

Activating resilience: how persistent adversity drives entrepreneurial team adaptation

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Abstract

Purpose – This study examines how entrepreneurial team resilience develops amid persistent adversity, focusing on mechanisms through which teams move between resilience states as the novelty, disruption and criticality of adversity change over time.

Design/methodology/approach – Guided by event system theory (EST), we conducted a qualitative study based on 62 retrospective interviews with members of 39 entrepreneurial teams in China. Respondents reconstructed their experiences across multiple phases of the three-year COVID-19 pandemic, enabling us to examine how resilience changed over time.

Findings – We find that resilience develops through a sequence of state transitions as the attributes of adversity change, with each transition linked to a distinct mechanism. From a latent state, high novelty and disruption prompt improvisational adaptation, leading to foundational resilience. Sustained disruption and rising criticality trigger relational and cognitive integration, which consolidates resilience. When adversity becomes highly critical, teams rely on shared vision to sustain commitment and redirect collective action (meaning-based adaptation). As adversity subsides, teams embed and recalibrate these capacities into a stronger latent resilience capacity than before the crisis.

Originality/value – This study explains how changes in the attributes of adversity prompt mechanisms that drive teams through successive resilience states. The process model highlights the transformed latent state, through which teams rebuild latent capacity at a higher level. We reframe team resilience as a cumulative, path-dependent process.

Keywords Persistent adversity, Entrepreneurial teams, Team resilience, Event system theory, Process perspective

Paper type Research article

1. Introduction

Entrepreneurial ventures often operate under conditions of high uncertainty and limited resources (Giménez-Fernández *et al.*, 2020). When confronted with persistent adversity, such

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as prolonged macroeconomic downturns, structural geopolitical changes, or global health crises, these ventures face sustained pressure to survive. Unlike abrupt, episodic shocks that demand rapid, short-term responses (Liu and Harms, 2025; Parker and Ameen, 2018), persistent adversity is enduring. This exposes ventures to continuous strain on internal functioning (Shepherd and Williams, 2020). For new ventures, the capacity to adapt and continue to function under such conditions becomes critical for survival (Hartmann et al., 2025; Preller et al., 2023; Shepherd et al., 2021). In early-stage ventures, this capacity depends on the founding team, where members coordinate, make sense of uncertainty, and act collectively, often without the established routines and structures of mature organizations (Klotz et al., 2014; Shepherd et al., 2023). Therefore, understanding how ventures endure persistent adversity requires closer attention to resilience at the team level.

We define team resilience, hereafter resilience, as a team's collective capacity to continue functioning after disruption and to adapt through coordinated action under uncertainty (based on Stoverink et al., 2020). Recent research increasingly understands this capacity as developing over the course of adversity (Hartmann et al., 2025). Research on team resilience has largely relied on factor-based studies that identify the antecedents to resilience outcomes at particular points in time (Van de Ven, 2007). Within this tradition, scholars have isolated key antecedents such as heterogeneous knowledge resources (Liu et al., 2023), collective human capital (Protogerou et al., 2022), pre-existing efficacy beliefs (Chen and Zhang, 2021), and team coordination structures (Klein, 2025; Ranucci and Wang, 2024). These factor-based studies are well-suited to explaining *which* resources and capacities enable teams to continue functioning after discrete shocks, and they provide a foundation for process-oriented inquiry.

However, focusing on antecedents and outcomes provides only a partial view of resilience. It offers less insight into how these resources and capacities are used and reconfigured as adversity develops. Under persistent adversity, teams do not merely use resources; they continuously adapt their coordination and cognitive patterns in response to changing environmental conditions (Preller et al., 2023). Understanding resilience under persistent adversity, therefore, requires a mechanism-based account of how teams move between resilience states as adversity changes.

In response, a growing body of research has adopted a process perspective, recognizing resilience as an evolving phenomenon (Conz and Magnani, 2020; Hartmann et al., 2025; Williams et al., 2017). While this process perspective has advanced understanding of resilience, two issues remain underdeveloped. First, existing process research focuses on team responses while treating adversity as a relatively fixed background condition (Branzei and Fathallah, 2023; Smith et al., 2024), rather than analyzing how the intensity and character of adversity change over time. Second, although these models clarify important resilience dynamics, they have not yet fully specified how changes in the attributes of adversity make prevailing adaptive patterns insufficient and lead teams to rely on qualitatively different mechanisms (Chen and Zhang, 2021; Hartmann et al., 2025; Preller et al., 2023; Williams et al., 2017). What remains less clear is how changes in adversity itself prompt a team's transition from one resilience state to the next. Our study extends these process accounts by examining how entrepreneurial team resilience evolves. We ask *how entrepreneurial team resilience evolves amid persistent adversity, and what mechanisms drive transitions between successive resilience states*. We use Event System Theory (EST) (Morgeson et al., 2015; Roulet and Bothello, 2023) to conceptualize adversity as a dynamic configuration of event attributes – novelty, disruption, and criticality – that vary and trigger adaptive responses. Empirically, we conducted a qualitative study based on retrospective interviews with 39 entrepreneurial teams (62 interviews) in China. Respondents reconstructed their experiences across multiple phases of the three-year COVID pandemic, enabling us to examine how resilience changed over time.

Our analysis shows that resilience develops as a sequence of state transitions, each triggered by a change in the attributes of adversity and associated with a distinct mechanism. From a latent state, teams progress through foundational, consolidated, and transformational resilience as adversity escalates from acute novelty and disruption to sustained disruption,

rising criticality, and ultimately threatens venture survival. His activates improvisational adaptation, relational and cognitive integration, and meaning-based adaptation. As adversity recedes, these capacities become incorporated into a transformed latent state, indicating that teams develop a stronger latent capacity.

These findings advance the literature on entrepreneurial team resilience in three ways. First, building on work that conceptualizes resilience as dynamic, we specify the mechanism-based logic of resilience state transitions, tracing how changing configurations of novelty, disruption, and criticality make prior responses insufficient and prompt new forms of coordinated adaptation. Second, by integrating event system theory, we reframe adversity as a dynamic event system that shapes the development of resilience. Third, we extend recovery-oriented accounts by theorizing the transformed latent state, in which teams develop a stronger latent capacity. This reframes team resilience as a cumulative, path-dependent process.

