Surviving Against the Odds: How an Emerging Economy's SMEs use The Value of Social Networking and Strategic Alliances

Abstract

Disadvantaged incumbent indigenous firms lack competitive advantage that is premised on industry position or rare valuable resources, thus the must compete differently when engaging comparatively endowed foreign firms. In their initial strategic thrust, survival is a meaningful firm objective. To investigate how they survive, we used a qualitative approach and asked, *how* do disadvantaged incumbent indigenous firms survive against comparatively endowed foreign firms? Using three caselets, we found that building social networks and the adoption of strategic alliances as a philosophy and a way of working were key survival strategies against the incursion of comparatively endowed foreign firms in their competitive arena. Additionally, we found that to survive some firms altered their governance structure. We provide empirical evidence from a fast-growing emerging economy.

Key words: Disadvantaged firms, Social Networking, Strategic alliances, emerging economy

Introduction

These days, Guyana, the world's fastest growing economy[1] is a hotbed of economic activities which is being facilitated directly by their oil and gas industry or the positive spillovers into other industries and sectors, such as, civil engineering, industrial products and services, real estate and, hospitality. There have been massive increases in the central government's budgetary allocations in every sector of the economy. Taken together, these two factors have contributed to a mass influx of foreign firms descending upon Guyana. The mass influx of foreign firms has restructured various industries (Cheng et al., 2024) and has relegated most incumbent indigenous Guyanese firms to generally more unfavorable positions. Commonly, incumbent indigenous Guyanese firms are considered small and medium-sized enterprises (SMEs) and therefore lack the resources – financial and otherwise – to withstand this reordering of industries. The combined reordering of firms in the various industries and the relative lack of resources, make the incumbent indigenous Guyanese firms disadvantaged (Lee et al., 1999).

Unable to compete based on positionality in an industry (Porter, 1980) or on possession of resources (Barney, 1991), disadvantaged incumbent indigenous Guyanese firms (hereafter referred to as DIIFs) are left with few options , all geared towards their initial survival. The common focus of previous research on DIIFs has been on their entry into markets where there are strong incumbents (Wernerfelt, 2022), their attainment and use of strategic flexibility (Brozovic, 2018; Sen et al., 2023), their superior market understanding (Singh & Wagner, 2019) and the capability perspective

[1] https://www.cnbc.com/2024/01/27/how-guyanas-big-oil-boom-turned-it-into-the-worlds-fastest-growing-economy.html#:~:text=The%202015%20oil%20discovery%20made,Maduro%20took%20power%20in%202013. (accessed February 24, 2024)

(Fabrizio et al., 2022). The literature is, however, sparse on how DIIFs in emerging economies survive against comparatively endowed foreign firms (CEFFs). Further, most of the studies on how DIIFs survive were conducted in: i) a mature developed economy context, ii) the frameworks or theories developed from those studies do not necessarily explain the sociopolitical and economic situation the DIIFs are embedded in and iii) the DIIFs peculiar characteristics (Hoskisson et al., 2000; Wright et al., 2005). We, therefore commissioned a qualitative inquiry using caselets, to fill this void by asking, how do disadvantaged incumbent indigenous Guyanese firms survive against comparatively endowed foreign firms?

This research is important because it provides valuable insights into how DIIFs in emerging economies can successfully negotiate the competitive space and initially survive. It prises open the black box of strategies used by DIIFs in emerging markets (Ayyagari et al., 2015). It provides elucidations from a context that is largely overlooked (Mihalache & Volberda, 2021), that is meaningful to the development of theory (Plakoyiannaki et al., 2019) because of its diversification (Reuber et al., 2022). Additionally, it highlights the granularity of strategic and tactical options available to DIIFs to better enable their survival when in competition with CEFFs.

This paper makes three contributions, we highlight the value of social networking as a counterbalancing resource of DIIFs in aiding their survival upon the entry of CEFFs in their competitive space. Further, we demonstrate the benefit of cooperation through strategic alliances as a viable survival strategy. Even more critical is the adoption of such philosophy as a way of working. And finally, we provide empirical strategy research from an often *taken for granted* context which is invaluable to the better understanding of the granularity of strategic options.

