

Manuscript Details

Manuscript number	LUP_2018_1089_R2
Title	Farm diversification strategies in response to rural policy: A case from rural Italy.
Article type	Full Length Article

Abstract

Entrepreneurial turns, serendipitous events, entrepreneurial skills and values are critical to the success of rural SMEs. Likewise, 'Resource Orchestration' is an important element of strategic, entrepreneurial activities. An analysis of a case study of a rural family farm business in Italy is provided demonstrating an innovative model of 'rural entrepreneurship' focused on farm diversification to valorise full employment of family members and increased productivity as a direct response to rural policy. The analysis shows how collective family entrepreneurship can exploit 'clusters of opportunities' through updating entrepreneurial skills. 'Serendipitous acts' are integrated into localised diversification strategies.

Keywords Rural Policy; Rural Italy; Family farms; Familial leadership; Entrepreneurship; Serendipity.

Manuscript region of origin Europe

Corresponding Author Professor McElwee

Corresponding Author's Institution University of Huddersfield

Order of Authors Marcello De Rosa, Professor McElwee, Robert Smith

Suggested reviewers Richard Ferguson, Paul Jones, Alex Kevill, Alistair Anderson, Paul Lassalle

Submission Files Included in this PDF

File Name [File Type]

Letter to Professor Robinson4th November2018.docx [Response to Reviewers (without Author Details)]

LUPTitle Page.docx [Title Page (with Author Details)]

De Rosa McElwee Smith3rdNovember2nd revisionGMC.docx [Manuscript (without Author Details)]

To view all the submission files, including those not included in the PDF, click on the manuscript title on your EVISE Homepage, then click 'Download zip file'.

Ref:

LUP_2018_1089

Title: Farm diversification strategies in response to rural policy: A case from rural Italy.

Journal: Land Use Policy

Dear Professor Robinson,

We are really pleased that our paper is deemed suitable for publication by the reviewers.

We want to thank you for your support and encouragement.

Our response to reviewer 2 is below.

Comments from the editors and reviewers:

-Reviewer 2

-

The authors have worked well through earlier review comments, and the revised manuscript presents a complex and interesting empirical case which is analyzed and discussed to arrive at clear and valuable results. I believe this manuscript now makes a valuable contribution to the field, is clear and consistent in its message, and is suitable for publication in *Land Use Policy*.

Thank you for these supportive and encouraging words. Responding to the comments in this and your earlier review has, we believe resulted in a much better paper.

I note that I still find the three entrepreneurial turns that are defined as serendipitous to be quite different in character, and in particular I find rather strong contrast with the initial double marriage and the younger generation entering the family business as compared to the family farm having been visited by DH Lawrence. More discussion of why these three events should be viewed as a similar phenomenon (serendipity), or discussion of different forms the authors feel serendipity can take, would be interesting.

We note your comment and accept the point you make. We have added an extensive paragraph to explain why “these three events should be viewed as a similar phenomenon”

On some more minor points, I note the lack of reference to Vesala, *et al*(2007) with the introduction of the entrepreneurial identity model on p. 9, both in text and in the reference list; the incorrect figure number on p. 19, which should be fig. 2; and inconsistent use of quotation marks and punctuation (which I will leave to copy-editors to comment in detail).

This reference omission is now rectified (p9) and we have labelled the figures correctly.

I do hope that this paper will find its way to publication, as I believe that other researchers – including myself – will find value in referenceable support for the role of serendipity in farm diversification.

Thank you again for your supportive comments and the time you have spent reading through our work.

**Farm diversification strategies in response to rural policy:
A case from rural Italy.**

Marcello DeRosa
University of Cassino
Cassino
Italy
mderosa@unicas.it

Gerard McElwee
University of Huddersfield
Queensgate
Huddersfield
England
g.mcelwee@hud.ac.uk

Robert Smith
University of the West of Scotland
Dumfries
Scotland
r.smith-a@hotmail.com

Farm diversification strategies in response to rural policy: A case from rural Italy.

Abstract: Entrepreneurial turns, serendipitous events, entrepreneurial skills and values are critical to the success of rural SMEs. Likewise, ‘Resource Orchestration’ is an important element of strategic, entrepreneurial activities. An analysis of a case study of a rural family farm business in Italy is provided demonstrating an innovative model of ‘rural entrepreneurship’ focused on farm diversification to valorise full employment of family members and increased productivity as a direct response to rural policy. The analysis shows how collective family entrepreneurship can exploit ‘clusters of opportunities’ through updating entrepreneurial skills. ‘Serendipitous acts’ are integrated into localised diversification strategies.

Key words: Rural Policy; Rural Italy; Family farms; Familial leadership; Entrepreneurship; Serendipity.

1.0 Introduction

This paper is constructed around the concept of strategy. It is concerned with social and economic aspects of rural farm diversification and agro-tourism in Italy and how this combination helps formulate effective land use policies with the aim of informing policy guidance. Studies of Italian farm based entrepreneurship and agri-tourism are becoming of interest (See Fuentes et al 2010; Randelli et al, 2014; De Montis et al, 2015; Gobattoni et al., 2015; Bertoni and Cavicchioli, 2016; Lupi et al, 2017; Dias and Franco, 2018), often as a particular response to rural policies at both national and regional levels. The dominant paradigm in strategy is formalised planning but serendipity can be used as a strategic advantage (Napier and Hoang Vuong, 2013). Serendipity in entrepreneurship is defined as ‘search leading to unintended discovery’ and for Dew (2009) is central to the entrepreneurial process. It is distinguishable from luck and once recognised, acts as a “triggering” event (Dew, 2009:746). The paper has two aims. The first is to examine the role of serendipity on the entrepreneurial process of diversification; and the second is to briefly consider the influences of policy. The

primary focus of this study is therefore to analyse how dynamic clusters of opportunities in rural contexts are exploitable via collective entrepreneurship and familial leadership. The dominant focus is therefore on “triggers” of “*entrepreneurial turns*” related to the family’s reaction to serendipitous events. In doing so, we illustrate that strategy is a complex process (Chirico et al, 2011), involving multiple constructs particularly for rural small and medium sized enterprises (SMEs) and family businesses who want to use their land resources more effectively (Sisto, et al, 2018). Strategy *per se*, as a practice is ‘influenced’ by endogenous and exogenous variables.

Any discussion of strategic entrepreneurship must incorporate recent discussions about its familial aspects (DeRosa and McElwee, 2015). Indeed, family plays an important part in nurturing strategic entrepreneurship and maintaining the strength and viability of established multi-generational family firms (Price and Evans, 2009). Nevertheless, many rural SMEs do not adopt a formal strategic planning approach, in response to external drivers such as rural policies but instead adopt an informal, organic, ‘narrative-script’ based approach to delivering on strategic intentions (Budge, et al, 2008). This is particularly so in relation to farm based diversification strategies where sustainability is paramount (Gobattoni, et al 2015).

Indeed, such entrepreneurial processes in family farms are a neglected aspect of the literatures of entrepreneurship (Smith et al, 2017). Consequently, narrative elements are important in strategic formulation. This gap in the literature is problematic because much of the practices in family farms revolve around narratives told within families. Developing a deeper understanding of the stories which make up the narrative contribute an understanding of how family firms react entrepreneurially to the unexpected, including “serendipitous events”. Therefore, in this paper, a narrative approach is used to uncover how a rural business has responded to external policy drivers. The focus of study is the Pacitti family farm business located in a remote rural area of the Lazio region of Italy.

The work is structured as follows. Firstly, we briefly consider policy discourse. We then explore the concepts of ‘cluster of opportunity’, ‘collective entrepreneurship’ and ‘family farm’ in a review of the literature concerning the family farm business. Thirdly, a context to the specificity of the rural under investigation, i.e. the Lazio region of Italy is provided. We then discuss our methodological approach and the unit of analysis. The empirical analysis centres on a specific case study of the Pacitti family farm. We present methodological notes adopted in the analysis before presenting the results and concluding with insights and possible implications.

2.0 Theoretical reflections on policy in relation to diversification, challenges and opportunities.

This section begins with a brief discussion of rural policy issues in an Italian context before considering serendipity as entrepreneurial process. It sets the case in a theoretical frame, introducing key concepts used in the articulation of the research to provide a link between the research questions and the empirical section to achieve a better articulation between theory and empirics. The main theoretical concepts are ‘diversification’ and ‘serendipity’; the contexts are ‘rural family business’ and ‘farm diversification’.

2.1 Serendipity and rural policy context: From a theoretical perspective, the entrepreneurship literature has long recognized serendipity as an important influence on opportunity identification (Dew, 2009; Napier and Haung Vuong, 2013), but this case illustrates how a small business uniquely deals with serendipity as a ‘purposive strategy’ in a diversification context (Church and Clark, 2003) and as ‘unplanned opportunism’ (Rosa and Scott, 1999). Serendipity (finding interesting, or valuable things by chance) often plays an important part in business creation and development. In this case, serendipity in the form of

the discovery of a connection to D H Lawrence by the family, unexpectedly provided an opportunity. As the case-study demonstrates, the capability of exploiting unexpected opportunities may be triggered by the support of rural policy. Family farms are the main target of the EU agricultural and rural policy (Davidova and Thomson, 2014). In this paper we progress the idea of collective family entrepreneurship as a key variable for family farms to exploit the wide range of opportunities provided by rural policies of the EU and to take advantage of serendipity.

