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Explaining SMEs' engagement in local sourcing: The roles of location-specific resources and patriotism

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Abstract

This article draws upon the attention-based view when investigating how local sourcing is influenced by the personal resources and values of key decision makers within small firms. We argue that such firms are more likely to engage in local sourcing when key decision makers have access to location-specific human and social capital and strongly identify with their country. Using data from 204 Ontario-based restaurants regarding their decision to source local wines, we find evidence for the enabling role of location-specific resources and patriotism. In addition, we find that patriotism invigorates the effect of location-specific social capital such that local sourcing is stronger when key decision makers exhibit higher levels of patriotism.

Keywords

attention-based view, local sourcing, location-specific resources, patriotism, sustainability

Introduction

Although the manner in which firms behave in relation to their environment may have global consequences, these behaviors are situated in specific local contexts (Bilgin, 2009; Bourne and Snead, 1999; Vermeulen et al., 2007); for example, when firms adopt locally sourced products in their portfolio (DuPuis and Goodman, 2005; Krummert, 2006; Van Bommel and Spicer, 2011). As environmental stewardship may provide entrepreneurial opportunities for value creation (Cohen and Winn, 2007), the pursuit of sustainability and profitability is not necessarily in conflict and can in fact complement each other (Dean and McMullen, 2007; Schaper, 2002). However, previous research also suggests that many firms still struggle to incorporate sustainability initiatives into their business (Bansal et al., 2014). For instance, local sourcing is not always the default option for

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firms because local products may not enjoy the same ‘taken-for-granted’ aspect among local customers or other stakeholders, compared to globally sourced products or models which carry more legitimacy (Frenkel and Shenhav, 2003; Ritzer, 2007; Voronov et al., 2013; Weber et al., 2009). In that case, prevailing norms could act against local sourcing (McMichael, 2000).

Yet, it has also been argued that small and medium-sized enterprises (SMEs) may be well suited to embrace local products particularly when they are strongly embedded in their local environment (De Clercq and Voronov, 2011; Jenkins, 2006; Lahdesmaki and Suutari, 2012). Thus, a growing number of SMEs are incorporating measures to preserve and support their local communities by, including them in their strategic decision making (Dean and McMullen, 2007; Schaper, 2002). The focus of extant research, however, has been primarily on firm-level drivers of SMEs’ sustainable behavior and less so on how the individual-level characteristics of key decision makers may inform that behavior (Corral-Verdugo, 2012). Implicit in this line of research is the presumed dominance of strategic or economic motives to engage in sustainable behavior (Torugsa et al., 2013; Uhlaner et al., 2012). This ignores how the managerial attention of *individual* decision makers may matter over and beyond these motives and how personal characteristics can be instrumental in countering the normative disavowal of local sourcing (DuPuisa and Goodman, 2005; McMichael, 2000).

In response, we draw upon the attention-based view (Ocasio, 1997; Ocasio and Joseph, 2005) to explicate the prominent role of the location-specific resources held by key decision makers within the firm (Lahdesmaki and Suutari, 2012), as well their personal values in terms of how they identify with their country (Verlegh, 2007), in relation to local sourcing. These two factors speak to individual perceptions of the feasibility and desirability of local sourcing decisions, respectively (Kaplan, 2008). Despite the progress made in understanding the propensity to engage in sustainable behaviors such as local sourcing, there is lack of research on the influence of personal characteristics of key decision makers regarding how they can challenge the taken-for-granted aspect (Staw and Epstein, 2000; Suchman, 1995) of globally sourced products (McMichael, 2000; Ritzer, 2007). Whereas extant research has acknowledged the role of organizational factors such the strategic posture or size of the firm (Torugsa et al., 2013; Uhlaner et al., 2012) in influencing sustainable behavior, how individual firm decision makers inform local sourcing is less well understood. This oversight is somewhat surprising in light of the significant contributions that SME owners or senior management – referred to hereafter as ‘key decision makers’ – make in strategic choices (Lahdesmaki and Suutari, 2012). Accordingly, the attention-based view presents an appropriate, yet under-explored, framework for investigating how the personal characteristics of key decision makers in SMEs influence local sourcing decisions.

In sum, we investigate how SME local sourcing is informed by the location-specific resources (human and social capital) that key decision makers possess, as well as by how they identify with the country in which they reside (patriotism). The consideration of patriotism acknowledges the prominent role that personal values may play in influencing decisions about local sourcing (Chin et al., 2013; Corral-Verdugo et al., 2009; Kals et al., 1999). Thus, we suggest that local sourcing may be driven not only by the access to resources by key decision makers, but also by ‘emotional capital’ in relation to their country (Verlegh, 2007; Weber et al., 2008). In addition to the direct effects of location-specific resources and patriotism, we also investigate how the positive emotions associated with high levels of patriotism may invigorate the ease with which location-specific resources are applied to local sourcing, thereby responding to calls for furthermore investigations into how the perceived attractiveness of sustainable behaviors may function as a trigger for transforming relevant resources into these behaviors (Ramkissoon et al., 2012).

The remainder of this article is structured as follows. First, we indicate the relevance of the attention-based view for the study of SME local sourcing. Second, we develop hypotheses on the direct and interactive effects of key decision maker location-specific resources and patriotism on

local sourcing. Third, we introduce our empirical context, the support of local wines by local Ontario restaurants, and explain our research methodology. We then discuss our findings, concluding with implications for research and practice.

Theoretical background

Attention-based view and local sourcing

According to the attention-based view – a theory that derives from the behavioral theory of the firm (Cyert and March, 1963) – the bounded rationality of individual decision makers informs attention to particular issues, which in turn guides the behaviors undertaken on behalf of the organization (Ocasio, 1997; Simon, 1947). Specifically, the type of activities to which managers devote their attention is informed by the perceived feasibility and desirability of these activities (Kaplan, 2008). This depends on the manager's exposure to specific resources, social relationships, and rules (Ocasio, 1997). While the attention-based view explains firm behavior, it argues that the mechanisms that underpin such behavior essentially lie in the managerial attention of the key decision makers within the firm (Eggers and Kaplan, 2009; Fernhaber and Li, 2013; Maula et al., 2013).