The remainder of the paper unfolds as follows: in the next section we share a review of the literature regarding our studied phenomenon. Next, we share our research method including the three illustrative caselets, which is followed by the discussion and the inter-caselets analysis. Finally, we conclude the paper by offering suggestions for future research.

Literature Review

Generally, firms strive to realise competitive advantage in their competitive space as a way of allaying their going-concern fears. Traditionally, theoretical frameworks around competitive advantage focus on its sustainability (Huang et al., 2015). They posit that sustained competitive advantage is dependent on a firm's position within its industry (Porter, 1980), its possession of vital economic resources (Barney, 1991) and or the effect of formal or informal institution (Peng et al., 2009; Peng et al., 2008). These approaches are considered deliberate and static and thus may not be the best representation of today’s dynamic business environment that is evident in a fast-growing economy like Guyana’s. Furthermore, these theories have all be conceptualized in a mature developed country context and thus may not be applicable to an emerging country context and how DIIFs choose to engage with CEFFs entering their local competitive space. Broadly, on the entry of CEFFs into their market, DIIFs face the managerial decision to compete or cooperate (Li et al., 2022), exit the market (Greve, 1995; Lieberman et al., 2017) or take tactical non-market moves by advocating for institutional changes (Tzeng, 2023).

Opting to compete

Faced with a resource deficit and being relegated to a less favorable position in the industry upon the entry of CEFFs, DIIFs often opt not to compete frontally (Lee et al., 1999). Instead, they gravitate to a niche which is currently ignored by the CEFFs

(Li, 2018). Singh and Wagner (2019) found that Indian firms outwitted CEFFs by focusing on an uncatered for Indian middle class by designing and delivering offerings that were; a) customer targeting and developing, b) localization of business models, particularly services c) relating products to the Indian society and, d) ethnocentrism and prideful.

Though in the minority, there are DIIFs that choose to compete head-on with CEFFs. They do so by focusing on environmental and technological shifts so that they can spot opportunities earlier than their competition which, enables them to seize the initiative by moving quickly on the opening or innovating their business models in real time (Madhok & Marques, 2014). Despite this, their competitive advantage is often fleeting (McGrath, 2013) however it enables DIIFs to accumulate resources to eventually better compete.

Other DIIFs have approached the incursion frontally by also seeking a competitive advantage, albeit a fleeting one, by creatively combining their ordinary resources or uniquely integrating capabilities thus enhancing among other things, response time and price-value ratio to achieve extraordinary results (Luo & Child, 2015). (Luo & Child, 2015) refers to this as the Composition-Based View (CBV) of the firm and identifies the mutually supporting elements of a compositional strategy as: (a) composition offering which is an amalgamation of a significant amount of a product's or service's performance features so that customers can enjoy a price-value ratio increase, (b) compositional competition occurs when firm uses an array of competitive approaches and (c) compositional capability which entails the synthetization and integration of dissimilar resources. The integrating capabilities are underpinned by market intelligence, organizational resilience, creative use of imitation and the entrepreneurial ability of firms. J. Sun et al. (2021) found a positive association between a) competitive intensity and openness in the intermediate market for production components, b) firm cooperative orientation and upgrading orientation, c) government support and weak intellectual property rights protection and the development of compositional capability.

Tactical non-market moves.

Given the sub-optimum nature of institutional supports and the importance of political connections in emerging economies, many DIIFs have strategically orchestrated industry competition by enacting tactical non-market moves (Dong et al., 2024). DIIFs employ non-market strategies to enhance their economic fortunes by managing institutional and societal aspects within their competitive space (Lux et al., 2011; P. Sun et al., 2021). DIIFs have engaged in corporate political activity to help shape the government's policy and regulations in ways that benefit them (Lawton et al., 2013), for example gaining first mover advantages (Yang & Meyer, 2020). This is most effective when members of DIIFs have political affiliation, make campaign contributions, engage in direct lobbying, or engage in illicit practices such as bribery (Lawton et al., 2013; Okhmatovskiy, 2010; Sanusi & Connell, 2018).

DIIFs, in some cases have opted for protectionist moves by advocating for identity-targeted policy changes, for example, lobbying for governments and their agencies to buy local (Tzeng, 2023). On the other hand, others have been unethical by spreading identity-targeted rumors about foreign firms (Tzeng, 2023). Further, in response to the competitive pressures experienced by the entry of CEFFs in their market, DIIFs have upped their corporate social responsibility programmes by targeting their core stakeholders (Stoian & Gilman, 2017). These efforts are geared towards building their positive image and identity which they hope would alleviate the competitive pressures (Adomako et al., 2023; Dupire & M'Zali, 2018).