2. Theoretical background and literature review

2.1 Entrepreneurial team resilience: from antecedents and process to the mechanisms of state transitions

Although team resilience shares features with individual resilience, it differs because high task interdependence requires coordination and collaboration to sustain collective functioning (Stoverink *et al.*, 2020). Building on this work, we understand team resilience as a team's collective capacity to continue functioning after disruption and to adapt through coordinated action under uncertainty (Stoverink *et al.*, 2020; Hartmann *et al.*, 2025). For entrepreneurial teams, this capacity is shaped by structural constraints such as "liability of newness" and "liability of smallness". These constraints limit their ability to establish routines, gain legitimacy, and secure necessary resources (Giménez-Fernández *et al.*, 2020) and expose them to challenges less typical of established organizational teams (Jin *et al.*, 2017; Klotz *et al.*, 2014; Shepherd *et al.*, 2023). Prior research has generated important insights into team resilience, particularly by identifying its key antecedents. Within this antecedent tradition, two complementary perspectives are particularly relevant here.

First, a *resource-based perspective* emphasizes human and social capital that enables teams to withstand adversity. Studies in this tradition demonstrate that heterogeneous team composition—combining technical, managerial, and marketing knowledge—enhances adaptive capacity during adversity (Beckman, 2006; Protogerou *et al.*, 2022). Similarly, research on intra-team knowledge dynamics reveals how diverse knowledge and knowledge exchange help teams respond flexibly (Liu *et al.*, 2023).

Second, a *capacity-based perspective* focuses on collective beliefs and coordination mechanisms that support adaptation. Within this view, team resilience efficacy, the shared belief in a team's ability to overcome setbacks, is a key predictor of performance recovery (Chen and Zhang, 2021; Ranucci and Wang, 2024; Liu and Harms, 2025). Structural arrangements, such as coordination routines and team-level control mechanisms, further support information sharing and collective action under pressure (Klein, 2025).

Taken together, these two perspectives provide a strong foundation for understanding the *antecedents* of resilience, highlighting the resources and capacities teams use at a given point in time (Alliger *et al.*, 2015; Ranucci and Wang, 2024). However, because they link resilience-related resources and capacities to outcomes, this antecedent-focused tradition offers limited insight into how resilience-related resources and capabilities are used and reconfigured as adversity develops. This limitation is especially consequential under persistent adversity, where challenges are not isolated but ongoing: teams cannot simply use a fixed stock of resources; they must continuously adapt, reconfigure, and renew their modes of coordination and cognition (Preller *et al.*, 2023; Hartmann *et al.*, 2025). For entrepreneurial teams in particular, limited resources intensify this dynamic, as sustained strain can deplete capacities and demand qualitative changes in how teams organize and act (Giménez-Fernández *et al.*, 2020; Shepherd and Williams, 2020).

In response, a growing literature has enriched our understanding of resilience as a process, complementing the earlier work focused on resources and capacities by tracing how resilience develops before, during, and after adversity (Williams *et al.*, 2017; Fisher *et al.*, 2023). Complementary research streams highlight different facets of this process. First, a *relational* lens focuses on how teams maintain and restore the relationships needed for collective functioning through caring practices such as understanding, being with, doing for, and enabling (Hartmann *et al.*, 2025), and through relational pauses that allow groups to recover together (Barton and Kahn, 2019). This work broadens resilience research beyond its earlier emphasis on cognitive mechanisms. A *cognitive-emotional* stream of research shows how teams make sense and create distance from adversity, and how different modes of distancing and psychological closure lead to different outcomes, including failure, restoration, or reinvention. This stream therefore emphasizes the path dependence of resilience building (Preller *et al.*, 2023; Williams and Shepherd, 2016). A third lens conceptualizes resilience as an *emergent capacity* that develops as emergent states such as cohesion, trust, and psychological safety help teams recognize, access, and integrate their resources, thereby reducing the negative performance effects of adversity (Gucciardi *et al.*, 2018; Bisbey *et al.*, 2025).

Across these research streams, the dynamic nature of team resilience is now well recognized, and several mechanisms through which teams respond to adversity have been identified. What remains under-specified is how changes in adversity itself alter the mechanism required at a given moment. In these accounts, adversity is often conceptualized as a starting condition, such as a loss event (Hartmann *et al.*, 2025), a destabilizing exit (Preller *et al.*, 2023), or a stressor whose severity is measured (Bisbey *et al.*, 2025). Although several accounts show how one episode conditions the next, the evolving character of adversity itself is not yet the explanatory focus, even in process work set amid prolonged adversity (Shepherd *et al.*, 2020). This gap is also evident in recent literature, which recognizes that understanding team resilience requires understanding adversity (Bisbey *et al.*, 2025). A key next step is to connect team response mechanisms to changes in adversity itself. Addressing this requires conceptualizing adversity not as a stable contextual condition but as an evolving phenomenon whose attributes change and alter what adaptation demands, as we explain next.

2.2 Persistent adversity as an evolving event system

Persistent adversity differs from the discrete, abrupt shocks typically examined in resilience research (e.g. Parker and Ameen, 2018). It unfolds as a temporally extended sequence of interconnected disruptions (Preller *et al.*, 2023; Shepherd and Williams, 2020). While EST (Morgeson *et al.*, 2015) is traditionally applied to discrete events, its underlying theoretical argument is well-suited to analyze prolonged adversity. At its core, EST treats events as phenomena that vary in strength and develop within broader event sequences in which earlier events condition later ones. This temporal orientation makes the theory well-suited to settings where adversity is sustained. Central to this orientation is EST's account of *changes in event strength*: events increase or decrease in novelty, disruption, and criticality as they develop, and this trajectory, not only their average strength, shapes how strongly they affect behavior (Morgeson *et al.*, 2015). Persistent adversity can be conceptualized as sustained adversity, making EST particularly useful for analyzing a multi-wave crisis whose strength changes over time. Consistent with recent applications to long-lasting disruptions (Roulet and Bothello, 2023), we conceptualize persistent adversity as an evolving event system – an extended sequence of related sub-events characterized by fluctuating levels of novelty, disruption, and criticality.

