

Perseverance Practices in Small and Medium Enterprises: an Entrepreneurial Perspective for Business Growth and Internationalization

Prácticas de Perseverancia en las Pequeñas y Medianas Empresas: una Perspectiva Empresarial para el Crecimiento de los Negocios y la Internacionalización

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ABSTRACT

Through a qualitative case study approach, this study describes the dynamics between perseverance strategies and entrepreneurial traits in SMEs that have been leaders in their markets since their foundation. The selected sample is among the iconic well-known businesses of their respective countries. For this study we reframed the perseverance strategies of Van Gelderen (2012). The enterprise perseverance practices served as a mechanism for strategic entrepreneurial reorientation and constant renewal of the enterprise. These perseverance practices are triggered by the entrepreneurial attitudes of the owners, whose knowledge acquisition and commitment to the market facilitate innovation, creativity, and the identification of networks encouraging business growth and internationalization of the firm.

KEYWORDS: SMEs, perseverance, entrepreneurship, internationalization, Caribbean

RESUMEN

A través de un enfoque de estudio de casos cualitativo, este estudio describe la dinámica entre las estrategias de perseverancia y rasgos empresariales en las Pymes que han sido líderes en sus mercados desde su fundación. La muestra seleccionada se encuentra entre las empresas icónicas bien conocidas de sus respectivos países. Para este estudio se reformularon las estrategias de perseverancia de Van Gelderen (2012). Las prácticas de perseverancia empresarial sirvieron como un mecanismo para la reorientación empresarial estratégica y la renovación constante de la empresa. Estas prácticas de perseverancia son desencadenadas por las actitudes empresariales de los propietarios, cuya adquisición de conocimiento y compromiso con el mercado facilitan la innovación, la creatividad y la identificación de redes que fomentan el crecimiento empresarial y la internacionalización de la empresa.

PALABRAS CLAVE: Pymes, perseverancia, emprendimiento, internacionalización, Caribe.

INTRODUCTION

The concept of perseverance is a factor when creating new businesses and searching for innovative, creative strategies to expand existing businesses. Infrequently studied on its own, perseverance has been analyzed together with other factors affecting how an individual entrepreneur makes decisions in adverse or difficult situations, as well as how these decisions relate to the sustainability of the enterprise (Vries & Shields, 2006; Kantabutra & Siebenhüner, 2011) and its capacity to innovate (Astebro, Jeffrey, & Adomdza, 2007; Kitchell, 1997; Markman, Baron, & Balkin, 2005; Ndubisi, 2005). These studies clearly show that the inherent traits of the entrepreneur cannot be isolated from the various types of perseverance used to overcome obstacles and setbacks. Belschak, Verbeke, & Bagozzi (2006) state that entrepreneurial traits are necessary for the adoption of perseverance strategies to overcome barriers that prevent or delay firm growth. Although there is little literature on the subject of perseverance and growth of business, there is almost

nothing about business perseverance and internationalization of SMEs.

Through this study we aim to examine the relationship between entrepreneurial traits and the perseverance strategies adopted by small and medium enterprises (SMEs) that are leaders in their markets, and have presence in international markets. What is the relationship between personal attributes, such as the cognitive entrepreneurial traits of the founder/owner, and the perseverance strategies adopted in difficult situations with multiple obstacles? What is the context of these relationships? How these perseverance practices are linked to the internationalization of the SMEs? These are the basic questions that are explored in this study.

We did not try to measure or quantify the relationship between perseverance practices and entrepreneurial dynamics, but rather applied a qualitative case study methodology. Our article contains a literature review, a detailed explanation of the study methods for the sample cases, findings from these cases, and

some conclusions and final observations.

BIBLIOGRAPHIC REVIEW

In the business literature, *perseverance* is defined as the tendency to persist and resist in the face of adversity, even when there is a need to lament or regret the actions taken (Markman et al., 2005). Because individuals react differently to similar adversities, success—particularly in the context of an enterprise—is determined by the level of perseverance when facing seemingly insurmountable odds (Stoltz, 1997). In the open economies of Caribbean countries, where the level of competitiveness is high, SMEs are continually threatened by large multinational firms who are attracted by tax incentives (*tax holidays*) that help them create economies of scale and scope. To respond to this challenge, an entrepreneur must possess certain key traits, mastery of their enterprise's business activity, and some level of perseverance.