In this regard, this theory emphasizes the significant role of key actors, whereby 'the most critical players in attention regulation are typically the CEO and the top management group' (Ocasio, 1997: 197). Previous applications of the attention-based view have mostly focused on the case of established organizations (e.g. Cho and Hambrick, 2006; Howard-Grenville, 2006; Kaplan, 2008; Souitaris and Maestro, 2010), yet this theoretical framework also has great relevance for smaller entrepreneurial ventures (Fernhaber and Li, 2013; Sapienza et al., 2005) in light of their reliance on a select group of members when decision making (Lahdesmaki and Suutari, 2012; Ta-Tao et al., 2009). In this study, we examine the effects of key decision maker personal resources and values in guiding local sourcing.

Personal resources

The bounded rationality that decision makers face reflects their cognitive constraints in terms of the information available to make decisions (Hambrick and Mason, 1984; Ocasio, 1997). In particular, individual cognitive schemas inform firm behavior by influencing the information that key decision makers notice, how it is interpreted and how these interpretations lead to actual choices (Daft and Weick, 1984; Kaplan, 2008; Ocasio, 1997). In the context of this study, we focus on two personal resources that drive the cognitive schema of key decision makers in relation to local sourcing, namely, their location-specific human and social capital (Felicio et al., 2012; Jansen et al., 2013).

Specifically, we suggest that the extent to which SME key decision makers have access to these location-specific resources should inform the attention they devote to local sourcing. This resource access influences the likelihood to engage in local sourcing activities because it enhances the perceived feasibility of these activities (De Clercq and Voronov, 2011; Kaplan, 2008). Thus, key decision maker access to privileged domain-specific resources – acquired either through accumulated personal expertise or personal networks – is a primary driver of their attention to local sourcing activities (Ocasio, 1997, 2011). For key decision makers to engage in pro-environmental behaviors, they must possess relevant human capital in relation to the local environment in order to fully understand the salient local issues. In addition, location-specific social capital captures the extent to which key decision makers maintain strong local network relationships (Putnam, 1993; Spence et al., 2003). Compared to large organizations, SMEs may benefit from strong connections with

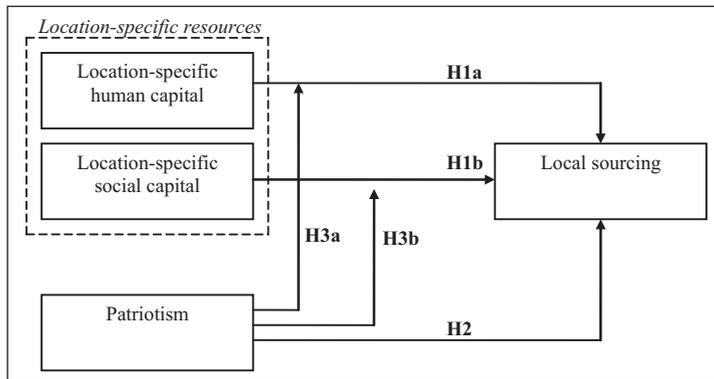


Figure 1. Conceptual model.

local partners because, due to their less elaborate management and governance structures, they often lack the capability to reach out to more remote partners (Russo and Tencati, 2009).

Personal values

Further to their access to location-specific resources, we suggest that key decision maker personal values (Chin et al., 2013) will be important to inform attention to local sourcing; we focus on patriotism, or how much local actors identify as members of their country (Verlegh, 2007). This consideration echoes insights from social movement research, which indicates that mobilization toward particular issues is motivated not only by instrumental, but also ‘expressive’ factors (Emirbayer and Goldberg, 2005). For example, Weber et al. (2008) found that pioneers of grass-fed beef farming ‘obtained emotional energy from connecting their work to a sense of self and moral values’ (p. 543). In a similar vein, previous research in environmental studies has shown the relevance of place identity for explaining pro-environmental behaviors (Walker and Ryan, 2008).

Accordingly, in this study, we investigate how identification with one’s *country* informs business decisions to commit to locally sourced products, at the expense of reliance upon foreign products. To the extent that the decision to engage in local sourcing is cast in opposition to the alternative of sourcing competing products from other countries – which is the case for our empirical setting of the commitment of Ontario restaurants to local wines above imported ones – the role of key decision maker patriotism or national identification is particularly relevant for understanding local sourcing decisions (Verlegh, 2007). Thus, our focus on the patriotism of key decision makers in guiding local sourcing extends the notion of ‘place identity’ to the country level (Bonaiuto et al., 1996); this patriotism is primarily concerned with the perceived desirability of local sourcing activities (Kaplan, 2008).

More broadly, the inclusion of patriotism in our conceptual model (see Figure 1) aligns with the premise that individual decision making is not only guided by objective criteria and rationality, but also by personal preferences (Barnard, 1938; Simon, 1987). **[AQ: 3] [AQ: 4]** Significantly, personal preferences such as patriotism may influence decision making both consciously and subconsciously such that it operates not only through explicit intentions, but also ‘creeps’ into firm behavior (Chin et al., 2013). Furthermore, the patriotism of individual decision makers may be covert and not easily observable (Verlegh, 2007). As such, the consideration of key decision maker

patriotism in explaining local sourcing provides insight into the role of a critical factor difficult to identify, and in so doing moves beyond mere access to specific resources.

Hypotheses

Location-specific resources and local sourcing

We hypothesize a positive relationship between the location-specific human capital or knowledge held by key decision makers in SMEs and engagement in local sourcing. The mechanism that explains this relationship is that managerial attention is guided by perceptions that a particular course of action is *feasible* (Kaplan, 2008). In particular, the bounded rationality of individual decision makers emphasizes the value of domain-specific competencies for undertaking certain courses of action in that these competencies increase their confidence when operating in that domain (Cyert and March, 1963; Ocasio, 1997). In the context of this study, the higher the level of location-specific knowledge held by key decision makers, the more they believe they are capable of successfully promoting products that originate from the locale (Meinhold and Malkus, 2005). This stimulating effect of local knowledge may be particularly salient in contexts where strong prejudices exist against the quality of locally sourced products compared to foreign ones (Voronov et al., 2013): this knowledge can, in turn, help overcome associated stigma (Slay and Smith, 2011). In this case, decision makers who have a better understanding of the challenges and opportunities faced by locally sourced products will feel more confident ignoring these prejudices and shape product choices accordingly. In short, deeper knowledge about the challenges and opportunities facing local products should stimulate SME key decision makers to include them in their portfolio because they are confident that the adoption will be successful:

Hypothesis 1a. There is a positive relationship between the location-specific human capital held by SME key decision makers and SME engagement in local sourcing.