In numbers there is strength

Instead of going it alone DIIFs may approach the incursion by CEFFs as part of a collective action group, for example a chamber of commerce, (Ayyagari et al., 2015; Li et al., 2021) employing coordinated and collaborated efforts (Castañer & Oliveira, 2020). These firms especially the ones who are major players in the collective, are more sensitive to the incursion and are more likely to take strategic steps to survive than standalone firms (Ayyagari et al., 2015).

Few DIIFs (mostly SMEs) can compete successfully with CEFFs in a dynamic emerging economy context (Narula, 2004). Thus, forming strategic alliances is an option used to better their chances of survival (Lee et al., 1999). The formation of strategic alliances may allow these firms to act like and better compete with CEFFs, allowing them to seize and exploit opportunities given their newly accessible resources, capabilities and capacity (O'Dwyer et al., 2011). In the absence of cooperative opportunities some have opted to exit the market.

Abandonment of market

The entry of CEFFs into the market of DIIFs has resulted in crowding out of some of the latter, as the competition intensified (Agosin & Machado, 2005). This crowding out has led to disadvantaged incumbent indigenous firms altogether exiting the markets or redeploying their strategic assets elsewhere (Lee et al., 1999).

On the entry of comparatively endowed foreign firms into the markets of DIIFs, the latter have opted to compete, cooperate (Li et al., 2022), change the competitive institutional framework (Tzeng, 2023) or exit (Lieberman et al., 2017) . While these options are well known, how they are pursued in an emerging economy characterized by a dynamic business and competitive environment as new sectors or industries are started and existing ones expanded, is not well known. Guyana, then is a suitable context to unearth the granularity of DIIFs' strategy foregrounded by this peculiar context.

Research methods

Drawing upon the examples of three caselets operating in Guyana, a fast-growing economy with a mass influx of CEFFs, we demonstrate how incumbent Guyanese disadvantaged firms survived – the activities they engaged in and the mindsets they adopted. These caselets help to elucidate our argument in a logical and coherent manner (Andrews et al., 2022), allow for the *peeling back* of the phenomenon within its context (Welch et al., 2022) which is key to studying SMEs (Child et al., 2022). This is achieved through the richly textured description of the disadvantaged incumbent indigenous Guyanese firms' activities that enabled their survival against CEFFs.

We focus on disadvantaged incumbent indigenous Guyanese firms who have survived the initial entry of CEFFs or the expanded offerings of existing foreign firms, in the various industries which have become very dynamic because of the spillover effects of Guyana's nascent oil and gas industry. The focus on these firms enables us to understand *how* and *why* they engaged in specific activities in some cases to seize opportunities and in other cases to react to threats. The use of caselets in the Guyana context is suitable because as a rapidly emerging economy it enables us to take account of the sensitivity of the business context of the firms making up our sample (Plakoyiannaki et al., 2019). This approach allows us to present an understanding-driven study (Poulis et al., 2013).

Three disadvantaged incumbent indigenous Guyanese firms were chosen for their effective handling of the CEFFs who entered their competitive space. They were from the civil engineering and industrial products and services industries, and we have assigned them pseudonyms to maintain their anonymity. The civil engineering industry has expanded significantly post oil and gas discovery with latest national budget forecasting a 23.4% growth in 2024[2]. While the industrial products and services industry has expanded similarly given the nature of the oil and gas industry. We interviewed their CEOs and leveraged a repository of archival data including press articles, industry publications, Guyana's National Procurement and Tender Board's published documents, Guyana's National Budget Estimates, and the firms' websites, which provided us with context of the industry, dollar amounts of contracts awarded and thus aid in our data collection and analysis. Because these various sources of data are incomplete or obfuscating, we used them in our data and theoretical triangulation. The use of multiple sources of data enabled us to study the phenomena from several perspectives and thus reduce the limitations imposed by using a single source (Eden & Nielsen, 2020). Table 1 below presents the key data regarding the firms in our study.