2.2 Implementing rural policy: Utilizing the family farm as the main unit of analysis is a complex task as individual family members in a farm business (or any business) do not necessarily act rationally and may have multiple goals and agendas (McElwee and Bosworth, 2010). We examine how a family business exploits opportunity clusters. Although the small business literature has dealt with the rural enterprise, much of it focuses on the farmer or ‘the farmers partner’; succession planning (Dumas et al, 1995); and context (Wright et al, 2014) but little on the strategic process, collective entrepreneurial activities or the impact of serendipity or ‘unanticipated truths’ (Eco, 1999). The impact of serendipity on small, rural businesses requires further study. In entrepreneurship, motivation, exploration and exploitation are central activities for the survival, growth, and renewal of small businesses (Carsrud and Brännback, 2011). This fits well with the aim of this study to analyse how dynamic clusters of opportunities in rural contexts are exploitable via collective entrepreneurship and familial leadership and specifically by a family farm business where two related families operate and act as one, demonstrating how agritourism in Italy, can be successful (Lupi, et al, 2017). We develop theoretical insights into how a family firm exploits a set of unique opportunities by focusing on both individual and collective entrepreneurial triggers. The contribution lies in developing theory to explain the family’s storied strategy in growing their business.

2.3 Reviewing the role of family farms in exploiting clusters of opportunities: Many of the instruments embedded in rural development policies target family farms, in order to trigger farm diversification. As Tonner and Wilson argue (2015), diversification best retains the core characteristics of a family farm, albeit diversification strategies differ depending on rural contexts; diversification in remote rural areas is different than, in rural, peri-urban areas, or regions with intensive and specialised agriculture.

Farm diversification, described as *‘a strategically systemic planned movement away from core activities of the business, as a consequence of external pressures, in an effort to remain in and grow the business’* (McElwee, 2006:69) implies becoming *‘...more all-round entrepreneurs, diversifying away from the production of crops and livestock as raw commodities for transformation further up the supply chain’* (Warren, 2004:372). Thus, diversification strategies trigger processes of a boundary shift from the core business (Banks et al., 2002) combining a number of strategies. One strategy is sectorial, characterised by the specification of differentially marketed agricultural products; organic farming, high quality production, regionally typical and local products, and a concomitant search for alternative food networks, usually involving shorter supply chains, utilised in the marketing of the product. A second strategy involves the multiple use of rural resources through the production of a basket of goods and services on behalf of farms (Pecqueur, 2001). Thus on and off farm diversification (McElwee, 2006) contributes to the viability of the farm business and its continued survival.

Rural development maybe determined by rural action plans providing ‘clusters of opportunities’ to be valorised (McElwee, 2005) by encouraging multiple types of on and off farm diversification, the successful adoption of which play a role in developing economic growth measured by factors such as tourism and employment. Against this background, key specific strategies needed to ensure success are competition through quality, product and

service innovation, market and niche domination and entrepreneurial alertness (McElwee and Smith, 2012). These strategies determine different types of individual and collective rural entrepreneurship. A transition towards multifunctional agriculture reveals a relevant set of opportunities, identified as opportunity clusters for rural business. For McElwee (2005), to exploit these clusters, processes of collective entrepreneurship may emerge - i.e. greater cooperation between farmers and between farmers and other rural businesses. Family farms offer an interesting perspective on entrepreneurship, providing a setting where normative systems of doing business traditionally through utilitarian systems and economic rationality (Alsos et al., 2014). In this context, boundaries between productive and reproductive work in the farm household are artificial (Errington and Gasson, 1993). The family farm is an organisation where the family can bear business risk (Davidova and Thomson, 2014) to reduce transaction costs using family connection.

Hansson et al. (2013) in their analysis of push (necessity) and pull (opportunity) factors suggest the latter are most likely to activate entrepreneurial processes. Thus, entrepreneurial identity matters, in the sense that both individualistic and economic values may condition the diversification choice. Furthermore, a virtuous entrepreneurial “identity” may not be sufficient because in order to develop new strategies and to fulfil learning gaps linked to the development of new activities, an updating of different, entrepreneurial skills is required.

2.4 Rural areas in Italy: In Italy, rural areas cover 77% of the total surface and absorb 50% of the total population. Rural areas are ‘classified’ according to the European standard as intermediate rural areas (C areas) and rural areas with complex problems of development (D areas) (Reterurale, 2011). Category D areas are characterised by very low population density; high ageing index; an extensive, non-competitive, low-productive agricultural activity and variety of habitats and areas with high natural value; high rates of unemployment, low

household income, and limitations in the availability of basic services to the local population; a high dependence of local employment on agriculture and a lack of income diversification and a lack of services for rural population and low levels of quality of life (Mathews, 2007; OECD, 2009). Coherent measures funded by rural development policies for D areas are concerned with providing support for agricultural modernization through quality products and diversification of farming activities, empowerment of human capital, rising services for the rural population, value creation for agricultural, natural and cultural resources. There has been little prior research into D areas making our empirical study contribute to knowledge, although research into *the business* of Italian farms is increasing, (De Rosa and McElwee, 2015, De Rosa and Trabalzi, 2016; Fonte and Cucco, 2017; Dell’Olio et al, 2017).

The research questions are 1) – *‘how does a family farm exploit a set of opportunities, by focusing on both individual and collective entrepreneurial ‘triggers’*; and 2) *‘In what ways does family influence strategic entrepreneurship and diversification strategies?’* The research gap addressed is the nexus between capitalizing on a serendipitous event (the visit of DH Lawrence) whilst balancing family business interests in a localized rural economy.

3.0 Methodology

To investigate complex phenomena i.e. how a family farm exploits clusters of opportunities, a qualitative methodology based on a case study of one family farm is adopted (Yin, 2008). To tell, analyse and make sense of this story, we also utilise narrative analysis to advance understanding of family business themes (Dawson and Hjorth, 2011). Furthermore, we invoke the segmentation framework of McElwee and Smith (2012) to provide the starting point to analyse the family farm, to explore personal characteristics, business characteristics, activities and processes. This is an appropriate methodology to address the research questions because

of recognised narrative element of strategic formulation. However, there are drawbacks in that the veracity of the story and its narrators must be trusted.

The family farm is located in a remote rural area, in the municipality of Picinisco in the Comino Valley, in a natural park, in the Lazio region. From 1945, the Picinisco area has experienced rural depopulation and significant economic problems. It is illustrative of category D areas, provided with European Union funds for stimulating integrated paths of rural development. The ‘Pacitti family’ own and manage the farm. This case was chosen as it can be considered a benchmark for family farm business to exploit a cluster of opportunities through collective (family) action and through the upgrading of (some) family members’ entrepreneurial skills simultaneously exploiting an extraordinary serendipity and, second, because there are few studies of rural businesses in D areas.

Family members were interviewed using face-to-face semi-structured interviews, administered between March and June 2016. Interviews were held either in the family houses, the cheese dairy or in the agritourism unit. We used participant observation in the family activities, to acquire more familiarity with family farm businesses. Agri-tourisms represent a minority among farms (Lupi et al, 2017) but open new horizons in rural development with possible beneficial effects on the environment, the landscape, and the reduction of depopulation.

Bearing in mind the first research question, set questions (generic and specific) with the idea of considering the entrepreneurial world of farmers (McElwee, 2008b) were used. The questions aimed to examine a) the process through which the family succeeded in exploiting a cluster of opportunities, b) the skills engaged in performing these processes and c) key actions of the family leading to farm development. Table 1 synthesizes key aspects. The first generic set of questions addressed the ‘functional’ aspects of the business. The second set dealt with the personal characteristics and specific skills of each member of the farm family. The

respondents were asked to comment on each topic in their own words. To stimulate interviewees to develop their arguments and to present justification for their opinion, short conversations followed initial comments.

INSERT TABLE 1 HERE

Interviews with eight individuals were 'recorded' and analysed. The extensive interviews lasted over 2 hours per person allowing a triangulation of important events between the interviews. The two key-respondents, were interviewed respectively three and five times, and others once. They provided very detailed information concerning the history and evolution of the farm. After a brief description of the story of the farm and its evolution over the decades, the interviews then focused on key themes: diversification strategies, new skills developed and role of rural development policies in supporting farm diversification. The interviews were transcribed and analysed using the standard qualitative analysis protocols of Miles and Huberman (1994) to draw out and code the emerging themes.

In addition, to draw out the entrepreneurial identity of the family farm business, we applied the entrepreneurial identity model, [Vesala, et al \(2007\)](#), in collecting, analyzing and sharing the data. The entrepreneurial identity model addresses economic and individualistic values for viewing and characterizing oneself as entrepreneur. Economic values include:-

- **Risk-taking:** Taking calculated economic risk and maximises profit by bearing the uncertainty of failure;
- **Growth orientation:** Dissatisfied with earnings and a desire to pursue greater growth;
- **Innovativeness:** conversion of new knowledge into products and services for customer satisfaction.

