote activities to share new knowledge across the organization, creating opportunities for the exchange of ideas. Similarly, in 2022 Pernod Ricard partnered up with the Erasmus Student Network (ESN), an organization which supports student exchanges and intercultural experiences. Additionally, the company founded its own Corporate University, which offers employees e-learning, classroom and experiential activities.

In China, Pernod Ricard also recruits talent through its Regional Management Trainee Programme: this program allows trainees to develop knowledge and experience both in their home market and overseas. The international approach aims to help trainees grow as a leader and develop cultural competencies by sending them to work in another Asian market. In the US, the company is carrying out behavioral training activities on over 200 leaders, to help them achieve a more multicultural recruitment practice.

Based on this evidence, we could assume that Pernod Ricard has a cultural competence score of 5, which means that advanced cross-cultural training initiatives are integrated into organizational culture, resulting in *"exceptional language proficiency, cultural competence, and seamless interactions across diverse cultures. Language skills and cultural awareness are elevated, exceeding 40% of the workforce".*

d) International Mobility

Pernod Ricard offers plenty of opportunities for international mobility and development programs. The company has employees located in over 90 countries, and thus has a competitive edge in future growth in a variety of regions. Pernod Ricard strongly relies on the feeling of belonging to a worldwide work community. Employees benefit from international exposure and have the opportunity to grow in a multicultural working environment. Global career opportunities are vast and various, and publicly advertised to everyone in the Group. The firm supports talents who wish to develop their careers laterally, locally or out of the country, encouraging mobility in all its forms, with publicly-advertised jobs that give first priority to employees, and with dedicated HR teams, as well as solid, transparent HR processes and competitive expatriation conditions to support career advancement and talent management.

In 2008, Pernod Ricard implemented Taleo's Software-as-a-Service (SaaS) solutions to provide its employees with access to internal job opportunities within all its subsidiaries worldwide. This has significantly improved the level of international mobility within the organization. This policy all of its 19,000 employees to view and apply for internal job openings (HR Magazine, 2010).

Pernod Ricard's winery Helan Mountain's team has been composed of expatriate winemakers since 2005. From that year to today, six foreign winemakers have been foreseeing and promoting the winery's growth. The company still hasn't shared any data regarding the percentage of employees who engage in international assignment and expatriate programs, therefore we can only provide an estimation for this parameter. According to Pernod Ricard vast and global scope, and the many interdependent links that tie the firm's different geographical divisions, we could suppose that the organization has achieved a score of 4, meaning that *"about 11-20% of employees have engaged in international mobility, highlighting a significant commitment to cultivating a global talent pool"*.

e) Adaptation of HR policies

Pernod Ricard is making efforts to improve the efficiency of its HR policies worldwide. For this reason, in 2019 it launched Workday, a platform which simplifies HR procedures and the work of all employees by providing them with a simple, intuitive and mobile solution. Each employee, irrespective of role or location, can access and manage all the data related to the management of their professional career within Pernod Ricard: their personal information, reviews, remuneration, training, mobility projects, team, etc. The platform means that the Human Resources departments of the Group’s subsidiaries have access to a comprehensive and company-wide overview of talent, with simplified and faster data management, ensuring greater efficiency. In 2021, Pernod Ricard India started offering employees a hybrid working model that combines work from the office, from home or co-working spaces, to provide its workers higher flexibility.

Most importantly, since 2008 Pernod Ricard has adapted an online program to enhance employee engagement. The Managing Director at Pernod Ricard, responsible for HR and CSR, expressed the company's desire to create a unified solution for the entire group while allowing flexibility for subsidiaries. The new solutions enable efficient recruitment management for a large organization like theirs, while also giving each subsidiary the freedom to tailor the tool according to their specific requirements and situations (HR Magazine, 2010).

Another interview with the Human Resource Director of Pernod Ricard highlighted that when the company was developing its American division, it was 50% business-oriented and 50% HR-oriented (HR Magazine, 2020). In the same interview, he pointed out that often different HR practices are required based on location. As a producer of wine and spirits, Pernod Ricard frequently promotes responsible drinking practices among its employees. However, these are less applicable to countries with a strong drinking culture, such as China. Similarly, HR policies are also shaped by each country’s regulatory systems. For example, because in France it is illegal to ask employees about their sexual orientation, the company could not establish any LGBTQ+ networks. Still, on a global scale the firm strongly promoted diversity and inclusion.