	Sigma	**Nu**	**Iota**
Firm age	7 years	59 years	18 years
Annual revenue (US$)	7M	17M	7M
Governance structure	One shareholder	Equal shareholder	Majority shareholder
Early exposure to IB	No	Yes	Yes
# of Employees	120	700	30
Industry	Civil Engineering	Civil Engineering	Industrial Products & Services

Table 1 - Key firm data
IB – International business

[2] https://www.pwc.com/gy/en/library/pdf/guyana-national-budget-2024.pdf (accessed February 25, 2024)

Illustrative caselets

Company Sigma

Company Sigma (pseudonym used) was established more than 15 years ago by a vibrant and forward-looking female business executive. The company's initial business venture was in the micro-lending industry. They thus provided micro loans to customers who found themselves in difficult economic situations. This arm of the company remains a part of the now expanded conglomerate. Despite its now relatively insignificant contribution to the conglomerate's finances, it remains a service provided to the masses who will otherwise be unable to enjoy such services, the founder remarked,

> "… *that is where I started, and I do not want to turn my back on my people or forget where I came from*."

Having an entrepreneurial disposition, the founder soon entered the fashion industry by establishing a retail outlet that soon became the most popular in that locale. Despite the founder's like for fashion, she soon realized that the returns while steady would not fulfil her business ambitions. The founder being a serial entrepreneur, sensed that with the finding of oil and gas in Guyana, there would be an economic boom in many sectors. It was around this time that she described herself as "*being broke*" but having fixed assets which could be used as collateral. It was at this point she solicited the advice of her accountant. On her accountant's advice they formed a civil engineering company and there were deliberate attempts to network which enabled awareness and acquisition of knowledge. The company became a member of some industries' collective action groups, for example, the chamber of commerce. There was a deliberate intention to seize these opportunities which they felt could be done by networking, one company executive remarked, "*I don't think we could reach this far by ourselves so I would say I needed a network and staff. A lot of people in Guyana do not know the power of networking*."

Company Sigma has avoided competing directly with the CEFFs and thus might have aided their survival. One business executive shared,

"*I would consider my company middle-tier of contractors because the government structured it using tiers – first tier, second tier and third tier – so I am somewhere in the middle. But mostly the Indian companies bid for the top tier contracts*."

The avoidance of direct competition has allowed the company in the words of the founder to,

"…soar and soar because of our knowledge of the local business landscape, our ability to quickly mobilize after contracts have been awarded, our track record of delivering on or before deadlines without cost variations [cost overruns which are invoiced to the customer] and top-quality work which has seen very minor warranty claims."

However, despite the avoidance of direct competition on contracts, there is competition for raw materials and skilled labour. Company Sigma has established excellent relationships with key suppliers of raw material as one company official remarked,

"Well, I have good relations with KIB Companies (a pseudonym), and I usually get my stone from them, they usually give me priority [treatment]."

The rapid increase in infrastructure works have increased the competition for skilled labour in the civil engineering industry. This increased demand for skilled labour has resulted in shortages which has nudged the Government of Guyana to allow firms to import labour[3]. Company Sigma has not gone the route of labour importation, instead, they are able to retain their skilled workers, most of which were with the company from its inception, using competitive emoluments. The founder remarked,

> *"Incentives you know, it is all about incentives. I have guys, they started with me from the beginning, and they are still with me … I pay them well and I try to retain them."*

Company Sigma was founded by a serial entrepreneur, has survived the incursion of CEFFs and has enjoyed astronomical growth since its entry into the civil engineering industry. It can be termed a gazelle (Becker-Ritterspach et al., 2022). Despite the constant growth, the company continues to maintain the operations of its micro-loans business. Summarizing, the activities of Company Sigma which enabled their withstanding of intense competition from CEFFs are:

- avoid direct competition for infrastructural contracts and by focusing on a lower tier of jobs has spurred significant growth and built the firm's legitimacy to execute contracts of increasing complexity.
- ability to quickly mobilize and complete contracts on or before time while achieving expected quality.

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[3] https://newsroom.gy/2024/02/07/govt-steadily-approving-growing-foreign-workforce-as-contractors-ask-to-import-workers/ (accessed February 29, 2024)

- concentrated on building networks to safeguard the supply of raw materials and *being in the know* so that they can spot and seize opportunities earlier than other firms.
- designed employees' compensation packages that have enabled the firm to retain their prized skills and capabilities.