Three further psychological characteristics self-esteem indicators (Breakwell, 1992) are:

- **Personal control:** individuals' beliefs regarding their ability to control or influence outcomes;
- **Self-efficacy:** person's belief in their capability to perform actions and activities required for achieving desired outcomes and goals (Boyd and Vozikis, 1994);
- **Optimism:** Ability to look on the favourable side of events or conditions and to expect the most favourable outcome.

In terms of entrepreneurial skills of farmers, McElwee (2005) identifies five skill sets:

- **Professional:** plant or animal production and technical.
- **Management:** financial management; administration; HRM; customer management and general planning.
- **Opportunity:** business opportunity recognition; market and customer orientation; threat awareness; innovation; and risk management.
- **Strategic:** Receiving or making feedback; reflection; monitoring and evaluation; conceptual; strategic planning; strategic decision-making; and goal setting.
- **Co-operation/networking skills:** Cooperation with other farms, networking; team working; and leadership.

It is relatively straightforward to measure how many farms are primary producers of arable crops and how many exist in a particular region or indeed measure individual farm productivity but it is more complex attempting to understand the entrepreneurial capability of the farmer or family as these phenomena are intangibles.

4.0 A narrative of diversification in three turns

The diversified family business comprises eight adult members from two families related by marriage – the Pacitti family - (a) Carmine and Maria, and their children Romina, Benedetto and Angelica; and b) Donato and Elvira and their children Loreto and Cinzia. Visually introducing the Pacitti's to readers is important because families tell stories to one another via photos and pictures (See Fig.1).

INSERT FIG 1 HERE

The story begins in 1963, when two Pacitti brothers, Carmine and Donato, rented a rural building in Picinisco when the previous owner *Orazio* migrated to England. Picinisco is an upland area in the north of Cassino, which has supported subsistence farms for centuries. The brothers decided to breed sheep and goats. Business prospered and by the 1970s' they expanded their business, increasing the number of sheep and goats, from 50 to 200 and integrating agricultural production through pigs and crops.

Diversification in three turns: The Pacitti family report three “turns” (or life coincidences) which influenced the entrepreneurial process and the development of the business.

The First Turn: Occurred when Carmine and Donato married two English girls who visited Picinisco in summer time. Romina describes the story – *“The two women, 20 and 22 years old, left the easy living in England to start a humble life in the little town of Picinisco where they started a family business. My dad worked on selling products, our mam’s task was the production of cheese. My uncle’s task was taking care of the herd, while my aunt took care of the house. There was a very strong synergy, without conflicts...”* .

The second Turn: Begun in the 1980s, with the discovery that the famous English novelist D.H. Lawrence had travelled extensively in the Comino Valley and had lived in their house. Romina

narrates - *“In the early ’1980 Englishmen arrived with some documents and asked for information about the house where the writer DH Lawrence lived”*. She said *“... her father and Orazio’s sons were ignorant of this fact, despite numerous people coming to the area to visit the place.the district’s representatives showed us [letters] and the book titled “The Lost Girl”, in which was specified that the writer lived for a week in the farmhouse where my family’s business started. It was a surprise for both Orazio’s and my family. The municipality of Picinisco solicited us to renovate the building because the farmhouse had a historic value”*. The family renamed the property ‘Casa Lawrence’.

The Third Turn: In the mid 1990’s a generational renewal in the family farm was the occasion for the third entrepreneurial turn thanks to the participation of cousins, Romina and Loreto, in the family farm business. Loreto relinquished his military career while Romina, after graduating in Law, decided not to practise as a lawyer. Both opted to spend their life on the family farm. They are different characters - Loreto is outgoing, while Romina is more introverted and prefers to work behind the scenes. In this scenario there is still a link with serendipity in that having decided to capitalise on the first turn there was a deliberate family plan to include and involve the children. The fact that Loreto and Romina chose to return illustrates the power of serendipitous events to change the business strategy and dynamics.

In the case of the second turn the serendipity occurred as a contingency in respect to a favourable discovery (as understood by Dew, 2009) and as such was individually unpredictable and as such is an uncontrollable coincidence. In the first and third turns the strategic activity is related to the concepts of search, commitment and flexibility (Dew, 2009:746) and involve active and continual choices made by the family. These turns illustrate both planned and unplanned, resource driven diversification as a story of growth and change. The entrepreneurial attitude of the Pacitti family spurred the development of the family farm business. Romina

recounts that due to economic pressures and a large family, the core business was unable to support both families. Consequently, Loreto convinced the family that diversifying the production chain into processing the sheep milk to produce high quality dairy products would allow them to both stay on the farm whilst shortening the agrifood supply chain, supported by regional government. Moreover, he invested in new machinery to produce yoghurt, cheese and milk. Finally, with family support, he applied for a rural development grant to launch an agritourism business. The venture succeeded, enabling the house to “be restored”, resulting in a productive business utilising the writer’s name: Casa Lawrence. According to Romina, *“Around 1997, my cousin Loreto came back.... and with all his savings he decided both to start a real cheese factory and to buy a yoghurt machine, a product that was not known and that he exported outside the region. In 1998, a call for grants for farm diversification provided by regional rural policies was published. Loreto grasped this opportunity by taking advantage from the cultural value of the farmhouse and won it. So, in 2000, we started to build the agritourism.... In a few years our farm grew up and he succeeded my dad in managing marketing activities. He reinforced the production not only with new products (yoghurt) but also on making through different kinds of cheese (aromatic cheese), going out the traditional Picinisco’s pecorino. Women worked for the production of the cheese, because it is a patient and handmade housework, my brother looked after the livestock while Loreto was fully absorbed by marketing activities. So, it started a generational renewal.”*

Romina recalls of the agritourism diversification - *“I’ve never been a real chef, I knew the basic knowledge, I used to cook because my mom worked in the farm. My cousin too became an able waiter”*. The launch of Casa Lawrence required a renewal of entrepreneurial competencies/skills to cope with a completely new and unexplored field of business. No one had training. Tacit and contextual knowledge were fundamental in upgrading familial skills in cooking and integrating local recipes into the menu with strong links to local traditions. Romina

continues - *“With help, some advice and the recipes from other moms and grandmothers in the area, I refined my cuisine. Today I am the chef of our agritourism, my sister, my mother and my aunt help me, while Loreto is the waiter. We tried several times to employ an external chef but our idea of agritourism is that the customers have to feel like in their houses and a real chef, with his relative title, has a sophisticate cooking and not a traditional one. We are very careful to our details, for example we don’t serve either products not rooted in our territory, or do not belong to our way of cooking. Therefore, our regular clients are friends who share the same food habits, they eat the same things we eat, they learn what we do in our everyday life with dignity: we want to share it with them”*.

In the meantime, milk and cheese production developed, as the flock increased (from 200 to 800 sheep in 2015). Romina developed her cheese-making skills. The last step in the diversification strategy saw the opening of Caciosteria, to capture a market niche of young consumers. The Caciosteria is where cheeses are seasoned and ripened. Customers can taste the cheeses with other typical local products (wines, cured meats, etc.). Loreto is proud of this innovation - *“We transformed our grandparents’ house into the “Caciosteria” where people can come for the aperitif and tasting our delicacies, a new reality that is developing in the recent years in Italy”*.

Other valuable activities carried out in a rural context compliment the strategies. These include organised walking in the National Park; a didactic factory, where guests learn how to produce cheeses and recognise local botany; cultural meetings about Lawrence, and training courses in local handicrafts such as beekeeping and milk processing.

Other initiatives included milk processing, direct selling, short food-supply-chain, rural tourism and agritourism, teaching activities. Family members articulate how they updated their competencies for each field of diversification strategy. Carmine recalls, *“The art of milk processing has been vertically transmitted from parents to children. At*

the age of 13, I was already able to process milk, thanks to my father's knowledge transfer. Moreover, I took care of door-to-door cheese delivering. Thereafter, I taught Maria, my wife, the art of milk processing. Maria tells how she transferred the same skills to the children - "...it was like a game and through this way, children learnt how to produce milk. With the growing of the business their curiosity went further, to try learning how process various types of cheese. Thanks to learning by interacting with other farms, they have understood how to get various traditional local cheeses: blue, tender, mouldy, etc., so preserving the ancient tradition of this beautiful valley".

To manage the operation of the diversified activities, a clear division of labour became necessary within the family. The women manage the dairy to process milk and produce the cheeses and yoghurts. At weekends when the Casa Lawrence and the Caciosteria open to the public, they work as chefs in the kitchens and act as guides. The men shepherd the flock. The youngest man, Loreto spends his time off-farm, trading cheese, creating new niche markets and short food-supply-chains on a local and regional level. The family sell their produce locally and at farmers' markets in Rome. The women consider this traditional rural family division of labour normal and acceptable.

The influence of policy is evident in both the second and third entrepreneurial turns. First of all, applications for support for the development of the tourist venture has boosted the capability of exploit an unexpected opportunity (the second turn). Moreover, funds for generational renewal obtained by Romina and Loreto have changed the leadership of the family farm.