To clarify our theoretical boundaries, we use EST to conceptualize the adverse environment, rather than the resilience response itself. We use EST's attribute framework (novelty, disruption, criticality) to characterize each phase of adversity, relying on its core premise that changes in event strength make prior routines insufficient (Morgeson *et al.*, 2015; Strizver and Ployhart, 2024). *Novelty* reflects the extent to which an event differs from the

team's prior experience, *disruption* captures its impact on ongoing activities, and *criticality* indicates its importance for the venture's long-term viability and core goals (Morgeson *et al.*, 2015).

In our model, the core relationships—specifically, how distinct configurations of event attributes trigger specific resilience mechanisms, and how these mechanisms subsequently support transitions between resilience states – are not specified by EST itself; they are developed inductively from our data. These relationships are the explanatory core of our model because they show how changes in adversity attributes are associated with mechanisms through which teams move between resilience states. In particular, while EST posits that changes in event strength shape an event's impact, our contribution is to show how such changes are associated with distinct resilience mechanisms, thereby helping explain transitions between states.

3. Research method

3.1 Research setting

To investigate how team resilience evolves under persistent adversity, we used a qualitative, multiple-case study design (Eisenhardt, 1989; Yin, 2013). This approach is well suited for developing theory grounded in rich, contextualized evidence and enables theoretical replication through cross-case comparison. We combined inductive case logic with a process-theorizing orientation (Langley *et al.*, 2013), which allowed us to examine how resilience develops through sequences of events and adaptive responses.

Guided by EST (Morgeson *et al.*, 2015), we conceptualized persistent adversity as a dynamic sequence of related events characterized by varying levels of novelty, disruption, and criticality. This temporal perspective allowed us to trace how changes in environmental conditions are associated with entrepreneurial team responses and to examine the mechanisms that underlie the development of resilience.

The empirical setting was the COVID pandemic in China (December 2019 to December 2022). This context provided an appropriate empirical setting of persistent adversity that developed through multiple phases, each marked by varying degrees of novelty, disruption, and criticality. These temporal variations provided a suitable setting to examine how entrepreneurial teams adapt across different stages of prolonged adversity. Figure 1 outlines the overall research design.

	Research Setting	Case Selection	Data Collection	Data Analysis
Objective	A stage-varying adversity commonly faced by entrepreneurial teams	Entrepreneurial teams that experienced persistent adversity (surviving and non-surviving cases)	Primary and secondary data triangulation	Generic model and Process model
Details	Reasons: - A national crisis commonly experienced by entrepreneurial teams supporting a multiple-case study; - The varying stages of the adversity allow us to understand the dynamic evolution of team resilience.	Requirements: - Geographic and industry diversity to mitigate regional and sectoral confounds; - Inclusion of three analytically distinct groups: pre-pandemic surviving, pre-pandemic non-surviving, and pandemic-founded ventures; - Each team consists of two or more active members.	Operation: - Semi-structured interviews; - Recorded interviews from other sources; - News and reports from the company website; - Reports from business media; - Supplementary interviews with ventures established during the pandemic.	Steps: - With-case analysis: - to identify events and categorize adversity intensity (cross-referenced with objective milestones to mitigate perceptual bias), - to delineate the process of persistent adversity for each entrepreneurial team. - Cross-case analysis: - systematically coded team resilience; - to generate a model to understand team resilience during different stages
Result	The COVID pandemic in China	39 entrepreneurial teams: (i) 30 ventures founded prior to the pandemic (21 surviving and 9 non-surviving), (ii) 9 ventures founded during the pandemic (6 surviving and 3 non-surviving).	62 semi-structured interviews (2,971 minutes of audio)	Process model of entrepreneurial team resilience evolution

Figure 1. Methodological strategies. Source: Authors' own work

3.2 Case selection and data collection

We selected 39 entrepreneurial teams across 12 cities and multiple industries in China to ensure geographic and industry variation (see [Table 1](#) for details). Following the definition of entrepreneurial teams ([Klotz et al., 2014](#)), and in line with research showing that early-stage ventures are often founded and managed by dyads ([Ensley et al., 2002](#); [Ruef et al., 2003](#)), 30 out of 39 teams had two core members. A dyad is the smallest configuration in which team-level interaction, coordination, and shared sensemaking can be observed ([Alliger et al., 2015](#); [Hartmann et al., 2020](#)). Therefore, we included only entrepreneurial teams with at least two active members.

The data included three analytically distinct groups. First, 21 surviving ventures founded before the pandemic were the primary cases for our process model. Second, 9 non-surviving ventures founded before the pandemic—identified and recruited through the same entrepreneurial networks and incubators—were comparative cases to reduce survivor bias. Rather than treating these cases as explanations of venture failure, we use them to identify where resilience transitions remained incomplete, thereby clarifying the mechanisms underlying resilience development. Third, a supplementary set of 9 ventures (6 surviving and 3 non-surviving) founded during the pandemic (2020–2022) was included to explore how resilience processes develop when teams are formed directly under adverse conditions.

Primary data were collected through 62 semi-structured interviews (39 teams), yielding a total of 2,971 min of audio recordings. Interviews were conducted between March and June 2023 and used retrospective reconstruction of team experiences across multiple phases of the pandemic. The interview protocol covered firm and team background, a chronological account of the pandemic's impact, the team's responses to adversity, and reflections on resilience (see [Appendix 1](#)). For 9 cases, we collected basic firm and team information via a pre-interview questionnaire to make more efficient use of interview time. To enhance temporal accuracy, interviews emphasized event sequencing and key moments at which teams changed their responses.

To enhance the validity of the findings, interview data were systematically triangulated with secondary sources, including internal company materials, business media, and public interview records. The extent of triangulation varied across cases due to differences in data availability (e.g. between surviving and non-surviving ventures, see [Table 1](#)). For instance, supplementary data ranged from extensive company news archives (e.g. Team 3) and hours of informal conversations about the COVID period and company background (e.g. Team 1) to instances where no secondary external data were accessible (marked by '/'). Where secondary data were limited, we relied primarily on interview data and used available sources for corroboration. Due to access limitations, 9 of 39 ventures had only one team member participate; in these cases, we used data triangulation more extensively to corroborate the accounts.