Company Nu

Company Nu (a pseudonym) is a third-generation civil engineering company that was incorporated in then British Guiana, which is currently run by co-managing directors. In the early days of the company, it diversified its offerings because of the dogged economic conditions in British Guiana, so in addition to civil engineering it offers other general contracting services including water well drilling and laying of pipelines among others. In those days, Company Nu, ventured overseas and was able to successfully complete civil engineering projects in several Caribbean countries. Some completed projects are significant landmarks in those countries and helped to solidify the reputation and legitimacy of the firm (Fisher et al., 2016). Now with the advent of the oil and gas industry and its spillover effects, Company Nu has returned to what one co-managing director refers to as its "*specificity … its core*."

Over the years, Company Nu has embraced partnerships, joint ventures, and strategic alliances (Gomes et al., 2016) to help them navigate their competitive arena. One of the co-managing directors pointed out,

> *"… luckily since my brother and I studied in the western world, we adopted these partnerships, saw the synergies as something positive, whereas usually in Guyana and smaller countries, they view partnerships and synergies as a threatening venture, as a venture that*

has no positive outcome ... so in the earlier stages of Guyana when there was not a lot of business and there was no oil, we found synergies and we did joint ventures both locally and regionally."

These strategic alliances are both long-term and shorter-term special purpose companies for special projects. Intentionally, Company Nu has always partnered with larger companies but carefully selecting them based on social compatibility, for example, senior business executives must have similar mindsets and an agreeable personality. This enables the strategic alliance to operate frictionless. These strategic alliances afforded Company Nu to,

"… grow internally, learn people's processes and to get into a business that you cannot go into singularly."

Guyana has experienced significant economic growth since oil production started and many foreign companies have undertaken noteworthy projects in the civil engineering industry, likewise the Government of Guyana's budgetary allocation for the civil engineering industry has skyrocketed. Consequentially, many Guyanese indigenous disadvantaged firms can undertake projects of larger scope and complexity, some are better geared than others. Because Company Nu has embraced strategic alliances in the past, have implemented quality systems and acquired various industry certifications and accreditations they were subsequently identified as a tier one contractor by both the government and the relevant private sector evaluating bodies. Company Nu in collaboration with a strategic partner was recently awarded their largest contract, in terms of monetary value. The company continues to grow both in terms of revenue and headcount and currently there are no doubts regarding future existence because of their continued investment in support systems and the adoption of better management practices which result in efficiencies that are shared with the customer. One co-managing director remarked,

> *"Given the size of these contracts and the amount we have doing simultaneously, we are no longer to micromanage. Instead, we have had to adopt and implement systems that would enable us to truly manage the projects. For progress reports we use more photography, for procurement we have implemented a better tracking system that gives us daily updates and we have moved away from purchasing used equipment to now buy brand new equipment for our projects, it saves time for repairs and increases efficiency which enables us to bid lower for contracts."*

Summarizing, the activities of Company Nu which enables their withstanding of intense competition from CEFFs are:

- embracing strategic alliances as a way of working.
- employing state-of-the-art support systems that better ensure quality outcomes.

Company Iota

Company Iota (a pseudonym) was founded more than 15 years ago by a young entrepreneur who had just lost his job because the industrial products and services company, he worked for which was founded by a re-migrant was acquired by a multinational. With the encouragement of friends, he founded a similar industrial products and services company of his own, in the then very minute industry which served the mining, farming, power generation and fire fighting and prevention sectors. In the early days despite the industry being small because there was little competition and enforcement of products and services regulations, the company thrived partly because as the founder remarked,

> *"… you learn from other people mistakes. One of the mistakes I think that my previous employer made was he had competing brands. In certain items you can't have competing brands. And instead of approaching 13 suppliers, I only needed to approach 7.*

The advent of the oil and gas industry expanded the industrial products and services industry and brought previously unseen complexity. While the market expanded, comparatively endowed foreign firms entered the market and competition became fierce. Company Iota initially adopted a philosophy of "*sticking to their knitting*" and viewed any benefits from the oil and gas industry as "*extras*." The founder remarked,

> "*Well, the last five years, everybody's talking oil and gas, oil and gas, oil, and gas. For me, I told my staff from the inception, "Whatever oil and gas bring will be extras. We will continue to work and support our existing customers and clients that have been with us from the inception."*

As regards the increase in competition he remarked,

> *"Oil and gas, in my opinion, is a little bit of a curse, we enjoy great monopoly from 2006, when we started, but with oil and gas brought a lot of competition. So up to 2017, 2018, I had just one major competitor which was [a multinational] and now I have... I kid you not, about 30 competitors in fire and products and services."*

Over the years, Company Iota has developed excellent working relationships with their customers some of whom have been with the company from its inception.