After gathering the information above, we could determine that Pernod Ricard’s HR adaptation has a score of 4, with HR policies that *“are well-tailored to address cultural and legal nuances in various countries, demonstrating a high level of adaptability”*. The implementation of platforms such as Workday as well as local policies highlight the company’s vision for a common, yet strongly differentiated HR management system.

f) Global Leadership Development

Through its training programs, Pernod Ricard also pays particular attention to the development of future leaders. The firm has designed and implemented plenty of initiatives to develop leadership, which include personalized development plans, coaching, surveys, as well as comprehensive leadership programs aimed at nurturing leaders across all locations. In China, The Regional Management Trainee Programme includes a leadership development course.

In terms of the succession planning of the Board of Directors, the Nominations and Governance Committee is in charge of periodically reviewing such plans. The succession plan has been developed to apply to different situations: short-term plans for unexpected changes like resignations or incapacity, medium-term plans for quick replacements related to poor performance, and long-term for planned transitions like retirements. The company also relies on the help of an independent firm to assess potential leaders by evaluating their careers and their alignment with Pernod Ricard’s goals.

By gathering this information, we could suggest that Pernod Ricard does have effective leadership development and succession planning programs in place, which also include a global perspective. However, further efforts to promote the development of global leadership skills could be made. Therefore, we could determine that this parameter has a score of 4: “*comprehensive global leadership development programs are in place, coupled with robust succession planning for international positions*”.

g) Cross-Border Collaboration

No detailed information on the degree of cross-border collaboration in Pernod Ricard has been found. However, its largely decentralized organization suggests that most teams focus mainly on their location market, without having close collaboration relationships with colleagues, partners or clients from other geographical divisions. However, it is likely that certain teams and managers have frequent exchanges with their colleagues abroad, and often engage in meetings to share information and performance reports. Therefore, we could estimate that the parameter referring to Pernod Ricard’s cross-border collaboration has a score of 3, meaning that: “*cross-border collaborations occur regularly among certain teams or departments (15-30%), representing a notable portion of their overall interactions*”.

By summarizing the total scores of the parameters reported above, we can determine the final score obtained by Pernod Ricard through the Internationalization Assessment Framework (Figure 23.).

PARAMETER	SCORE

1. Global presence	5/5
2. International Workforce	5/5
3. Cultural Competence	5/5
4. International Mobility	4/5
5. Adaptation of HR policies	4/5
6. Global Leadership Development	4/5
7. Cross-border Collaboration	3/5
Total Score	**30/35**

Figure 23. Pernod Ricard's internationalization score according to the Internationalization Assessment Framework.

To convert the final score of 30/35 into a percentage, we use the following proportion:

30 : 35 = *x* : 100

x = **85,71**

As a result, according to the IAF Pernod Ricard's internationalization level is 85,7%, indicating a highly advanced degree of internationalization. Based on the information gathered, it is clear that the Group has successfully established a vast and differentiated global presence across all continents, which they are able to manage thanks to a decentralized organization model based on three major divisions: headquarters, brand companies and market companies. The company also counts on a global workforce of over 19,000 employees of different nationalities. Pernod Ricard strives to reach a higher degree in the international workforce by implementing changes in their recruitment and governance policies. As a result, the firm requires high levels of cultural competence in its workforce, especially in executive and leadership roles. In order to foster the development of employee skills, Pernod Ricard organizes intensive training activities and programs. Some of these programs also include international mobility, which can help talents grow their career in different contexts, expand their knowledge and abilities, and boost their ambitions, therefore contributing to better company performance. Major commitments are taken also to adapt HRM policies to the different cultural and regulatory environments the company operates in, as well as promote leadership development programs that include plenty of international elements. However, it should be underlined that while all the information gathered was diffused by Pernod Ricard itself through public annual reports and interviews, it still doesn’t fully capture the details of its HR dynamics.