The attention-based view also suggests that key decision maker exposure to domain-specific resources through strong personal relationships enhances their anticipation that those resources can be effectively applied to decision making (Fernhaber and Li, 2013; Ocasio, 1997). In this study, this logic suggests that local sourcing is positively influenced by the key decision maker's location-specific social capital and insights into the likelihood of locally sourced products enhancing competitive positioning (Fernhaber and Li, 2013; Jenkins, 2006). These insights may include knowledge about the distinct features of locally sourced products absent in foreign products or compelling authentic stories that appeal to local customers (Beverland, 2005). Moreover, there may be a normative aspect to being locally connected, whereby local network partners apply normative pressure to SMEs to support the local community (Marquis et al., 2007). Thus, their local connectedness may increase how much attention decision makers devote to local products as they are influenced by what they believe local partners expect them to do when making decisions about product-related choices (Ocasio, 1997; Ramkissoon et al., 2012). This, in turn, can increase their reputation relative to their peers (Russo and Perrini, 2010). Ultimately, high levels of local connectedness may influence the degree to which key decision makers seek to please local partners and thus are willing to put a great deal of effort into promoting products that are believed to be favored by these partners (Lahdesmaki and Suutari, 2012):

Hypothesis 1b. There is a positive relationship between the location-specific social capital of SME key decision makers and SME engagement in local sourcing.

Patriotism and local sourcing

A positive relationship is hypothesized between levels of patriotism held by key decision makers and engagement in local sourcing. According to the attention-based view, the pressures imposed by preexisting organizational norms influence what type of activities are afforded attention (Kaplan, 2008; Ocasio, 1997). We extend this argument by positing that the *personal* values of key decision makers (Chin et al., 2013) in respect to their country and, particularly, their degree of emotional attachment (Verlegh, 2007), should fuel behaviors consistent with these values. So, a strong identification with their country enhances the attention patriotic decision makers devote to locally sourced products (Verlegh, 2007). Furthermore, the positive association between patriotism and local sourcing speaks to the intrinsic motivation that people experience when supporting products that belong to places with which they identify (De Young, 1996; Ramkissoon et al., 2013). As such, the support given to locally sourced products reinforces the positive self-image of belonging to a particular country accentuating the distinction between home and foreign suppliers. In effect, patriotic decision makers who steer their firm toward adopting locally sourced products experience a positive psychological state that accentuates their feeling of belongingness (Ramkissoon et al., 2012):

Hypothesis 2. There is a positive relationship between the patriotism of SME key decision makers and engagement in local sourcing.

It is argued that the positive emotions associated with key decision maker patriotism will invigorate the contribution of their access to location-specific resources – established through their personal expertise or their connectedness with local partners (as posited in Hypotheses 1a and 1b) – to local sourcing such that this contribution will be stronger among decision makers who exhibit higher levels of patriotism. This reinforcing effect of patriotism turns location-specific resources into enhanced local sourcing through a process of ‘perceptual filtering’ (England, 1967), whereby key decision makers devote significant attention to the exploitation of resources expected to generate desirable outcomes (Cho and Hambrick, 2006). So, the ‘motivated cognition’ (Higgins and Molden, 2003) of key decision makers tends to trigger the selective use of resources affirming personal preferences (Chin et al., 2013). Unlocking and application of relevant resources in support of locally sourced products often demand perseverance and commitment, particularly in light of prejudices against these products (DuPuis and Goodman, 2005). Consequently, the positive emotions that patriotic decision makers feel for their country, and hence for national products, should invigorate the instrumentality of location-specific resources for enhanced local sourcing. These emotions fuel the cognitive efforts key decision makers are willing to invest to exploit the resources (De Clercq et al., 2013):

Hypothesis 3a. The positive relationship between the location-specific human capital held by SME key decision makers and SME engagement in local sourcing is moderated by decision maker patriotism such that the relationship is stronger for higher levels of patriotism.

Hypothesis 3b. The positive relationship between the location-specific social capital of SME key decision makers and SME engagement in local sourcing is moderated by decision maker patriotism such that the relationship is stronger for higher levels of patriotism.

Method

Data collection

The research setting is the Ontario restaurant industry in which restaurants confront the decision of how much they should focus on local sourcing when compiling their wine lists. In effect, what

percentage of their wine list should be dedicated to Vintner's Quality Alliance (VQA) wines, meaning those made from 100% Ontario-grown grapes (Aspler, 2006). The survey was prompted by an inductive multi-year study of the Ontario wine industry (Voronov et al., 2013) that included interviews with several restaurateurs in order to understand their perspective on the Ontario wine industry. While the Canadian wine industry is relatively small, Ontario represents the largest grape growing and winemaking region in the country. Of the more than 100 wineries in Ontario, the largest concentration is in the Niagara Peninsula (between Toronto and Buffalo). Winemaking in Ontario dates back to the late 19th-century (Aspler, 2006), but the founding of Inniskillin Winery in 1974 is generally considered as the start of 'serious' winemaking in the region. A number of Ontario wineries have earned major international awards such that the region's profile and prestige has been steadily increasing. However, Ontario wine is still not universally accepted among domestic audiences (Frank, 2008; Voronov et al., 2013).

The inductive study revealed that although restaurants are important for Ontario wineries as a sales channel and as a mechanism to expose more consumers to the wineries' offerings, the support, both financially and normatively, that restaurants receive in terms of promoting Ontario wine is typically lacking (Voronov et al., 2013). Consequently, many restaurateurs struggle to sell Ontario wine to skeptical consumers. As in other parts of North America, the Ontario wine market is open to wine from all over the world (Aspler, 2006), and restaurants are expected to carry wine stock a great variety of established foreign wine regions. As one salesman responsible for selling local wines to Ontario restaurants summarized,

There is kind of cosmopolitan snobbism that says, 'Well, I can have wines from anywhere in the world. Why would I choose wines from my own backyard? I don't buy North American cars. I don't buy shoes made in Canada. I don't buy clothes made in North America', if you can find them. 'I buy European clothes and European shoes. I buy European wine'.