These relationships are typified by characteristics such as flexibility, agility and surpassing expectations which have helped in maintaining Company Iota's business revenues. The founder related,

> *"We work with them, some of them got rigid systems, where they can only send a PO [purchase order]. But in an emergency, they call, and we make the items available to them without a PO, sometimes four or five months later we can't get paid. But you know what? The customers are satisfied."*

The intense competition in the industry has resulted in a grab for skilled labour. Company Iota has lost some key employees, however, because of an established relationship with a tertiary institution, they are able to effectively recruit and train new employees. Additionally, the excellent relationship enjoyed with their overseas suppliers has helped with the offsetting of training costs. The founder shared,

> *"We have an established relationship with GTI [Government Technical Institute – a tertiary educational institution] where we recruit some of their graduates as trainees who eventually and very quickly become proficient in servicing fire extinguishers and alarms among other tasks. And one of the things we've been lucky with, representing some of those well-known brands in the industry … So, any technical support I need, they provide everything. And I know some of these technical support cost them big money but get it for free. That is usually passed on to the staff."*

The work, goodwill and excellent reputation of Company Iota has not gone unnoticed by strategic institutions. Two years ago, a foreign diplomatic mission in Guyana was hosting a trade group of companies from their country. Company Iota was one of the handful of Guyanese companies invited to meet these visiting foreign companies. These meetings resulted in Company Iota entering a joint venture with one of the visiting companies whose specialty is major fire fighting systems. They set up a separate company to manage this joint venture thus altering their governance system to match this new development. Company Iota is the majority shareholder in this venture. This has led to Company Iota's formal entry into the oil and gas sector because their partner is a supplier of the various major firms in the industry. This has expanded the services of Company Iota, whose founder remarked,

> *"And while we were in the fire business, there were certain aspects of the fire business we never touch, and we are talking big multi-million-dollar fire suppression systems for vessels and that kind of thing. They brought the expertise."*

Summarizing, the activities of Company Iota which enabled their withstanding of intense competition from comparatively endowed overseas firms are:

- building excellent relationships with various stakeholders – suppliers, customers, and educational institutions, among others.
- entering a joint venture to increase their product and service offering and changing their governance structure to match this venture.
- exhibiting flexibility, agility, and speed in customers' times of need – emergencies.

Discussion

This study argues that DIIFs are unable to survive against CEFFs using the traditional industry positionality or resource possession frameworks. And thus, we investigated how they we able to survive. We identified and described the activities focused on by the DIIFs which enables them to survive. We spotlight the different approaches taken to relationship building and networking by DIIFs. The three caselets exemplify the importance of focusing on specific activities when the traditional sources of competitive advantage are not available. In the following section we reflect upon the commonalities and differences of the caselets and share novel strategic posturing by DIIFs, thereby opening promising avenues for future global strategy research in an under-researched context which can contribute to novel theorizing.

Inter-caselets analysis

Our inter-caselets' analysis attempts to unify the theoretical lens used for the study. Common among all caselets is the forming, harnessing, and leveraging of relationships built directly or through networks. Networking enables Company Sigma to mobilize quickly which results in efficiencies, as typified by completing contracts ahead of time and on budget. Along the same lines Company Nu leverages the experience of previous strategic alliances to seek and establish new strategic alliances which affords them the opportunity to successfully undertake contracts that they singularly could not pursue. They can provide a novel service to the market that they could not singularly provide. Company Iota uses their network to survive but in a different manner. They use their relationship with their supplier to train their new staff members to maintain the quality of the personalized service they provide to their customers.