3.3 Data analysis

We analyzed the data in two primary stages: *within-case analysis* and *cross-case analysis* ([Eisenhardt, 1989](#)). To strengthen coding reliability, two researchers independently coded a subset of cases using the coding criteria described below. We resolved disagreements by refining coding rules through discussion. The remaining cases were coded by the lead researcher and reviewed by the co-author team.

Within-case analysis: For each venture team, we constructed a detailed process narrative by organizing interview and archival data into a chronological sequence of events. Using ATLAS.ti (version 23), we reconstructed each team's sequence of adversity. We systematically coded each event related to adversity and team response according to the three EST attributes: novelty, disruption, and criticality.

To mitigate retrospective bias, interview accounts were systematically cross-referenced with external temporal markers, such as regional lockdown timelines and macro-level

Table 1. Overview of cases and interviewees

Case	Survive	Anonymized interviewee	Roles of start-up team members	Gender	Relationship before startup	Team members	Date of establishment	Location	Industry	Duration (minutes)	Triangulation source
1	Yes	Adam, Alex	CEO and HR Director	M & F	Friend	3	2013	Hangzhou	E-commerce small home appliances	47, 45	Company internal material, Informal talks (about 3 h)
2	Yes	Brian, Ben	CEO and Design Director	M & F	Colleague and Alumni	4	2017	Hangzhou	Creative Water Design and Manufacturing	115, 35	Company material
3	Yes	Charlie, Chris	CEO and HR Director	M & F	Alumni	5	2015	Hangzhou	Human Resources Consulting	26, 26	Company news (144,166 characters)
4	Yes	David, Dan	CEO and CTO	M & M	Friend	3	2018	Hangzhou	Children's Intelligent Sports Evaluation	64 (group interview)	Informal talks (about 1 h)
5	Yes	Ethan, Eric	CEO and CTO	M & M	Colleague	3	2015	Hangzhou	Ultrasonic welding	37, 31	Company news (21,176 characters)
6	Yes	Fred, Frank	CEO and Marketing Director	F & M	Alumni	3	2012	Ningbo	Educational Consulting	70, 31	Company background info
7	Yes	George, Greg	CEO and Marketing Director	M & F	Alumni	3	2019	Ningbo	Catering Services	69, 20	Informal talks (about 2 h)
8	Yes	Harry, Hank	CEO and CFO	F & M	Friend	2	2019	Jilin	Intelligent software and education	60, 30	Company news (11,415 characters)

(continued)

Table 1. Continued

Case	Survive	Anonymized interviewee	Roles of start-up team members	Gender	Relationship before startup	Team members	Date of establishment	Location	Industry	Duration (minutes)	Triangulation source
9	Yes	Jack, Joe	CEO and HR	M & F	Family	2	2015	Yancheng	Equipment Manufacturing	59, 30	/
10	Yes	Liam, Luke	Director CEO and CTO	M & F	Alumni (supervisor and student)	4	2017	Beijing	Brain Science Equipment and Instruments	53, 20	Company news (82,555 characters), External interviews
11	Yes	Nick, Nate	CEO and Deputy CEO	F & F	Alumni	2	2009	Ningbo	Frisbee Sports Manufacturing	37, 59	Informal talks (about 1 h)
12	Yes	Oliver, Owen	CEO and HR	M & M	Friend	3	2009	Chongqing	Education Consulting	70 (group interview)	External interviews
13	Yes	Quinn, Quincy	Director CEO and HR	M & M	Family	3	2013	Yiwu	E-commerce	45 (group interview)	Informal talks (about 1 h)
14	Yes	Ryan, Roy	Director CEO and Deputy CEO	M & M	Friend	4	2012	Hangzhou	Digital Services	62, 57	Company news (137,742 characters)
15	Yes	Steve, Sam	CEO and Marketing Director	M & F	Friend	2	2019	Chengdu	Multi-channel network service	67, 37	Company internal material
16	Yes	Victor, Vince	CEO and Deputy CEO	F & M	Competitor	2	2012	Shanghai	Human Resources Consulting	65, 55	/

(continued)

Table 1. Continued

Case	Survive	Anonymized interviewee	Roles of start-up team members	Gender	Relationship before startup	Team members	Date of establishment	Location	Industry	Duration (minutes)	Triangulation source
17	Yes	Tom, Tim	CEO and Deputy CEO	M & F	Alumni	2	2019	Beijing	Digital government services	59 (group interview)	Company internal material
18	Yes	Ulysses	CEO	M & M	Alumni	5	2018	Hangzhou	IoT	78	Informal talks (about 1 h)
19	Yes	Caleb, Cara	CEO and CTO	M & M	Alumni	2	2003	Ningbo	Manufacturing	30, 20	Informal talks (about 0.5 h)
20	Yes	Iris, Iantha	CEO and CFO	M & M	Family	3	2000	Shanghai	Education service provider	59, 43	Company internal material
21	Yes	Jasper, Julia	CEO and CFO	M & M	Colleagues	3	2011	Ningbo	Manufacturing	88 (group interview)	/
22	No Stage 2–3	Kevin, Kyle	CEO and HR Director	M	Friend	4	2018	Beijing	Smart Car	36, 47	Informal talks (about 1 h), External reports
23	No Stage 1–2	Mike, Matt	CEO and CTO	M & F	Friend	3	2016	Hangzhou	Business Simulation	60, 55	Informal talks (about 1 h)
24	No Stage 1–2	Peter, Paul	CEO and Deputy CEO	F	Friend	3	2017	Shanghai	Training Consulting	43, 59	/
25	No Stage 0–1	Wallace	CEO	M & F	Colleagues	4	2017	Qingdao	Education service provider	52	Informal talks (about 20 min)
26	No Stage 1–2	Elliot	CEO	M & F	Alumni	4	2009	Ningbo	Logistics	44	/

(continued)