According to Markman et al. (2005),

there are two basic types of perseverance: perceived control over adversity, and perceived responsibility over results of adversity. The first refers to an individual exerting control, through his/her actions, over events that affect his/her livelihood, as well as the ability to change direction to overcome obstacles. The second refers to an individual's degree of responsibility over the results in adverse circumstances and his/her level of commitment to take corrective action when the results are negative. Regardless of the type of perseverance identified, studies agree that this dimension of SME management is important to understand the strategies that these enterprises use to deal with complex and challenging situations (Gimeno, Folta, Cooper, & Woo, 1997).

A recent study on this subject places perseverance within the construct of *long-term orientation*. Lumpkin & Birhman (2011) offer a theoretical-conceptual explanation of how successful family businesses overcome traditional problems (e.g., succession, scarce resources, financial

competency, and solvency), face competition, and sustain their market positions. According to the study, a firm's success is due to continuity, commitment to the future, and perseverance. The authors emphasize that perseverance is not only necessary for survival, but also has a cumulative effect on value creation. Financially, perseverance enables a family business to make investments that other businesses might avoid, given their long-term uncertainty (Lumpkin & Birhman, 2011).

In another study, Shepperd (2003) considers the perseverance developed by an entrepreneur whose prior business failed, and who became self-employed (employed at a private home and/or with a home office). The ex-owner's personal characteristics and prior negative experience enabled him to identify new success strategies and actions to elude or overcome adverse situations. He was able to persevere, increase his knowledge, and avoid repeating his mistakes. The author attributes this dynamic to an emotional "grief recovery process," wherein the entrepreneur became more confident and deliberate in

executing his strategies, and in transforming his prior failure into a positive experience (strength).

In a sample of 1,547 new US entrepreneurs, Gimeno et al. (1997) developed a model to explain why some enterprises survive, while others with similar economic performances fail. Their results suggest that low-earning enterprises can choose to survive despite poor earnings. The authors point out that organizational survival is not strictly a function of economic results, but also depends on the internal attributes of the organization, especially the new business owner's personal attributes, including his/her perseverance. This survival is related to intrinsic traits of the entrepreneur/owner (e.g., prior experience, social relationships, age, motivation, family environment, inherent knowledge, specific skills, etc.).

METHOD

We applied the case study method to explore entrepreneurial perseverance in its natural context. We were able to

generate hypotheses that might not be provable via quantitative studies. The case study method enabled us to take a holistic view of perseverance, with human behavior as a central study variable. We examined a contemporary phenomenon in its real environment, in which the context and boundaries were clearly defined (Yin, 1994). We did so from multiple perspectives, rather than looking at the influence of one individual factor. We saw evidence of emerging themes (Chetty, 1999).

Our selected sample consisted of four (4) firms that we contacted by telephone, fax, and e-mail. Given the limited number of Caribbean businesses meeting our selection criteria, it was impossible to take a quantitative approach, and our objective was not to measure or predict, but rather to describe and compare the dynamics of perseverance, in depth and in the heterogeneous context of the selected businesses (e.g., origin, geographic location, years of operation, economic sector, and target market). The primary sources of data were personal interviews and reports provided by the

enterprises themselves, as well as reports from SME development and support institutions in the Caribbean, published peer-review studies (both qualitative and quantitative), and YouTube videos posted by the companies. The selected companies are among the well-known businesses of their respective countries, and their products are sold both domestically and internationally. Future empirical studies based on our results could be qualitative or quantitative, or they could be for theoretical replications.

We created a model of entrepreneurial perseverance that describes conditions in which it occurs, the environment in which it takes place, the activities that define it, and the relationship with entrepreneurial traits of company management. Our analysis components for perseverance were based on Van Gelderen (2012). Analysis components for entrepreneurial characteristics were based on Lumpkin & Dess (1996) as well as Thomas & Mueller (2000).

ANALYSIS

1. Perseverance

When an entrepreneur faces business problems, obstacles, decline, or repeated failures, an immediate reaction is to face such problems head-on (“problem-focused coping”), by identifying and testing alternative problem resolutions, setting new priorities, recruiting helpers, creating alliances and networks, looking for models to copy or sources of inspiration, and postponing or eliminating non-urgent goals and activities (Van Gelderen, 2012). All of these reactions are forms of perseverance as described in the entrepreneurship literature. These types of perseverance can vary from taking control of the adverse conditions (e.g., transforming obstacles into opportunities), to assuming responsibility for the adverse results or repeated failures (Markman et al., 2005). Perseverance is the ability to continue doing what one believes to be right, while tolerating difficulties and looking for ways to deal with the challenges (Ndubisi, 2005). Perseverance becomes