The DIIFs in our study were able to improve their product and service offerings. Company Sigma and Company Nu were active and deliberate in their expansion of offerings while Company Iota was passive, and their expansion of their offering was emergent. Despite their different approaches they were all providing their industry with novel offerings which were not previously available in Guyana, for example, Company

Iota through its joint venture was able to provide industrial fire suppression systems, Company Nu was able to undertake civil engineering contracts with increased complexity and Company Sigma was using novel recycled material for roads and bridges.

The DIIFs approach competition with the comparatively endowed foreign firms differently. Company Nu faced the CEFFs frontally, by competing in the same arena with them. Company Nu can because they leverage their strategic alliances. Company Sigma on the other hand completely avoids the frontal competition and focuses on a niche sector of the civil engineering industry. They however leverage their networks to ensure that their supply of raw material was secure and pay competitive emoluments to retain their key skilled labour. Initially, Company Iota was indifferent to competing with the CEFFs and focuses on increasing the loyalty of their customers by *"going the extra distance"* especially in times of their greatest need. However, belatedly because of their joint venture, they now frontally compete with the comparatively endowed foreign firms. *Table 2* below summarized the salient strategies employed by the incumbent Guyanese disadvantaged firms and the extensions to the literature. By no means is it an exhaustive list.

Caselet	Strategy	Extension of prior research
Company Sigma	- Avoiding frontal competition. - Deliberately leveraging networks to be "in the know." - Efficiency, focus on delivering projects on time and on budget.	▪ Networking as a viable activity that facilitates novelty of services and products.
Company Nu	- Competing frontally. - Adopting strategic alliances as a way of working.	▪ Strategic alliances as a philosophy and way of working. ▪ Adopting a new governance structure.
Company Iota	- Delayed frontal competition. - Awaiting the appropriate joint venture before competing frontally.	▪ Legitimizing of a joint venture partner by a trusted institution. ▪ Adopting a new governance structure.

Table 2 - Activity Based Approach to Competition

Interestingly, the incumbent Guyanese disadvantaged firms all maintain their previous business activity and their venture into the expanding industries or business sectors represent an addition to there portfolio of businesses. Maybe the maintenance of their original business activities was a cushion or safety net as they navigate their new competitive arena.

The DIIFs whose CEO had early exposure to developed countries firms' ways of working were receptive to strategic alliances and thus either actively pursed them or accepted when it came via a legitimate process. Concomitantly, they implemented the appropriate governance structure to effectively manage these strategic alliances. In all cases separate legal entities were incorporated with the incumbent Guyanese disadvantaged firm having equal or majority shares in the entity.

Conclusion and future research

This study sets out to address the question of, *how* do disadvantaged incumbent indigenous Guyanese firms successfully survive against comparatively endowed foreign firms? Our findings indicate that these firms form partnerships and compete frontally or avoid the same. Whatever their choice, these firms recognize that they cannot survive based on their position in their industry or the resources they possess instead they default to focusing on specific activities that enabled them to deliver superior value to their customers. This led to three contributions. Firstly, social networking fostered the development of novel competencies and access to scarce resources which in turn enabled disadvantaged incumbent indigenous Guyanese firms to expand their portfolio of offerings. This advances the literature regarding how DIIFs survive and compete by demonstrating the effectiveness of social networking whether intentionally and deliberate or passively and emergent. Further, we advance social networking research in IB by demonstrating its value in a fast-growing emerging economy as a counterbalancing resource to CEFFs firm specific advantages.

Our second contribution resides in our demonstration of a disadvantaged incumbent indigenous Guyanese firm in the civil engineering industry adopting strategic alliances as a way of working and philosophy. Their intentionality affords them the opportunity to undertake complex projects that they cannot singularly undertake. This extends the literature by demonstrating that actively searching for and forming strategic alliances is value-adding. Further it shows that the combining of an activity with a philosophy can enhance DIIFs' ability to survive and even thrive.

Finally, we provide insights into a business context that there is a dearth of research and that is often taken for granted or treated as insignificant. Our findings allay the view that strategy in emerging economies is trivial.

The underlying objective of this study was to understand how DIIFs survive against CEFFs a fast-growing emerging economy. We emphasize they focused on selected activities, to survive. Future research can focus on when does the other value drivers of efficiency, complementarity and lock-in used or whether they can be effectively used by DIIFs to survive against CEFFS. While this study focuses on firms that have survived, future studies can look to include firms that have also failed to round out the understanding of how incumbent disadvantaged firms survive.

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