



Case Study: Casa del Constructor — Adaptive Strategies,  
Inward Internationalization, and Resilience Amid Global  
Disruptions

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## **ABSTRACT**

**Title:** Case Study: Casa del Constructor — Adaptive Strategies, Inward Internationalization, and Resilience Amid Global Disruptions

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Small and medium-sized enterprises (SMEs) represent the backbone of emerging economies; yet, they are highly vulnerable to systemic disruptions, such as the pandemic, geopolitical conflicts, and global supply chain volatility. This thesis examines how SMEs can enhance resilience, competitiveness, and long-term sustainability through strategizing inward internationalization. By using the case of Casa del Constructor, a family-owned construction materials retail store in Honduras, we can observe the strategies implemented to overcome these challenges.

This thesis integrates key theoretical frameworks, including the Uppsala model, Dynamic Capabilities, the Resource-Based View, and the Global Value Chain framework, to explore adaptive strategies during times of disruption. This thesis takes on a qualitative case based on company data and market reports to analyze Casa del Constructor's strategic transformation from a domestic distributor to an import-driven GVC integrated business.

This case study highlights how direct importing enabled the company to stabilize its inventory, improve margins, diversify its product offerings, and enhance its capabilities amid the COVID-19 pandemic and other disruptions in its local market. Moreover, it briefly highlights how market knowledge and experience gained through inward internationalization enabled the company to strategize a further vertical plan to establish a small manufacturing facility, which demonstrates the pathways for sustainable growth.

This study contributes to theory by extending internationalization research into inward pathways in emerging markets and demonstrating how combining dynamic capabilities with GVC participation can enable SMEs to thrive during crises.

**Keywords:** SMEs, Inward Internationalization, Uppsala Model, Resilience, Dynamic Capabilities, Global Value Chains, Resource-Based View, Covid-19, Adaptive strategies, Honduras.

## RESUMO

**Title:** Case Study: Casa del Constructor — Adaptive Strategies, Inward Internationalization, and Resilience Amid Global Disruptions

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As pequenas e médias empresas (PMEs) são a base das economias emergentes, mas são altamente vulneráveis a disrupções sistêmicas, como pandemias, conflitos geopolíticos e volatilidade nas cadeias globais de suprimentos. Esta dissertação analisa como as PMEs podem fortalecer sua resiliência, competitividade e sustentabilidade a longo prazo por meio da internacionalização de entrada.

Utilizando o caso da Casa del Constructor, uma loja familiar de materiais de construção em Honduras, observam-se as estratégias adotadas para enfrentar esses desafios. A dissertação integra os principais referenciais teóricos — Modelo de Uppsala, Capacidades Dinâmicas, Visão Baseada em Recursos (RBV) e Cadeias Globais de Valor (GVC) — para explorar estratégias adaptativas em contextos de disrupção. O estudo adota uma metodologia qualitativa baseada em dados da empresa e relatórios de mercado para analisar a transformação da Casa del Constructor de uma distribuidora doméstica para um negócio orientado por importações e integrado às GVCs.

Os resultados mostram que a importação direta permitiu estabilizar estoques, melhorar margens, diversificar produtos e fortalecer capacidades durante a COVID-19 e outras disrupções locais. Além disso, o conhecimento adquirido possibilitou à empresa planejar uma unidade própria de fabricação, evidenciando caminhos para o crescimento sustentável.

Este estudo contribui para a teoria ao ampliar a pesquisa sobre internacionalização em mercados emergentes e demonstra como a combinação de capacidades dinâmicas e participação em GVCs pode ajudar as PMEs a prosperarem em períodos de crise.

**Palavras-chave:** PMEs, Internacionalização de Entrada, Modelo de Uppsala, Resiliência, Capacidades Dinâmicas, Cadeias Globais de Valor, Visão Baseada em Recursos, Covid-19, Estratégias Adaptativas, Honduras.

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## **MOTIVATION FOR THE THESIS**

The following thesis is written as a case study that follows a review of current theories and practical practices that explores the adaptive resilience of small and medium-sized enterprises (SMEs) in the face of global disruptors such as the COVID-19 pandemic and geopolitical disruptors. As seen, the global business landscape is constantly being challenged by a dynamic environment, supply chains, consumer behaviors, and natural disruptors or political disruptors. Therefore, SMES need to learn how to navigate through these challenges and adapt their strategies to survive and capitalize on new opportunities.

Furthermore, this thesis will provide an insight into a family business that, amidst the challenges brought by the COVID-19 pandemic, sought to adapt and pursue internationalization opportunities as an adaptive strategy for resilience, growth, and sustainability. Furthermore, this also acknowledges recent tensions such as trade wars and U.S political influence, which have reshaped the global markets. These disruptions showcase that resilience in SMEs is fundamental to overcoming obstacles and instability.

This thesis seeks to provide insights that can inform theory and practice about strategic management and the journey towards internationalization. By analyzing the Case of Casa del Constructor, we can observe how a small family-owned company navigated through these combined challenges. This case study aims to contribute to existing literature and practical recommendations on how SMEs can navigate turbulent times. Fundamentally, the case study will illustrate adaptive strategies employed by an SME amidst the COVID-19 pandemic and current political disruptions and their internationalization journey towards becoming Importers. Through this case, the aim is to contribute knowledge and empower businesses to adapt and thrive amidst challenges.

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## **LIST OF ABBREVIATIONS**

SME- Small and Medium-sized Enterprise

ROR - Real Options Reasoning

GVC- Global Value Chain Framework

RBV- Resource-Based View

PVC- Polyvinyl Chloride Tube

GDP- Gross Domestic Product

## SECTION I. INTRODUCTION

Small and medium-sized enterprises (SMEs) are the central core of most economies, representing over 90% of businesses worldwide, which are the biggest contributors to employment and economic output. (OECD, 2024). However, most SMEs are vulnerable to main economic disruptors due to limited resources and limited access to financing, and often their dependence on small local markets. Recent times have been marked by various disruptions, from natural to political, which have challenged SMEs to survive and adapt. The COVID-19 pandemic created unprecedented uncertainty in the global markets, and many SMEs faced immediate challenges as they tried to navigate the complex situation and business environment. This disruption in supply chains and consumer behavior globally led to many job losses and many businesses to close temporarily or indefinitely. The ability of SMEs to adapt their strategies and look for new opportunities became of the utmost importance to sustain business activities and seek growth. Another current main disruptor is the trade wars, induced mainly by major economies, including the raising of tariffs and trade barriers, which have reshaped global trade and created new uncertainties. These disruptors highlight the importance of resilience and adaptability as critical skills for SMEs to survive and achieve long-term sustainability.

This case study will analyze how a small family-owned SME in Honduras, specializing in the distribution of construction materials, has navigated these recent times of disruptions. Casa del Constructor has been heavily impacted by the COVID-19 pandemic, which disrupted supply chains, shifted consumer demand, and highlighted the issue of relying on local suppliers. This Thesis will explore how the company adapted by pursuing internationalization as an importer to reduce costs, improve margins, and reduce reliance on local suppliers. This adaptive shift illustrates how internationalization can be part of SMEs' resilience strategies to overcome challenging times.

The focus of this case study is to contribute to academic knowledge by applying theories of SME internationalization (Uppsala model, dynamic capabilities, and real options theory) to a real family-owned company under pressure to overcome disruptions. Moreover, this thesis will provide students with insights by showing an example of how a small SME in Honduras navigated and repositioned itself for new opportunities through adaptive strategies.

## A. PROBLEM STATEMENT AND RESEARCH QUESTIONS

SMEs, particularly in developing or emerging markets, face further hardships navigating the global challenges compared to those in more mature markets. The Covid-19 pandemic, geopolitical conflicts, and trade wars have highlighted the weaknesses that SMEs face, particularly in the supply chain, cost fluctuations, and access to financing or restructuring. For Family-owned SMEs, survival strategies often rely on planning and a progression timeline; however, these recent crises have accelerated the need for rapid changes to survive. One pathway is internationalization through importing, which has allowed for diversifying suppliers, reducing dependency on local suppliers, and improving cost advantages. This case study takes an interesting approach to Internationalization, as most studies focus on exporting and moving to multinational markets. This case study highlights the adaptive strategies and advantages of internationalization as an importer as a mechanism to sustain long-term goals in your local market. This thesis will analyze the Case of Casa del Constructor S.A., a Honduran family-owned construction material supplier, and its strategy to overcome and grow through different global disruptions.

The following research questions will be answered throughout the study of this case.

1. How can SMEs in emerging markets leverage importing as an adaptive internationalization strategy to enhance resilience, competitiveness, and long-term sustainability during periods of disruption?
2. What adaptive strategies and capabilities enable SMEs to survive and grow amid systemic shocks such as pandemics, trade wars, and geopolitical instability?
3. How did Casa del Constructor specifically navigate the challenges of COVID-19 and subsequent disruptions to transition from a domestic distributor to an importer?
4. What managerial lessons can be drawn from the Casa del Constructor experience to guide SMEs in a similar emerging market context?

## B. METHODOLOGY

This thesis focuses on a qualitative and exploratory case study to analyze how SMEs adapt to global disruptions and leverage internationalization as an adaptive strategy. The case of Casa del Constructor, a family-owned SME in Honduras, showcases the struggles and adaptations SMEs can strategize to overcome challenges and offers insights into what internationalization as an importer can offer in practice. This thesis will conduct interviews with the company owner and staff involved in the procurement and operations to highlight the challenges and

practices adopted through this process. Additionally, it will include financial information to demonstrate the growth achieved by implementing these strategies.