The key serendipitous event is of course the casual discovery that the house had been visited by a famous English writer. But this "basic serendipity" has to be seen in conjunction with the previous one (the double marriage) and with the other one (Loreto and Romina's adhesion to

the family farm business). These events may be identified as entrepreneurial turns.

Consequently, we posit that the three events are strongly linked in that:

- the double marriage facilitated the emergence of a “composite family farm business”, grounded on two families with diversified skills and competencies.
- The serendipitous event of DH Lawrence’s visit (basic serendipity) boosted a diversification strategy, requiring a diversified set of competencies and skills (management of: the farm; the cheese dairy and the agritourism).
- The previous serendipitous event overlapped with Loreto and Romina’s decision to abandon the previous and “safer” career to start a new, risky business.

The joint action of the three previous events we label as entrepreneurial turns has engendered the success of the family business.

Applying the Segmentation Framework.

We now apply McElwee and Smith’s (2012) segmentation framework to the Pacitti story. The framework segments the farm into; business characteristics; activities and processes; and the personal characteristics of the family farm.

Business characteristics: The Pacitti family farm is ‘certified’ organic. It comprises 100 goats and 800 sheep and is labour-intensive. Livestock are ‘pastured’ and fed organic cereals giving the milk specific attributable rural qualities. The farm combines diversification in farming and non-farming activities to exploit niche markets. Due to the farm’s upland position escaping price-costs squeeze is a primary motivation to diversify. Consequently, diversification strategies are ‘facilitated’ through the search of alternative food networks. Short food-supply-chain, niche production and re-localisation of food-consumption circuits form the basis of the family strategy. Diversification into non-farming activities occur via agritourism and the D.H. Lawrence scenario. The farm is labour intensive but benefits from the availability of family

members and knowledge intensiveness. Knowledge of farming is of a traditional-type, based on learned and local tacit informal knowledge and on its incorporation of milk and cheese products. Furthermore, they define their niche as ‘quality’ capitalising on the animals’ ‘natural’ life cycle. For example, lambs remain with their mothers for one month to suckle in contrast with intensive practices where lambs are ‘weaned’ from their mothers as soon as possible. The multiple use of rural resources and exploitation of clusters of opportunities has moved the farm towards satisfactory levels of performance in periods of economic downturn.

Business activities and processes: The family farm is characterised by a dynamic and innovative approach to market development. Novelty and innovation occurs at each step of the business lifecycle. Although the family collectively define their farm as technology and innovation lacking, this is not true. As far as a “modern” view of innovation is concerned (van der Ploeg and Marsden, 2008), novelty and niche-innovation are the key to their activity. Paradoxically, the innovation lies in their traditionalist behaviour. They differentiate themselves from others through the return to their origins (hand milking, hand arrangement of the herd, the use of traditional recipes in agritourism, etc.). Family members are not complacent however: to the question - “what future challenges do you have to face up?” For Cinzia - *”through our Teaching farm and our “real” agritourism, where we serve only traditional foods, we want to re-educate people to believe in this reality”*. Cinzia acknowledges that this is a challenge.

Personal characteristics of farmers: For Loreto *“Family is the first and the only essential element for us”*. This phrase epitomises the philosophy of the Pacitti family of collective action with each family member carving out a distinct space of competency and action. The generational renewal permitted two young leaders to emerge, Loreto and Romina. Loreto, is the ‘visible’ leader involved in farm promotion, representing the farm in official fairs and public tasting events. He is a skilled teacher of courses on cheese making, honey and bread

production too. He manages Casa Lawrence. Romina, is the 'invisible' leader and is mainly involved in cheese processing. At the weekend, she works as chef in the agritourism, using local recipes learned from local older women. She organizes cultural events linked to Lawrence, such as the annual Lawrence awards, which attracts visitors globally. Carmine takes care of the herd because of his extensive experience in sheep and goat breeding. He supervises and consults in family decisions. Elvira and Maria support the family farm, in the agritourism in cooking and in cheese production. Benedetto helps with breeding activity, taking care of all aspects of the herd (feeding, milking, hygienic-sanitary conditions, etc.). Cinzia, and Angelica, cooperate with Romina to produce the cheese and by selling products at local markets.

Perhaps, more importantly, as far as skills are concerned, members are highly skilled in their own sphere of activity. Carmine and Benedetto in managing the flock, Cinzia and Angelica in producing cheese and yoghurt and in managing the kitchen of the agritourism, Loreto in performing selling activities and exploring new niche markets. In regards to motivations to diversify, initially push motivations prevailed to escape price-costs squeeze. Later, with the generational renewal, pull motivations emerged, linked to the family search for personal satisfaction, family security and freedom. The diversification strategy of the Pacitti family is a 'shared story' of innovation and familial leadership (Kammerlander, et al 2015).

5.0 Findings and discussion

As the story unfolds, it is clear that the Pacitti family demonstrate a familiarity with business terminology embedded within strong local networks through which they orchestrate and take advantage of opportunities and mitigate risks. Thus, our main finding is the importance of the related concepts of 'Resource Orchestration' and 'Resource Allocation' as important endogenous elements of strategic entrepreneurial activities and narratives (Wales, et al 2013). This resource-based view provides a theoretical underpinning for understanding when

resources support a firm's competitive advantage and its performance (Chirico et al, 2011). The approach provides a competitive advantage (Barney, 1991) providing resources are 'orchestrated', to realize potential advantages (Sirmon, et al, 2008). Resource orchestration 'is concerned with the actions leaders take to facilitate efforts to effectively manage the firm's resources' (Hitt et al., 2011:64). We believe this is a unique finding and the narrative illustrates resource orchestration and allocation in action. This process of 'resource orchestration' (Chirico et al, 2011) whereby strategic actors in entrepreneurial family firms seek to co-align multiple factors to increase performance through entrepreneurship resonates. Their entrepreneurial orientation(s) provide the mobilizing vision to use their heterogeneous, yet complementary inter and intra-generational knowledge and experiences to raise the entrepreneurial level of the business. However, as Chirico et al (2011) suggest, without a coordinating mechanism, generational involvement may lead to conflict and negative outcomes. In this case, the coordinating mechanism is the 'Casa Lawrence' narrative, which the Pacitti's have made the central plank of their strategy. Chirico et al argue that a coordinated and participative strategy is required to trigger performance gains. Synchronizing individual entrepreneurial orientations with generational involvement and participation is the key to the success of this particular diversification strategy. The case also resonates with similar studies focusing on family farms whereby the entrepreneurial processes takes place over time involving several family members across the generations (Roscoe, et al, 2013 and Rosa, et al, 2014). Figure 4, details the processes narrated above from a strategic and theoretical perspective.

INSERT FIG 24 HERE

The figure illustrates the complexity of the diverse exogenous and endogenous strategic elements, which must be storied, orchestrated, synthesized and aligned to narrate a convincing diversification strategy. It works because the individual and collective familial traits feed into

the twin theoretical concepts of the entrepreneurial family and the entrepreneurial farmer, enacted within a specifically Italian rural culture. These precede the strategy formulation but enable its facilitation through storying the endogenous and exogenous elements. Moreover, the entrepreneurial turns in which serendipity and the participative strategy combine to create the Pacitti family business story (their strategic narrative) which encapsulates inter-generational orchestration. In the telling, this articulated storied strategy becomes the strategic explanation justifying their practices. The storied strategy is emergent, changeable and open to challenge but it weaves the complex strategic elements together into a convincing narrative which synthesises the strategic elements helping to illustrate, legitimize and explain the complexity of the strategic diversification process via the simplicity of narrative process.

In rural marginal areas, necessity diversification seems unavoidable due to price-cost squeeze (van der Ploeg, 2000; Bosworth, et al, 2015). However, possible paths towards diversification may differ according to contextual factors and, may be accidental and unexpected (Vik and McElwee, 2011, Dell’Olio et al, 2017). In this case, entrepreneurial turns (the double marriage and the discovering of Casa Lawrence) may be serendipitous. The literature is clear in recognizing how external situations may enact competencies (McElwee, 2005). The first turn, brought about the start-up and promoted a diversification strategy based on milk processing and on selling cheese in farmers’ markets. The second stimulated new competencies linked to diversification into non-farming activity. The third turn relating to inter-generational renewal enables the narrative to be ‘constantly renewed’ as the family delivered innovative strategies to sustain farm growth by valorising a historical event to start the agritourism business. Table 2 summarises the Pacitti family business story providing a detailed explanation of the entrepreneurial journey of the family farm, by pointing out the three turns and entrepreneurial exits (DeTienne, 2015).