Table 1. Continued

Case	Survive	Anonymized interviewee	Roles of start-up team members	Gender	Relationship before startup	Team members	Date of establishment	Location	Industry	Duration (minutes)	Triangulation source
27	No Stage 0–1	Felix	CEO	M & F	Cooperators	2	2019	Ningbo	Food	60	Informal talks (about 0.5 h)
28	No Stage 1–2	Gavin	CEO	M	Alumni	5	2001	Hangzhou	Education service provider	55	Informal talks (about 0.5 h)
29	No Stage 2–3	Harvey	CEO	M	Cooperators	2	2006	Hangzhou	Photograph	38	/
30	No Stage 0–1	Logan	CEO	F	Alumni	3	2017	Qingdao	Education service provider	80	Informal talks (about 0.5 h)
31	Yes	Ian, Isaac	CEO and HR Director	F	Family	3	2020	Chongqing	Legal Consulting	34, 25	Informal talks (about 1 h)
32	Yes	Vernon, Victorine	CEO and HR Director	M	Alumni	2	2021	Hangzhou	Training	60, 14	Company internal material and Informal talks (about 1 h)
33	Yes	Xavier, Xena	CEO and CTO	M	Alumni	4	2021	Hangzhou	Medicine and Chemical	50, 20	Informal talks (about 0.5 h)
34	Yes	Yannis, Yara	CEO and CTO	M	Alumni	5	2021	Nanjing and Beijing	Biotechnology	40, 30	Company internal material
35	Yes	Zane, Zelda	CEO and CFO	M	Competitor	2	2021	Beijing	Food	60 (group interview)	External interview record (1 h)

(continued)

Table 1. Continued

Case	Survive	Anonymized interviewee	Roles of start-up team members	Gender	Relationship before startup	Team members	Date of establishment	Location	Industry	Duration (minutes)	Triangulation source
36	Yes	Kai, Kara	CEO and Investor	M & F	Ex-cooperators	4	2022	Hangzhou	Design	40, 20	Company internal material
37	No Stage 0–1	Aaron	CEO	F & M	Colleagues	6	2021	Suqian	Manufacturing	50	/
38	No Stage 0–1	Barney	CEO	F & M	Colleagues	2	2021	Ningbo	Multimedia	53	/
39	No Stage 0–1	Derek	CEO	M	Colleagues	3	2020	Ningbo	Manufacturing	47	Company internal material
Source(s): Authors' own work											

developments. This allowed us to align perceived events with externally verifiable milestones. The intensity of each attribute was assessed using a comparative coding approach and categorized as high (“+++”), moderate (“++”), or low (“+”). Specific coding criteria were defined as follows: First, *novelty* was defined as the extent to which an event deviated from a team’s prior experience (from “+” anticipated disruption to “++” substantially unexpected shifts to “+++” unprecedented structural shocks). Second, *disruption* was assessed by the extent to which operations were interrupted (from “+” localized delays to “++” major industry-specific disruptions to “+++” systemic shutdowns). Third, *criticality* was assessed by the severity of the threat to venture survival (from “+” manageable strain to “++” severe cash-flow strain and significant closures to “+++” existential bankruptcy risk). These ratings were calibrated iteratively across cases and time periods to ensure consistency ([Appendix 2](#) provides examples).

Cross-case analysis: We then identified patterns in the evolution of team resilience. To capture temporal dynamics, we used temporal bracketing ([Langley et al., 2013](#)), structuring the data into a pre-adversity phase (Stage 0: latent state) and three successive phases of adversity: acute shock, sustained disruption, and existential threat. To enhance analytical transparency and demonstrate the link between empirical observations and theoretical abstraction, we adopted a Gioia-style data structure ([Gioia et al., 2013](#)). Our analysis proceeded through three iterative coding stages.

First, open coding identified a large set of first-order concepts grounded in the informants’ language. These concepts captured concrete actions and interpretations of how teams responded to evolving adversity (e.g. “we cheered each other on during the hard time”, “they volunteered to help the company survive”, “the company was transparent with us, told us how bad the financial pressure was”, “we began organizing ourselves into smaller groups to improve our understanding of one another”). In total, we generated 1,114 first-order codes that reflected specific adaptive actions across cases. Second, we used axial coding to group these first-order concepts into second-order themes that captured more abstract patterns of collective action. We also examined how these themes emerged in relation to changes in the attributes of adversity (novelty, disruption, and criticality). This helped identify how changes in environmental conditions triggered different forms of adaptation. This process led to the identification of core mechanisms of adaptive response, including improvisational adaptation, relational integration (psychological safety), cognitive alignment (shared mental models), and meaning-based adaptation (shared vision). Finally, through theoretical aggregation, we linked these adaptive response mechanisms to higher-order dimensions representing distinct resilience states. These include the latent capacity state, foundational resilience, consolidated resilience, and transformational resilience, followed by a transformed latent state after adversity subsides. These aggregate dimensions were derived as outcomes of these transition processes, in which changes in adversity attributes triggered corresponding changes in team responses.

[Figure 2](#) presents the resulting data structure, illustrating the progression from first-order concepts to second-order themes and aggregated dimensions. The figure highlights the underlying logic of our model: resilience evolves through a sequence of transitions between phases, shaped by interactions between changing attributes of adversity and team-level adaptive mechanisms. This structured approach ensures that our theoretical claims are grounded in empirical data while retaining the timing and sequence of the observed processes. The data structure in [Figure 2](#) is derived primarily from the trajectories of surviving ventures, which display the full sequence of transitions. Non-surviving ventures were then analyzed as comparative cases to examine where the same second-order themes failed to develop or failed to combine into subsequent aggregate states. They therefore inform the boundary conditions of the process model, even though they do not contribute separate aggregate dimensions. The coding was calibrated iteratively across cases and time periods to ensure consistency.

