

# Neither acquiescence nor defiance: Tuscan wineries' "flexible reactivity" to the Italian government's quality regulation system

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## Abstract

This article introduces the concept of "flexible reactivity" to describe and analyze a form of economic actors' response to multiple judgment devices. Using the example of government regulation in the Tuscan wine industry, we show that wineries can in part comply with the government's quality classifications system while, at the same time, also offering products outside the official classification system. Through this research, we provide novel insights into the role of judgment devices and contribute to a more nuanced understanding of organizational responses to institutional pressures. Extending prior institutional-complexity research, our study illustrates that organizations' reactions to judgment devices are not limited to only the two options of either acquiescence or defiance. The third option—flexible reactivity—encompasses an explicit combination of acquiescence and defiance at the actor level. Our findings shed new light on how organizations can cope with contradictory external demands such that contrasting logics compete for organizational resources and breed heterogeneous and continuously shifting product offerings.

## KEYWORDS

culture, economic sociology, institutionalism, organizations, uncertainty

## 1 | INTRODUCTION

Research on market cognition emphasizes how formalized information plays a central role in structuring the interface between producers and consumers in markets (e.g., Anand & Peterson, 2000; Fourcade & Healy, 2017). A key insight from this literature is that judgment devices (e.g., rankings, prizes, and certifications) have a significant impact on consumer demand and, by implication, on the behavior of producers trying to cater to them. But just how pervasive is the impact of these judgment devices on organizations? Some researchers have found that judgment devices can change virtually all products in a field (Espeland & Sauder, 2007, 2008). This is because all of these products depend on the field's dominant judgment device and the legitimacy it confers. Others have observed a more focused effect (Rossman & Schilke, 2014), with some organizations adjusting their production to the evaluation criteria applied by the judgment device and other organizations ignoring these criteria.

Our investigation departs from these conceptions and presents an organizational response to a situation in which multiple judgment devices that are in conflict with one another and changing in terms of their perceived importance co-exist to produce "irreconcilable demands" (Pache & Santos, 2010, p. 458) to the organization. Actors' responses to such an environment are far from static, as gains and losses are constantly being reassessed and balanced (DeRue et al., 2009). The judgment devices can also be fraught with contradictions related to organizational identity construction, giving rise to an organizational struggle to reconcile external forces and internal conditions (also see Carroll & Levy, 2010; Islam, 2014; Yip et al., 2020).

To denote that organizations can simultaneously and explicitly pursue multiple judgment devices, we suggest the term "flexible reactivity." The emphasis given to a specific judgement device is not fixed, but can shift over time, with resources being reallocated to satisfy different judgement devices. Such a flexible reactivity strategy allows organizations to benefit from the legitimacy bestowed by one judgment device while at the same time reaping the benefits of drawing on other judgement devices that follow a different logic.

We develop our argument with illustrations from a qualitative study of Tuscan wineries that were confronted with the introduction of a state-controlled quality classification system. We discuss how wineries responded to this classification system by complying with the regulations, while simultaneously cultivating their own philosophies about quality wines that were more aligned with famed wine critics. Our findings draw on qualitative data that we collected from winemakers in the region as well as archival background information covering the historic developments in the field. This approach allows us to present novel insights with implications for a number of themes that are central to economic sociology.

First, we add to the literature on reactivity (e.g., Rossman & Schilke, 2014, 2016; Sauder & Espeland, 2009), which has emphasized how third-party evaluations affect organizational cognition and behavior. Whereas earlier research discussed the homogenizing effect of judgment devices (Sandholtz, 2012), we present an organizational response to judgment devices that is overtly accommodating and challenging at the same time, thus heeding calls for more clarity and detail about how judgment devices shape settings (Kwon & Easton, 2010; Pollock, 2012).

Second, our research also speaks to the broader literature on organizational responses to externally imposed institutional pressures (e.g., Oliver, 1991; Scott, 2014; Yoo & Jung, 2015). This literature has traditionally treated organizational responses as binary: either organizations acquiesce to or defy institutional pressures. Recent research has called into question such an either-or approach in the presence of multiple institutional logics (e.g., Lane, 2018; Smith & Tracey, 2016), but just how such more complex responses are achieved and maintained within organizations has yet to be elaborated. Our study suggests that contradictory logics in an organization compete for dominance and can breed a conflictual and permanently changing hierarchy of logics. The possibility to pursue contradictory strategies overtly, simultaneously, and over prolonged periods of time has rarely been addressed in extant literature (cf. Greenwood et al., 2011). We suggest "flexible reactivity" as a type of coping strategy for organizations to deal with contradictions between competing external demands that can persist over time and vary in terms of attention given by relevant actors of the field, thus going beyond institutional theory's traditional

focus on a stable and conclusive solution to resolving tensions and moving closer to how actors actually experience complex institutional environments.

The remainder of this article is organized as follows. The next section reviews the literatures on judgment devices, reactivity, and institutional complexity. Subsequently, we describe the data and methodology and report our empirical findings. The discussion section features theoretical implications, with a summary of the study's contributions and future research directions.

## 2 | THEORETICAL BACKGROUND

### 2.1 | Judgment devices and reactivity

A judgment device serves as a guidepost that helps the consumer make a purchase decision among a variety of different product offerings whose true quality is difficult to observe (Fourcade & Healy, 2017; Kharchenkova & Velthuis, 2018; Lane, 2014). The consumer's uncertainty about a product's quality becomes increasingly vexatious as we move from search goods (where it is costly to discover quality) to experience goods (where quality only becomes apparent with consumption) and finally to credence goods (where quality remains obscured even after consumption) (Darby & Karni, 1973)—with wine, the focus of this study, often being classified as an experience or even a credence good (Galizzi, 2013). Indeed, most consumers are unable to distinguish good from bad wines based on objective sensory characteristics alone. As a result, the question of which wines are highly sought after or end up as shelf warmers is often driven less by their taste than by social processes through which quality is constructed (Beckert et al., 2017; Schwarz, 2018), and in particular, by judgment devices (Hay, 2010; Rössel & Beckert, 2013).