### C. LIMITATIONS

This case study acknowledges several limitations, including its single-case nature, which means findings cannot be generalized to all SMEs. Additionally, the Researcher's insider role provides a deep understanding of these strategies but may introduce some bias. Furthermore, the time constraints focus on the last 5 years, and business dynamics change rapidly over time.

## SECTION II. LITERATURE REVIEW

### A. SMEs INTERNATIONALIZATION THEORIES

Small and Medium-sized Enterprises (SMEs) represent one of the most vital components of the global economy. According to the World Bank, SMEs represent about 90% of businesses worldwide and more than 50% of worldwide employment. (World Bank, 2019). It is important to understand how SMEs can cope with global disruptions. An important Model was developed back in 1975 in Sweden at Uppsala University, which explained the idea that internationalization happens gradually as companies gain incremental knowledge based on the company's current business activities. (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). A key component of the Uppsala model early on was the assumption of psychic distance; the difference in culture, language, education, and business practices that may hinder operations and workflows. Moreover, the model explains that on the path to internationalization, firms tend to enter physically close countries, because the perceived operations and experiential learning may be more manageable. In essence, the model explains that internationalization is a process that occurs in uncertainty, learning, and commitment within complex business ecosystems.

For SMEs, the Uppsala model is a process theory of learning under uncertainty; SMEs can engage in Internationalization by engaging in business activities that yield experiential knowledge and making incremental decisions that can lead to growth opportunities. This model focuses on firms expanding outwards by exporting or increasing operations in a host country; however, the case of Casa del Constructor, which we will observe later, is an example of Internationalization inwardly by engaging with foreign suppliers, outsourcing production, and becoming import intermediaries. This inward internationalization is

increasingly recognized as a valid path for SMEs, especially for those in developing markets and that have financing constraints. (Welch & Luostarinen, 1993; Fletcher,2001).

Inward Internationalization, viewed through the lens of the Uppsala model, highlights that SMEs learn through imports; this business activity allows the firm to gain market knowledge of foreign suppliers, standards, and logistics, which builds experience that may later support an outward Internationalization process. Moreover, it enables SMEs to invest in low-commitment transactions before expanding into direct contracts or exclusive distributorships with larger volumes. This new network of businesses enables SMEs to acquire international knowledge of suppliers, logistics, and access new information.

Dynamic Capabilities Theory, by Teece, Pisano, and Shuen (1997, updated 2007), defines the dynamic capabilities of an organization as the ability to adapt its resources based on the rapidly changing global environments. The theory uses three functions to determine an SME's rapid adaptability. Sensing: the emerging opportunities and threats, how a firm can understand market trends and supplier shifts. Seizing: the mobilization of resources to invest strategically in new suppliers, contracts, and digital investments. Transforming: organizational changes adapted to long-term goals. This framework allows firms to identify vulnerabilities and implement strategic changes that build resilience.

Meanwhile, Real Options Reasoning (ROR) offers a complementary lens; it frames strategic moves, like imports or outsourcing, as real options that preserve flexibility under uncertainty. (Trigeorgis & Reuer, 2016) ROR emphasizes that SMEs under Internationalization can test international supply options cautiously, by importing small test batches to test quality and improve supplier relationships. Moreover, retaining the option to scale or retract based on product satisfaction minimizes the risk while fostering new capabilities.

These frameworks offer guidance on how SMEs, such as Casa del Constructor, can build resilience by sensing disruptions and seizing opportunities through importing small volumes. This approach involves transforming their operations and supplier networks to overcome the hardships caused by various disruptions, thereby enabling further Internationalization processes under conditions of uncertainty.

## **B. RESILIENCE AND ADAPTIVE STRATEGIES IN BUSINESS**

This section explores theoretical foundations that explain how SMEs adapt to uncertainty and crises and how they build resilience through adaptive strategies.

## B.1 RESILIENCE THEORIES IN BUSINESS

Resilience in business refers to a firm's ability to anticipate disruptions, absorb shocks, and transform operations to survive and thrive. Duchek (2020) presents a resilience framework with three stages: Anticipation, Coping, and Adaptation. Anticipation involves building preparedness and identifying risks before they occur. Coping describes how firms respond efficiently and effectively during crises, while Adaptation focuses on learning from experiences to improve future responses. Additionally, Linnenluecke et al. (2012) propose a five-stage process-oriented model that incorporates operational capabilities. Both frameworks highlight how firms evolve through crises rather than merely reacting to them.

Linnenluecke et al. (2012) define the Five Stages as follows:

- Anticipatory Adaptation – preparedness before disruption occurs
- Exposure – the moment when the crisis and challenges hit
- Recovery/Restoration – returning to normal stability
- Resilience Assessment – evaluating what worked and what failed
- Future Adaptation – applying lessons learned and acquiring experimental knowledge

This model emphasizes that resilience should be embedded into a firm's routines and learning processes. For SMEs, this might involve proactive strategies such as diversifying suppliers, implementing risk management protocols, or making operational changes to minimize potential risks.

According to Hamel and Valikangas (2003), resilience overtakes traditional strategic planning as the primary source of competitive advantage, as firms must adopt flexibility and innovation as strategic imperatives. Hamel and Valikangas (2003) suggest that SMEs must become resilient by cultivating active defense strategies, encouraging them to learn from mistakes, and adjusting leadership to strike a balance between stability and flexibility when needed. This strategic mindset is crucial for SMEs to adapt to significant economic shocks and crises.

Moreover, Conz, Magnani, and Graziano (2022) stated that SMEs often deploy internal flexibility and leverage local networks to enhance resilience. SMEs within mature clusters find resilience through rapid decision-making at the management level, collaboration within clusters that enables shared adaptation strategies, and institutional knowledge about supply dynamics. Although more developed firms have other structural benefits and buffers, Conz,

Magnani, and Graziano's study demonstrates that SMEs can build resilience via knowledge sharing and organizational agility.

Mintzberg and Waters (1985) found that there are two main components to actions taken by SMEs during disruptions. They made the difference between deliberate strategies, which are planned and intended, and emergent strategies, which evolve from actions. In a disruption context, SMEs benefit the most from emergent capabilities, the unplanned shift to importing or digital sales in response to market challenges. This flexible and reactive response allows SMEs to survive and implement new strategic directions.

Resilience in SMEs develops across multiple capability levels. The Nested Capabilities Framework states that firm-level resilience comes from the dynamic interplay of adaptability at the individual, organizational, and network/ecosystem levels (Kukkamala & Koporcic, 2024). This approach is most relevant to developing economies with SMEs, where support is limited and SMEs must leverage internal and collective resources to survive disruptions.

1. Individual Level Capabilities: entrepreneurial alertness and agile decision making. Management that can quickly interpret early signs of supply chain disruptions or market shifts is more likely to implement an effective countermeasure.
2. Organizational Level Capabilities: the ability to reroute internal workflows, adjust production or inventory, and manage cash flows under stress to enable new strategic priorities
3. Network/Ecosystem Level Capabilities: the ability to work among a cluster of firms to share knowledge, suppliers, joint imports, and transform individual vulnerabilities into collective strengths.

According to Hokmadabi et al (2024), digital transformation and operational flexibility can significantly enhance SMEs' crisis response capabilities. Firms that rapidly adapted digital tools—such as inventory management, supplier coordination, and online sales channels—recovered faster during the COVID-19 pandemic compared to those who relied on traditional sales channels. The use of digital channels allowed SMEs to maintain visibility and reach customers through e-commerce platforms even during lockdowns. This highlights that an essential dimension for SMEs' resilience lies in their capacity to adapt and implement digital solutions to conduct business in various sales channels.

## B.2 GLOBAL VALUE CHAIN FRAMEWORK AS A LENS FOR SME RESILIENCE AND GROWTH

The global value chain framework (GVC) helps us understand how firms participate in international trade networks and improve their capabilities to become more resilient and competitive. A value chain describes all the activities a company undertakes to take a product or service from the initial idea to its final use (Gereffi, Humphrey, and Sturgeon, 2005). For small and medium-sized enterprises in emerging markets, involvement often begins with inward internationalization—importing intermediate goods and finished products—and gradually moving toward higher-value functions such as manufacturing. Over time, we can observe how these firms evolve and position themselves strategically within the manufacturing landscape.

Engaging in the global value chain is especially important for SMEs operating in volatile markets like Honduras, where limited domestic production and supply networks can leave these businesses vulnerable to disruptions. By importing, SMEs can diversify their suppliers, stabilize inventory levels, and gain access to higher-quality products, all of which enhance operational resilience and help them navigate uncertain economic conditions.

The Global Value Chain Framework highlights four primary pathways for SMEs (Humphrey and Schmitz, 2002).

- Process upgrading- improving internal operations, logistics, and cost efficiency
- Product upgrading- offering higher quality products through imported materials or advanced technology
- Functional upgrading- shifting from distribution to production or specialized value-added activities
- Inter-Chain upgrading- entering new sectors by leveraging supplier relationships and acquiring new knowledge.

Moreover, entering Global Value Chains (GVC) also enables the development of relational capabilities. Improving and entering a trust-based relationship with foreign suppliers allows SMEs to secure priority during shortages, negotiate better pricing, and reduce dependency on local distributors (Bianchi et al, 2020). These relationship ties act as a strategic response under the Resource-Based View (RBV), supporting competitive differentiation in emerging markets.

The Resource-Based View states that firms gain a sustainable competitive advantage by acquiring and leveraging resources that are valuable, rare, inimitable, and non-substitutable (VRIN) that are difficult for competitors to copy. (Wernerfelt 1984, Barney 1991). These resources can be both tangible assets, such as infrastructure and capital, as well as intangible capabilities like relational networks, expertise, and knowledge.