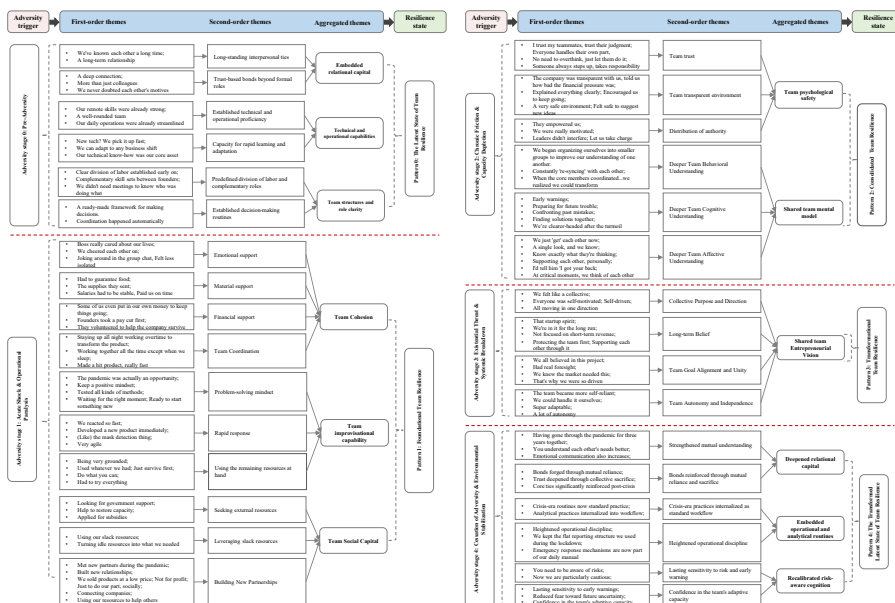


Figure 2. Coding structure: team resilience responses. Source: Authors' own work

4. Findings

Our analysis shows that entrepreneurial team resilience evolves through a sequence of transitions between phases, each associated with changes in the attributes of adversity and distinct adaptive demands. Specifically, changes in the attributes of persistent adversity – novelty, disruption, and criticality – are followed by declines in functioning that make existing response patterns insufficient and prompt teams to develop new forms of collective adaptation. We present four key transitions that constitute the trajectory of team resilience. Table 2 summarizes the changes in the resilience phases, from a latent state embedded in pre-adversity routines to a transformed latent state after adversity.

4.1 From latent capacity to foundational resilience: activating improvisational adaptation

Before the pandemic, teams operated with strong pre-existing relationships among founders and established routines and technical capabilities. These structural resources were embedded in everyday functioning and included strong interpersonal trust, accumulated domain expertise, and implicit role clarity. While not explicitly recognized as resilience mechanisms, these elements formed a latent set of adaptive capacities, which we conceptualize as *the latent state of team resilience*.

An important dimension of this latent state is *embedded relational capital*. High-trust relationships, created through long-term familial, academic, or professional ties, functioned as a latent socio-emotional resource. These established relationships provided mutual understanding, cognitive shortcuts, and psychological safety that did not need to be developed under pressure. For instance, one founder noted, “During my student years, Mr. Steve was my PhD supervisor. There was a deep personal bond between us – he was both a supervisor and an elder brother figure. I wanted to walk alongside Mr. Steve” (Team 15).

Similarly, accumulated *technical and operational expertise* supported rapid strategic adaptation. Pre-existing knowledge bases, developed before the crisis, functioned as organizational assets, showing that adaptive responses were not spontaneously generated:

Table 2. Overview of key events over the pandemic for the entrepreneurial teams

Adversity stage	Time	Event ID	Event description	Event strength		Criticality	Adversity stage label
				Novelty	Disruption		
Stage I	2019/12	I 1	Initial outbreak: First confirmed symptomatic cases of COVID	+++	+	+	Acute Shock and Operational Paralysis
	2020/01	I 2	National virus spread: Provinces initiate Class 1 Public Health Emergency responses	+++	+++	+	
	2020/01	I 3	Regional lockdowns: Implementation of regional quarantines and travel restrictions	+++	+++	+	
	2020/02–04	I 4	Workplace paralysis: Employee mobility is restricted, halting core business and sales operations	+++	++	+	
	2020/02–04	I 5	Consumption disruption: Abrupt shift to online channels and termination of physical operational projects	+++	++	+	
	2020/02–04	I 6	Production stagnation: Restricted HR mobility and raw material supply chain disruptions	+++	+++	++	
	2020/02–04	I 7	Logistical breakdown: Regulated transportation disrupts basic business activities	+++	+++	++	
	2020/04	I 8	Policy relaxation: Gradual national relaxation of initial lockdown protocols	+	+	+	
Stage II	2020/04–2021/12	II 1	Recurring regional outbreaks: Operational pressure increases, amplifying business risks and deteriorating team motivation	+	++	++	Chronic Friction and Capacity Depletion
	2020/04–2021/12	II 2	Supply chain fatigue: Strain accumulates across upstream and downstream networks	+	+++	+++	
	2020/04–2021/12	II 3	Mounting financial strain: Sustained capital pressure, ongoing layoffs, and elevated team anxiety	+	+++	+++	
	2020/04–2021/12	II 4	Capital market contraction: Reduced access to financing and heightened investor caution	++	+++	+++	

(continued)

Table 2. Continued

Adversity stage	Time	Event ID	Event description	Event strength		Criticality	Adversity stage label
				Novelty	Disruption		
Stage III	2022/01	III 1	Omicron variant spread: Unpredictable policy shifts cause severe urban closures and supply chain volatility	+++	+++	+++	Existential Threat and Systemic Breakdown
	2022/03–05	III 2	Shanghai outbreak: Strict transmission control measures paralyze the Yangtze Delta regional industries	+++	+++	+++	
	2022/01–12	III 3	Severe market contraction: General decline in consumer spending power and collapse of market confidence	++	+++	+++	
	2022/01–12	III 4	Workforce demotivation: Economic uncertainty and burdensome pandemic compliance protocols erode employee drive	++	++	+	
	2022/01–12	III 5	Existential financial crisis: Intermittent operations, hindered sales, declining retention, and unsustainable cash flow deficits	++	+++	+++	
	2022/01–12	III 6	R&D stagnation: Shrinking market environment induces passivity and uncertainty in research and development	+++	+++	++	
	2022/01–12	III 7	Systemic industry disorder: Disrupted operational rhythms, frozen markets, and constrained regional labor flows	+++	+++	+++	
	2022/12	III 8	Policy cessation: Complete elimination of pandemic prevention and control policies	+++	+	+	

Note(s): This analysis examines the common events that entrepreneurial teams encounter throughout the process. Therefore, some events are presented within a period rather than pinpointing a specific time. The adversity attributes are assessed according to the degree of each dimension, as outlined by [Morgeson et al. \(2015\)](#)

Source(s): Authors' own work

“We had been accumulating these capabilities . . . It’s not like we suddenly had them. We had been preparing for a long time” (Team 8).