In fact, even restaurants that specialize in locally focused farm-to-table cuisine typically carry primarily foreign wines, which is deemed by most consumers and restaurateurs as an essentially born-global product (Voronov et al., 2013). Accordingly, unlike other facets of local sourcing (such as local food), the choice to support local wine by Ontario restaurateurs represents an empirical context that is appropriate for examining our research hypotheses because the decision to source local wines goes *against* the greater legitimacy of foreign wines among local consumers and other stakeholders. As such, Ontario restaurateurs have to make considerable efforts to support local wines; this makes an examination of the discretionary role that key decision makers take in promoting local wines highly relevant.

We randomly selected 1000 Ontario-based restaurants from a database maintained by the Alcohol and Gaming Commission of Ontario. The surveys were sent to the attention of the restaurant owners yet it was emphasized that it should be completed by the restaurant's primary decision maker with respect to wine, which may not necessarily be the owner. The primary decision maker was the owner in 63% of the cases.¹ To pretest the survey and ensure that the questions were clear and understandable, we undertook interviews with five restaurant owners (not included in the final sample) before the actual administration of the survey. We asked these experts to point out any ambiguous, vague or unfamiliar terms and incorporated their feedback to improve the readability and relevance of the survey instrument (Podsakoff et al., 2003). To minimize the potential for social desirability, acquiescence or consistency biases, we guaranteed the respondents complete confidentiality, repeatedly assured them during the survey that there were no right or wrong answers and asked them to answer the questions as honestly as possible (Podsakoff et al., 2003; Spector, 2006).

Our data collection relied on the total design method suggested by Dillman (1978). First, we prepared a mailing packet that contained, (1) a cover letter addressed personally to the targeted restaurateurs, (2) the survey, and (3) a postage-paid return envelope. Second, 2 weeks after the initial mailing, we conducted ‘thank you’ calls to those who had responded and reminder calls to those who had not. Third, 4 weeks after the initial mailing, we sent replacement questionnaires to nonrespondents. Some initially selected restaurants were unfit for the final sample as they did not offer wine products, were not in business anymore, had moved and their new addresses could not be identified, or were no longer operated by the selected respondents. This led to a final sample of 972 potential respondents with 269 completed surveys (122, 84, and 59 in the respective rounds). We excluded the 31 respondents who indicated that their restaurant was part of a larger chain – in doing so, we ensured that our sample consisted of smaller restaurants whose primary decision makers can make product-related choices *independently* from corporate guidelines – and 34 additional respondents who indicated that they were not the restaurant’s primary decision makers with respect to wine. The final sample consisted of 204 restaurants, for a response rate of 20.4%. We did not find significant differences between respondents and nonrespondents in terms of geographical location (namely, whether they were located in Toronto, which is the largest city in Ontario where the competition between local and foreign wines arguably is most salient) nor when they appeared in the Yellow pages for the first time.² Nor were there differences between early and late respondents in terms of any of the study variables (Armstrong and Overton, 1977).³ Appendix 1 provides an overview of key characteristics of the sampled restaurants.

We administered a brief follow-up survey 6 months later, to which 85 responses were received, using a shortened format with a proxy item for the focal constructs included in the original survey. The responses were used to test the construct validity of the measures (Yli-Renko et al., 2001); all validation items correlated positively with the original measures.

Measures of constructs

We list the measurement items for each of the four focal constructs in the Appendix 2. Each of the items was measured on a 7-point Likert scale.

Local sourcing. It was measured with a 4-item scale that assessed the respondents’ commitment to VQA wines (Steenkamp and De Jong, 2010; Tanner and Wolfing Kast, 2003; Tomlinson, 1999; Van Ittersum, 2002; Voronov et al., 2013). Two sample items were ‘I am willing to put in a great deal of effort beyond that normally expected to promote VQA wine’ and ‘I talk up VQA wine to my customers or friends as a way to support local wineries’. The industry experts who completed the survey in the pilot stage indicated that the four items provided an adequate and comprehensive assessment of restaurants’ commitment to VQA wine supporting the face validity of our measure. The single-item measure in the follow-up survey correlated positively with the original measure ($r = .550, p < .001$).

Location-specific human capital. It was measured with three items assessing the extent to which the respondents demonstrated a good understanding of the local wine industry and its products (Briley and Aaker, 2006; Gimeno et al., 1997; Lentz et al., 2007; Van Ittersum, 2002; Voronov et al., 2013). Specifically, we assessed whether the respondents knew the difference between ‘VQA’ and ‘Cellared in Canada’ wines (while the former consists solely of locally grown grapes, the latter blends local grapes with foreign ones), their familiarity with VQA appellations (which specify the specific locale where a wine’s grapes are grown) and whether they had a good understanding of the local wine industry and its offerings. The single-item measure in the follow-up survey correlated positively with the original measure ($r = .563, p < .001$).

Location-specific social capital. It was assessed by the degree to which the respondents maintained close contacts with several local parties (Molina-Morales and Martinez-Fernandez, 2010; Stam and Elfring, 2008; Zhang and Khare, 2009). These parties included local wineries, local wine writers, and local slow food initiatives, all of which tend to be supportive of wines that are made solely of locally grown grapes. The single-item measure in the follow-up survey correlated positively with the original measure ($r = .503, p < .001$).

Patriotism. It was assessed with four items adapted from Verlegh (2007). Sample items included 'being Canadian means a lot to me' and 'I am proud to be Canadian'. The single-item measure in the follow-up survey correlated positively with the original measure ($r = .268, p < .05$).

Control variables. The respondents' perceived *expertise* about wine in general (measured on a 4-point Likert scale, ranging from being a 'novice' to being an 'authority') and the years of *industry experience* in the restaurant sector. In addition, we controlled for the restaurants' *age* (in number of years) and physical *size* (in square footage), and whether it was located in Toronto (because of the aforementioned fierce competition from imported wines in this metropolitan city). Finally, to test the argument that our focal variables (location-specific resources and patriotism) influence local sourcing over and beyond the role of strategic or economic considerations, we control for (1) the restaurants' average price per meal (as estimated by the respondents), (2) the importance of matching wine with the restaurant's food offerings, and (3) the presence of a tasting menu (a menu that offers small portions of several dishes as a single meal, which is a practice that tends to be adopted by high-end restaurants only).