*Table 1: VRIN Resources from Importing Activities (Wernerfelt 1984, Barney 1991)*

<b>Resource Type</b>	<b>How Importing Creates It</b>	<b>Why It's Valuable</b>	<b>Why It's Hard to Imitate</b>
<b>Knowledge &amp; Expertise</b>	Exposure to foreign markets, quality standards, and logistics procedures.	Enhances decision-making and operational efficiency.	Requires experience + supplier trust.
<b>Supplier Networks</b>	Direct relationships with international manufacturers and distributors.	Secures better pricing and product availability.	Takes years to develop and maintain.
<b>Logistics Capabilities</b>	Handling customs, freight, and international supply coordination.	Reduces costs and improves reliability.	Complex systems + unique routines.
<b>Market Intelligence</b>	Understanding foreign pricing, trends, and demand drivers.	Enables proactive strategy adjustments.	Derived from sustained exposure to global trade.

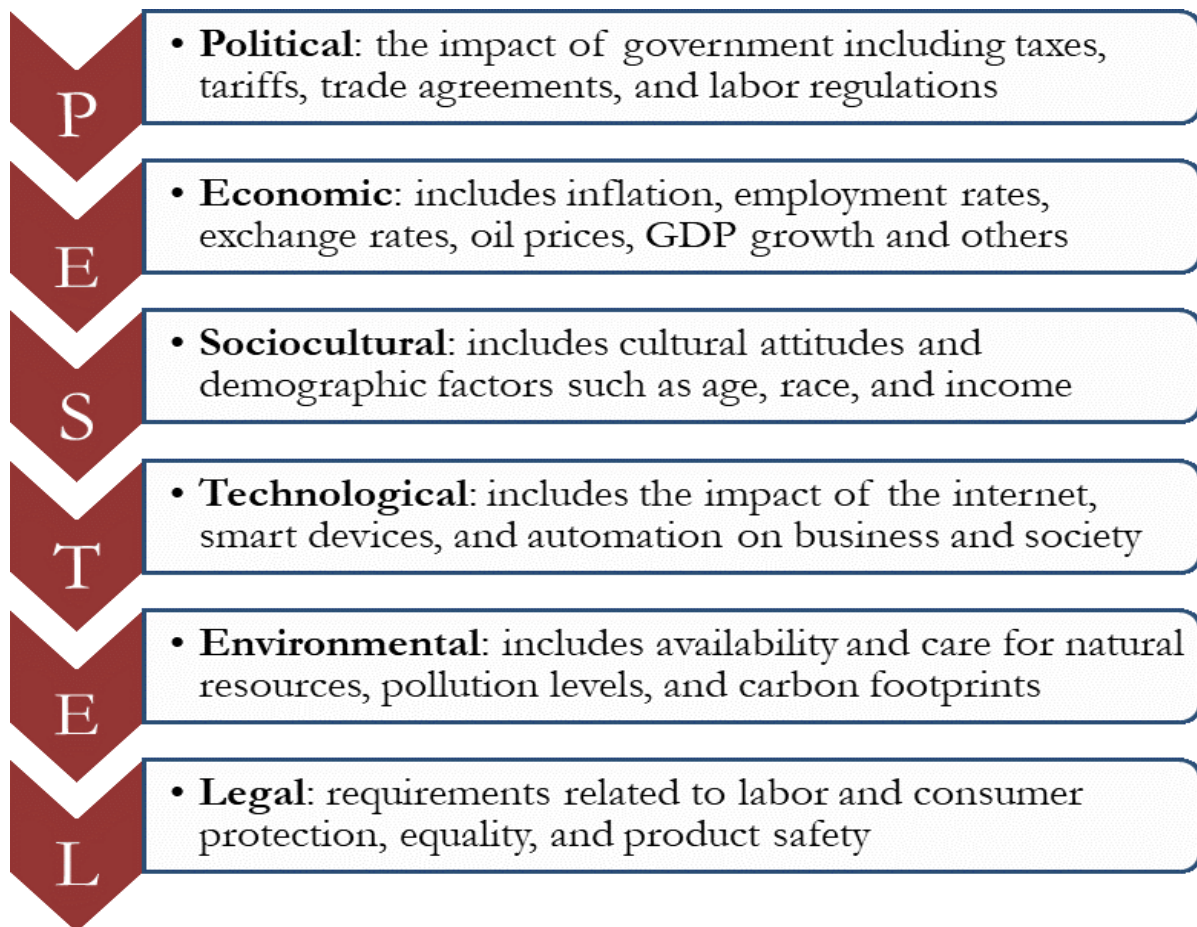
For SMEs in emerging markets, participating in importing offers unique opportunities to develop these resources. Engaging in direct imports exposes SMEs to the global supplier networks while gaining market intelligence and logistics expertise. (Leonidou et al., 2022; Bianchi et al., 2020). Moreover, importing also facilitates learning by doing, where SMEs accumulate experience in handling international trade, freight operations, and supply coordination. Over time, these capabilities become increasingly difficult for local competitors to imitate, allowing firms to establish a more decisive competitive advantage.

Inward participation in GVCs fosters both resilience and growth. By accessing a diversified range of suppliers, improving product quality, and developing effective operational routines, SMEs enhance their ability to withstand shocks and capitalize on opportunities. For Casa del Constructor, importing began as a survival response to pandemic-driven disruptions but evolved into a strategic enabler of competitive positioning and future vertical integration. This transition illustrates how SMEs in emerging markets can leverage GVCs not just to survive turbulence but also to upgrade, differentiate, and sustain long-term growth.

### C. PESTEL ANALYSIS FRAMEWORK AND ITS RELEVANCE TO SMES

The PESTEL analysis is a strategic framework used to assess the macro environmental factors influencing business performance and decision-making. It examines the Political, Economic, Social, Technological, Environmental, and Legal divers of change (Aguilar, 1967; Johnson, Scholes, and Whittington, 2017). The PESTEL analysis for SMEs in emerging markets provides an analytical lens for understanding vulnerabilities and opportunities shaped by external disruptions.

Figure 1: Pestel Framework Diagram Via [CC BY-SA-NC](#)



### D. INWARD INTERNATIONALIZATION FOR EMERGENT MARKETS

Inward internationalization refers to a firm's early international involvement through imports and foreign supplier relationships. For SMEs operating in emerging markets, this pathway offers a more accessible route to learning about global economies since it requires lower resource commitment. This process aligns with the Uppsala model, which emphasizes the

gradual accumulation of experiential knowledge as firms move from outsidership to network embeddedness. (Johanson and Vahlne)

Research highlights that importing functions as a capability-building mechanism that enhances cost efficiency, differentiation, and resilience in the face of uncertainty. Leonidou et al demonstrated that SMEs effectively combine generic dynamic capabilities with import-specific routines such as supplier identification and negotiation, to drive firm performance across volatile environments. This position is inward internationalization, not merely as a procurement tactic but as a strategic investment in learning and market integration.

Furthermore, trade-productivity theory suggests that importing enables SMEs to access higher-quality and more diversified products, resulting in improved productivity and competitiveness. For resource-constrained SMEs in emerging markets, this pathway allows capability upgrading beyond what local firms can offer.

Initial import relationships enable SMEs within global exchange networks to gain a deeper understanding of standard knowledge, logistics expertise, and potential partnerships. In emerging markets, these relational networks provide critical advantages. Bianchi et al. find that trust and commitment between SMEs and foreign suppliers significantly enhance performance, even in times of institutional volatility.

Inward Internationalization emerges as a robust, multi-dimensional strategy for SMEs in emerging markets; it:

- Enables knowledge acquisitions and network access
- Builds essential dynamic capabilities for sensing and adapting
- Improve operations and resource allocation
- Employ the real options logic to manage risk while exploring international opportunities.

Inward internationalization serves as a strategic pathway toward resilience, growth, and sustainable competitiveness in volatile emerging market environments, becoming a fundamental step for long-term strategies.

## E. IMPORTING AS A STRATEGIC PATHWAY FOR SMEs

While much of the literature on Internationalization emphasizes exporting or moving operations to different countries, recent research suggests that importing holds an equal strategic importance, especially in challenging environments. Inward Internationalization can strengthen competitiveness, build capabilities and knowledge, and serve as a learning curve and stepping stone towards further international expansion.

Leonidou et al. (2022) propose a model that frames an effective import strategy as the result of internal dynamic capabilities interacting with external supplier networks to deliver cost and differentiation advantages. They differentiate between generic dynamic capabilities — adaptability and entrepreneurship — and import specific capabilities — knowledge and market development. When these two are combined, they allow SMEs to identify opportunities, adapt offerings to local market needs, and navigate global markets.

Effective import strategies are multi-layered, covering product choices, cost and pricing strategies, logistics coordination, and promotional marketing. Leonidou et al emphasize the need for an integrated approach; SMEs need to utilize dynamic capabilities to make imports a viable solution.

Sensing opportunities: identifying reliable suppliers and analyzing market trends

Seizing opportunities: test batches, negotiation, and logistics

Transforming operations: reorganizing and increasing exponential knowledge

Importing is the first step in internationalization. The flexibility and lower entry costs of internationalization allow SMEs to test products, scale up or down, or change suppliers while maintaining a low commitment level. Leonidou et al. highlight that these choices are linked to Real Options Reasoning, emphasizing the importance of Inward Internationalization as a real option that is flexible and enables growth.