Furthermore, implicit *team structures and role clarity* provided a basis for coordinated decision-making. Pre-defined functional complementarities—where members implicitly understood their distinct responsibilities across strategic and operational domains

(e.g. Victor and Vince, Team 16) - served as a coordination structure that later facilitated rapid coordination.

Before the COVID pandemic, these relational, technical, and structural elements were embedded in ordinary operations, and their relevance to resilience was implicit until the crisis made them visible. The transition from these latent capacities to active resilience began with a sharp increase in acute novelty and disruption when adversity began. The extreme novelty of the situation made existing routines less useful, leaving entrepreneurial teams in a state of high uncertainty. At the same time, disruptions to supply chains, physical mobility, and customer access caused a sharp, temporary decline in performance. This change created a mismatch between existing routines and environmental demands, resulting in immediate workflow interruptions and operational delays. As one founder described: “After we had made the preparations, the pandemic suddenly began. Then, suddenly, the quarantine began, and all employees stayed there until March or April” (Team 13).

Perceived long-term criticality, however, remained comparatively low: the threat was often interpreted as temporary, similar to short-lived public health events, generating disorientation but not yet a perceived threat to venture survival: “When 2020 began, we were all quite confused” (Team 4). The immediate task was therefore to halt operational decline. Under conditions of high novelty, high disruption, and low perceived criticality, teams enacted improvisational adaptation, supported by the combined use of team improvisational capability, team cohesion, and *social capital*.

Team improvisation capabilities were enacted because extreme novelty made existing business models and routines unviable, compelling teams to recombine resources rapidly. This rapid, improvisational innovation drew on latent technical expertise. For example, one team repurposed its ultrasonic technology: “We discovered that our technology was also capable of (mask) welding . . . It was our timely pivot and adaptability that made the difference” (Team 5). Similarly, other ventures quickly redeployed their capabilities to build emergency online platforms for clients experiencing disruptions (Team 14).

Simultaneously, severe disruption and resource constraints made *team cohesion* more important. Teams used pre-existing relational capital to provide critical socio-emotional and practical support, maintaining coordination under stress. As one team reflected, this response “instilled a sense of communal support that continues to underpin our approach to work challenges” (Team 3), creating “a remarkable level of solidarity and clarity” (Team 26).

At the same time, teams used their external networks to compensate for internal limitations. Through *team social capital*, they secured operational support, managed supply disruptions, and accessed alternative resources. For instance, Team 14 used government connections to resume operations and engaged industry networks to launch new service platforms, alleviating immediate financial pressure.

The combined use of improvisation, cohesion, and social capital made latent capacities visible through concrete adaptive action, enabling teams to reduce operational decline and restore basic functioning. We interpret this as the transition to *foundational resilience*, characterized by rapid improvisation and short-term stabilization.

4.2 From reactive adaptation to consolidated resilience: building relational and cognitive integration

As the initial shock was followed by a prolonged period of adversity, the environmental context changed from novelty to *sustained disruption and increasing criticality*. Although novelty diminished as regulatory conditions stabilized - “everyone was in a normal state of work” (Team 14) - the cumulative effects of disruption intensified. This phase was experienced as ongoing strain, “a continuous series of small stones dropping into the water, creating persistent, grinding pressure” (Team 12).

At the same time, criticality increased as market contraction and capital constraints threatened venture viability. What was initially perceived as a temporary disruption evolved

into a long-term structural challenge (Team 34). As one team observed: “Many of our clients found it difficult to continue, resulting in either their companies struggling to survive or a reduction in business volume.” (Team 5).

This change exposed the limitations of the *foundational resilience* developed in the initial phase. While improvisation and the use of external resources were effective in reducing the immediate decline, they proved increasingly unsustainable under prolonged pressure. As a result, teams experienced a second performance decline characterized by depletion of team capacity, fatigue, and emerging relational strain. The persistence of disruption gradually weakened the initial cohesion established when the crisis began, creating a mismatch between reactive coping strategies and the demands of sustained adversity.

In response, teams initiated a transition toward internal stabilization mechanisms, changing from outward-facing adaptation to internal coordination. Central to this transition was the development of *team psychological safety*, a relational mechanism that reduced the effects of prolonged stress. This mechanism emerged because sustained disruption increased the risk of conflict, disengagement, and breakdown of collaboration. By fostering trust, open communication, and mutual support, teams stabilized interaction patterns and sustained collective functioning under pressure. As one founder reflected: “Despite our tight budget at that time, I chose to trust him unconditionally and invest where necessary. As a result, we maintained a leading position in our industry” (Team 12). Psychological safety helped reduce the anxiety and potential fragmentation in the sustained adversity stage.

In parallel, teams developed *shared team mental models* to address growing cognitive complexity. As the environment evolved into an uncertain “new normal”, adaptation depended less on rapid action and more on collective interpretation. This cognitive alignment enabled teams to process ambiguous signals, coordinate decisions, and reduce uncertainty in strategic direction. As one respondent described: “He’ll tirelessly pursue this kind of mental synchronization and communication . . . His goal is to align his thinking with ours and then with middle management’s thinking to achieve a high degree of alignment” (Team 2).

Together, the development of psychological safety and shared mental models changed team coordination and decision-making from reactive improvisation to internally sustained coordination. This transition marks the emergence of consolidated team resilience, characterized by relational stability and cognitive alignment, enabling teams to endure prolonged adversity. Unlike foundational resilience, which prioritizes rapid response, consolidated resilience reflects the capacity to maintain coherence and direction under sustained environmental pressure. However, this internally stabilized state also had limits, as the state remains vulnerable if adversity is further intensified, particularly when disruption reaches the point of threatening venture survival.

4.3 From endurance to transformation: activating meaning-based adaptation

As persistent adversity reached its most severe phase, the environmental context became highly critical, accompanied by renewed disruption and unpredictability. Together, these conditions threatened venture survival. Previously stabilized coordination patterns were disrupted as operating conditions became unstable again. As one respondent noted: “the pandemic wasn’t concentrated in just one city. It changed from one city to another, and it was completely unpredictable” (Team 14). Concurrently, localized lockdowns triggered systemic market paralysis, leading to economic contraction: “the economy was gradually collapsing . . . Many companies had to lay off employees, and some even went bankrupt” (Team 12).