INSERT TABLE 2 HERE

Necessity diversification explains the first turn, resulting in diversification in farming activity, through the mobilization of female resources and the start-up of a family farm business. Farming remained the main activity and diversification embraces a sectorial approach (milk processing). The family's entrepreneurial skills allowed an exploitation of this opportunity, confirming existing literature on the role of skills in capitalizing strokes-of-luck (Gompers et al., 2006). A relevant skill is the capability to identify, specify and valorise local rural resources, integrating them in farms' diversification strategy. This entrepreneurial process relies on the involvement of the youngest family members into the business, characterized by a generational renewal of the family farm business via renewed family leadership. The three entrepreneurial turns constitute a portfolio strategy, deployed along two dimensions - On-farm or off-farm diversification; and diversification in farm-related or farm-diverse activities. Following Vik and McElwee's (2011) scheme, figure 2 synthesizes the results of the empirical analysis, depicting the portfolio strategy of the family farm during the entrepreneurial turns. Through the entrepreneurial process, the family executed strategy to transform a marginal rural area in a space of both production and consumption (van der Ploeg and Marsden, 2008). Figure 3, details of the Pacitti's 'diversified portfolio strategy'.

INSERT FIG 3 HERE

If Carter (1998) is correct in defining as entrepreneurial activity characterising farmers with a portfolio strategy, then what we see is collective entrepreneurial activity, because the portfolio strategy is 'achieved' with the support of the entire family. In our opinion, collective family entrepreneurship is the key to the success of an integrated strategy of farm diversification. Our findings clearly differentiate our case study from other analyses, which demonstrate how diversification 'held potentially negative consequences for the family'

(Glover and Reay, 2013:174). We see a family living in symbiosis where everyone knows each other's personal traits and attitudes and they trust and reciprocate.

Both economic and personal motivations help explain the Pacitti's aptitude to exploit clusters of opportunities. Price-costs squeeze and circumventing modern distribution channels by pursuing short food-supply-chains are key factors in the diversification strategy. The desire to regenerate and sustain cultural local heritage is another motivation to diversify in non-farming activities. Casa Lawrence encapsulates a successful completion of a dream carried out by the strong collective will of the family members. Personal motivations play an important role in the story as do kinship feelings, love of the rural and putting forward sustainable methods of agriculture. This can be classified as an example of evolutionary economic geography as articulated by Randelli et al (2014) in that it is a new use of traditional resources and a move towards a new economic specialisation and multi-functionality. Necessity combined with serendipity forced the Pacitti's to shift away from a historically predominant configuration to a new one. As in the framework of Randelli et al there are micro (local), meso (regional and macro (European) forces at play.

Generational renewal via resource orchestration (Chirico et al., 2011) drives the transition of the family farm business from push to pull factors, where opportunity-seeking motivations prevail with respect to necessity factors. Therefore, in keeping with the literature, well-educated young farmers demonstrate higher aptitude to develop entrepreneurial skills (De Wolf et al., 2007). Conversely, the diverse activities implemented by the family to exploit clusters of opportunities was facilitated by the updating of skills of all family members, male and female, confirming the importance of the entire family in this entrepreneurial process. In our case, the key-elements of this identity model are as follows:-

Economic values: Diversification strategies are 'tied' to the risk of failure. During its lifecycle, the family farm has borne the economic risk and the uncertainty of new entrepreneurial

activities. The risk-taking efforts of the younger members of the family was ‘rewarded’ by economic results. Growth orientation resulted from the exploration of new niche markets and ability to carry out strategic niche management by bringing together the knowledge and expertise of users and other actors, such as policy makers, researchers or representatives of public interests into a process of smart experimentation (Oostindie and van Broekhuizen, 2008). Through the access to rural funding, the pursuit of a territorial extended strategy (cultural initiatives, rural tourism, etc.), and the involvement of other local stakeholders, the family farm demonstrates a strong growth orientation.

Innovativeness: Innovation (defined according to the new European perspective on rural innovation¹) plays a central role in enabling the family to take advantage of various opportunities arising in rural areas. Innovativeness is clearly present both in the development of new niche products sold through alternative food networks, and in diversification in non-farming activities (Casa Lawrence and Caciosteria).

Individualistic values: Include personal control and self-efficacy. In relation to personal control, the family have a strong belief in their chances to influence economic results and also the high personal control of the younger members of the family particularly, Loreto and Romina’s locus of control (Rotter, 1966). They both gave up careers to opt for a risky rural life with an uncertain future. They were confident in their attitude towards rural entrepreneurship and succeeded. Self-efficacy ‘emerged as an important construct for understanding entrepreneurial success’ (Drnovs’et et al., 2010). The family’s belief in succeeding in the desired outcomes is high because of a collective propensity to cooperate and to promote real collective behaviour: As Romina narrates, *“A progressive transfer of responsibilities has been stimulated by the elderly members towards the youngest generations. As a family, we put together our strengths and each one carved out a special space of competency and responsibility. For example, when I was a child, I liked cooking and I cooked very good cakes;*

therefore, when the agritourism opened up, I was automatically in charge of the culinary jobs and everybody agreed with this decision. My mother and my aunt help me in cooking and in reproducing local recipes". Benedetto continues, "I call a sheep by name, I know everything about it, thanks to my father's experience I have learnt on field everything about sheep-breeding". Optimism is another typical characteristic of this family model of entrepreneurship, stemming from the family's will and love of farming. Angelica explains how "the youngest members of the family are sowing on an already reclaimed land, thanks to our parents' sacrifices. The possibility to choose our competency and specialization let us to work hard and to work with passion and love. Thanks to our parents for having handed over us these qualities". This optimism is 'facilitated' by the reciprocal trust of each family member.

To explain the success of the family business, it is necessary to integrate the entrepreneurial identity model with the recognition of the entrepreneurial skills of farmers. As pointed out by McElwee (2005:18), *'Effective diversification does not specifically depend on the farm's external environment and the threats and opportunities which that environment offers; to diversify farmers need to be externally aware and have the capability and capacity to diversify'*.

Our findings contrast with the views of others where being a 'jack-of-all-trades' is an ingredient of a successful entrepreneur (Lazear, 2004). In our case, specialised skills brought about the success of collective entrepreneurship. Although all family members practise 'professional' and 'managerial' skills, the division of labour is crucial. This is an important insight. Loreto and Romina demonstrate high aptitude towards either opportunity or strategy or networking skills creating the conditions for a sustainable and performing entrepreneurial activity. We liken Loreto and Romina to Kirznerian alert entrepreneurs, who succeeded in monitoring and exploiting external opportunities by virtue of their personal traits. The continued desire of rising self-knowledge, through learning by interacting, by doing and other

networking activities paint a picture of modern rural entrepreneurs, accessing multiple resources a rural remote area offers.

Our analysis confirms how updating entrepreneurial skills may be enacted in external situations, '*Whether the competences are shaped by the situation or that the situation 'enacted' these competences and how the learning of entrepreneurs can be stimulated and optimised in order to respond adequately to the changing environment*' (McElwee, 2005:31). The Pacitti story illustrates the relevance of contextual and institutional factors in enacting entrepreneurial competencies: as far as context-specific factors, bonding ties, through kinship and local ties relationships are the building blocks of basic skills. Institutional factors, through the opportunities offered by the common agricultural policy permit new entrepreneurial skills to emerge, particularly networking and opportunity skills on behalf of the younger member of the family. The application for a grant drove the diversification process on and off farm, supported and funded by European policy. As emphasised by McElwee (2008a), access to rural policies drives entrepreneurial aptitude in the exploitation of external opportunity. The overarching ethos of Pacitti strategic narrative relate to diversification and the ability to engage in diversification over time – i.e. relating to skills and opportunity matching by incorporating the themes in their family business story.

From the literature, we know that growth firms typically diversify their operations by growing geographically, offering new products to new or existing customers. Essentially, we describe how the Pacitti's took advantage of ecotourism and serendipity (because DH Lawrence once lived there) thus evidencing serendipity and luck in entrepreneurial and diversification strategies. Opportunity creation also relies on external situations influencing enacted competencies, as per the Pacitti's story. To dismiss serendipitous events as a stroke-of-luck may be not appropriate because the family combine happenstance with other activities to expand their product offerings and create employment for the family. We develop this by

demonstrating how this contributes to theory by linking it to mechanisms for growing a business as described elsewhere. We now present a conceptual model of the processes involved – see figure 4.

INSERT FIG 4 HERE

Having explored local and regional niche markets searching for new ‘niche markets’ at international level is the next obvious challenge for the Pacitti family. The Pacitti’s are classic examples of how cooperative agricultural entrepreneurs (Dias and Franco, 2018) play a fundamental role in developing local economies and sustaining regional development by contributing to conserving the landscape, job creation and preserving traditions as well as the survival of viable family farming (Bertoni and Cavicchioli, 2016). The venture ensures the future survival of family farming and assures landscape maintenance in marginal areas and provides transmission and accumulation of site-specific knowledge in agricultural activity (Bertoni and Cavicchioli, 2016).

By emphasizing the roles of leadership and resource orchestration in the family farm business, we explain how a process of reassembling a “family puzzle” is possible in a rural marginal area to trigger opportunity recognition and exploitation in entrepreneurship by family farms (McElwee, 2008a). More precisely, it is concerned with diversification strategies adopted by a family farm to exploit clusters of opportunities (Dyer et al, 2014). Drawing upon the concept of *entrepreneurial turns*, such as unexpected and sudden opportunities, we contribute to the literature by analysing the consequence of these turns on their strategies. By highlighting innovative leadership concepts, we contribute to the literature on small businesses and explain how collective entrepreneurship may exploit external (unexpected) opportunities.