closely associated with an entrepreneur’s behavioral characteristics, e.g., flexibility, adaptability, and a proactive approach to certain situations. In effect, the entrepreneur must take actions that imply perseverance when facing challenges and obstacles, and these actions define the individual as an entrepreneur (Van Gelderen, 2012). For our study we reframed perseverance strategies from Val Gelderen (2012) Perseverance Descriptive Model. According to the model, the strategies are: *Breaking down goals, framing obstacles as learning goals, scaling back of goals, building social supports and business networks, and problem focused coping*. First, three perseverance strategies are related to entrepreneur's goal. If larger goals are broken into sub-goals, perseverance may be fostered. Then, *breaking down goals* clarify, on a more detailed level, the necessary tools or the way to reach the goal. Learning things by doing and from failures has explained many not expected innovation outcomes (Markman et al., 2005). Having difficulties reaching formulated goals because of failures and non-expected results can enhance learning.

Framing obstacles as learning goals rather than as performance goals may enable the achievement of performance goals. When adversity arises it can be hard for perseverance to increase goal difficulty even further, and from a perseverance perspective, it can occasionally be better to reduce the scale of the target. *Scaling back of goals* implies to analyze priorities and to identify feasible goals to reach. *Building social supports and business networks* nurture the proactiveness of the entrepreneur because he finds support and models to emulate. He also finds the opportunity to share risks, regain confidence, and persevere longer and to deal with the negative feelings arising from falling behind in goal achievement. Applying *problem-focused coping strategies* enable further directs attempts to remove adversity, target the goal, the input function, and to maintain positive outcome expectancies. If after dealing with the problem, the problem persists, the person can continue to tackle the problem head on, increase tenacity, find another way to face it, asking help from others, and suppress competing goals and activities to focus on solving the

problem (Van Gelderen, 2012).

2. Entrepreneurial Characteristics

In the entrepreneurship literature, the term *entrepreneur* is defined in contrast to a non-entrepreneur, by referring to specific psychological traits, attributes, and values that motivate an individual to embark on a new business venture (Thomas et al., 2000), to maximize its growth, and/or to revitalize an existing business. These traits include creativity, innovation, a predisposition to take risks, and a tolerance for ambiguity. The same traits are present in SMEs whose strategies show a strong *entrepreneurial orientation* (EO). Perseverance is part of a dynamic process of entrepreneurial marketing that interacts with other traits to create value and capitalize on enterprise strength (Jones & Rowley, 2011). A company's EO is the degree to which company management is willing to take risks and compete aggressively, resulting in "processes, practices, and decision-making activities that create new entries" (Lumpkin & Dess, 1996). In this study, the construct of EO

innovation is presented together with the forms of enterprise perseverance adopted by each company. A company's innovative character is its attitude towards new ideas, which entrepreneurs translate into commercial opportunities and marketable changes (Kuratko & Hodgetts, 2004). Creativity is the commitment to contribute new ideas, via a process of innovation development and dissemination (Kuratko et al., 2004; Kotler, Keller, & Kevin, 2006).

3. Internationalization of SMEs

The literature on international entrepreneurship identifies various internationalization pathways for SMEs. A firm's organizational capabilities and entrepreneurial orientation (EO) to foreign markets are internal factors affecting international pathway options. Stage models, for example, characterize internationalization as an incremental and linear trajectory in which firms progress from limited exploration of international markets through various stages of increasing commitment as they learn and gather resources (Johanson and Wiedersheim-Paul 1975; Johanson & Vahlne 1977, 1990). Other

pathways recognize firms that explore international markets rapidly after inception (*Born-global or international new ventures*); firms that exploit international activity after becoming leaders in the domestic market (*Born-Again-Global Firms*), and firms that have experienced episodes of internationalization and eventually, formally reach international markets. In our cases studies, internationalization does not result from the gradual and incremental accumulation of experience in foreign markets, as traditional models of small firms development might suggest. Small island states and territories do not come with that kind of economic buffer. The firm's strategic know-how often resides in a key individual and his/her know-how in new ventures, networks and markets, especially because INVs often start operations without any formal organizational structure; the dynamism of the new venture is seen through the entrepreneur's skill set and personality instead of the firm's own vantage point (McDougall, Shane, & Oviatt, 1994). Due to an internationally oriented mind-set and knowledge (including international experience, education,

employment, internships and foreign social relationships), such a well-equipped entrepreneur has a greater awareness and appreciation of internationalization even before the inception of the new venture.