In order to test for the convergent and discriminant validity of the study's focal constructs, we estimated a measurement model using confirmatory factor analysis (CFA). We employed the maximum likelihood technique and found that the measurement model offered a good fit to the data: $\chi^2(120) = 198.73$, goodness-of-fit index (GFI) = 0.93, Tucker–Lewis index (TLI) = 0.97, confirmatory fit index (CFI) = 0.96, and root mean squared error of approximation (RMSEA) = 0.05. The CFA results indicated that the factor loadings of the scale items were statistically significant ($t > 2.0$; Gerbing and Anderson, 1988), thus providing evidence of the convergent validity of the constructs. To assess discriminant validity, we employed two techniques. First, we found that none of the confidence intervals for the correlations between construct pairs included 1 (Anderson and Gerbing, 1988). Second, for each pair of constructs, we compared an unconstrained model with a constrained model in which the correlation between two constructs was set to 1. We then computed the χ^2 difference between the two models. In each case, the χ^2 difference test was statistically significant ($\Delta\chi^2(1) > 3.84$). Consequently, the discriminant validity of the constructs was supported. Table 1 shows the correlations and descriptive statistics for the study variables.

Results

Table 2 presents the regression results for three nested models. Model 1 contains the control variables; Model 2 adds the direct effects of location-specific human capital, location-specific social capital, and patriotism; and Model 3 adds the two interaction terms. In Model 3, we mean-centered the independent and moderating variables to minimize multicollinearity (Aiken and West, 1991). For all three models, the variance inflation factor for each regression coefficient was far below the recommended threshold of 10 (Neter et al., 1985).

Model 1 shows that restaurants whose key decision makers have higher general expertise about wine ($\beta = .368, p < .05$), which charge a higher price per meal ($\beta = .010, p < .10$) and for whom matching wine with their food offerings is more important ($\beta = .229, p < .05$), exhibit higher levels

Table 1. Correlations and descriptive statistics (N = 204).

	1	2	3	4	5	6	7	8	9	10	11	12
1. Local sourcing												
2. Location-specific human capital	.464**											
3. Location-specific social capital	.376**	.475**										
4. Patriotism	.219**	.209**	.206**									
5. General product expertise	.274**	.548**	.408**	.218**								
6. Industry experience	-.034	.065	.143*	.099	.194**							
7. Firm age	.019	.054	.056	-.031	-.010	.214**						
8. Firm size (sq ft)	.037	.024	.172*	-.040	.094	.269**	.066					
9. Toronto	.069	.073	.225**	-.016	.143*	-.005	-.116	.143				
10. Average price per meal	.282**	.398**	.459**	.147*	.428**	.050	.008	.112	.286**			
11. Importance of matching wine with food offerings	.286**	.375**	.329**	.242**	.286**	.053	-.078	-.009	.000	.301**		
12. Presence of tasting menu	-.183**	-.265**	-.318**	-.153*	-.230**	.083	-.016	.005	-.109	-.496**	-.287**	
Mean	4.513	5.369	3.098	6.232	2.498	20.939	19.614	2,989.611	.250	44.451	5.596	.216
Standard deviation	1.715	1.482	1.206	.961	.784	9.842	23.012	3,202.827	.422	26.050	1.409	.412

*p < .05; **p < .01.

Table 2. Regression results (dependent variable: local sourcing) ($N = 204$).

	Model 1	Model 2	Model 3
General product expertise	.368*	-.057	-.016
Industry experience	-.013	-.014	-.012
Firm age (log)	-.056	-.073	-.069
Firm size (sq ft) (log)	-.001	-.061	-.054
Toronto	-.012	-.018	-.058
Average price per meal	.010 ⁺	.004	.004
Importance of matching wine with food offerings	.229*	.078	.078
Presence of tasting menu	-.035	.142	.167
Location-specific human capital		.379***	.391***
Location-specific social capital		.252*	.202 ⁺
Patriotism		.267*	.405**
Location-specific human capital \times patriotism			-.119
Location-specific social capital \times patriotism			.277*
R^2	.149	.287	.311
ΔR^2		.138***	.024*

* $p < .10$; ** $p < .05$; *** $p < .01$; **** $p < .001$.

of local sourcing. There are no significant effects for industry experience, firm age or size, location, and the presence of a tasting menu.

Model 2 indicates that SME engagement in local sourcing is higher to the extent that their primary decision makers have more location-specific human capital ($\beta = .379, p < .001$) and location-specific social capital ($\beta = .252, p < .05$), which supports Hypotheses 1a and 1b, respectively. Furthermore, there is a positive relationship between key decision makers' patriotism and SME local sourcing ($\beta = .267, p < .05$), which supports Hypothesis 2.

The results regarding the hypothesized moderating effects between respondent location-specific resources (human and social capital) and patriotism were mixed. In contrast to what we had postulated in Hypothesis 3a, we found no significant interaction between location-specific human capital and patriotism ($\beta = -.119, ns$). However, we did find support for Hypothesis 3b in that the positive relationship between location-specific social capital and engagement in local sourcing was stronger at higher levels of patriotism ($\beta = .277, p < .05$). Following Aiken and West (1991), we plotted the relationship between location-specific social capital and local sourcing at high and low levels of patriotism in Figure 2, which illustrates this invigorating role of patriotism.

Post hoc analysis

To test the robustness of the results and explore alternative possibilities, we undertook two post hoc analyses. First, in order to account for possible interdependencies among the independent variables, we undertook a robustness check, using structural equation modeling, whereby we included all possible covariances among the independent variables (Lattin et al., 2003). We found that, the signs and significance levels of the hypothesized relationships in these models were consistent with those of the focal analysis reported in Table 2. So, the results of the focal analysis are robust to the presence of possible interdependencies among the variables.