To answer RQ1 - *How does a family farm exploit a set of opportunities, by focusing on both individual and collective entrepreneurial ‘triggers*, our first unique contribution lies in

relation to the resource allocation and orchestration scenarios (Chirico et al., 2011). To answer RQ2 – *In what ways do family influence strategic entrepreneurship and diversification strategies*, our second unique contribution lies in providing an explanation, which suggests how families are uniquely ‘positioned’ to grow family farms. Our story illustrates and describes how theory plays out in a family farm, demonstrating how the literature reviewed connects with the story and helps focus attention on how theory informs practice and identify theoretical gaps. The contribution to the rural studies literature stems from the introduction of innovative concepts such as collectively enacted ‘quiet’ and ‘distributed’ familial leadership. These familial relationships in a farming setting are ‘mediated’ by the scope of decision-making options, the distribution of decision-making power between generations, and the role of familial conflict.

The use of case studies and narrative analysis helped us investigate the relationship between stories shared among family members across generations and the family firms’ diversification strategies. A storied family focus is positively associated with successful diversification strategies. Another contribution is how this non-planned approach is ‘operationalized’ in practice. The case demonstrates how the Pacitti family develops resources, and applies them to these opportunities across local networks that help the business find and respond to opportunities. We contribute to and expand upon the topic of strategic entrepreneurship in the family business literature as articulated in Rosa, et al (2014) and in particular in relation to entrepreneurial dynamism. The Pacitti family display entrepreneurial dynamism because our case: illustrates an evolution towards entrepreneurship whereby a ‘proper entrepreneur is engaged in active, dynamic and competitive economic striving, in a continuing pursuing of opportunity’ (McElwee, 2010:827); is illustrative of familial entrepreneurship whereby the family identifies and exploits non-farming opportunities such as tourism, hospitality and culture/entertainment or high-value agriculture and food production (McElwee, 2008a:471)

and illustrates collective family farming, based on a portfolio strategy driven by invisible leadership.

6.0 Conclusions

This paper is based on a rich case of a diversified family farm, operated by two related families and spanning two generations, in rural Italy. The case history when analysed over an extended period illustrates how the business responds to clusters of opportunities often emerging through serendipitous events in the form of turns, strategic and structural changes that require the family to participate, orchestrate and co-ordinate resources effectively. This is its main contribution. It is evident that both individual and collective entrepreneurial ‘triggers, from diversification and from policy interventions are actioned via the resource allocation and orchestration scenarios (Chirico et al., 2011). This continuous process of strategising entrepreneurial intentions via actioning related diversification strategies suggests that individual entrepreneurial families are uniquely ‘positioned’ to grow family farms. Serendipity plays a key role in the ensuing narrative. From the narrative, a logic emerges that rural entrepreneurship requires innovation, which in turn creates diversification opportunities and risks. The business responds to clusters of opportunities (that may emerge through serendipitous events) in the form of turns, strategic and structural changes that require the family to participate, orchestrate and co-ordinate resources effectively. Our novel contribution lies in presenting strategy in all its complexity as a collective familial, entrepreneurial narrative which builds on the prior literature.

We have narrated a story of an entrepreneurial family journey valorising endogenous rural resources with kinship and marriage being central to household dynamics (Alsos et al., 2014). Our research demonstrates the benefits associated with kinship (Stewart, 2003) on the

capability to exploit external opportunities, thus diversifying farming activity. However, as articulated by Vik and McElwee (2011), the process is not always planned but may be accidental and from a strategic perspective, this may be more opportunistic and emergent. What is interesting is the success of a family business in a rural marginal area where other family businesses have failed in performing strategies of rural entrepreneurship and diversification.

In sustaining the evolution towards farming as entrepreneurship (McElwee, 2008a), the role of individualistic values is evident, particularly in the personal traits of the younger family members. Personal control, self-efficacy and optimism are typical traits of both the “visible” and the “invisible” leaders of the family, Loreto and Romina. Therefore, generational renewal acts as a stimulus for towards farm diversification (McElwee, 2010) with well-educated and young farmers demonstrating higher aptitude to develop entrepreneurial skills (de Wolf et al., 2007). However, farm diversification was only possible because of a clear entrepreneurial attitude of the entire family farm via collective entrepreneurship.

Our analysis has permitted the unpacking of entrepreneurial capability in exploiting a cluster of opportunity through portfolio entrepreneurship and learning new entrepreneurial skills (Alsos et al., 2014). We have underlined top-level skills by emphasising the relevance of networking, opportunity-seeking and strategy skills. Through a clear division of labour between older and younger generations and between male and female farmers, a collective entrepreneurial skills profile emerges centred on the collective capability to manage the various categories of skills: thus, the farmer’s personal attitude to feedback from the family is indicated as strategic skill (de Wolf, et al, 2007). In addition to the obvious push and pull factors there is evidence that the diversification strategy balances between market driven strategy (pursuing opportunities) and developing the family as a resource so that opportunities can be spotted and pursued. This exceeds mere planning and moves us into the territory of orchestration. Traditional farming systems and other activities such as those practiced by the Pacitti’s

represent a sustainable example of human integration with nature (Gobattoni et al, 2015). The diversification strategies make use of new uses for traditional farm buildings (Fuentes et al, 2010) which are important features of the rural landscape and a valuable documental source about rural technology and ways of life in the countryside. The strategies therefore protect these traditional farm buildings from losing their original function. Their respectful conversion to adopt new activities provides economic, socio-cultural and landscape benefits for promoters and the whole rural community (Fuentes et al, 2010).

The main contribution and its importance lies in considering the roles of ‘resource orchestration’ and ‘serendipity’ (Chirico et al, 2011) and of ‘serendipitous events’ in designing a bespoke diversification strategy. Rarely are these studied in relation to small business diversification strategies, thus we contribute to new knowledge creation. A final element of reflection stems from the “Kirznerian” capability of the family to remain alert and to be ready to exploit external opportunities including funds from rural development policies. This engenders a final consideration concerning the value of EU policies for rural development targeted both to rural areas and to family farms. Interpersonal dynamics and change are important family business dynamics (inclusion, control, and integration).

The main implication in relation to theory is that via the use of narrative methods the richness and complexity of strategic narratives and diversification strategies need not be subject to the over simplification of rationale theorising. Policy, practice and even serendipity can be present in a strategic narrative as complimentary explanations. In relation to policy, the main point to grasp is that family business stories and the strategies which drive them are not normally driven by policies but by personal circumstances influenced by local regional circumstances. It is telling that we do not talk of family policies. There are clear limitations to the case in that it relates to one Italian family in one specific region and that clearly further large scale studies or comparative studies in other regions and EU countries are required but

the study provides a sound starting point. Although in basing their diversification strategy around the DH Lawrence scenario, the Pacitti's potentially limited alternative diversification strategies their bespoke strategy works for them.

REFERENCES

- Alsos GA, Carter S, Ljunggren E. 2014. Kinship and business: how entrepreneurial households facilitate business growth, *Entrepreneurship & Regional Development: An International Journal*, **26**(1-2): 97-122.
- Banks J, Long A, van der Ploeg JD. 2002. Living Countryside: Rural Development Processes in Europe - The State of the Art, Doetinchem, Elsevier.
- Barney J. 1991. Firm resources and sustained competitive advantage, *Journal of Management* **17**(1) 99-120.
- Bartoli L., and M. De Rosa 2013. Family farm business and access to rural development polices: a demographic perspective, *Agriculture and food economics* 1-12.
- Ben-Porath Y. 1980. The F-Connection: Families, Friends, and Firms and the Organization of Exchange, *Population and Development Review*, **6**(1): 1-30.
- Bertoni, D., Cavicchioli, D., 2016. Farm succession, occupational choice and farm adaptation at the rural-urban interface: The case of Italian horticultural farms. *Land Use Policy*, **57**, 739-748.
- Bosworth G, McElwee G, Smith R. 2015. Rural enterprise in Mexico: a case of necessity diversification, *Journal of Enterprising Communities: People and Places in the Global Economy*, **9**(4): 327-343.
- Boyd NG, Vozikis GS. 1994. The influence of self-efficacy on the development of entrepreneurial intentions and actions', *Entrepreneurship Theory and Practice*, **19**: 63-77.
- Breakwell GM. 1992. Processes of self-evaluation: efficacy and estrangement, in Breakwell, G.M. (Ed.), *Social Psychology of Identity and the Self Concept*, Surrey University Press, London.
- Budge A, Irvine W, Smith R. 2008. Crisis plan? What crisis plan! How microentrepreneurs manage in a crisis. *International Journal of Entrepreneurship and Small Business*, **6**(3): 337-354.
- Carsrud AM. 2011. Entrepreneurial Motivations: What Do We Still Need to Know? *Journal of Small Business Management*, **49**(1): 9-26.
- Carter S. 1998. Portfolio entrepreneurship in the farm sector: indigenous growth in rural areas? *Entrepreneurship and Regional Development* **10**(1) 17-32.