What can matter greatly in this context is the origin of the judgment device. On the one hand, judgment devices can be consumer-led, and many online shops use these to give the potential customer of a product an indication of how satisfied previous customers were. On the other hand, especially with products believed to require special expertise, judgement devices can be created by experts, who unsurprisingly do not always concur with ordinary consumers' preferences.

The importance of judgment devices for consumer choice has been demonstrated in a variety of different fields in which product uncertainty is high and trust-building processes play an essential role (Bachmann & Inkpen, 2011). Such fields include education (Espeland & Sauder, 2007), hotels (Jeacle & Carter, 2011), music (Anand & Peterson, 2000), movies (Rossman & Schilke, 2014), art (Kharchenkova & Velthuis, 2018), and food (Rao et al., 2003). In an experimental study on how the Italian wine quality classification system affects consumption patterns, Stasi et al. (2011) found that consumers were significantly less price-sensitive and less willing to switch to competing offerings in the case of DOC/G (Designation of Origin/Guaranteed) wines as compared to Italian wines without governmental quality certification.

Due to their importance for product marketing, producers pay significant attention to the criteria applied by judgment devices and often try to tweak their own product offering to score high on those criteria. Judgment devices are thus used as a basis for performance management, with organizations not only being attentive to the particular qualities that a judgment device uses for evaluation but also willingly catering to that judgment device by changing certain aspects of their behavior—a phenomenon denoted as reactivity (Espeland & Sauder, 2007). As such, judgment devices intervene in the social worlds they depict; they cause organizational decision makers to think and act differently and ultimately become constitutive of what they measure (Espeland & Stevens, 2008; Pollock et al., 2018).

In this study, we examine a case in which the issue of how reactivity unfolds is rather complex. Specifically, we suggest that organizations can simultaneously appeal to a judgment device with one part of their product portfolio while, at the same time, offering other products that score low on this particular judgment device's criteria. Those latter products may follow an alternative judgment device's criteria or ignore the field's judgment

devices altogether. To appreciate the economic rationale for maintaining some products that break the rules of the dominant judgment device, it is important to note that judgment device criteria are often not in line with direct consumer appeal (Rossman & Schilke, 2014), especially if they are not created as a consumer-led rating system. This is because judgment devices are frequently based on expert opinion, or, as in the case of the Italian wine classification, based on rules set forth by government officials. While these actors often have legitimacy as arbiters of style and preservers of quality standards (Karpik, 2010), the resulting distinction between those performing the evaluation and those eventually consuming the product can result in judgment devices that consecrate products with relatively low mass audience appeal. In other words, the criteria for excellence employed in third-party evaluations and the tastes of ordinary consumers can differ substantially (Holbrook, 1999).

Extant reactivity research has mostly suggested that some organizations accommodate the dominant judgment device while other organizations may disregard it (Rossman & Schilke, 2014). Recently, scholars have advocated investigating organizational responses that go beyond simple reactive conformity or defiance to embrace the potential coexistence of these strategies (Pollock, D'Adderio, Williams and Leforestier, 2018). It is this tension of producers simultaneously catering to and defying judgment devices that our study aims to shed light on.

## 2.2 | Institutional complexity

It is surprising how rarely the literature on reactivity has been systematically integrated with that on institutional theory. An important exception is the study by Sauder (2008) who elaborates how judgment devices can assume the role of powerful field-level actors exerting significant institutional pressures on organizations. Judgment devices are not only originating in an institutional context but also possess the constitutive features of archetypical institutions, including their rule-like social fact quality and their embeddedness in formal structures (Zucker, 1987). In particular, a newly established judgment device can be viewed as a vehicle of institutional change given its ability to introduce a divergent institutional logic—defined as overarching sets of principles that prescribe “how to interpret organizational reality, what constitutes appropriate behavior, and how to succeed” (Thornton, 2004, p. 70).

Whenever the logic supported by a new judgment device is in conflict with how things have been done previously, the device can create substantial complexity—i.e., conflicting demands associated with different logics (Smith & Tracey, 2016). Researchers have become increasingly interested in studying institutional complexity, whether it can be enduring, and how different forms of institutional pressures are related to each other (Greenwood et al., 2011; Kraatz & Block, 2008). While much progress has been made in illuminating relevant field-level outcomes associated with complexity, “we know relatively little about how and why organizations respond to multiple logics” (Greenwood et al., 2010, p. 521). Thus, we need more theoretical insight and empirical knowledge of how organizations make sense of and navigate complex institutional arrangements with multiple contradictory logics (Ocasio & Radoynovska, 2016).

Extant research on organizational responses to institutional complexity has mostly pursued one of three approaches. First, research on decoupling and symbolic management has noted that organizations abide superficially by one logic without implementing the related practices and instead follow the other logic in their actual behaviors (Meyer & Rowan, 1977; Ruef & Scott, 1998). Decoupling can be feasible especially in contexts where enforcement and monitoring of institutional conformity are lax and organizations can avoid the scrutiny of external referents. However, it becomes tenuous when an organization's merely ceremonial commitment to a certain logic can be easily exposed (Pache & Santos, 2010).

Second, much of the research on hybrid organizations has described how these organizations blend different logics (e.g., D'Aunno et al., 1991; Ramus et al., 2017). The focus here is on an attempt to combine and layer practices consistent with different logics. The hybrid approach is promising in many contexts of institutional pluralism, but organizations' ability to mix diametrically opposed logics can be limited whenever the relevant institutional logics are contradictory and incompatible (Ocasio & Radoynovska, 2016; Pache & Santos, 2010).

Third, organizations may compartmentalize their distinct activities that cater to specific institutional logics, such that different units of the organization address different logics and pursue segregated identities (Kraatz & Block, 2008). For instance, Binder (2007) finds that different departments of a transitional housing organization adopted distinct responses to the institutional environment. Restaurants, sometimes on different menus and/or in different areas of their venue, may address several distinct institutional environments under the same roof, but through different organizational units (Lane, 2014, 2018).