## F. GLOBAL DISRUPTIONS AND SME VULNERABILITIES

This section examines the recent global disruptions: the COVID-19 pandemic, geopolitical conflicts, and trade wars, which have exposed the vulnerabilities that most SMEs must face in times of uncertainty. It illustrates how these disruptions underscore the need for adaptive resilience strategies.

## F.1 THE COVID PANDEMIC

The COVID-19 pandemic was one of the most profound economic disruptions in recent times, resulting in revenue losses and workforce reduction across multiple markets. Global business activity dropped approximately 7% in 2020, with SME suffering the most. SMEs lost about 25% of their revenue and over 10% of their workforce. (OECD,2021) While many governments launched different measures to help avoid mass closures, many SMEs with limited access to financing nevertheless faced the most significant difficulties.

The COVID-19 pandemic highlighted the vulnerabilities most frequently found in emerging economies, including low cash reserves, limited access to financing, supply chain disruptions, demand collapse, and liquidity issues. Honduras, a small developing nation in Central America, can illustrate the impact of such economic challenges brought by the pandemic. According to the World Bank Enterprise Surveys of Honduran firms, between the start of the pandemic and mid-2020, 91.4% of firms reported lower monthly sales, representing a 57% decrease from the previous year. Moreover, during the same period, 51.6% of firms reported cuts in employment hours. A strategy consistent globally with SMEs with limited resources, but harmful to the health of the local market economy.

## F.2 POLITICAL-ECONOMIC CONFLICTS AND SMEs VULNERABILITIES

Over the past few years, global political turmoil has risen, and the most devastating to SMEs has been the trade wars among developed economies. Trade wars increase the cost of products through higher tariffs, which are then largely passed on to importers and consumers. SMEs are often faced with higher prices and narrower margins compared to larger firms. The lack of SMEs' bargaining power with suppliers, fewer hedging options, and limitations to affordable financing highlight a critical vulnerability to SMEs. The increased cost of importing takes a larger bite into a firm's working capital, thus reducing its already limited cash to strategize better alternatives.

For import-oriented SMEs like Casa del Constructor, the combination of higher tariffs, delayed customs clearance, and logistics can quickly erode margins on key construction supplies, such as steel, ceramics, and PVC. As we can observe in the case study, the strategies implemented to mitigate some of the vulnerabilities of trade-war environments. These actions align with the fundamental theory of Internationalization of Dynamic Capabilities and Real Options Reasoning, thereby strengthening both short-run resilience and long-run competitiveness.

## SECTION III. CASE STUDY: CASA DEL CONSTRUCTOR.SA

### A. COMPANY BACKGROUND

In 1997, the company founder Héctor Romilio Córdón Espinoza, shortly after graduating from agricultural and business school, established Agropecuaria El Campo, a company specialized in agrobusiness, focused on the distribution of fertilizers, seeds, and farming-related products. The company rapidly became one of the largest fertilizer distributors in the local region, serving farmers and plantations. Over time, many of these agricultural clients began requesting construction materials for their infrastructure needs.

In response to this growing demand, in 2000, Agropecuaria El Campo expanded its business to include the sale of iron rods, cement, and other commercial construction supplies. Within the next decade, the company successfully built two strong business lines:

- A solid agribusiness division, continuing to dominate local fertilizer distribution.
- A growing hardware and construction supply division, providing comprehensive materials to contractors and households alike.

By 2005, recognizing the potential of both markets, Héctor Romilio made the strategic decision to separate the agribusiness and construction supply divisions, allowing each company to focus on its specialized market.

After the completion of a new building and warehouse, the construction division officially moved to a location across the street. In August 2010, this division became Casa del Constructor S.A., marking the beginning of a new brand identity focused entirely on hardware and construction supply solutions.

Since its establishment, the company has always been committed to its vision and mission statements:

Visión:

***“Comprometidos con nuestros principios y valores, fortaleciendo nuestras relaciones con clientes, proveedores y la comunidad, siendo la mejor alternativa en la región con nuestros productos.”***

*“Committed to our principles and values, strengthening our relationships with customers, suppliers, and the community, while becoming the best alternative in the region for construction products.”*

### Misión

**“Somos una empresa familiar, comercializadora de productos de ferretería, satisfaciendo las necesidades de nuestros clientes con asesoría, calidad y respaldo. Actuamos basados en nuestros valores morales familiares y corporativos, preservando el sano equilibrio entre los intereses de clientes, proveedores y nuestra comunidad.”**

*“We are a family-owned company dedicated to marketing high-quality hardware and construction products, meeting our clients' needs through expert advice, quality, and trust. We act based on strong family and corporate values, preserving a healthy balance between the interests of our clients, suppliers, and community.”*

Since 2010, Casa del Constructor has been one of the most relevant construction materials suppliers in its local market. The company expanded its product offerings to include construction materials, plumbing supplies, electrical supplies, lighting, tiles, home décor, paints, and other finished goods. This product diversification strategy enabled Casa del Constructor to become a one-stop solution for contractors, retailers, and end consumers, thereby strengthening its competitive advantage and market position.

## B. ECONOMIC LANDSCAPE AND CHALLENGES

This section will contextualize the environment in which Casa del Constructor operates, highlighting structural constraints in Honduras and how major disruptors, domestic and international, have shaped the company to build resilience.

### B.1 HONDURAS ECONOMY

Honduras is the second-poorest country in the Western Hemisphere, after Haiti. With nearly 10 million inhabitants and a per capita annual income of just US\$2,340, about one in six Hondurans survives on less than US\$1.90 per day. This economic hardship severely hampers the ability of small and medium-sized enterprises (SMEs) to withstand external shocks. Limited resources further complicate their efforts to develop strategies and adapt to new challenges. Consequently, the persistent cycle of poverty and underdevelopment creates significant obstacles for businesses operating in the local market.

Honduras faced a severe economic downturn in 2020. According to data from the World Bank, the country's GDP fell by 9% due to the COVID-19 pandemic and natural disasters like Hurricanes Eta and Iota. However, this thesis and case study do not focus on that specific event. By 2024, the Honduran economy started demonstrating signs of gradual recovery, with the GDP stabilizing at a growth rate of 3.6%, primarily supported by an increase in remittances, which account for over 20% of the country's GDP. (World Bank, 2024). However, the recovery has been uneven, with growth concentrated in urban remittance-dependent regions, while rural economies remain underdeveloped and highly vulnerable to external disruptions. (OECD 2023)

Small and medium-sized enterprises (SMEs) play a vital role in Honduras's economy. SMEs generate 60% of the GDP and provide over 70% of jobs (OECD, 2021). Despite their importance, these businesses face challenges such as limited access to financial services, high interest rates, and widespread corruption in many administrative procedures. These issues make doing business even more challenging and costly in a market that is already difficult to operate in.

Key challenges for SMEs in Honduras include:

- Limited access to financial services: Over 55% of SMEs report difficulties accessing credit, with average interest rates exceeding 17% annually, the highest in the region (World Bank, 2023)
- High operational costs: weak infrastructure, high logistics costs, and frequent energy disruptions increase costs of doing business ( ECLAC, 2021)
- Institutional inefficiencies and corruption: Complex administrative procedures, informal practices, and weak regulatory enforcement create barriers to market entry and expansion (OECD 2023)
- Trade and Customs bottlenecks: long customs clearance times, inconsistent tariff applications that delay imports and exports, primarily impacting SMEs engaged in international supply chains. (World Bank 2022)

These systematic constraints highlight the operational risks and strategic vulnerabilities that many SMEs in emerging economies face.

## B.2 PESTEL ANALYSIS OF THE HONDURAS BUSINESS ENVIRONMENT

The PESTEL analysis provides a structured assessment of the macro environment.

- **POLITICAL:** Weak governance, regulatory inconsistencies, and policy uncertainty increase operational risks (OECD, 2023)
- **ECONOMIC:** While GDP started to show growth after contracting in 2020, SMEs continue to face high interest rates, limited credit, and strong dependency on remittances.
- **SOCIAL:** SMEs are the most important business sector, but are affected by high informality that limits access to markets and financing
- **TECHNOLOGICAL:** Digital adaptation remains low, due to a lack of digital knowledge among the population.
- **ENVIRONMENTAL:** Honduras is highly exposed to natural disasters, which disrupt the supply chain and increase financial vulnerability
- **LEGAL:** Weak contract enforcement, customs inefficiencies, and administrative corruption increase transaction costs, further limiting SME competitiveness

For Casa del Constructor, these macro-level challenges underscore that the shift towards inward internationalization was a survival strategy that reduced the company's dependency on unstable local distributors and improved operational resilience.

### B.3 COMPANY CHALLENGES

Casa del Constructor operates within an emerging market environment defined by high volatility, structural limitations, and poor access to financing. As a Family-owned SME in the construction materials sector, the company's growth and resilience are directly linked to broader economic dynamics that affect Honduras. Since Honduras is characterized by a highly volatile GDP, heavily dependent on remittances, agriculture, and imported commodities, the construction sector is highly dependent on imported steel, cement, and other international commodities, making it primarily dependent on international prices and shipping costs. Moreover, Casa Del Constructor competes in a price-sensitive market where informal distributors and large-scale hardware chains exert downward pressure on pricing. One of the key reasons that we will observe later is why the company is strategically leveraged towards inward internationalization.