4. Case Descriptions

The Rovira Group comprises six companies and is led by the fourth generation of the Rovira Vizo family. It has operated in Puerto Rico for eight decades, since its founding in 1929. The company's founder was a Spanish immigrant who arrived on the island in 1909 and found work as a bookkeeper for the sugar company Central Azucarera. The company produces crackers under the Rovira brand and for private labels in domestic and regional markets, with 32% of its production being destined for export, primarily to the United States. The company has 315 full-time employees. Its production and warehousing facilities total 100,000 square feet. The company produces 19 million pounds of biscuits each year across 225 product lines. It is a leader in secure packaging

that ensures product freshness and long shelf-life.

Yaucono Café was founded in 1896 by a Spanish immigrant living in Puerto Rico. In the early 20th century, it was the leading family company in large-scale coffee production and processing for the domestic market. Today, Yaucono Café is under the group Puerto Rico Coffee Roaster (PRCR). Combined with other brands distributed under PRCF, the company processes 70% or 200,000 of 300,000 quintals of the total coffee consumed in the island, and it markets six brands and five related product lines for local and international markets. By 1990, the company was among the top three world producers of specialty gourmet coffee with its Yaucono Selecto brand, whose principal markets are Europe and Asia. The company employs 213 full-time personnel. It continues to lead in the production of specialty coffee, 100% decaffeinated coffee, and 50% half-cafeinated coffee. The company has production, processing, and warehousing facilities, as well as headquarters offices that also house a

distribution center in San Juan, PR.

Since 1840, Aruba has enjoyed a tradition of high-quality *Aloe vera* cultivation, which led to the formation of Aruba Aloe Balm, NV in 1890 and to the worldwide export of aloe *barbadensis* (known as Gum Aloe). Today, the company manufactures over 200 product lines for hair and skincare based on *Aloe vera* gel, as well as *Aloe*-based active ingredients for the global pharmaceutical industry. The company employs about 10 people and cultivates *Aloe* on 150 acres, where a manufacturing plant and museum are located. Products are distributed via retail stores in Aruba (11), St. Maarten (3), and the United States and Canada (1), in addition to its e-commerce platform. The company is a local market leader and among the leading global producers of high-quality *Aloe vera* gel.

The family enterprise Tortuga Rum Company, Ltd. established its Tortuga Rum Cake brand as an icon of distinctive international gourmet products from the Caribbean, especially the Cayman Islands, where the company was founded in 1984. This

SME is world-renowned as the Caribbean sales leader in duty-free alcoholic beverages, with annual earnings of over USD \$4.8 million. More than five product lines are sold in gourmet retail stores and high-end department stores in the Caribbean and the United States, in addition to sales in over 100 cruise-ship gift shops and Internet sales to more than 70 countries around the world. The company appeared in the *Inc. 500* list of fastest-growing US private businesses 4 years in a row. It has 16 employees. The company also produces cookies from plants in the Cayman Islands, Jamaica, Barbados, and the Bahamas. A subsidiary in Miami manages worldwide sales, marketing, and distribution.

An entrepreneur needs certain attributes to carry out his/her business responsibilities. Although these attributes are repeatedly mentioned in the literature in the context of EO, our analyzed case studies reflected a strong innovation orientation. Indeed, an entrepreneur tends to display initiative and critical thinking towards economic challenges, and is capable of exploiting the resulting market opportunities

through technical and organizational innovation (Thomas et al., 2000). This strong innovation orientation arises from two constructs or attitudes that the entrepreneurs in our study showed repeatedly: namely, a strong desire to *acquire knowledge*, and a sense of *commitment to the market*. These attitudes enable creativity, innovation, and the successful identification of business networks, which are some of the elements of entrepreneurial perseverance present in all of the case companies. Figure 1 shows the dynamic of entrepreneurial perseverance as one of the actions taken by the entrepreneurs in our study that help to explain the growth of these mature businesses; while Table 1 presents each identified perseverance strategy adopted by cases

studies to face the obstacles they mentioned.