In sum, extant research has shed light on three distinct types of organizational responses to institutional complexity. All three deserve to be considered as an explanation of organizations' behavior vis-à-vis institutional pressures, but as we will elaborate later, they are short of revealing how organizations accommodate contrasting logics that coincide in the same field of activity. Importantly, all three approaches of the literature are static in nature. Regardless of how strongly the multiple logics are conflicting, the final outcomes of symbolic management, hybrid organization, and compartmentalization are seen as stable rather than inconclusively competing. Therefore, the three approaches do not offer a nuanced view of how multiple logics are constantly contending and changing their relative weight and what this means for organizations trying to cater to them.

In this study, we consider a conceptually distinct approach addressing the possibility that an organization openly and constantly pursues competing logics. Our approach explains why organizations do not suffer from the tensions inherent in multiple logics by letting them freely compete for a single goal (e.g., quality identity in our setting) in an open arena. This is in contrast to earlier approaches in the literature on institutional complexity: not symbolic and not hybrid. In contrast to the compartmentalization approach, the competing logics are not in a stable equilibrium. Our empirical case provides insights into actors' sensemaking of coexisting logics and links these findings back to the institutional literature (Smith & Tracey, 2016). It allows us to elaborate the notion of "flexible reactivity" as an important form of economic actors' response to institutional pressures.

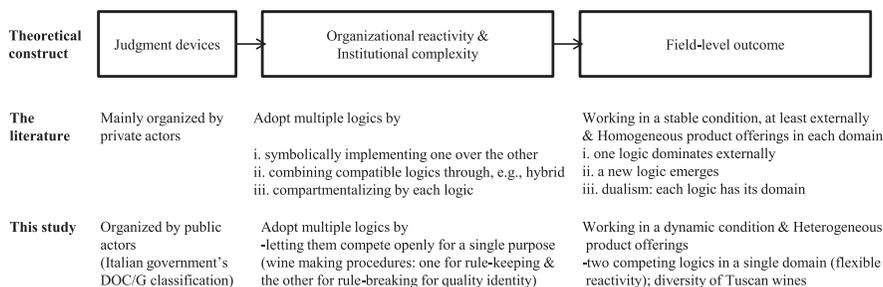
### 3 | METHODS AND DATA

The general empirical approach of this study is theory elaboration (Graebner, 2009; Lee et al., 1999)—that is, to employ an empirical setting to illustrate a theoretical argument. In order to gain intimate knowledge of how organizations respond to judgment devices, we conducted a qualitative, multiple-case study of the Tuscan wine industry and the Italian government's quality classification system. Compared to econometric analysis of large-scale archival data, our qualitative approach enables us to gain insights from the ground and to refine some ex-ante developed theoretical views. Thus, we gain a richer understanding of producers' considerations in making sense of the DOC/G system. Compared to ethnographic and single-case studies, the multiple-case method that we employed sacrifices a degree of detail in favor of greater generalizability (Yin, 2003). Figure 1 below provides the framework for our empirical study.

#### 3.1 | Research context

In the 1950s, the Italian wine industry was the largest wine exporter in the world, but it was hardly recognized for its quality. To bolster the image, in 1963 the Ministry of Agriculture and Forestry introduced a classification system emphasizing the Italian traditions in wine-making. Chianti in Tuscany was the first region to be granted a designation of origin (DOC).

With the Italian wine classification system, government officials strictly regulated origin, grapes, and production methods. Such judgment standards differ from the evaluative criteria of the ordinary end consumer, who tends to prioritize product characteristics such as taste and price over authenticity (e.g., Lockshin & Hall, 2003). It was this difference that made winemakers raise concerns and maintain that the classification system does not



**FIGURE 1** The framework of this study

leave sufficient room for producing wines with extraordinary taste—a problem that could have unintended consequences and actually lead to a deterioration of their brand.

### 3.2 | Data collection

Our data collection follows a multi-method approach, which includes comparative-historical information, a broad literature review including document analyses, and field interviews with winemakers. Our comparative-historical analysis covers a period stretching back to the 1950s in which various interactions between wine producers and the government took place. It is based on a wide variety of historical information on the Italian wine industry that we accessed through newspaper archives, trade magazines, wine guides (e.g., Anderson, 2004; Johnson, 2000; Shah, 2006; Waldin, 2006), and pertinent online sources such as wineeconomist.com. The present situation is mainly investigated by means of primary data collection and analyses, which aim to unravel today's organization-level consequences.

Specifically, we interviewed ten wineries in three distinctive regions of Tuscany: Chianti, Montalcino, and San Gimignano. Our sample size of ten wineries is consistent with pertinent recommendations for qualitative research that aims to extract a rich understanding of a new phenomenon (rather than strives for generalization or systematic comparison) (Braun & Clarke, 2013, p. 50). With this mind, we selected ten wineries—three to four in each region. The three regions covered in our data are generally considered to be representative of the characteristics of Tuscan wines, and the wineries interviewed are thought of as particularly prestigious (Shah, 2006). Because organizational size can affect strategic decisions and organizational structures, we made sure our sample covered wineries of different sizes. Four of the wineries are rather small, with cultivating areas under 50 hectares; three wineries are medium-sized (between 50 and 100 hectares); and three are large, with estates comprising more than 100 hectares. Table 1 summarizes some key aspects of the wineries in our sample. At these wineries, we conducted long and detailed interviews with the owner and/or the manager. Because our interviews did not contain any elements that would likely harm, embarrass, or invade the privacy of participants and because we anticipated that key statements may lead to identification, we did neither promise nor pursue any attempts at anonymization in this investigation (e.g., Nespore, 2000).