Before the COVID-19 pandemic, Casa del Constructor operated as a medium-sized, family-owned SME with a single retail store, 38 employees, and annual sales of approximately L48 million ( $\approx$ USD 1.9M). Over the years, the company evolved from its origins as an agribusiness, Agropecuaria El Campo, into a diversified supplier of construction materials,

plumbing, electrical systems, ceramics, paint, and decorative products. Its steady growth relied on strong client relationships, predictable domestic demand, and stable partnerships with local distributors. However, as with many SMEs in Honduras, Casa del Constructor faced structural vulnerabilities characteristic of emerging markets, including limited financial buffers, high borrowing costs, and dependency on imports for critical inventory (IFC, 2024).

The arrival of the COVID-19 pandemic in early 2020 triggered a systemic shock that profoundly disrupted Honduras's economy, and particularly the construction sector. To contain the virus, the government imposed one of the strictest lockdowns in Central America, shutting down all "non-essential" business activities, including construction-related operations (World Bank, 2021). For two consecutive months, Casa del Constructor was forced to close its doors entirely, generating zero revenue while fixed costs and financial obligations continued to accumulate. The impact was severe: bank loans accrued unpaid interest, suppliers pressured pending payments, and employee anxiety grew as household livelihoods depended on the company's stability. In response, founder Héctor Romilio Cordon Espinoza implemented a resilience-based adaptive strategy by ensuring that employees received 50% of their salaries during the shutdown, prioritizing workforce welfare and loyalty despite significant financial strain. To stabilize its cash flows, the company made the difficult decision to sell land assets to pay overdue loans and secure essential supplier commitments, thereby preventing reputational damage and supply chain disruptions.

As lockdown restrictions eased and markets reopened, Casa del Constructor entered an unprecedentedly competitive environment. Large national distributors, burdened by months of unsold inventory and accumulating debt, engaged in an aggressive price war to regain liquidity. Construction materials such as steel and cement were offered at or below cost, slashing industry-wide profit margins and destabilizing pricing benchmarks. Casa del Constructor, traditionally operating with gross margins of 35–55%, now faced margins as low as 6% on core products, severely compressing profitability. Many high-demand products lost over half their prior-year profitability, forcing the company to rethink its operating model to survive. Nonetheless, as competition intensified, many large distributors became disloyal to their long-term customers. The need to regain market share and the pressure to sell led them to start selling directly to projects, a substantial business sector for hardware stores. They also began selling to smaller companies without price differentiation. This further affected Casa del Constructor. Smaller local competitors were able to obtain products at the same price as larger orders. Buying one box versus buying one truckload essentially came down to the

same price. The owner's need for a rapid solution was crucial. During our interview, he said, “At that time, I was thinking about actually closing the business.” He was unsure how he would continue to cover the business's operating costs.

### C. ADAPTIVE STRATEGIES IMPLEMENTED

To adapt, Casa del Constructor began reducing operational costs, improving inventory turnover, and strategically shifting its focus towards higher-margin product categories, including ceramics, decorative materials, and specialized plumbing solutions. These shifts reflect a proactive response aligned with resilience theory, where firms adjust their organizational priorities and resource allocations to maintain viability in the face of systemic disruptions (Linnenluecke, 2017).

At the same time, the pandemic exposed the company's dependency on local distributors and traditional supply chains, making it increasingly vulnerable to volatility in domestic pricing. As part of its strategic response, Casa del Constructor pursued a deliberate inward internationalization strategy by building direct relationships with foreign suppliers in China, India, Argentina, and Mexico. This allowed the company to bypass costly intermediaries, secure better procurement prices, and access higher-quality product alternatives, reducing exposure to local price wars and supply shortages. This strategic pivot aligns closely with the Uppsala Model of Internationalization, which states that firms gradually expand their international involvement by acquiring market knowledge through low-commitment activities such as importing (Johanson & Vahlne, 2009).

### D. STRATEGIC RESPONSES

The COVID-19 pandemic and subsequent market disruptions forced Casa del Constructor to rethink its operational model and accelerate its strategic transformation. Facing low profit margins, disrupted supply chains, and intense price competition, the company adopted a series of measures that combined inward internationalization, cost optimization, and product portfolio diversification.

The shift towards importing illustrates Casa del Constructor's ability to sense, seize, and transform —three pillars of the Dynamics Capabilities Framework (Teece, 2007). At that time, Hector Romilio Cordon identified the weak signs of the supply chain's fragility, observed the rapid changes in the chain market and fluctuations in key products, and noted the instability the local economy was undergoing. He began by negotiating with overseas suppliers to test new products, assess their qualities, and secure more competitive pricing.

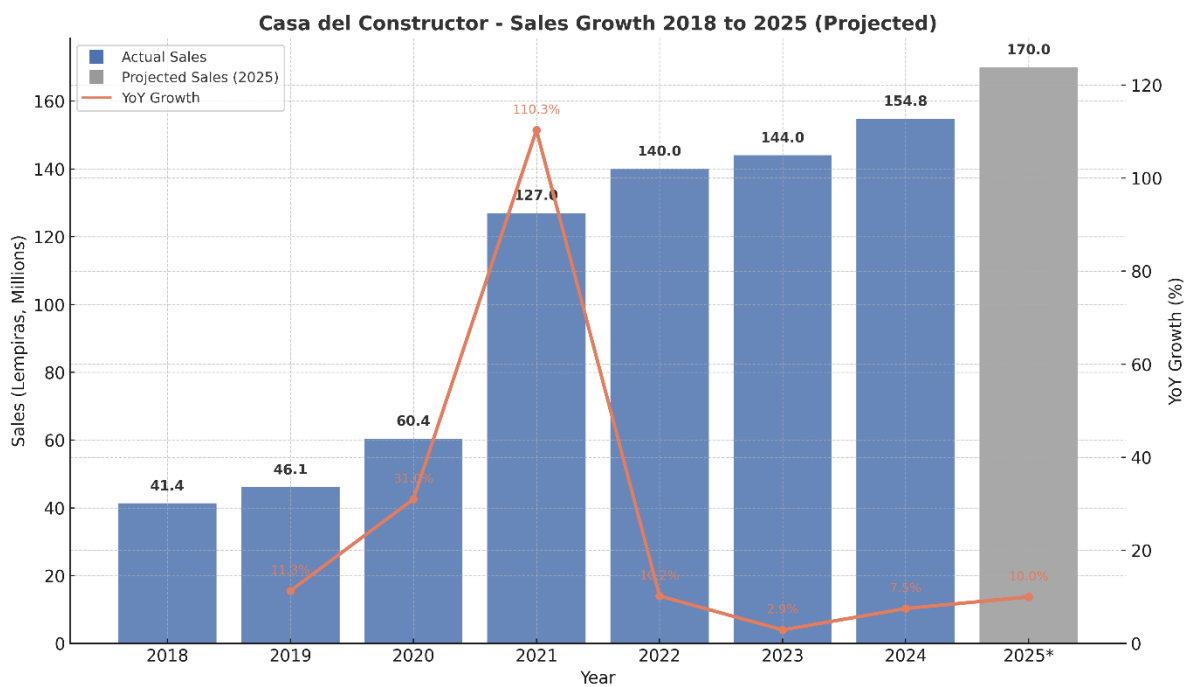
## E. THE IMPACT OF INWARD INTERNATIONALIZATION

Following the strategic pivot toward importing and adaptive resilience during the pandemic, Casa del Constructor embarked on a transformative growth phase beginning in 2021. Central to this evolution was the opening of a second retail location in a nearby town—carefully selected to access a thriving commercial zone and provide faster delivery to local clients.

This new outlet, designed to specialize in key construction categories such as iron and steel, cement, tools, ceramics, and PVC, capitalized on the company’s enhanced supply chain capabilities. By streamlining access to high-demand products with improved logistics and focused inventory management, the store became a growth engine for the business.

Consequently, annual sales soared from L60 million to nearly L155 million (USD 5.8M) by 2024. (See Figure 2) This dramatic expansion restored cash flow health and elevated operating margins back to a stable level.

*Figure 2: Sales Growth*



Source: Casa del Constructor Financial Data

Buoyed by this success, the owner made a forward-looking decision at the beginning of 2024: acquiring a 14,000 m<sup>2</sup> plot of land roughly 60 km from the original site for a new store envisioned not merely as a retail point, but as a manufacturing hub. Here, the plan is to import Aluzinc coils—a durable zinc-aluminum alloy—and process them into value-added products, such as roofing sheets, tubes, C-profiles, and rebar. This vertical integration

strategy promises to reduce dependency on external suppliers, stabilize input supplies, and capitalize on structural demand growth.

These strategic moves are particularly significant against the backdrop of Honduras's expanding construction sector. The national construction market, valued at approximately USD 0.74 billion in 2025, is forecast to reach USD 1.01 billion by 2030, growing at a 6.39% CAGR (Mordor Intelligence, report). With infrastructure, residential, and institutional demand picking up—fueled by urban expansion and public investments—securing a local manufacturing base for key construction inputs strengthens Casa del Constructor's foothold in a competitive environment

## F. MANAGERIAL INSIGHTS AND LESSONS LEARNED

Casa del Constructor's evolution—transforming from a single retail outlet into a multi-location importer and soon-to-be manufacturer—offers powerful managerial insights for SMEs in developing contexts. Three key lessons emerge, anchored in resilience and strategic adaptation theories and reinforced by recent empirical studies.

### F.1 LEADERSHIP RESILIENCE

The founder's decision to pay 50% of their employees' salaries during the pandemic exemplified leadership resilience. These actions enable the company to cultivate workplace harmony, trust, and staff retention, ultimately leading to better operational stabilization.

### F.2 MULTI-LEVEL ADAPTIVE STRATEGIES

Casa del Constructor's approach mirrors the multi-level model or the nested framework, with integrated individual, organization, and ecosystems dimensions. At the leadership level, we observed management's care for employees. At the organizational level, we noted the impact of importing, cost optimization, and digital tools on boosting flexibility. At the network level, we saw the company's diversification of suppliers. This approach aligns with SME resilience theories, which state that it emerges from the coordination of multiple capability levels.