- Chirico F, Sirmon DC, Sciascia S, Mazzola P. 2011. Resource orchestration in family firms: investigating how entrepreneurial orientation, generational involvement, and participative strategy affect performance. *Strategic Entrepreneurship Journal*, **5**(4): 307–326.
- Church R, Clark C. 2003. Purposive Strategy or Serendipity? Development and Diversification in Three Consumer Product Companies, 1918-39: J. & J. Colman, Reckitt & Sons, and Lever Bros/Unilever. *Business History*, **45**(1): 23-59.
- Davidova, S. and Thomson, K. 2014. Family farming in Europe. Challenges and prospects, document prepared for the European Parliament's Committee on Agriculture and Rural Development, Brussels
- Dawson A, Hjorth D. 2011. Advancing Family Business Research Through Narrative Analysis. *Family Business Review*, **25**(3): 339-355.
- De Montis, A., Ledda, A., Ganciu, A., Serra, V., De Montis, S. 2015. Recovery of rural centres and “albergo diffuso”: A case study in Sardinia, Italy. *Land Use Policy*, **47**, 12-28.
- De Rosa M, McElwee G. 2015. An empirical investigation of the role of rural development policies in stimulating rural entrepreneurship in the Lazio Region of Italy, *Society and Business Review*, **10**(1) 4-22.
- De Rosa, M and Trabalzi, F. 2016. Everybody does it, or how illegality is socially constructed in a southern Italian food network *Journal of Rural Studies* **45** 303-311.
- De Wolf P, McElwee G, Schoorlemmer H. 2007. The European farm entrepreneur: a comparative perspective, *International journal of entrepreneurship and small business*, **4**(6): 679-692.
- Dew, N. 2009. Serendipity in Entrepreneurship. *Organization Studies*, **30**(7), pp.735–753.
- DEFRA 2015. Towards a one-nation economy: A 10-point plan for boosting productivity in rural areas HMSO.
- Dell'Olio, AM, Hassink, L., Vaadrager, L. 2017. The development of social farming in Italy: A qualitative inquiry across four regions *Journal of Rural Studies* **56** 65-75
- DeTienne, D.R., 2015. *Entrepreneurial Exit*, Volume 3. Wiley Online Library.
- Dias, C., Franco, M. 2018. Cooperation in tradition or tradition in cooperation? Networks of agricultural entrepreneurs. *Land Use Policy*, **71**, 36-48.
- Drnovs M, Wincent J, Cardon MS. 2010. Entrepreneurial self-efficacy and business start-up: developing a multi-dimensional definition, *International Journal of Entrepreneurial Behaviour & Research*, **16**(4): 329-348.
- Dumas C, Dupuis JP, Richer F, St-Cyr L. 1995. Factors That Influence the Next Generation's Decision to Take Over the Family Farm *Family Business Review*, **82**: 99-120.
- Dyer WG, Nenque E, Hill EJ. 2014. Toward a Theory of Family Capital and Entrepreneurship: Antecedents and Outcomes. *Journal of Small Business Management*, **52**(2): 266-285.
- EC. 2014. CAP in your country. Italy.
- Eco U. 1999. *Serendipities, Language and Lunacy* Weidenfield & Nicholson, London
- Fonte, M and Cucco, I. 2017 Cooperatives and alternative food networks in Italy. *Journal of Rural Studies* **53** 291-302.

- Fuentes, J.M., Gallego, E., García, A.I., Ayuga, F., 2010. New uses for old traditional farm buildings: The case of the underground wine cellars in Spain. *Land Use Policy*, 27, 738-748.
- Glover J, Reay T. 2013. Sustaining the Family Business with Minimal Financial Rewards: How Do Family Farms Continue? *Family Business Review*, 28(2) 163-177.
- Gobattoni, F, Pelorosso, R., Leone, A., Ripa, M. 2015. Sustainable rural development: The role of traditional activities in Central Italy *Land Use Policy* 48 412-427.
- Gompers P, Kovner A, Lerner J, Scharfstein D. 2006. *Skill vs. Luck in Entrepreneurship and Venture Capital: Evidence from Serial Entrepreneurs*, NBER Working Paper No. 12592.
- Hansson H, Ferguson R, Olofsson C, Rantamaki-Lahtinen L. 2013. Farmers' motives for diversifying their farm business – the influence of family, *Journal of Rural studies*, 32: 240-250.
- Hitt MA, Ireland RD, Sirmon DG, Trahms CA. 2011. Strategic entrepreneurship: creating value for individuals, organizations, and society. *Academy of Management Perspectives*, 25: 57–75.
- <http://www.rural21.com/english/opinion-corner/detail/article/family-farming-the-backbone-of-sustainable-rural-development-0000794/>
- Lazear EP. 2004. Balanced Skills and Entrepreneurship. *American Economic Review*, 94(2) 208-211.
- Lupi, C, Giaccio, V, Mastronardi, L, Giannelli, A. 2017. Exploring the features of agritourism and its contribution to rural development in Italy *Land Use Policy* 64 383-390.
- McElwee G, Smith R. 2012. Classifying the strategic capability of farmers: a segmentation framework, *International Journal of Entrepreneurial Venturing*, 3(4): 111-131.
- McElwee G. 2008a. A taxonomy of entrepreneurial farmers, *International Journal of Entrepreneurship and Small Business*, 6(3): 465-478.
- McElwee G. 2008b. In search of Montsalvatch: Making sense of interviewing farmers, *Tamara Journal* 7(2): 134-148.
- McElwee, G. and Bosworth, G. 2010. Exploring the strategic skills of farmers across a typology of farm diversification approaches, *Journal of Farm management*. 13(12) 819-838.
- McElwee, G., Smith, R. 2014. Researching rural enterprise. In Fayolle, A. (ed.) *Handbook of research on entrepreneurship: what we know and what we need to know*. 432-470. Cheltenham: Edward Elgar.
- Mathews, A. 2007. Rural development in the European Union. Issues and objectives, paper presented at the International workshop: Public policy and rural development. An EU/US comparison, London, June.
- Miles, M.B., and Huberman, A.M. 1994. *Qualitative Data Analysis: An Expanded Sourcebook*. London: Sage.
- Napier, N.K., and Hoang Vuong, Q. 2013. Serendipity as strategic advantage. In *Strategic Management in the 21st Century* Wilkinson, TJ and Kannan,VR. Editors. Praeger Publishers Inc.
- OECD. 2009. OECD Rural policy review, Paris.
- Oostindie H, van Broekhuizen R. 2008. *The Dynamics of Novelty Production*, in van der Ploeg J.D., & Marsden T. (eds.): *Unfolding Webs*, Assen, van Gorcum.

- Pecqueur, B. 2001. Qualité et développement territorial: l'hypothèse du panier de biens et de services territorialisés, *Economie Rurale*, **261**: 37-49.
- Price, L., Evans. N. 2009. From stress to distress: Conceptualizing the British family farming patriarchal way of life. *Journal of Rural Studies*, 25(1), 1-11.
- Randelli, F., Romei, P., Tortora, M. 2014. An evolutionary approach to the study of rural tourism: The case of Tuscany. *Land Use Policy*, 38, 276-281.
- Rosa P, Scott M. 1999. Entrepreneurial diversification: business cluster formation and growth, *Environmental Planning C Gov Policy*, **17**(5): 527-547.
- Roscoe P, Discua Cruz A, Howorth C. 2013. How does an old firm learn new tricks? A material account of entrepreneurial opportunity. *Business History*, **55**(1): 53–72.
- Rotter J. 1966. Generalized Expectations for Internal vs. External Control of Reinforcement'. *Psychological monographs: General and Applied*, **80**(1): 1-27.
- Reterurale. 2011. Overview on the Italian Rural Development system, download at www.reterurale.it
- Sirmon DG, Gove S, Hitt MA. 2008. Resource management in dyadic competitive rivalry: the effects of resource bundling and deployment. *Academy of Management Journal*, **51**: 919–935.
- Sisto. R., Lopolito, A, van Vliet, M. 2018. Stakeholder participation in planning rural development strategies: *Land Use Policy* 7- 442-450.
- Smith, R., McElwee, G & Somerville, P. 2017. Illegal Diversification Strategies in the Farming Community from a UK perspective, *Rural Studies* **53** 122-131
- Stewart A. 2003. Help one another, use one another: toward an anthropology of family business, *Entrepreneurship Theory and Practice*, **27**(4) 383-396.
- Tonner A, Wilson J. 2015. Farm retailing: motivations and practices, *International journal of entrepreneurship and innovation* **16**(2): 111-121.
- Van der Ploeg J.D. 2000. Revitalising agriculture: farming economically as starting ground for rural development, *Sociologia Ruralis*, **40**(4): 497-511.
- [Vesala, K and Peura, J & McElwee, G. \(2007\) 'The split entrepreneurial identity of the farmer' *Journal of Small Business and Enterprise Development* **14**\(1\) 48-63](#)
- Vik J, McElwee G. 2011. 'Diversification and the entrepreneurial motivations of farmers in Norway', *Journal of Small Business Management*, **49**: 390-410.
- Wales WJ, Patel PC, Parida V, Kreiser, PM. 2013. Nonlinear Effects of Entrepreneurial Orientation on Small Firm Performance: The Moderating Role of Resource Orchestration Capabilities. *Strategic Entrepreneurship Journal*, **7**(3): 93–121.
- Warren M. 2004. Farmers online: drivers and impediments in adoption of Internet in UK agricultural businesses, *Journal of Small Business and Enterprise Development*, **11**(3): 371-381.
- Wright M, Chrisman JJ, Chua JH, Steier LP. 2014. Family Enterprise and Context. *Entrepreneurship Theory and Practice*, **38**(6), 1247-1260.