For all interviews, we used semi-structured interview guidelines consisting of several sections (see Table 2), including (1) questions about how each winery established its quality identity vis-à-vis the government's classification systems; (2) questions about the winery's strategic plans to improve its status beyond the current market position; and (3) questions regarding the winery's views on the quality identity of Tuscan wine generally in the past and in the future. The interview guidelines provided only a broad orientation, from which our conversations evolved organically (Hennink et al., 2020). While the guidelines focused primarily on rule-keeping and rule-breaking wines, winemakers also started to elaborate on other relevant topics, such as the history of DOC/G

**TABLE 1** List of wineries in this study

Wineries	Appellation (classification)	Demography	Interviewees
Il Palagione	San Gimignano (DOCG)	12 hectares; 60 thousand bottles; current ownership since 1996	Owner & manager
Cesani	Chianti Colli Senesi (DOCG, San Gimignano)	25 hectares; business established by grandparents in 1950	Owner
Tenuta Torciano	San Gimignano (DOCG)/Chianti Classico (DOCG)/Brunello di Montalcino (DOCG)	182 hectares; family business since 1,720; 37 permanent employees	Owner
Podere Uccelliera	Brunello di Montalcino (DOCG)	8 hectares; 50 thousand bottles; current ownership since 1986	Owner & manager
Altesino	Brunello di Montalcino (DOCG)	45 hectares; 220 thousand bottles, family established in 1972	Manager
Antinori	Brunello di Montalcino (DOCG)/Chianti Classico (DOCG)	700 hectares in Chianti Classico (22.4 million bottles per year in the whole of Italy); founded in 1,385; started to produce 600 years ago	Manager
Rocca di Castagnoli	Chianti Classico (DOCG)	100 hectares; 500 thousand bottles; current ownership since 1981	Manager
San Felice	Chianti Classico (DOCG)	140 hectares; 1 million bottles; current ownership since 1978	Manager
Felsina	Chianti Classico (DOCG)	90 hectares; winery established in 1966	Owner & manager
Badia a Coltibuono	Chianti Classico (DOCG)	60 hectares; 250 thousand bottles; family-owned firm established in 1980s (with roots back to 1846)	Owner

regulations and their personal views of wine critics, among other issues. Interviews lasted about 120 min each. In addition, we were shown the vineyards and winemaking facilities.

### 3.3 | Data analysis

The findings we report below are based on competing concepts maintained by the government, on the one hand, and the winemakers, on the other. Our interview notes and the other written materials were scrutinized by means of a qualitative content analysis. We identified clusters of related concepts as well as recurring narratives and discussed them among the co-authors until we reached a common understanding and agreement on all facets of their meanings.

## 4 | FINDINGS

In the sections that follow, we sketch notable assumptions wineries make about the consumer along with the influence of judgment devices on their decisions in more or less chronological order—on the basis of the concepts derived from our qualitative coding depicted in Figure 2 and with an emphasis on characterizing the rules of the DOC/G system.

**TABLE 2** Interview guide

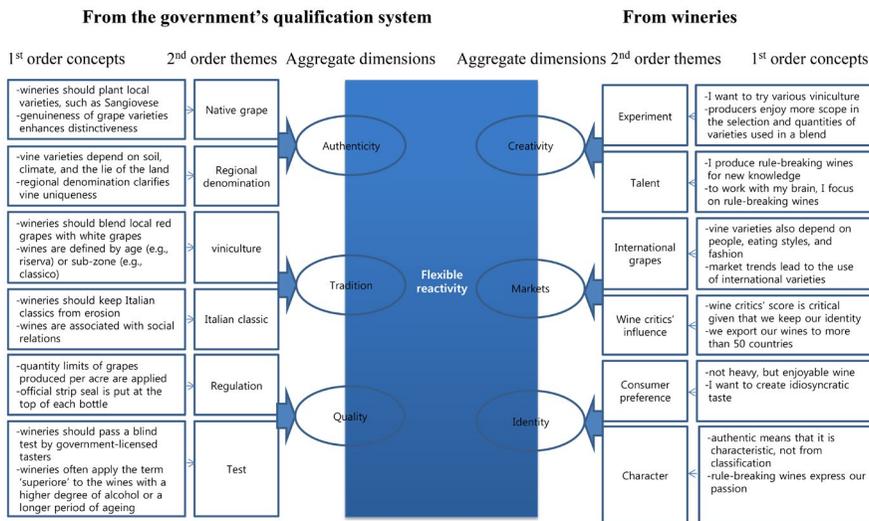
1. Demographics
<ul style="list-style-type: none"> <li>• Ownership (by an individual or by a large firm, such as an investment bank)</li> <li>• Year when the winery was established</li> <li>• Winery size and production quantity</li> <li>• Price of each wine in production</li> <li>• Grape/barrique or botti</li> <li>• Classification such as DOCG (officially the most prestigious) or IGT (officially a kind of table wine; rule-breaking; sometimes called Super Tuscan)</li> </ul>
2. How important are quality classifications such as DOC, DOCG, or IGT?
<ul style="list-style-type: none"> <li>• What do you see as the main purpose of these systems?</li> <li>• Are these systems helpful from your point of view?</li> <li>• Does your wine comply with the rules of these systems?</li> <li>• What happens if you do not comply?</li> <li>• Why did you make a decision to follow DOCG rules or instead to adopt IGT?</li> </ul>
3. Is your best wine a DOCG or an IGT?
<ul style="list-style-type: none"> <li>• Is your most expensive wine a DOCG or an IGT?</li> <li>• What determines the price of wines?</li> <li>• What determines the quality of wines?</li> </ul>
4. What are your plans to improve the quality image of your wine in the future?
<ul style="list-style-type: none"> <li>• Who are your main customers?</li> <li>• How do your main customers decide which wines they buy?</li> <li>• Where is the market going and what does this mean with regard to government-controlled quality classification systems?</li> <li>• Who are your main competitors?</li> <li>• Will they comply with the rules of DOCG in the future?</li> </ul>

## 4.1 | Authenticity versus creativity

More than anything else, it was authenticity that the government tried to establish by introducing the classification law in 1963. The quality classification system was devised in accordance with the proposals by a consortium charged with overseeing duties, interprofessional bodies, regions, Chambers of Commerce, the National DOC Committee, and recognized national unions of viti/vinicultural professionals (Fregoni, 1992). Similar to the French AOC system, the Italian classification law included strict criteria, such as origin, genuineness of grape varieties, production methods, and alcohol content. In the 1960s, all Italian wines were classified and labeled as either table wines or DOC wines under this system. Since the DOC certification emphasized genuineness and purity, it encouraged wineries to plant regional varieties and to follow traditional viticulture.