### F.3 INWARD INTERNATIONALIZATION AS PRIMARY ADAPTIVE STRATEGY

Casa del Constructor's main strategic change was that of direct imports during local supply shocks. This demonstrated that in fragile emerging markets, such as Honduras, Inward internationalization can serve as a solid strategic advantage. The firm gained cost advantages by engaging with international suppliers, securing product knowledge, and developed market knowledge, setting the foundation for future manufacturing integration. This approach aligns

well with Uppsala's gradual internationalization and the dynamic capabilities theory, which posits that firms sense opportunities, assess them by reconfiguring operations, and subsequently transform their strategy to achieve long-term goals.

## **SECTION IV. CONCLUSIONS**

The findings of this thesis offer valuable insights into how small and medium-sized enterprises (SMEs) in developing economies can build resilience and competitiveness in the face of global disruptions. Through an in-depth case study of Casa del Constructor, we examined how adaptive strategies, inward internationalization, and strategic foresight enabled the company to survive the COVID-19 pandemic, recover from structural constraints, and position itself for sustainable growth. These results not only contribute to the growing body of literature on SME resilience but also provide practical implications for managers and policymakers operating in volatile and uncertain environments.

The study demonstrates that adaptive strategies are crucial to the survival of SMEs under crisis conditions. When faced with the COVID-19 pandemic, Casa del Constructor confronted severe operational disruptions, declining margins, liquidity pressures, and unstable supply chains — challenges common among SMEs in Honduras and similar developing economies (Canwat, 2024; OECD, 2021). Instead of retreating, the company leveraged cost optimization, supplier renegotiations, and product mix adjustments to stabilize cash flows.

Moreover, the firm adopted inward internationalization as a strategic pathway. By actively importing construction materials from foreign suppliers, Casa del Constructor enhanced its access to better pricing, diversified sourcing risks, and developed valuable market knowledge — effectively embodying the Uppsala Model's incremental learning process (Johanson & Vahlne, 2009). This experience laid the foundation for deeper integration into global markets, transforming imports into a competitive advantage.

The company's expansion into a second retail location in 2021 and its planned vertical integration via roofing material manufacturing represent forward-looking strategies aligned with the Dynamic Capabilities Framework (Teece, 2007). By sensing emerging opportunities, seizing cost-efficient imports, and transforming its operational model, Casa del Constructor positioned itself to withstand unpredictable fluctuations in freight costs, supplier availability, and international price volatility.

This thesis contributes to internationalization and resilience literature by illustrating the intersection of adaptive strategy and inward internationalization. While the Uppsala Model emphasizes gradual experiential learning, this case demonstrates that crises can accelerate capability-building when firms are compelled to reconfigure their strategies. Furthermore, the findings extend the Dynamic Capabilities perspective by showing how SMEs can integrate sensing, seizing, and transforming within short time horizons to create sustainable advantages under uncertainty (Teece, 2018).

The application of Real Options Reasoning (ROR) offers a conceptual framework for understanding Casa del Constructor's strategic pivots. Decisions such as expanding into a second store, entering new geographic markets, and investing in production facilities represent "options" designed to preserve flexibility while limiting downside risks (Leonidou et al., 2022). These options allow SMEs to respond to volatile market conditions without committing prematurely to irreversible strategies.

The Casa del Constructor case offers several lessons for SME managers in developing economies:

1. Diversify suppliers and leverage inward internationalization: Actively importing from multiple sources can enhance bargaining power, secure better margins, and build knowledge of global markets.
2. Adopt adaptive frameworks: Embedding sensing, seizing, and transforming capabilities ensures strategic agility in response to disruptions.
3. Invest in vertical integration: Establishing partial control over production, as planned through roofing material manufacturing, can reduce dependency on unstable foreign supply chains.
4. Develop financial resilience: Maintaining liquidity buffers and optimizing cash flow management prepares SMEs for periods of prolonged uncertainty.

The findings emphasize the need to strengthen institutional support mechanisms. SMEs require access to reliable trade facilitation services, financial relief programs, and stable regulatory environments to enhance competitiveness during crises (World Bank, 2023).

#### A. RESEARCH FINDINGS

#### INTEGRATION OF THEORY AND FINDINGS

The findings from the Casa del Constructor case study illustrate how SMEs in emerging markets adapt their strategies and capabilities to navigate significant disruptions. By integrating multiple frameworks—the Uppsala Model, Resource-Based View, Dynamic Capabilities, and the Global Value Chain (GVC) framework—the thesis provides a comprehensive explanation of both the processes and outcomes of Casa del Constructor's strategic transformation.

First, the Uppsala Model highlights how Casa del Constructor's gradual shift towards inward internationalization, aligned with experiential learning and network development, helped the company acquire international suppliers, improve products, and gain market knowledge. Through importing, the company strengthened relationships with suppliers, enhanced its product offerings, and gained vital market knowledge, all while reducing its liabilities associated with local suppliers.

Secondly, the Resource-Based View underscores how Casa del Constructor's relational capabilities with suppliers became valuable resources, positioning the company for sustainable competitiveness.

Thirdly, the Dynamic Capabilities framework highlights how Casa del Constructor identified risks, seized international opportunities, and transformed its operations to remain resilient during the COVID-19 pandemic, as well as subsequent supply disruptions and price wars.

Furthermore, the future strategy aligns with a robust plan, exemplified by Casa del Constructor's vertical integration into small-scale manufacturing, reflecting functional upgrading within the GVC framework. This demonstrates how SMEs can leverage imports not only for survival but also for strategic growth. Collectively, these findings showcase that inward participation in GVCs, combined with capability building, enables SMEs in emerging markets to withstand disruptions and proactively seek new opportunities for growth.

- ***How can SMEs in emerging markets leverage importing as an adaptive internationalization strategy to enhance resilience, competitiveness, and long-term sustainability during periods of disruption?***

For SMEs in emerging markets, inward internationalization (importing) serves as a strategic pathway to enhance resilience and competitive positions when facing different challenges. This allows SMEs to diversify suppliers and mitigate local dependency,

access higher quality and cost-effective products that improve product diversification and margins and acquire new knowledge.

Furthermore, the GVC framework highlights that inward internationalization enabled SMEs to enter global supplier networks, which fostered upgrading capabilities, operational efficiency, and product differentiation. For example, Casa del Constructor's import activities allowed it to bypass domestic distributors and secure better inventory management and pricing.

- ***What adaptive strategies and capabilities enable SMEs to survive and grow amid systemic shocks such as pandemics, trade wars, and geopolitical instability?***

SMEs in emerging markets survive systemic shocks by deploying multi-level adaptive strategies that are supported by key capabilities.

Resilience Strategies: Diversification of suppliers, flexible pricing, digitalization, and product portfolio adjustments

Dynamic Capabilities: Sensing risk early, seizing alternative opportunities, and transforming routings to stabilize performance during volatility

Relational Capabilities: Building new trust-based partnerships with global suppliers that will ensure continuity and preferential treatment

Real options Reasoning: making incremental commitments while preserving flexibility to reduce risk exposure and scaling options.

- ***How did Casa del Constructor specifically navigate the challenges of COVID-19 and subsequent disruptions to transition from a domestic distributor to an importer?***

Casa del Constructor faced severe operational and financial shocks during the COVID-19 pandemic. Mandatory closures, domestic price wars, and obligations to loans and suppliers forced the company to implement a multi-level strategy, including workforce retention, inward internationalization, product differentiation, and strategic growth through opening a new store.

- ***What managerial lessons can be drawn from the Casa del Constructor experience to guide SMEs in a similar emerging market context?***

Actions taken by Casa del Constructor offer valuable lessons for SMEs operating in emerging markets. Key insights include: diversifying sourcing strategies by integrating into global supplier networks to stabilize investments and margins; prioritizing relational trust with foreign suppliers to secure preferential treatment; and investing in capability building, import management, logistics, and acquiring new knowledge to identify new opportunities and enhance value-added practices.

## B. RECOMMENDATIONS FOR FUTURE RESEARCH

This thesis examined how a family-owned SME in an emerging market leveraged inward Internationalization—specifically importing—as an adaptive strategy for resilience and competitiveness, and long-term sustainability. While these insights provide a valuable example of Casa del Constructor, future research could expand and compare similar SMEs.

Broader research across multiple industries and countries would help evaluate whether the capability-building mechanism employed in this case study, such as supplier relationships, functional upgrading, and dynamic capabilities, applies consistently to SMEs operating under different institutional environments. Moreover, incorporating quantitative analysis — measuring the financial impact of inward internationalization on performance, productivity, and resilience — would complement the qualitative insights nicely and strengthen the evidence presented in this thesis. Such findings would help persuade policymakers to implement policies to support SMEs in global markets.

## SECTION V. TEACHING NOTES

Case Study: Casa del Constructor — Adaptive Strategies, Inward Internationalization, and Resilience Amid Global Disruptions

### A. CASE OVERVIEW

This case examines the adaptive journey of Casa del Constructor, a Honduran SME operating in the construction materials sector. Founded in 2010 after the restructuring of an agribusiness, the company steadily became a relevant regional supplier of hardware and construction products. However, the onset of the COVID-19 pandemic (2020) severely disrupted operations, forcing two months of closure and creating significant cash flow challenges, supplier pressure, and employee insecurity.