Second, to explore whether the personal relationships with certain local partners are more useful than with others, we considered the seven social capital items separately (i.e. personal contacts

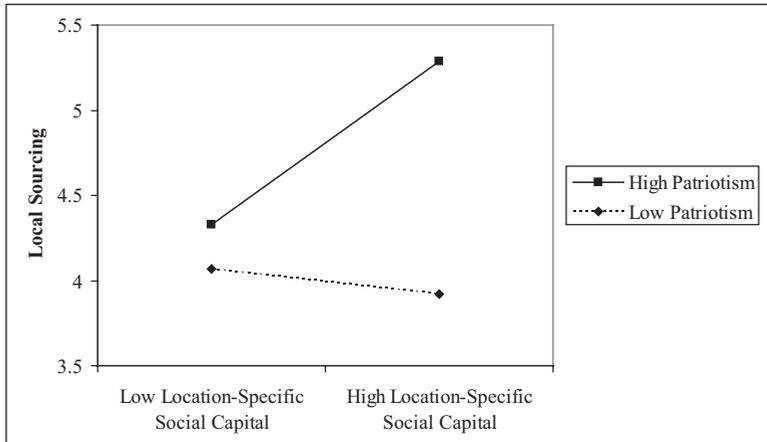


Figure 2. Moderating effect of patriotism on the relationship between location-specific social capital and local sourcing.

with wineries, wine writers, slow food initiatives, wine tasting events, the winery industry association (Wine Council of Ontario (WCO)), the restaurant industry association (Ontario Restaurant, Hotel and Motel Association (ORHMA)), and the government). When analyzing the bivariate correlations between local sourcing (the dependent variable) and these social capital items, we found positive and significant correlations for the first five items; thus, the presence of personal relationships with the (own) restaurant association or with government does not correlate significantly with local sourcing. Furthermore, when including each of the social capital items separately in the regression equations (together with the other focal variables), we found strong significant positive effects of primary decision maker personal contacts with wineries, wine writers, and the winery industry association ($p < .05$), and a weak positive effect of personal contacts with slow food initiatives ($p < .10$). Finally, when including each of the seven social capital items together, only personal contacts with wineries – which are the producers of the local wines and hence may have most benefit from convincing restaurants to adopt local wines – significantly enhance local sourcing. We acknowledge that these results need to be interpreted with great caution because of the highly exploratory nature of the post hoc analysis, but nonetheless, they suggest that different network partners may vary in terms of their usefulness for enhancing local sourcing decisions.

Discussion

Drawing upon the attention-based view, we argue that SME engagement in local sourcing depends on the access to location-specific resources and the patriotism of key decision makers. Concerns about environmental conservation and sustainability have become increasingly important, and in this context, dedication to locally sourced products has a critical role (Lefebvre, 2005). SMEs in particular are often well-positioned to exhibit such commitment given their immersion in the surrounding community (De Clercq and Voronov, 2011). Although previous research has investigated how firm-level characteristics may influence SMEs' sustainable behavior (e.g. Torugsa et al., 2013; Uhlaner et al., 2012) – thereby mostly focusing on strategic or economic motives – the role of personal characteristics in driving this process has received less attention (Corral-Verdugo, 2012). This is a somewhat surprising oversight in light of the critical role that SME key decision makers undertake in influencing firm behavior (Lahdesmaki and Suutari, 2012).

In response, we investigated how decision maker access to two critical resources (location-specific human and social capital) and emotional attachment to their country (patriotism) informed attention to local sourcing as well as the interplay between resource access and emotional attachment. We find that local sourcing is higher to the extent that primary decision makers have greater access to location-specific resources and exhibit greater loyalty to their home country. Furthermore, while the contribution of location-specific human capital to engagement in local sourcing is independent of the level of patriotism, this patriotism invigorates the positive relationship between location-specific social capital and local sourcing.

The findings with respect to the enabling effect of location-specific resource access on the adoption of locally sourced products speak to the role of key decision maker perceptions that they can feasibly apply domain-relevant knowledge to product choices (Cohen and Levinthal, 1990; Kaplan, 2008; Ocasio, 1997). This, in turn, informs firm behavior. This mechanism is specifically relevant in the restaurant context underpinning this study as it has historically favored foreign wine sourcing and demonstrated a lack of normative support for local wines (Aspler, 2006; Voronov et al., 2013). The increased confidence related to in-depth knowledge about the advantages and disadvantages of locally sourced wines may help key decision makers support them, even in the absence of clear market demand or normative expectations. Perhaps this local knowledge, obtained personally (human capital) or through local network partners (social capital), may also be perceived as having strategic value by itself (Cohen and Winn, 2007) such that it functions as a source of competitive advantage relative to local competitors. In the case of social capital, the positive role of decision maker access to local network partners may also be explained by the creation of ‘small worlds’ among local players (Van Wijk et al., 2013; Watts, 1999). These enable the effective exchange of diverse ideas and practices in terms of how the challenges to local sourcing (i.e. stigmatized local wine in this study’s context) can be overcome.

The direct positive relationship between key decision maker’s emotional attachment to their home country (Canada) and firm engagement in local sourcing relates to the personal satisfaction associated with local sourcing (Ramkissoon et al., 2013). An important aspect that underlies patriotism is the ‘favorable norms’ that key decision makers experience when they support local products, as informed by their identification with a particular group of peers, which provides a sense of community as well as distinction from ‘others’ (Brewer, 1991; Tajfel et al., 1971). Thus, to the extent that key decision makers feel emotionally close to their home country and value its well-being, they will experience stronger motivation to allocate efforts toward adopting products based on home-grown ingredients and thereby, enhance this well-being (Verlegh, 2007). This positive role of patriotism also aligns with previous research on social movements (Emirbayer and Goldberg, 2005; Weber et al., 2008), based on which we would expect local sourcing decisions to be driven by both instrumental *and* expressive factors. In our study, personal values explain these decisions over and beyond factors that relate to personal ability (e.g. location-specific human capital) and strategic or commercial motives (e.g. the perceived importance of matching local food offerings with local wine).

The hypothesized interaction effects between decision maker access to location-specific resources and patriotism on local sourcing generated mixed results. As expected, location-specific social capital is a more potent enabler of SMEs’ local sourcing among decision makers who have a higher level of patriotism. Such patriotism works as a perceptual filter (Cho and Hambrick, 2006) that invigorates the cognitive efforts that one is willing to put into leveraging local personal relationships (De Clercq et al., 2013). So, those who identify more strongly with a particular locale have greater motivation to leverage their network connections with local partners. Furthermore, highly patriotic people experience strong feelings of joy and self-accomplishment when they promote an outcome (i.e. selling locally sourced products) for which they perceive themselves as

having appropriate resources obtained through their personal networks of external contacts (Ramkissoon et al., 2013).