However, rather than the authenticity pursued by the government, many wineries valued creativity and tried to experiment with various viticultures. These wineries did not have much faith in or respect for the government's policy. Tuscan wineries started to produce both rule-keeping DOC as well as rule-breaking wines to compete in the higher ranks of quality and price, which were arguably not covered by the DOC system. The owner of a winery we interviewed who utilized grape varieties discredited by the classification system said he did this to develop new knowledge and—specifically—“to experiment” with different tastes. In many cases, wineries' creative products were officially classified as table wines, because they did not comply with the criteria of the DOC system. One manager concluded: “daily life on the ground of DOC, but a special event with a creative wine.” Consequently, the quality image of Tuscan wines has subsequently been constructed not only by the wines that followed the regulations but also, to a large extent, by those that opposed them.

To resolve the conflicts, in 1980 a more prestigious classification, the “guaranteed DOC” (DOCG), was newly awarded to a few wines from selected regions. In addition to geographical origin and grape varieties in the DOC system, DOCG rules further required wineries to pass a blind test by government-licensed tasters and to meet



**FIGURE 2** Data structure [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]

stricter criteria, such as tightened quantity limits of grapes produced per hectare and increased alcohol levels. The 1980 system consolidated regional denomination and introduced sub-regions, such as Montalcino and Chianti Classico in Tuscany. However, the revised rules still disregarded experimentation with diverse grape varieties. As a result, the wineries in Tuscany did not develop more trust toward the government's regulations and continued to challenge them. They pitted talent against regional denomination, proudly arguing that “to work with my brain and for knowledge, I produce rule-breaking wines.”

As a result, in addition to native grapes such as Sangiovese, more and more international varieties, such as Cabernet, Merlot and Syrah, appeared in Tuscany, and winemakers began to blend these varieties freely into quality Tuscan wines (Johnson, 2000). For example, the Ornellaia estate produced Le Volte, a traditional wine made from 50% Sangiovese that failed to satisfy the DOC/G rules because it included too much Cabernet Sauvignon and Merlot. This led to a downgrade of the estate's top wine to the lowest classification—table wine. Nonetheless, most wineries maintained their challenging stance, while also producing wines complying with DOC/G rules simultaneously, and occasionally changing the hierarchical order in which they put their product types in terms of quality and price.

The interactions between DOC/G rules and wineries are reflective of the negotiations between advocates of judgment devices and decision makers within wineries and denote how the latter respond to and adopt multiple logics (Pollock, D'Adderio, Williams, and Leforestier, 2018). The relationship between the two competing logics—i.e., authenticity versus creativity—show how distinct “flexible reactivity” is from other concepts addressing organizational responses to institutional complexity, particularly hybridity and compartmentalized identities. Most notably, both hybridity and compartmentalization depict a stable condition in an organization. In contrast, flexible reactivity denotes an overt competition for dominance between two logics. The following quote by an owner of a medium-sized winery helps to illustrate flexible reactivity:

In my opinion, DOC/G helps to sell wines with a strong certification and a well-known quality. Regarding IGT (Super Tuscan), the wine-producing process is freer and less determined by strict rules. Therefore, we are producing both types of wine. It is important to make excellent Chianti wines with DOC/G labels, since our estate is situated in a rich and highly traditional wine territory of Tuscany. In addition, it is also critical to create IGT-based wines of a blend of our best grapes. It is like a ceaseless competition between tradition and creativity. Even in the future, I will follow both rules in order to give my customers the best alternatives of what my territory can offer, also adopting market trends such as organic production.

## 4.2 | Tradition versus markets

With their classification system, the government emphasized traditional viticulture. The DOC/G system was all about “which vines to plant and how to cultivate them” (Johnson, 2000, p. 18), such that these decisions would no longer be made freely by wineries themselves but rather under the constraints of regulation. The regulations changed over time but were also meant to be followed strictly. For example, in the early days, wineries were required to blend local red grapes with white grapes. It was a traditional method to add freshness to the wine. While the required blending was eventually given up, the 1980 DOCG system also regulated the quality of wines by age (e.g., riserva) or sub-regions (e.g., Chianti Classico). The basic logic of the system was that wineries should keep classic Italian standards of wine production from erosion, and winemaking should adhere to longstanding traditions.

A particularly remarkable milestone in the DOC/G history was the year 1968, when Antinori, a Florentine family that has been producing wine for six centuries, launched a high-quality wine that did not comply with the criteria of the DOC system: Sassicaia. This wine used a large proportion of international grape varieties such as Cabernet Sauvignon and Cabernet Franc. The winery's rationale relied on markets rather than tradition. The CEO of Antinori advocated the use of international grapes: “vine varieties also depend on people, eating styles, and fashion, which reflects market trends.” All the wineries we interviewed exported their wines to other countries in Europe and most to America and Asian countries. Against this background, international market trends were seen as crucial as or even more critical than tradition.

Antinori produced rule-keeping DOCG wines but it also created rule-breaking wines such as Sassicaia, which sold for more than USD 200. It was officially classified and labelled as “vino da tavola” (table wine). Tignanello, another Antinori wine, sold for more than USD 100 and was made solely from Sangiovese (the traditional and dominant grape variety in Tuscany), but later became rule-breaking when it was generously blended with Cabernet (Johnson, 2000).

It was at this point that another judgment device was entering the Italian market. The wine critic Robert Parker became highly prominent in the Italian wine market around the mid-1980s, often favoring those wines that failed to comply with the government classification system. Antinori's CEO stressed the tensions between the rules set by the government and the success criteria applied by wine markets and held up by wine critics. However, he also noted the rather limited influence Robert Parker had on his own decisions as a winemaker:

In our ... view, the DOC rules in the 1970s, which required white varieties, were not helpful, even though we acknowledge the importance of appellation. (...) Some people say that our decision was due to the influence of wine critics, such as Robert Parker. But it is not true: while wine critics are critical for some people, most people do not consider them seriously. (...) We do not think that quality is determined solely by DOC/G rules or wine critics. Instead it is the creativity, name of wine, company, appellation, etc.