The case further explores how inward internationalization (through imports) and adaptive strategies enabled Casa del Constructor to recover, grow, and diversify. By 2021, the firm

opened a second store and grew annual revenues from L48 million in 2019 to L155 million in 2024. Building on this success, the company planned a third expansion involving vertical integration into roofing material manufacturing, leveraging imports of Aluzinc coils to transform raw materials into value-added products.

This case integrates theoretical perspectives from internationalization, dynamic capabilities, resilience, and real options reasoning to provide actionable managerial insights for SMEs operating under persistent uncertainty.

## B. LEARNING OBJECTIVES

- Understand adaptive strategies for SMEs facing systemic shocks such as pandemics, geopolitical instability, and trade disruptions.
- Analyze inward internationalization as a pathway for SMEs in developing economies to build competitiveness and global capabilities (Leonidou et al., 2022).
- Apply the Uppsala Model to assess gradual knowledge acquisition through imports and supplier relationships (Johanson & Vahlne, 2009).
- Evaluate the role of dynamic capabilities — sensing, seizing, and transforming resources — in enabling SMEs to pivot strategies quickly (Teece, 2007).
- Assess the managerial dilemmas SMEs face when balancing short-term survival with long-term growth ambitions.

## C. THEORITICAL RELEVANCE

The Casa del Constructor case integrates multiple theoretical frameworks:

**Uppsala Model of Internationalization:** Firms gradually expand internationally as they learn incrementally through market experiences. Casa del Constructor illustrates this process by starting with imports, building knowledge of suppliers, logistics, and foreign standards before investing in vertical integration (Johanson & Vahlne, 2009).

**Dynamic Capabilities Framework :** Casa del Constructor demonstrates sensing opportunities in volatile environments (identifying gaps in roofing materials), seizing opportunities via strategic imports, and transforming its business model by adding production capabilities — aligning closely with Teece’s (2007) three-stage capability framework.

Real Options Reasoning (ROR): The decision to open a second store, explore vertical integration, and invest in production capacity can be viewed as “real options” designed to retain strategic flexibility while managing risks under uncertainty (Leonidou et al., 2022).

Business Resilience Theories: Casa del Constructor highlights organizational resilience through adaptive decision-making and resource reconfiguration, enabling the firm to endure shocks while positioning for growth (Bhamra et al., 2011; OECD, 2021).

#### D. DISCUSSION QUESTIONS

How does Casa del Constructor’s inward internationalization align with the Uppsala Model? Where does it diverge?

What role do dynamic capabilities play in Casa del Constructor’s growth and future competitiveness?

In highly volatile markets like Honduras, what risks and rewards are associated with vertical integration into production?

Could Casa del Constructor’s strategies be applied to other SMEs in developing economies, or are they context-specific?

#### E. TEACHING STRUCTURE

- Case Introduction (15 minutes): Present Casa del Constructor’s background and pandemic challenges.
- Theory Integration (20 minutes): Connect adaptive strategies, internationalization models, and dynamic capabilities.
- Class Discussion (25 minutes): Reflect on managerial dilemmas and apply theories to real-life SME challenges.

APPENDIX & TABLES

Table 2: Theories & Frameworks used in Literature Review Summary

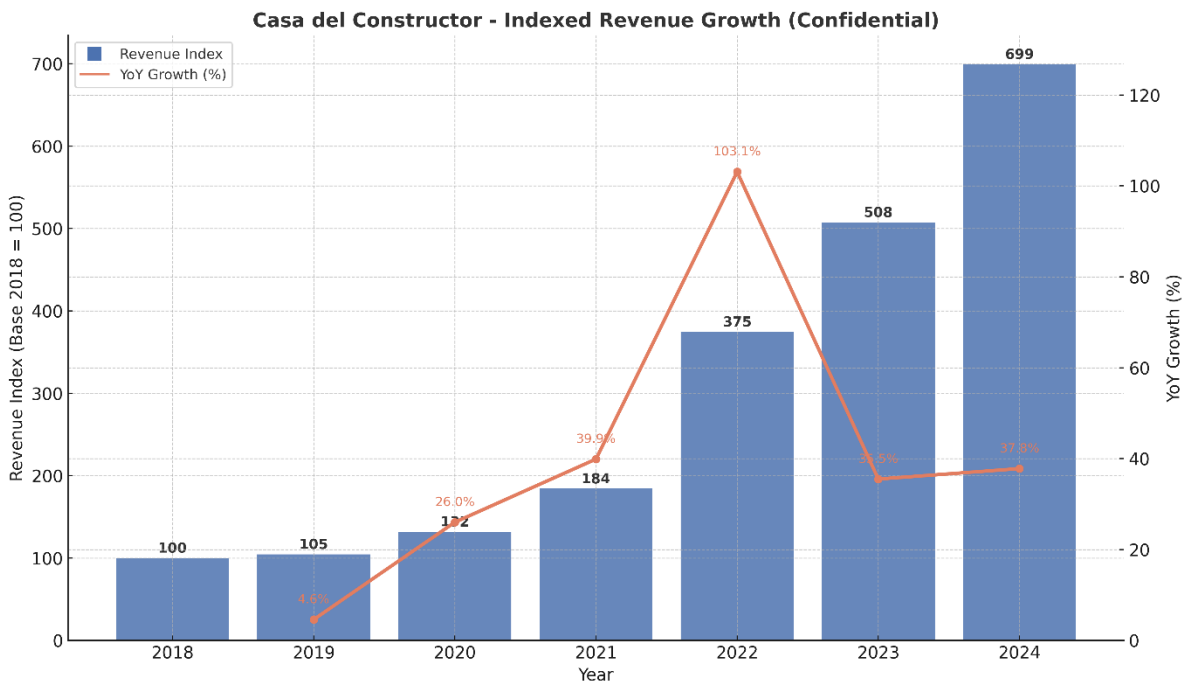
Framework / Theory	Core Idea	Relevance to SMEs	Key Authors / Sources
<b>Uppsala Model</b>	Internationalization proceeds incrementally via experiential learning and network positions.	Explains cautious, staged inward moves (e.g., importing) under uncertainty.	Johanson & Vahlne (2009)
<b>Dynamic Capabilities (DCs)</b>	Firms sense–seize–transform to adapt in changing environments; supported by microfoundations.	Guides adaptive strategy building under shocks (pandemic, trade wars).	Teece (2007); Teece (2004 overview). (
<b>Resource-Based View (RBV)</b>	Sustained advantage from <b>VRIN</b> resources (valuable, rare, inimitable, non-substitutable).	Frames importing as capability/knowledge creation (networks, logistics).	Wernerfelt (1984); Barney (1991).
<b>Global Value Chains (GVC)</b>	Participation and upgrading (process, product, functional) via global linkages.	Shows routes to resilience & competitiveness via inward participation.	Gereffi, Humphrey & Sturgeon (2005); Humphrey & Schmitz (2002).
<b>Real Options Reasoning (ROR)</b>	Use staged, flexible commitments to manage uncertainty.	Justifies pilot imports and scalable sourcing under volatility.	Trigeorgis (1996).
<b>Process-Oriented Resilience (Duchek)</b>	Three stages: Anticipation → Coping → Adaptation; each with specific capabilities (e.g., scanning, improvisation, learning).	Provides a process lens to design pre-, during-, and post-shock routines.	Duchek (2020)
<b>Nested Capabilities</b>	Capabilities are nested: micro foundations (managerial/individual) → organizational routines (ordinary/operational) → dynamic capabilities; multi-level interplay.	Helps map how SME resilience emerges from individuals → teams → org routines.	Teece (2007/2004)
<b>PESTEL</b>	Scan Political, Economic, Social, Technological, Environmental, Legal factors shaping strategy.	Structures the macro-context for SME risks and opportunities (e.g., Honduras).	Aguilar (1967); Johnson, Scholes & Whittington (2017)

Table 3: Sales Growth 2018-2025 (Projected)

**CASA DEL CONSTRUCTOR SALE GROWTH IN MILLIONS OF LEMPIRAS**

Year	Sales (Lempiras M)	Sales (USD M)	YoY Growth (%)
2018	41.4	1.57	—
2019	46.1	1.75	11.30%
2020	60.4	2.3	31.00%
2021	127	4.84	110.30%
2022	140.02	5.34	10.20%
2023	144.02	5.49	2.90%
2024	154.8	5.9	7.50%
2025*	165–175	6.3–6.7	7%–13%