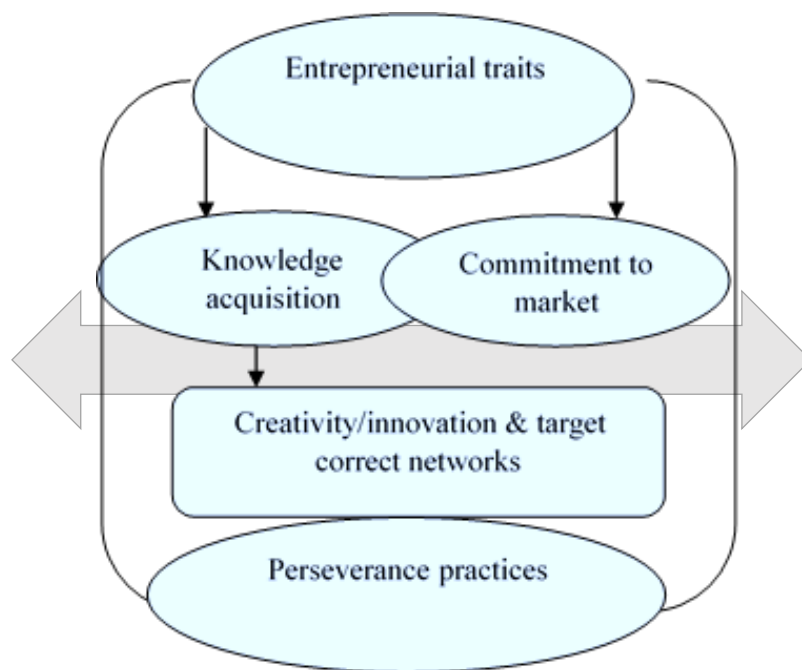


Figure 1: Study model.

Source: Author's elaboration

Table 1.
Matrix of identified perseverance strategies and observed obstacles of Case studies

Perseverance Strategies	Rovira	Yaucono	Aruba Aloe	Tortuga Bay Rum
Breaking down goals	----	----	----	----
Framing obstacles as learning goals	X	----	X	----
Scaling back of goals	X	X	----	X
Building social supports and business networks	----	X	X	X
Problem focused coping	----	----	X	X
Observed obstacles				
Market regulations	----	----	----	X
Capital	----	X	----	----
Product development	X	X	X	----
Family business succession	----	----	X	----
Market growth	X	X	x	X

Source: Author's elaboratio

DISCUSSION

1. Rovira Biscuits, Inc.

The history of this company repeatedly showed two primary challenges that adversely affected business growth: *product* and *market*. Product challenges included 1) the need for processes and packaging to preserve long-term product quality, and 2) the search for local sources of natural active ingredients to replace imported raw materials for biscuit production.

Market challenges involved *delivering* to the target market. During World War II (1939), imports were interrupted and primary basic goods were scarce. This scarcity encompassed products necessary for the production of packaged soda crackers (e.g., aluminum, yeast, enzymes, wheat). With his knowledge of chemistry, the company founder's son applied creativity and a spirit of innovation to identify alternatives for the production and packaging of soda crackers. The young entrepreneur searched for substitutes to the basic ingredients, and

he succeeded in creating a papaya-based chemical process to obtain the necessary enzymes for dough fermentation. He also created an aluminum package that could be reused without reprocessing.

In the 1960s, Rovira's swift growth had outpaced its transportation and distribution infrastructure for delivery to the country's most remote locations. As a result of this adverse situation, other companies were able to capture some of Rovira's market share. The company used a model of enterprise perseverance that focused on learning rather than performance objectives (*framing obstacles as learning goals*). Rovira chose to subcontract delivery services to a renowned distribution company, thereby improving its supply and value chains. Later, as the Vietnam War, the economic crisis, and labor conflicts affected the company, the bank increased interest charges on commercial debt, and the company was forced to pay as much as 25% interest on its loans. In the face of this capital crisis, Rovira reformulated its short- and

medium-term objectives. *Scaling back of goals* enabled the business to refocus on managing its value chain. Goals can be scaled down in a different way such as in terms of time (taking longer time to reach the goal), resources (starting with scarce resources than hoped for), and geography (aiming to reach a smaller geographical zone), stated Van Gelderen (2012). Rovira internalized its resources, reabsorbed its distribution services, and created its own sales force and logistics/distribution system, with significant long-term benefits.

2. Yaucono Café

Financial and market obstacles are the primary challenges that Yaucono Café has overcome during its history. When faced with insufficient cash to buy and process coffee, the company opted to cease operations temporarily in 1950 and 1955, in order to raise capital. In response to a difficult liquidity crisis, Yaucono Café adopted *scaling back of goals*, or revising objectives and subdividing them to address immediate priorities, as a form of perseverance. In the 1950s, the brand strength of Yaucono among Puerto Rican

consumers was the only thing that the company could count on to ensure the return of those consumers once the company resumed operations. In the central and northeastern zones of the island, other limited-production brands controlled the consumer segment. The inability of land communication media to reach those locations promoted the presence of small competitors. To meet this immediate challenge, the company sought to raise new capital by integrating new family partners. The resulting new investment in penetration capability to inaccessible rural areas enabled the company to recapture its market share. This second objective took several decades to achieve, as the company developed its operational capability and obtained innovative new storage and packaging processes to preserve long-term coffee bean quality.