This quote resonates well with Favero's (2013) quantitative analysis of the impact of Robert Parker points on the prices of Italian wines. Overall, this study did not find a significant relationship, even though it identified notable outliers that did benefit from Robert Parker's ratings. The varying relevance of Parker ratings across wineries and consumer segments are evident in the following quote from an owner of a small winery: “A bit of white grapes is still absolutely acceptable and even desirable in making red wines for acidity and preventing them from being brown. We are targeting young customers who do not care for what Parker says.”

As such, it appears that for some winemakers, the choice was primarily between complying with the DOC/G rules versus creativity, rather than between two types of judgment devices (i.e., government classification and wine critics). However, other winemakers benefited from using private wine ratings as a guidepost for their rule-breaking wines. Especially Robert Parker, arguably the most influential wine critic (Hay, 2010), gave (rule-breaking)

so-called Super Tuscan wines high scores for their complexity and drinkability, driving demand and prices up. The Sassicaia wine, which received a perfect 100-point Parker score in 1985, is often cited as the turning point that would forever link Robert Parker with rule-breaking high-quality wines in Italy (Corsinovi & Gaeta, 2015). This also came out in our interviews: whenever an emphasis was placed on one judgement device in the high-end quality segment, it was usually not the Italian wine classification system but rather the rating by Robert Parker. Several of our respondents confirmed that Robert Parker is “helpful” and “important for our reputation,” and one even called him a “friend.” This positive attitude toward the rating might be attributed to Robert Parker’s unique approach to wine tasting, which accommodates both consumer taste and winemakers’ identity considerations. Parker is known to rank wines according to how much pleasure they give him, thus prioritizing taste over more obscure quality markers, such as price or producer prestige (Parker, 2008, p. 6; Parker, 2010). Moreover, Parker is more interested in the personality, style, and potential of the wine and its producer—or what he called “on-the-premises (*sur place*) knowledge” (Parker, 2008, p. 2)—than in other critics’ opinions or regulatory bodies’ classifications. This emphasis on the character and individuality of the wine resonated well with Tuscan winemakers’ identity considerations; they interpreted Robert Parker as an endorsement to strive for the best wine they could possibly produce.

One might think that compartmentalized identities would emerge in such a setting, with low- and middle-markets governed through DOC/G rules and up-markets through other logics, such as Robert Parker. However, we found that DOC/G rule-following and rule-breaking wines regularly competed in the same markets. While rule-breaking wines were the most expensive in many wineries (8 out of 10 in this study), they were also found in low- and middle-markets. As described by Antinori’s CEO, wineries’ strategy to appeal to markets does not solely rely on a dichotomous approach, i.e., DOC/G versus other logics. The flexible response of wineries is also due to other pressures, such as international markets and changing consumer preferences, which are only partially influenced by wine critics. From around the early 2000s, Asia has become a significant market for European wine producers. Consumers in Asian countries, such as China, Japan, and South Korea, tend to have only limited knowledge about grape varieties and regions (Corsi et al., 2013) and follow trends and preferences that partially diverge from Western consumers’ judgement and buying behavior. For instance, in South Korea, red wines (76%) clearly dominate the wine business, while in Japan organic growing practices have considerable impact on consumer attitudes (Corsi et al., 2013). In these Asian markets, Italian wineries (including Tuscan ones) place particular emphasis on traditional values (e.g., authenticity and tradition) as well as market-specific requirements (e.g., matching Korean spicy cuisine with robust reds and addressing environmental and health concerns in Japan with organic wines).

In this sense, “flexible reactivity” appropriately reflects that wineries in Tuscany simultaneously and overtly adopt contrasting logics in the same product range and without hesitation to change emphasis in production and sales of rule-keeping and rule-breaking wines when new opportunities emerge.

### 4.3 | Quality versus identity

Clearly, quality was differently conceptualized between the government and wineries. The government’s efforts to develop a quality image of Tuscan wines by focusing on authenticity and regional traditions were, at best, partially successful. Since the 1980s, most Tuscan wineries have produced both DOC/G wines and rule-ignoring Super Tuscan wines, and wine aficionados have come to disregard the importance of classifications when buying Italian quality wines: “You’ll find the secret to success in buying Tuscan wine is to ignore everything on the label except the name of the producer” (Waldin, 2006, p. 16).

It is noteworthy that, as in the above mentioned case of Tignanello (classified outside DOC/G despite 100% Sangiovese content), even the wineries with rule-breaking wines began to place emphasis on Italian grapes (e.g., Sangiovese), not relying too much on international grapes. The owner of a winery we interviewed said that he produced rule-breaking wines even though both of his rule-keeping (with a high price tag) and rule-breaking (with a lower price tag) wines were made solely from the traditional Tuscan grape variety, i.e., Sangiovese. The manager

from this winery insisted that exclusive reliance on the government's regulations would cause the winery to risk its quality image, not reflecting consumers' diverse preferences. Another winemaker confirmed that he is keen "to maintain his identity as an ambitious producer by creating idiosyncratic taste," which he felt was not possible when only following the DOC/G regulations. He said: "In my case, DOC/G and IGT wines have the same price. People think price means quality, so I put the same price on my wines because they are made from the same selection and care. What does matter is that identity is not only the result of soil (represented by DOC/G regulations), but the relationship between soil and people."

In the 1990s, the government finally incorporated the resistant wineries into the classification system. The Goria law introduced a revised regulation in 1992, dividing non-DOC/G wines into two sub-categories: *vino da tavola* (table wine) and IGT (Indicazione Geografica Tipica, typical geographical indication). The IGT classification required wineries to identify geographic regions on the labels but allowed them to blend diverse grape varieties. This new regulation acknowledged the reality that wineries pitted their own rationales against the DOC/G rules and still achieved success in the global market. However, the Goria law still ranked IGT wines below the DOC/G status.