6. CONCLUSIONS

In the previous chapters, this thesis has explored the developments that wine companies have undergone and the internationalization efforts that led them to become major players in the rising Chinese wine market. Most importantly, this paper has aimed to suggest a new way to view and measure internationalization. This new approach focuses on the human factor in companies, rather than on sales and profitability figures. By underlining the importance of human resource practices in international organizations, we argue that talent management is a key determinant of global expansion. Quantitative metrics focusing on sales and revenues can help provide an understanding of the company’s international success; however, in order to truly assess its level of internationalization, we should focus also on variables concerning its organizational structure and HRM practices. Training and leadership development programs, recruitment strategies, and internal adaptations are just some of the key elements which allow firms to go international and thrive in foreign markets. These practices are also crucial for companies to develop cultural competence and skills, as well as promote cross-cultural collaboration and innovation among their workforce. They also allow for easier, more effective knowledge transfer and talent management, aiding in the recruitment and development of global leaders with global mindsets.

By taking wine companies operating in China as an example, we strive to collect data on how some of these firms are structured and managed, by taking into account some of the key aspects which determine successful internationalization. The wine industry makes for a good example to research this topic, because it is a largely globalized sector which strongly relies on interpersonal bonds between people. In addition, it is a valuable opportunity to research some of the latest shifts in the global wine markets with particular attention to China. In fact, China has been thoroughly analyzed by previous scholars for its importance as a consumer market, but little research has been done so far to study its growth as a producing country for fine wine. In this context, this thesis also aims at providing insight into the rise of Chinese wine, and especially on how Chinese and international wine companies are investing in this sector. As a result, Chinese wineries are improving the quality of their products and entering foreign markets through partnerships and global competitions, while foreign companies are establishing joint ventures and subsidiaries in China to produce their own range of Chinese wines to market mainly within the country.

As previously stated, this thesis argues that qualitative metrics concerning the work environment, workforce inclusivity and adaptation of human resource management practices offer valuable insights when determining how much a company is international. To support this hypothesis, a new measurement system has been suggested: the Internationalization Assessment Framework (IAF). The IAF is composed of 7 key parameters, which include global presence, international workforce, cultural competence, international mobility, adaptation of HR policies, global leadership development and cross-border collaboration. By awarding a score from 1 to 5 to each parameter, companies can calculate their level of internationalization, which depends strongly on how the firm is organized and how they manage talent. The IAF proves particularly useful to managers and other stakeholders wishing to gain better knowledge of the internal internationalization of the company. The framework not only highlights the strengths and weaknesses of firm HRM, but also allows managers to suggest changes and improvements.

In this thesis we applied the Internationalization Assessment Framework to three major players in the Chinese wine industry: Silver Heights, Treasury Wine Estates and Pernod Ricard. As underlined by this research, company size and ownership (family-owned vs. corporate companies) have a major impact on the level of internationalization, mainly due to different affordability of resources, talent etc. Still, all three wineries showed strong efforts in promoting an international environment for skilled personnel.

Given the rather innovative nature of the implications presented in this work, it should be noted that there are some limitations. The topic of the human element as a key factor determining the success of international companies remains quite unexplored, especially when it comes to measuring such aspects. While the Internationalization Assessment Framework suggests a new approach to effective measurement, it only focuses on a limited number of parameters which may fail to capture the full picture of a firm’s internal operations. Most importantly, the importance of each parameter may vary according to different sectors and industries: while for some companies international mobility may not be considered relevant, for others it may be considered crucial. Additionally, during the implementation of the IAF on the three wineries, sometimes it was not possible to acquire specific and verified data. In particular, the scores obtained by Pernod Ricard were suggested after a thorough examination of the company's public reports, but were not suggested nor verified by the company itself. In future research, anyone wishing to implement the IAF should strive to acquire as much information as possible, and possibly verify it with the original source. This would ensure more precise and truthful reports.

Regardless of the limitations reported above, the seven parameters presented by the IAF and the scores awarded in this study do provide a good general understanding of how firms promote and foster knowledge transfer and global mindset among employees. Most importantly, the notions and suggestions contained in this thesis wish to lay the foundations for a new approach to understanding firm internationalization, which places a strong focus on firm organization and HRM practices when measuring the extent and effectiveness of companies' international expansion.

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