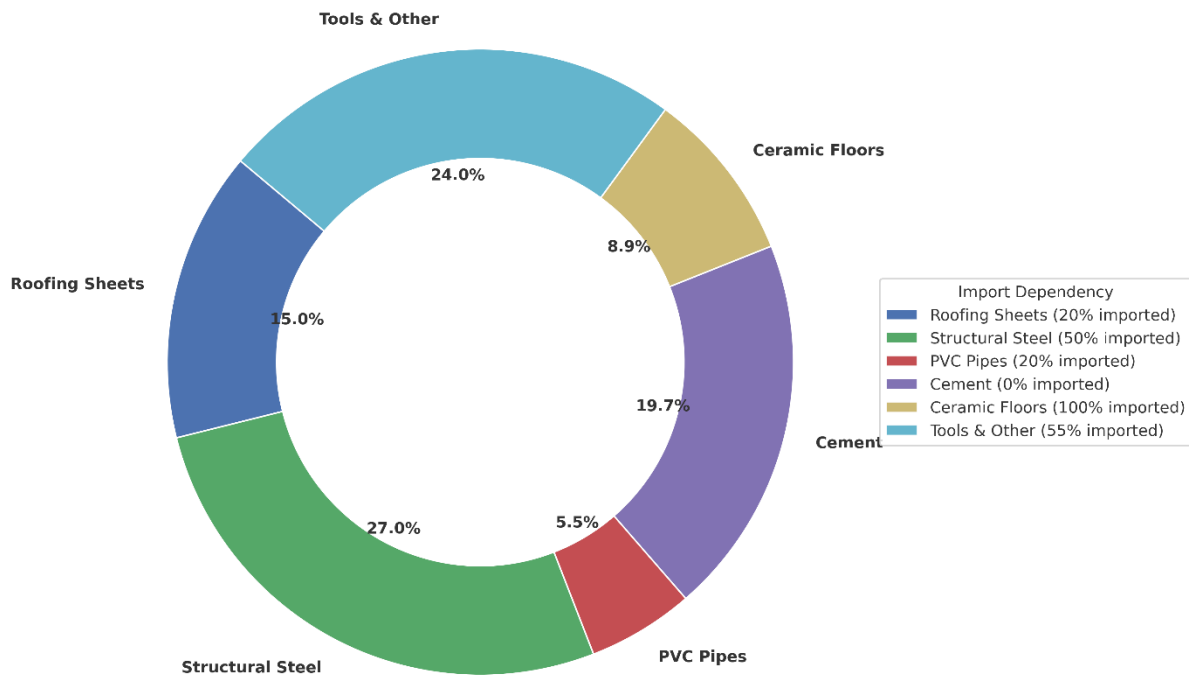
Figure 3: Margin Improvement Growth 2018-2014 (Revenue Indexed)



Note: The graph uses 2018 as the base value (100) to illustrate revenue growth over the years, as actual values are confidential.

Figure 4: Product Category Distribution and Imports

Casa del Constructor - Product Category Contribution (2024)



Note: This chart highlights sales and the percentage they represent of the revenue, as well as the percentage of each category that is imported.

Table 4: Resilience Comparison

Note: This table compares key resilience factors discussed in the literature and observed in the case of Casa del Constructor.

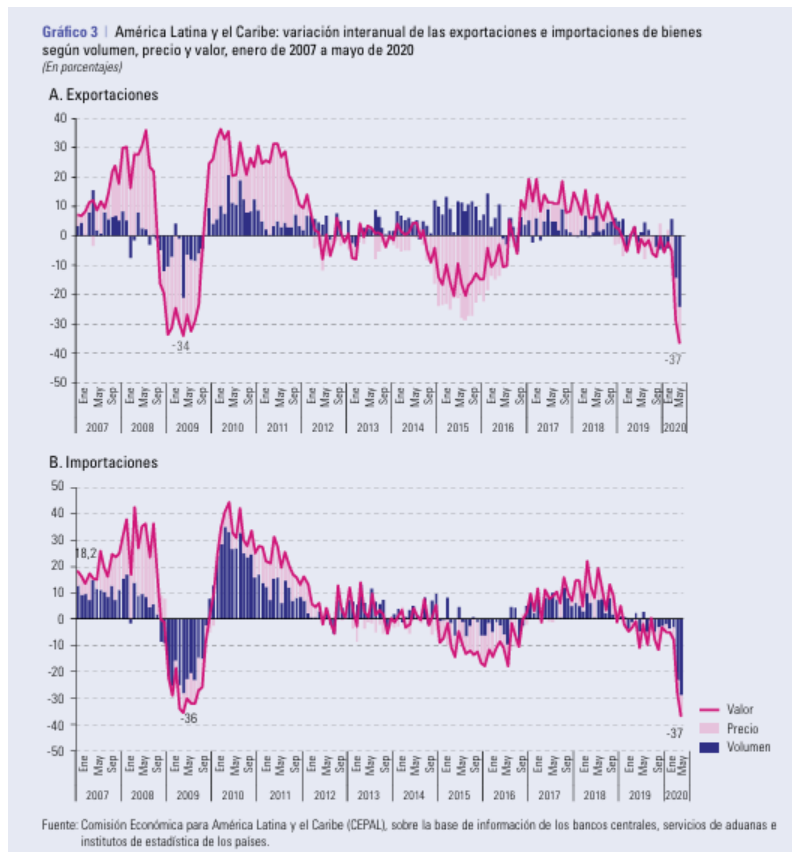
Resilience Factor	What Literature Predicts	What Casa del Constructor Did	Insights / Gap
<b>Supply Chain Flexibility</b>	Firms diversify suppliers gradually, often within domestic markets first, and then look abroad.	Shifted quickly to international suppliers during 2020–2021, bypassing gradual steps.	Crisis accelerated adaptation beyond traditional gradualist models.
<b>Digitalization</b>	Digital tools are being gradually integrated to enhance efficiency over time.	Adopted WhatsApp ordering and rapid ERP updates to manage inventory	SMEs can leapfrog their digital adoption when faced with a crisis.

		and client communication.	
<b>Financial Resilience/restructuring</b>	Improved margins by importing products , and cost control was achieved through building multiple capabilities	Leveraged imports to reduce costs and improve cash flow resilience.	Highlights the importance of a proactive financial strategy, not just conservative cost control.
<b>Strategic Partnerships</b>	Formal alliances and networks are recommended for resource access.	Built networks with global suppliers and partners.	Relationships are most effective to SME resilience capability building

*Table 5: Import Saving Example*

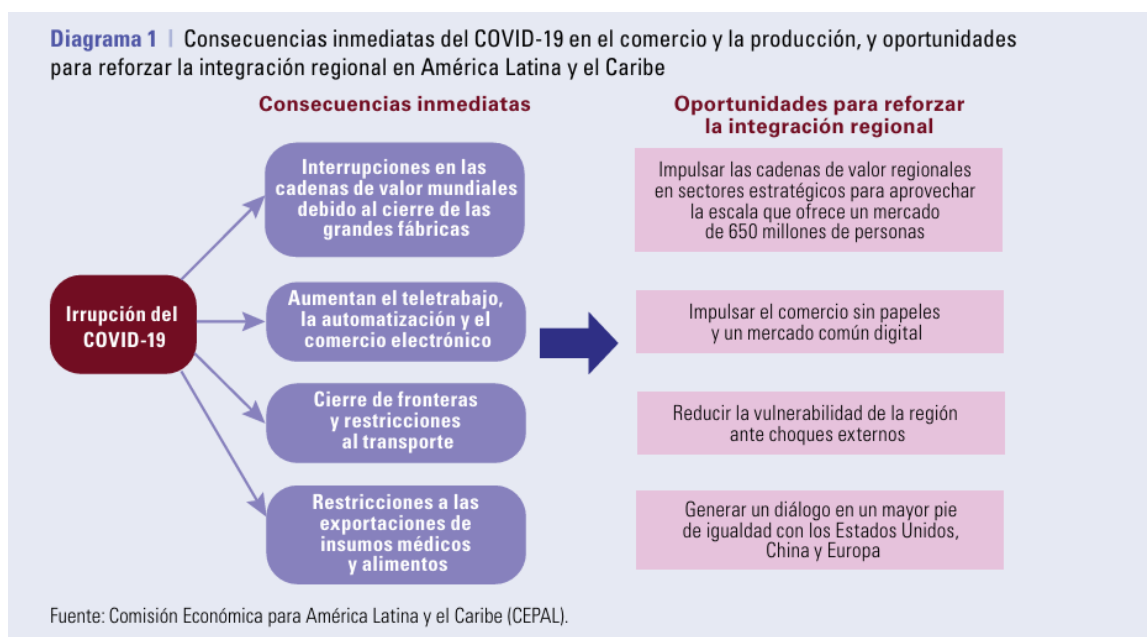
<b>IMPORT SAVING IMPACT- EXAMPLE OF 3 PRODUCTS</b>							
<b>Product</b>	<b>Unit</b>	<b>Old Local Price (L)</b>	<b>Imported + Logistics (L)</b>	<b>Unit Savings (L)</b>	<b>Savings %</b>	<b>Annual Quantity</b>	<b>Total Annual Savings (L)</b>
<b>Structural Steel</b>	ton	HNL 38,400	HNL 25,900	HNL 12,500	32.6	1000	HNL 12,500,000
<b>Roofing Sheets</b>	ton	HNL 37,000	HNL 22,500	HNL 14,500	39.2	300	HNL 4,350,000
<b>Ceramic Floors</b>	m <sup>2</sup>	HNL 300	HNL 200	HNL 100	33.3	38000	HNL 3,800,000

Figure 5: Latin America Import/Export Variations



Source: CEPAL “Efectos del Covid”

Figure 6: COVID-19 Consequences in Commerce and Production



Source: CEPAL “Efectos del Covid”

*Figure 7: Interview Questionnaires*

Questionnaire for Owner:

1. How would you describe Casa del Constructor's growth trajectory since 2018?
2. What strategic decisions led to expanding into imports and inward internationalization?
3. How were suppliers and product lines selected?
4. How did the pandemic affect operations, sales, and supply chains?
5. What changes in sourcing, pricing, or inventory management were implemented?
6. How did management prepare for uncertainty and risk?
7. What internal capabilities were critical in adapting to disruptions?
8. What are the main goals for 2025 and beyond?
9. Are there plans to further expand international partnerships?

Questionnaire for Employees:

1. How long have you been working at Casa del Constructor?
2. What are your main daily tasks?
3. How did your responsibilities change during the pandemic?
4. What was the biggest operational challenge you faced?
5. How did the introduction of imported products affect your work?
6. Have customers noticed any differences in product availability or pricing?
7. Do you feel management provided enough information during the supply chain changes?
8. What additional support would have helped you adapt better?

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