The company's solid economic performance, nationwide brand recognition, relationships within the industry, and ties, the Puerto Rico Agriculture Department enabled it to acquire the only high-capacity processing and warehousing facility of its major competitor, Café Rico, in 1983 and 1984. The company implemented

innovative quality control and management processes. With this acquisition, Yaucono was able to shield itself from other problems affecting supply, such as hurricanes and other weather conditions. The company was enabled to serve existing segments, store sufficient supply to open up new markets, cover the entire country, and expand into foreign markets. In 1990, the company began to export specialty gourmet coffee.

The company's perseverance strategies of *networks* (i.e., establishing business networks for social support) and commitment to its markets enabled it to acquire knowledge focused on product quality, adding value to the supply chain. Besides buying facilities, in 1984, the company acquired land (coffee plantations) for growing specialty coffee, and it established commercial agreements with local coffee growers to ensure a constant supply of high-quality beans, capitalizing on its ability to drive product standards across the value chain.

3. Aruba Aloe Balm, Inc.

From its beginnings in 1890, Aruba Aloe Balm, Inc. faced obstacles to its continued growth and expansion, in the areas of *product* and *succession*. The company creatively sought product innovations, using a learning strategy (*framing obstacles as learning goals*) as its form of perseverance. It was able to take control of its situation and position itself globally by 1945. At that point, the successor to the family enterprise, one of the founder's sons, made a risky investment in a modern manufacturing plant for *Aloe* latex as a substitute for rubber exports. This was a decades-long *problem-focused coping strategy* that enabled Aloe Balm, Inc. to remain among the leading global producers of aloin, a finished product for the pharmaceutical industry. In 1951, Aruba Aloe Balm produced 30% of the world's aloin. However, 3 years later, the global demand dropped significantly. In 1954, with the death of the founder's son, the plant closed.

In 1966, a new successor with a creative and innovative spirit reopened the plant. To address market threats

and overcome product-related adversity, the primary focus became product development; in particular, the company invested in the development of product properties. The new owner discovered the beneficial properties of *Aloe vera* gel. He enlisted scientific help to guide the company in this new direction, again achieving a global leadership position and producing gel for the cosmetics and natural medicines segments at a time when the development and popularity of gel were in their early stages.

At present, the company continues to use a strategy of focusing on key objectives, such as learning, and redirecting them to new priorities. Quality is a strategic focus for the company, in terms of overcoming obstacles in preserving product freshness and integrity. As a form of perseverance, the company has adopted *building social support via business networks*. In particular, they are collaborating with the University of Leiden in the Netherlands, to develop new processes for gel stabilization and to enable globalization of the Aruba

Aloe Balm brand.

4. Tortuga Rum Company, Ltd.

The obstacles faced by this company have been related to *market regulation* and *market expansion*. The first obstacle to limit growth of the newly created enterprise, in 1984, was a collection of Cayman Islands government regulations on products manufactured and sold in its territory. The company owners overcame legal barriers concerning product taxation. They tenaciously focused on this specific strategy as the way to operationalize the business. Without legal authority to sell their products duty-free, there was no business. The key objective of Tortuga Rum was not focused on the market, but rather on the government, to enable the sale of local products duty-free to visitors of the islands that arrived by air or water. They applied *problem-focused copying* perseverance strategy tackling on the problem. Tenacity is necessary when constrains are difficult to resolve. Coping perseverance strategies that target the goal, the input function or secondary evaluation can be improved with tenacity (Van Gelderen, 2012). This

tenacity was preceded by the owners' ability to identify a market niche in the sale of liquor and gourmet products duty-free, as a way to promote local brands. This opportunity led to their determination to overcome legal barriers and capture a key growth niche in the Caribbean, fed by the increase in tourism from flights and cruise ships.

Their creativity and innovation led the owners to acquire the necessary knowledge to launch the business: innovation in creating a different liquor (a mix of two rums), the creation of a sticky brand tied to the Caribbean cultural heritage, and the use of business networks and strategic alliances to enable them to expand internationally. The owners also learned from Barbados, which did not have alcohol refineries or raw materials (e.g., sugar cane) for liquor production, yet had developed a strong brand of Barbados rum. Tortuga learned that Antillean rum was highly appreciated by the tourist market and was well-positioned in the niche of gourmet products from exotic countries.