In response to the revised regulation, the old story unfolded again. Wineries produced both DOC/G and IGT wines but often attached a higher price tag to the latter (this was the case in 8 out of 10 wineries we interviewed). This shows again that the wineries tried to construct the quality image of Tuscan wines outside governmental constraints, although they did not totally disregard the regulation system. The regulation system is still considered valuable to pursue partly because it allows wineries to use the names of famous sub-regions for marketing their premium wines. In 2014, 17.3% of Tuscany's vineyards were planted with the main varieties featured in the Super Tuscan blends—i.e., Merlot, Cabernet Sauvignon, Syrah, and Cabernet Franc (Laskey, 2019), and according to several owners and managers of wineries in our sample, Super Tuscan wines which are produced with a high proportion of these foreign varieties, have contributed to the construction of the quality identity of their wines. They allowed for completely new blends that help to establish a luxury image of Tuscan wines and can compete with the most highly regarded wines from Bordeaux in France and Napa Valley in the USA. One winemaker pointed out that Super Tuscan wines were "very hip" when the expression was introduced 30 years ago, but remain so even today. This respondent said, it "would again be a Super Tuscan" when he was asked what his next newly created wine would be. This statement resonated with what many other interviewees expressed in various ways. Another respondent, for example, mentioned: "Quality is not enough, when accredited only by DOC/G rules. Quality is a complex system, not disciplined by the government's classification system, but composed of our analysis, DOC/G or IGT labels, wine critics, etc. People do not know much about DOCG or IGT, but want to know names. Thus, today our names are important and subsequently we find our niche in a complex market."

The tension between DOC/G regulations and the urge to break them became particularly salient in our interview with the owner of a highly reputable wine estate located in the Chianti Classico region:

DOC/G rules intend to maintain the region of origin. For instance, Brunello di Montalcino (one of the four regions firstly awarded by DOCG) is based on the idea of Franco Biondi Santi in 1964. It is small, so easily controlled by the state. DOCG is natural habitat, identity. It is impossible to say that we are not Chianti. But our vision is not identified by this kind of Chianti. More realistic is that the state is not enough. The state is in the middle between producers and consumers. Responsibility is the meeting point between producers and consumers. We have choices such as vineyards and grapes. Identity is a difficulty word. Evolution is our life. Identity is to be close to something ... relationship between people who know our work and soil. *Da Tavola*, i.e., Super Tuscans or IGT, is an alternative to choose for our identity.

Here, as in other cases, experimenting with new blends and tastes was seen as important for wineries to be able to follow multiple judgment devices (DOC/G and Robert Parker ratings) as well as changing consumer tastes and market

trends; in addition, such experimentation was associated with each winemaker's unique skills and talent, which represents the core of their professional identity. One of our respondents said that with non-complying wines, he wants to go "beyond the usual quality standards," and another winemaker emphasized that it is "all about passion" which makes him ignore the rules. Wineries' behavior was driven not only by a desire to satisfy the rules of the classification system but also by their ambition to receive recognition from wine critics, consumers, and peers for their skills and creativity, which the classification was not able to accommodate satisfactorily. As one of our interviewees put it: "The DOCG system does no harm, but the wines that I [and my customers] love are my [own] creations."

## 5 | DISCUSSION

### 5.1 | Implications for research on judgment devices and reactivity

Whereas earlier reactivity research emphasized how judgment devices uniformly affect the whole field (Espeland & Sauder, 2007) or at least the entire strategy of part of the field (Rossman & Schilke, 2014), our finding is much more differentiated. Specifically, we see only a partial effect of the Italian wine classification system on producers' strategies; Tuscan wineries simultaneously, and explicitly, make wines that adhere to the classification system *and* others that do not conform to its rules. The Tuscan wineries' response to the DOC/G system is thus more complex than earlier theoretical accounts; what may initially appear like a binary choice between acquiescence and defiance turns out to be more of a choice of emphasis between the Italian traditions (advocated by DOC/G regulations) and the criteria that the wineries assume satisfy customers' preferences.

One salient difference between our study and much previous research on organizational reactivity is that earlier analyses tended to focus on fields in which a single judgment device overshadows all others. However, it is not uncommon that multiple judgment devices with divergent logics clash and compete within the same field (Pollock, D'Adderio, Williams, and Leforestier, 2018). One highly relevant case in point is Rössel and Beckert's (2013) analysis of the German wine market, in which a system based on terroir philosophy, introduced by the Verband Deutscher Prädikatsweingüter (VDP) and popularized by the Gault Millau wine guide, and another system based on chemical analysis, the German wine classification, co-exist. To obtain a certification from these different bodies, German wineries have to follow different strategies. Rössel and Beckert (2013) conclude that "(w)ineries usually choose a pure strategy; mixing both strategies does not seem to be a viable option" (p. 306). However, we find a very different pattern in Italy, where it is more of the rule than an exception that wineries simultaneously produce wines catering to DOC/G standards as well as those defying the standards, while shifting their emphasis on one or the other flexibly. We can only speculate about the reasons for these divergent findings. One relevant difference may be related to the degree to which judgment devices engage in direct competition to one another and essentially force producers to make an either-or choice for one of them. Rössel and Beckert (2013) observe that the two German judgment devices regularly and quite overtly fight each other, to the degree that they may coerce wineries to be fully consistent with their own criteria while neglecting those of the other. Especially the VDP, with its membership model, is in a powerful position to threaten their participating wineries with exclusion and thereby pressure them not to pursue the governmental wine classification in parallel. In contrast, Robert Parker is completely agnostic about Italian wineries also producing DOC/G-compliant wines, while the Italian government does not pursue any penalties above and beyond denying the DOC/G label. Future research adopting a comparative design would be useful to shed light on these intriguing differences among reactivity patterns in distinct markets.