However, contrary to what was hypothesized, we found that the relationship between location-specific human capital and local sourcing did *not* vary significantly across different levels of patriotism. A possible explanation is that the hypothesized reinforcement between location-specific human capital and patriotism – whereby key, decision makers are more eager to exploit their personal expertise when such exploitation aligns with their personal values – is countered by the presence of a substitution effect. In effect, their personal expertise becomes less *needed* if decision makers are highly patriotic. This substitution effect is less likely to occur in the case of location-specific social capital; if key decision maker patriotism enhances the passion with which they interact with local partners (Ho et al., 2011; Verlegh, 2007), it should invigorate rather than dampen the instrumentality of these partnerships for their local sourcing decisions.

Finally, and more broadly, this study also contributes to research that recognizes that business decisions in relation to sustainability, such as local sourcing, are driven not only by the ‘rational’ pursuit of profit or the establishment of legitimacy in the eyes of key constituents (De Clercq and Voronov, 2011; Emirbayer and Goldberg, 2005). Rather, the personal emotional needs and deeply seated values of the key decision maker might also influence local sourcing in important ways (Chin et al., 2013). Thus, in our research setting, we find that local sourcing with respect to wine selection is significantly driven by emotional attachment to one’s country which motivates decision makers to ‘go the extra mile’ when considering the adoption of locally sourced products.

Managerial implications

This study has several important practical implications. First, it prescribes local resource access as a critical means in fostering local sourcing. SMEs may encounter various hurdles that prevent them from supporting locally sourced products, such as lack of familiarity with the benefits that such products can bring to the local community or to themselves. In addition, there are misconceptions about how these products relate to competing, more popular products originating from foreign countries (Frenkel and Shenhav, 2003; Voronov et al., 2013). We demonstrate that knowledge about seemingly ‘inferior’ locally sourced products can be an effective means of countering existing prejudices, and hence channel attention to their active promotion (Ocasio, 1997). Furthermore, local networks offer a fruitful context for providing access to a broad range of information about how locally sourced products can be effectively positioned in the market, which may not be possible in the absence of such networks (Spence et al., 2003). Accordingly, local policy makers could stimulate personal encounters between local stakeholders and SMEs through local chambers of commerce or similar venues to lower communication barriers and increase the scope of knowledge exchanges. As local network building becomes stronger, SMEs and their key decision makers may increasingly identify common interests, namely, belonging to a particular place or region. This awareness, in turn, can prompt learning about opportunities and challenges associated with local sourcing leveraging these insights to include local products in their portfolios.

The study also demonstrates that policy makers interested in promoting locally sourced products can benefit from instilling a certain level of pride among SMEs in terms of the locale in which they operate or, when appropriate in light of competitive dynamics, their country in general (Verlegh, 2007). Thus, enhancing patriotism among SMEs and local stakeholders can fuel positive emotions such that they are more likely to focus their attention on promoting locally sourced products. Moreover, the significant interaction effect between location-specific social capital and patriotism on SME engagement in local sourcing indicates that relational capabilities and personal values must be considered in combination in order to maximize the conversion of local network

contacts into actual support for locally sourced products (Corral-Verdugo, 2012). So, SMEs and their external stakeholders (e.g. local government, suppliers, customers and media) should recognize that feasibility and desirability considerations go hand in hand with synergistic effects to bring local network ties to fruition in addressing sustainability concerns.

Limitations and future research directions

We acknowledge that our study contains some limitations which in turn offer opportunities for further research. First, we focused on three specific drivers of SME local sourcing – namely, location-specific human and social capital, and patriotism – but there may also be other personal factors that influence attention towards local issues. In this regard, future research could consider the roles of various ‘proximities’ in relation to a particular practice such as local sourcing by drawing from research on economic geography. In particular, Boschma (2005) distinguishes between five distinct proximity dimensions, of which we captured three: cognitive proximity captures the possession of domain-specific knowledge (e.g. location-specific human capital), social proximity refers to the social embeddedness in a network of close-held external relationships (e.g. location-specific social capital), and institutional proximity captures the perception that certain behaviors align with macro-level norms or values (e.g. patriotism). Future research could consider two additional proximity dimensions, namely, organizational proximity or the extent to which firms share similar routines and incentive mechanisms in relation to a particular practice, and geographic proximity, which captures the physical aspect of proximity (Boschma, 2005; Boschma and Frenken, 2010).

Second, this multitude of proximity dimensions could inform an investigation of more complex interactions than are studied herein, such as the question of how local personal relationships may become more useful for enhancing local sourcing depending on how geographically close the network partners are. Future research could also apply social network analysis in order to investigate the effects of *structural* characteristics of the decisions maker’s local networks, such as their network centrality (Podolny, 2001) – in addition to the relational dimension that we focused on – as well as how the interplay between structural and relational dimensions inform the nature of the entire organizational *field* in terms of the legitimacy attributed to local sourcing (Van Bommel and Spicer, 2011; Van Wijk et al., 2013).

Third, and in a similar vein, we focused on only one moderator (patriotism) of the relationship between access to location-specific resources and local sourcing. Although this focus was guided by our empirical context additional research might consider a broader set of contingency variables. These include, for example, how the geographic or physical proximity of the target of positive emotions – the immediate surrounding locale, the county, the region, state or province, and the country – influences the extent of local resource leverage. In this regard, our focus on the country level provided a conservative test for the role of positive emotions vis-à-vis a particular locale in fueling sustainable behavior. Accordingly, if patriotism matter for the promotion of locally sourced products, this effect may even be stronger if one were to consider decision maker identification with the *immediate* surrounding community or the region in which local sourcing takes place. Furthermore, it would also be interesting to explore the interplay between key decision maker characteristics and the strategic positioning of SMEs – for example, in terms of the firm’s strategic goals in relation to sustainability (De Clercq and Voronov, 2011) – thereby examining how decision maker characteristics may aid in the effective implementation of these goals. Yet, another avenue would be to investigate how these individual- and firm-level factors align with different institutional logics (Thornton and Ocasio, 2008) that may both constrain and provide opportunities to firms.