By achieving brand recognition, positioning, and expansion, Tortuga Rum was able to broaden its product portfolio, innovate on its processes, and establish key strategic alliances. The form of perseverance for this company was related to the *objectives* it chose and the *social support networks* it developed. Competing brands of Caribbean rums were barriers to growth and expansion. The gourmet products niche was open to all kinds of creative and innovative products of high quality and taste. The company's chosen form of enterprise perseverance (social support from personal and business networks) provided the required sense of security and the ability to share risks. It also enabled the company to overcome developmental challenges, leading to the successful expansion of its product portfolio. The company's merger with Jamaica Producers Group, Ltd. created a new global position for the combined company in the gourmet niche market. The strategy of backtracking on its objectives (*scaling back of goals*) as a form of perseverance meant that the company could refocus on what it could do well, its *core competencies*, and

achieve some of its most challenging objectives by sharing them with others outside the organization.

CONCLUSIONS

The strengthening and growth of the companies that we examined, which enabled them to become market leaders, can be explained by the enterprise perseverance practices of their founders and owners. Key success factors resulted from these practices: brand positioning in traditional local markets and identified international market niches; supply chain capability against competitors; product innovation and portfolio expansion (diversification); and company internationalization. The enterprise perseverance practices served as a mechanism for strategic entrepreneurial reorientation and constant renewal of the enterprise. As Figure 1 shows, these perseverance practices are triggered by the entrepreneurial attitudes of the founders/owners, whose knowledge acquisition and commitment to the target market facilitate innovation, creativity, and the identification of the

correct target networks.

Companies with a high degree of entrepreneurship generate innovations that, together with other elements, facilitate the acquisition of external knowledge resources (Kreiser, 2011). Innovation positively affects the exchange and acquisition of knowledge, by strengthening the firm's commitment to an open mind and receptivity to learning new things (Wang, 2008). In the companies we examined, positive attitudes towards learning and generating new knowledge were manifested as management creativity and innovation. These attitudes enabled the companies to develop highly differentiated offerings, locally (in the case of Rovira) and internationally (in the case of Yaucono Café, Aruba Aloe Balm, and Tortuga Rum Cake). This observed predisposition to knowledge acquisition and development agrees with the literature. For example, Henry & Watkins (2013) describe a strong presence of intellectual capital among the English-speaking Caribbean micro-states, explaining that enterprises develop such intellectual capital as a means to overcome deficiencies in

resources and organizational assets.

Innovation, knowledge acquisition, and management enable the formation of networks that, in turn, stimulate an environment of innovation, especially in international entrepreneurial firms (Tolstoy, 2009). The combined knowledge among members of the network stimulates the creation of new competencies. The leveraging of new knowledge can translate into opportunities for specific market knowledge (Coviello & Munro, 1996, 1997; Coviello, 2006; Chetty & Campbell-Hunt, 2005). In addition to business networks, in our case studies, family and social networks directly influenced perseverance strategies in development and positioning. Social networks can become business networks; can aid in identifying and obtaining the resources needed to improve the performance and international expansion of SMEs (Ellis & Pecotich, 2001); can leverage new opportunities in international business; and can be sources of strategic alliances, knowledge confidence, and solidarity (Zhou, Wu, & Luo, 2007; Ellis, 2011; BarNir & Smith, 2002).

Van Gelderen (2012) states that the perseverance practices of *breaking down goals* into smaller ones, adopting new objectives or *framing obstacles as learning goals* (e.g., learning- rather than performance-based), and *scaling back of goals* enable a firm to close the gap between the actual and ideal states. These practices also facilitate progress towards the firm's objectives. For example, subdividing objectives in order of impact on the firm's growth may reveal where to apply effort or how to establish alternative ways to achieve the primary objective. Seeking social support or inspiration sources is another form of perseverance. Social support can come from business networks, business or industry friendships, and family, among others. Inspiration can take different forms as well, such as an aspiration, fear of failure, or a model to emulate (Van Gelderen, 2012).