Further, in interpreting the ways in which co-existing judgment devices influence producers in a field, we contend it is crucial to consider that judgment devices differ in the degree to which they dominate vis-à-vis other devices. For example, the Oscars are probably the most important judgment device in the film industry (Khitrov, 2020). In contrast, the Italian wine classification system, while no doubt highly influential, is not nearly as dominant

as those mentioned above. None of our interviewees felt that a single judgment device could capture the complexity of their creative products. This insight points to an important scope condition of our proposed flexible reactivity account. We anticipate this type of organizational response to be more typical of fields where symbolic qualities are important and in which multiple powerful judgment devices co-exist and pull producers in opposite directions. While our empirical study shows this to be the case for the Italian wine industry, we would expect similar dynamics to occur in fields ranging from books (where USA TODAY's best-selling books list co-exists with the high-brow Booker prize; Anand & Jones, 2008; Kovács & Sharkey, 2014) to food (where yelp ratings co-exist with the Michelin guide; Lane, 2014, 2018; Rao et al., 2003). Of course, it will be up to future research to offer deeper insights into the interplay between multiple judgment devices and organizational responses in empirical settings outside the Italian wine market. Further, we encourage future research that addresses the question of how and why certain judgment devices (and the organizations promoting them) obtain the power to impose their standards on producers while other judgment devices remain comparatively less powerful.

Finally, it is worth noting that the organizational-level effects we emphasized in this article have significant field-level consequences. Earlier research pointed to a homogenizing impact of judgment devices that decreases the field's diversity (Espeland & Sauder, 2008); that is, all organizations move in the same direction and adjust all of their products in the same way to increase their appeal to the judgment device. Our findings, however, imply exactly the opposite pattern, suggesting that non-dominant judgment devices (e.g., the Italian wine classification) can also promote heterogeneity and increase the breadth of fields. These judgment devices enable the production of offerings that would otherwise not be economically sustainable; at the same time, they do not prevent products that make more direct appeals to consumer preferences. The Italian wine classification system created rewards for wines that are authentic to their region, but it did not abolish or harm other types of wines, such as more exotic blends. DOC/G wines can coexist with table and IGT wines within the portfolio of a single winery. While this may be confusing to an ordinary consumer, there is clear evidence for an increased diversity of Italian wines over the past 30 years to the benefit of the consumer (Corduas et al., 2013; Larner, 2013). Future research into the complicated field-level consequences of judgment devices is clearly warranted.

## 5.2 | Theoretical implications for institutional complexity

Institutionalists have studied extensively how organizations respond to institutional pressures (Scott, 2014). While the majority of earlier investigations into responses to institutional pressures has made a binary distinction between acquiescence and defiance (e.g., Tolbert & Zucker, 1983; Schilke, 2018), the behavior we observe in the Tuscan wineries does not fit neatly into any one of the two categories but rather appears to follow a strategy where acquiescence and defiance coexist simultaneously at the level of the organization. Tuscan wineries in part engage in acquiescence in the form of conscious obedience to institutional requirements (Oliver, 1991, pp. 152–153), in our empirical context by producing wines that are in line with DOC/G regulations. At the same time, they also in part engage in defiance in the form of dismissal and challenge of institutional rules (Oliver, 1991, p. 156), in our study by questioning the usefulness of DOC/G rules and seeing it as their “duty as a winemaker and craftsman” to also produce wines that run counter to government quality standards. At its core, “flexible reactivity” describes the behavior of organizations trying to cope with complex institutional arrangements by embracing government regulations in one part of their product portfolio while challenging these same regulations in another part, while avoiding completely separated product lines.

We found that wineries were able to implement this pragmatic approach overtly and dynamically. Whereas maintaining multiple institutional responses could in principle lead to incoherence and goal-ambiguity (Kraatz & Block, 2008), Tuscan wineries were content with and completely willing to maintain this situation. Consumers regularly go back and forth between different product lines, and producers react to such demand fluctuations by shifting their product portfolio in an effort to keep their total output at a constant level. This pattern does not fit

the idea of compartmentalization of products with clearly separated product lines. For example, the UK grocery retailer Tesco has a premium product line called “Finest”, while the bulk of the offerings are more basic. Those separate product lines remain stable over time and a basic product would never fetch the same price as a “Finest” one. The same cannot be observed in Tuscan wineries. Both in terms of price and perceived quality, DOC/G classified wines may triumph over unclassified ones and vice versa, depending on where a winery puts its emphasis at a given point in time. Some of the wineries label their 100% Sangiovese wines as IGT wines, below the DOC/G classification, while also producing 100% Sangiovese wines with a DOCG label. It is indeed common to offer various types of wines and change emphasis without separating product types by fixed criteria.

Another point to note is that our findings imply that contradictory responses to environmental pressures can last for prolonged time periods. Prior literature focused on multiple identities in relatively short transition periods, such as M&As and organizational changes. In contrast to prior literature, our analysis of Tuscan wineries, based on a half-century time window, shows that contradictory responses can be sustained.

## 6 | CONCLUSION

This study presents novel insights into organizational reactions to judgment devices and institutional pressures more generally. The literatures on judgment devices and institutional complexity generally assume that, over time, organizational behavior and structural constraints will reach some form of fit or lead to a decoupling between actions and formal norms. In contrast, we elaborate on the nuances of a third option that has so far been largely unexamined. With illustrations from Tuscan wineries, we discuss the possibility that organizations comply with the official judgment device, while at the same time considering alternative judgment devices and maintaining their own beliefs that contradict the official quality classification system. We call this strategy “flexible reactivity”, which highlights how contrasting logics interact in an ongoing competition for dominance in the same market and bring about heterogeneous product offerings in a non-static, hierarchical order.

Future research, especially empirical studies, will be needed to reconstruct in a detailed manner the conditions, mechanisms and consequences underlying the processes at play between judgment devices and producers. It is in this context that insights can be generated which may benefit institutional theory as well as theory of identity construction. For example, institutional influences might be viewed as overlapping processes of various rules and judgment systems that can contradict or reinforce each other. Similarly, the construction of identity might become visible as a process in which contradiction between an actor's self and the social environment is the norm rather than the exception. Such perspectives may reveal as-yet unknown tensions and uncertainties in social relationships while also identifying key source of social creativity and innovation.

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## DATA AVAILABILITY STATEMENT

The data that support the findings of this study cannot be shared due to privacy and ethical restrictions.

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