Fourth, it is possible that location-specific resources and patriotism play a less significant role in determining local sourcing decisions in other industries than the one studied here, particularly in industries where locally sourced products do not suffer from significant consumer skepticism or are proven to be much more cost effective compared to foreign ones. Thus, it would be beneficial to explore the boundary conditions of our model by testing it in multiple industries. Additional research could also compare the relative potency of the studied drivers of local sourcing – which captured *personal* characteristics of key decision makers – between SMEs and large organizations, particularly the prominence of these individual drivers relative to firm-level determinants. Since the set of relevant key decision makers in established organizations tends to be larger than in the case of SMEs, the impact of individual-level characteristics may be subdued in these organizations, at the expense of firm-level factors such as organizational structure and politics (Eisenhardt and Bourgeois, 1988; Tsai, 2002).

Fifth, the cross-sectional nature of our data demands some caution when drawing causal inferences because some of the relationships may be susceptible to reverse causality. The positive relationship between location-specific resources and engagement in local sourcing, for example, may not only reflect the knowledge exchange advantages associated with such resource access, but also indicate that *because* of their adoption of locally sourced products, SMEs may come to a better understanding of what the key opportunities and challenges are in their local industry, as well as engage in more extensive network building with local stakeholders. Although our theoretical arguments and hypotheses were grounded in extant theory, future research efforts could seek to collect data on personal resources, personal values, and sustainable behaviors such as local sourcing over time, to clarify the causality in the hypothesized relationships. In a similar vein, our study did not explicate possible intermediate mechanisms through which location-specific resources and patriotism influence local sourcing. Hence, future research could examine the mediating effects of key decision maker perceptions of feasibility and desirability, which underpinned our theorizing, in turning their personal resources and values, respectively, into the promotion of local sourcing activities.

Finally, an empirical limitation is that our study was based on survey responses, which reflect the subjective opinions of key decision makers. While these responses appear highly appropriate for the assessment of individual characteristics that are not directly observable (i.e. access to location-specific knowledge and network contacts, and particularly a personal value such as patriotism), we were not able to assess the actual sales of VQA wines in the restaurants because of data limitations. Furthermore, our focus was on the influence of the decision maker's personal resources and values on local sourcing rather than on the *performance* implications of this engagement. Since research increasingly recognizes that firm propensity to support the local environment may be a key driver of how well they compete (Cohen and Winn, 2007; Dean and McMullen, 2007; De Clercq and Voronov, 2011), future research could consider how the feasibility (resources) and desirability (values) considerations of key decision makers may impact upon firm performance *through* the intermediate role of local sourcing.

Conclusion

Drawing from the attention-based view, we countered the premise that SME sustainable behavior, as manifested by local sourcing, is primarily driven by strategic or economic considerations. Rather, we focused on factors that influence the managerial attention of key decision makers. In particular, we examined the effects of personal resources (human and social capital) and a critical personal value (patriotism) in SMEs' local sourcing. In so doing, we acknowledged the effects of individual feasibility and desirability considerations in the firm's local sourcing decisions, as well

as the possible interplay between these considerations. We found that SMEs are more likely to engage in local sourcing when key decision makers have significant knowledge about the local context, maintain close relationships with local parties and feel a strong attachment to their country. The study also revealed that whereas location-specific human capital enhances local sourcing irrespective of patriotism, the contribution of social capital to local sourcing is stronger at higher levels of patriotism, thereby illustrating the invigorating effect of personal values in leveraging local networks. We hope that this study serves as a catalyst for further investigations into the benefits and challenges associated with the role of SMEs' advancing and promoting local sourcing, and hence for the creation of a more sustainable environment.

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Notes

1. In the survey, the respondents were asked about their current position in the firm, and they could choose from the following options (which were not mutually exclusive): owner, manager, sommelier, or other. Among the 204 retained respondents, 129 indicated that were the owner, 112 that they were a manager, 41 that they were the sommelier, and 5 marked the 'other' category.
2. Unfortunately, no complete records were available from secondary sources in terms of the restaurants' founding date.
3. The early and late respondent groups were generated through a median split based on the timing of the response. None of the t-tests that compared the early with late respondents on the study's variables were significant.

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Author biographies

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Appendix I. Overview of restaurant characteristics.

	Mean (or percentage)	Standard deviation	Minimum	Maximum
Restaurant age	20	23	1	175
Size of the eating area (sq ft)	2990	3203	100	25,000
Size of the wine cellar area (sq ft)	198	424	0	4433
Seating capacity	124	100	26	700
Average price per person (meal, beverage, service charges, and tax included)	45	26	10	150
Presence of a tasting menu ^a	22%			
Presence of valet parking	5%			
Regional distribution				
Toronto	25%			
Greater Toronto Area (excl. Toronto)	12%			
Niagara Region	12%			
Ottawa	8%			
Eastern Ontario and Prince Edward Island	5%			
Lake Erie North Shore	2%			
Southwestern Ontario	23%			
Other	13%			

^aA tasting menu offers small portions of several dishes as a single meal.

Appendix 2

Measurement items

Local sourcing (Cronbach's $\alpha = .903$)

- The percentage of my wine revenues from Vintner's Quality Alliance (VQA) wines versus other wines has increased in the past 2 years.
- My VQA wine sales have increased in the past 2 years.
- I am willing to put in a great deal of effort beyond that normally expected to promote VQA wine.
- I talk up VQA wine to my customers or friends as a way to support local wineries.

Location-specific human capital (Cronbach's $\alpha = .830$)

- I understand the difference between 'VQA' and 'Cellared in Canada' wines.
- I am familiar with the different VQA appellations.
- I have a good understanding of the local wine industry and its offerings.

Location-specific social capital (Cronbach's $\alpha = .788$)

Please indicate the extent to which you maintain personal close contacts with the following parties:

- Local wineries;
- Local wine writers;
- Local slow food initiatives;
- Local wine tasting event organizers;
- Wine Council of Ontario (WCO);
- Ontario Restaurant, Hotel and Motel Association (ORHMA);
- Provincial or federal government.

Patriotism (Cronbach's $\alpha = .897$)

- Being Canadian means a lot to me.
- I am proud to be Canadian.
- When a foreign person praises Canada, it feels like a personal compliment.
- I feel strong ties with Canada.