Yin R. 2008. *Case study research: design and methods*, Sage Publications, London.

TABLES

Table 1 – The structure of the questions

Business characteristics	Size of the farm, processing and diversification sectors, diversification strategies, stage of life cycle, economic performance, type of activity (labor intensive, capital intensive, etc.), growth expectations.
Business activities and processes	Level of expansion (local, regional, national, international), technological innovation, support networks (grants, professional services, family ties, etc.), barriers to entrepreneurial activity, strategic awareness.
Personal characteristics of farmer	Gender, age group, educational skill level, duration of farming activity, occupation prior to farming, degree of alertness, motivation to be a farmer, motivation to process the milk, motivation to diversify (pull/push), degree of satisfaction, future challenges.
Entrepreneurial skills of farmer	Self-evaluation of basic (professional, management) and entrepreneurial (opportunity, strategic, networking) skills.

Table 2 – The entrepreneurial journey of Pacitti's family farm

	<i>Entrepreneurial turns</i>	<i>Motivations for diversification</i>	<i>Mobilization of family resources</i>	<i>1st order Entrepreneurial exit</i>	<i>2nd order Entrepreneurial exit</i>	<i>Activity</i>
Entrepreneurial journey	Turn I (the double marriage)	Push	Involvement of women in farming activity	Start-up of a Family farm business	Leadership in the hand of elderly (male) members	Diversification strategy through processing of milk
	Turn II (D.H. Lawrence Journey in Comino Valley)	Pull	Involvement of younger members in farming activity	Opening up of an agritourism: Casa Lawrence	Emergence of invisible and visible leadership taken on by the youngest family members	Farm diversification in non-farming activities
	Turn III (Younger members enter family farm business)	Pull	All (8) members of the two families involved in the family farm business	Integrated basket of rural goods and services	Emergence of a collective entrepreneurship with visible and invisible leadership	Farming + non farming activities

FIGURES

Fig.1 – Composition of the two Pacitti families

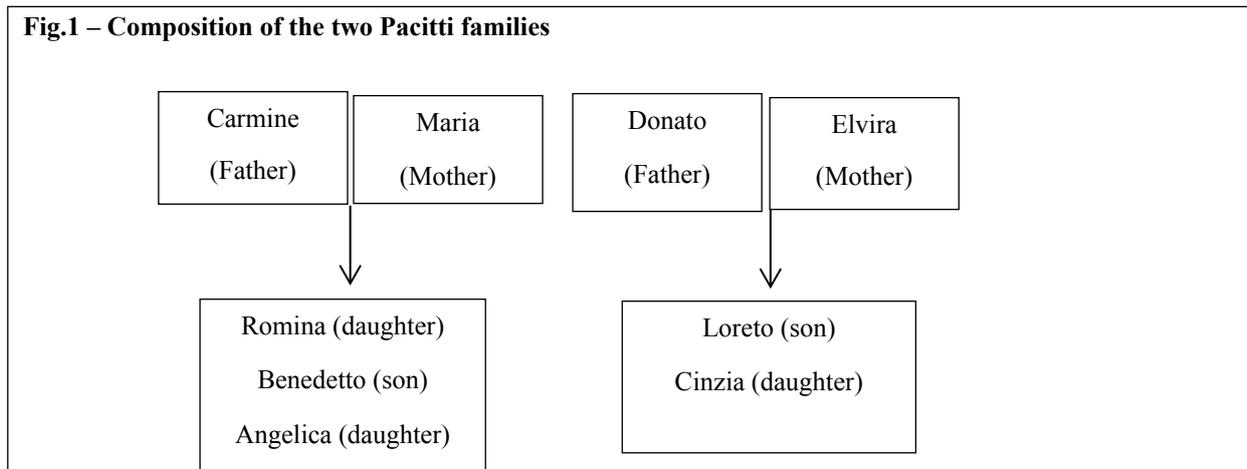
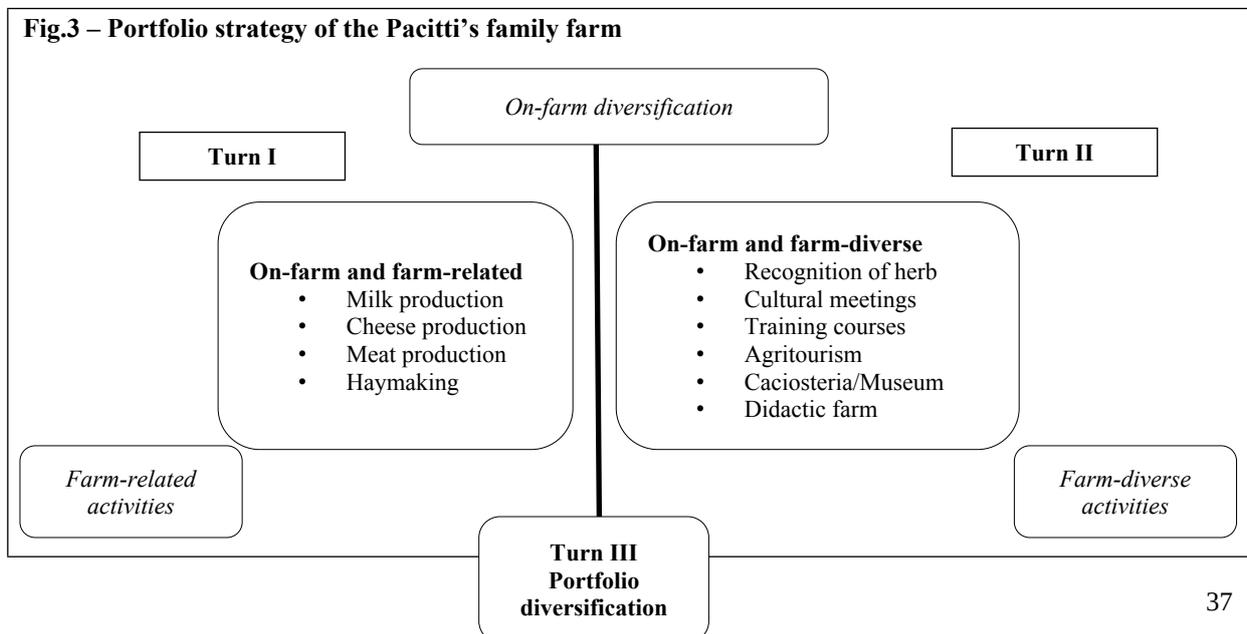


Fig. 2 – A process model demonstrating alignment with theoretical underpinning.

Entrepreneurial Orientation / Strategic Entrepreneurship	Facilitated through and by endogenous and exogenous elements	Articulated as and by
Individual entrepreneurial traits. Collective & Familial Traits. Concept of Entrepreneurial Family. Concept of Entrepreneurial Farmer. Cultural Elements (Italian and English).	The Entrepreneurial Turns – 1) Marrying English Girls; 2) The DH Lawrence Narrative; and 3) Generational renewal. Serendipity of DH Lawrence habitation Element of Participative Strategy Inter-generational orchestration	Through the process of narrative turn. Narrative as Strategy As the Pacitti Family Business Story. An emergent and changeable diversification strategy
The script thereby legitimizes Entrepreneurial Orientation.	Helps Explain the complexity of the strategic diversification process.	The narrative provides a convincing synthesis of strategy.

Fig.3 – Portfolio strategy of the Pacitti's family farm



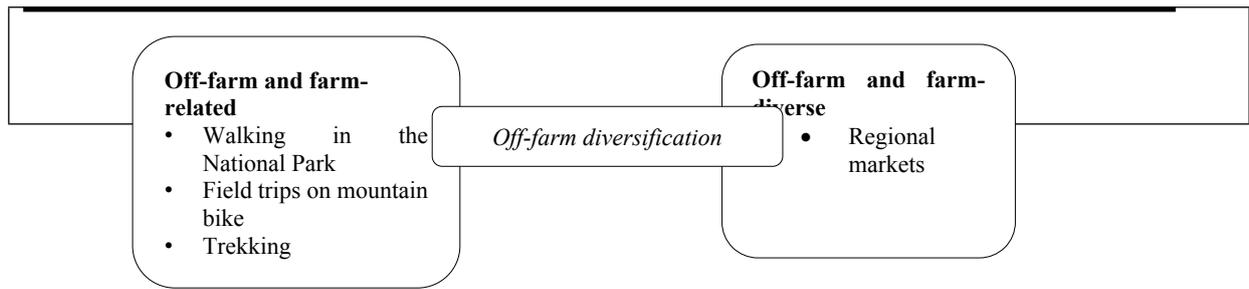


Fig 4. A conceptual model of the Pacitti Family Strategic narrative