A strong commitment to the market through four generations of the Rovira family helps to explain the success of their form of perseverance. Their creativity and innovation emerged from a strong family tradition that

recognized knowledge and its management in the development of innovative, marketable, and modern ideas that respond to market trends. For Yaucono Café, the innovation and creativity of their strategies for setting quality policies and achieving high-quality standards in local and international coffee markets help to explain their strategic moves, such as plant closings, acquisitions, and strategic alliances. These actions were aimed at revitalizing a century-old company into a market leader in the country, and positioning it among the three global leaders in specialty coffee.

For Aruba Aloe Balm NV, the constant search for knowledge on new processes and ingredient properties played key roles in its innovative and creative behaviors, leading it to form business networks with experts. The company achieved several different objectives: it overcame threats of international competition (i.e., competing active pharmaceutical and cosmetic ingredients from Asia); met product quality challenges (i.e., maintained the quality of its active ingredient without

using preservatives); and retained long-term product quality without chemical additives. Finally, the entrepreneurial spirit of the owners of Tortuga Rum led them to acquire key knowledge of legal, commercial, managerial, and marketing processes to formalize and develop their business. Their form of perseverance enabled them to launch the business locally, then regionally and internationally. They innovated in processes, products, and marketing strategies; created a brand with a recognized cultural heritage; and fostered strategic alliances to achieve brand positioning and international growth objectives. Their strategic merger with Jamaica Producers not only achieved economies of scale and scope, but also gave them perseverance tools to overcome barriers to brand growth and to improve the global distribution capability for the Tortuga brand.

Network relationships were closely tied to brand positioning and to domestic and international market expansion for Yaucono Café, Aruba Aloe and Balm, and Tortuga Rum Cake. SMEs oriented toward international markets develop domestic social networks, as an excellent way to obtain information and business

contacts that are unavailable to small companies with few resources (Zhou et al., 2007). A firm's international expansion via collaborative agreements and strategic alliances is a recognized part of the entrepreneurial process, which leads a firm to identify and leverage international opportunities in valuable but distant markets (Ellis, 2011). The high number of alliances that entrepreneurial firms undertake can be explained by the predisposition, strength, and prestige of network members (BarNir et al., 2002). For example, alliances with non-competitors provide SMEs with additional resources and the knowledge necessary to succeed in specific foreign markets. By having an EO, a firm can take advantage of these extra resources by being more innovative, proactive, and risk-tolerant (Nakos, Brouthers, & Dimitratos, 2013). As an entrepreneurial trait in SMEs, market commitment helps to explain how firms maximize their scarce resources to achieve their objectives. To grow, companies need an entrepreneurial attitude defined by constant creativity and the adoption of innovative behavior that seek to acquire and manage knowledge (Peng, 2006). In all of our case studies, we observed

that this latent commitment partly explained the creativity and innovative behaviors of the entrepreneurial owners, and that these behaviors were part of a perseverance strategy applied along the entire history of the business. As summarized in Figure 1, the entrepreneurial traits of innovation and creativity are part of the market commitment. Knowledge acquisition drives the identification of the correct business networks, which create additional drivers, leading to other forms of perseverance and business growth.

In our case studies, business growth was also defined by the mastery of acquired knowledge and a strong learning orientation. New lines of research are possible in this context. It would be interesting to determine if firms with a strong learning orientation adopt perseverance forms within their management strategies. Does a relationship exist between firms whose growth and expansion strategies are founded in knowledge management, and firms whose forms of perseverance are integrated both managerially and strategically? Could it be that the

perseverance forms are actually predetermined in the underlying behavior of the individual entrepreneur, and are easily confused with basic strategic management of entrepreneurship or of entrepreneurial marketing? The growth strategies adopted by the founders/owners of the firms in our case studies were interconnected with the enterprises' founders/owners perseverance practices during their development and performance. These practices were also linked to the internationalization of the firms; in some cases, this link was deliberately structured as an objective, whereas in others, the link was an unplanned strategy. This finding shed light about the role of entrepreneurs' perseverance practices in SME internationalization from open islands economies.

Prior studies confirm that the intrinsic traits of the individual entrepreneur are linked to the strategies that he/she adopts to develop the business (Lumpkin et al., 1996). Firms with an EO are more capable of introducing innovative products,

diversifying their activities, and maneuvering in uncertain international environments (Dess et al., 2003). These traits are part of the entrepreneur's attributes and psychological characteristics. For each identified and implemented strategy, the entrepreneur has an underlying personal variable. Together with external and cultural factors, these personal variables determine the strategies that are actually adopted (Thomas et al., 2000), and they explain the tenacity and perseverance of the entrepreneur against difficult, obstacle-ridden situations, such as those encountered by our firms.

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