This combination of heightened disruption and peak criticality exceeded the resilience capacities developed during the prior phase. While psychological safety and shared mental models enabled teams to endure prolonged strain, they proved insufficient under conditions that threatened venture survival. Teams experienced their most severe performance decline, characterized by exhaustion, relational fragility, and loss of confidence: “The sense of pessimism had reached its peak” (Team 4).

This systemic breakdown reflected a fundamental change in the nature of adversity: the challenge was no longer how to coordinate or sustain operations, but whether continued action was meaningful or even viable. Under these conditions, prior mechanisms centered on coordination and alignment became inadequate, requiring a qualitatively different mode of adaptation.

In response, teams enacted *meaning-based adaptation* by cultivating and reaffirming a *shared team entrepreneurial vision*. This mechanism emerged because extreme criticality undermined not only operational viability but also the motivational and interpretive foundations of collective action. Teams reoriented their efforts beyond immediate survival by basing their actions on a strategic purpose that provided direction for future action. As a motivational resource, shared vision sustained persistence despite uncertainty: “For me personally, it was more about belief. We wanted to transform this advanced technology into a real clinical product. I was always thinking about how to find resources and opportunities to keep the company alive” (Team 10). Strategically, it guided substantial pivots when existing business models became untenable. For example, one venture reoriented its operations from physical services to AI-enabled solutions in response to prolonged lockdowns (Team 4). Relationally, shared vision reduced interpersonal strain under prolonged existential stress, allowing core members to withstand severe financial hardship without the core team dissolving. “The core members are very strong. During the most difficult period in 2022, we discussed salary cuts. The entire core team took a pay cut, and a few of us took no salary at all . . . This is about being guided by a vision” (Team 10).

In this way, teams revised their goals and, in some cases, their understanding of the venture’s purpose. This transition changed how teams functioned from endurance toward renewal. The enactment of shared vision marks the emergence of *transformational team resilience*, characterized by the capacity for strategic reinvention and shared reinterpretation of the venture’s purpose under existential threat. Unlike earlier stages, in which adaptation aimed to restore or stabilize operations, this stage represents a substantial redefinition of the venture’s future direction. Even when original business models became unviable, teams that reached transformational resilience maintained core team relationships, reformulated objectives, and identified and pursued new strategies. In this state, teams moved beyond survival; they transformed their routines, relationships, and strategic assumptions to enable the venture to function after the crisis.

4.4 From active adaptation to transformed latency: embedding resilience

The final transition begins with the end of the adversity trigger, marked by the removal of strict pandemic control measures at the end of 2022. From an event system perspective, this environmental stabilization reduced novelty, disruption, and criticality, thereby eliminating the conditions that had previously required active adaptation. As the external pressures receded, team resilience became less visible. Capacities that had served as emergency response mechanisms gradually became part of routine operations, so that resilience again became latent.

However, empirical evidence suggests that this change from active crisis response back to latent resilience capacity did not represent a regression to the pre-adversity level (Stage 0). Instead, the cumulative experience of managing successive resilience states changed the teams’ capacities. Through the cycle of foundational, consolidated, and transformational resilience, prior capabilities were redefined, extended, and embedded.

First, this transformation changed routines and risk perceptions after the crisis. Teams internalized new operational routines and analytical practices developed under pressure. For example, one venture noted: “We clearly determine our daily shipment volume and identify potential risks” (Team 2). Concurrently, repeated exposure to uncertainty led to a lasting recalibration of risk perception. The teams’ mindset changed from their baseline level of optimism to greater pragmatism: “The experience made us realize that you need to be aware of

risks . . . Now we are particularly cautious” (Team 15). These changes indicate that resilience is not simply enacted during adversity but becomes embedded as an *ongoing organizational capability*.

Second, the shared experience of prolonged adversity reshaped the team’s *relational architecture*. While extreme pressure strained peripheral organizational ties, core relationships that endured through the crisis became stronger. This cohesion emerged through mutual reliance, leading to a level of trust and emotional alignment not present before the crisis. As one respondent noted: “Having gone through the pandemic for three years . . . You understand each other’s needs better . . . Emotional communication also increases”(Team 33). This strengthened relational foundation was accompanied by stronger shared confidence, with teams expressing less fear toward future uncertainty (Team 6).

Together, these embedded changes mark the transition to a *transformed latent state*, in which resilience becomes less visible again, but rests on a higher level of capability. Unlike the initial latent state, this transformed state reflects accumulated learning, recalibrated cognition, and strengthened relational ties. Resilience thus changes from an episodic response to a *structural property of the team*, providing a more robust foundation for managing future shocks.

4.5 Comparative cases: where transitions did not occur

The preceding analysis detailed the completed progression through resilience transitions among surviving ventures. To avoid treating survival as an outcome explained solely by resilience, this section examines non-surviving ventures as comparative cases to identify where resilience development stopped. These cases show the points at which transition mechanisms were either not observed or insufficiently sustained. This indicates a halt in the development of resilience capacity, not a complete explanation of venture failure. As discussed in the Limitations section, venture survival is a distinct outcome contingent on internal resilience and external structural conditions. Our analysis of the nine pre-pandemic non-surviving ventures reveals arrested development across all three transition points (three at the first stage, four at the second, and two at the third), showing that the process can break down at each developmental stage.

First, three ventures (Teams 25, 27, and 30) stalled during the initial transition from latent capacity to foundational resilience. Faced with peak novelty and disruption, their limited relational capital, domain expertise, and role clarity constrained their ability to recombine resources rapidly. Consequently, improvisation did not develop sufficiently, and the initial operational paralysis persisted. As one founder illustrated: “We simply lacked the established mutual trust and operational routines to coordinate a quick pivot. When the lockdown hit, everyone just froze waiting for instructions, and the initial confusion became a permanent standstill” (Team 27).

Similarly, the three non-surviving ventures founded during the pandemic (Teams 37, 38, and 39) experienced an immediate breakdown at this first transition. These teams lacked a pre-existing latent state. Without historical relational capital, expertise, and role structures characteristic of older ventures, they had too little latent capacity to mobilize a foundational resilience response. This pattern points to the role of the latent state in initiating the resilience cycle and remains consistent with our broader point that survival also depends on external structural conditions.

Second, four ventures (Teams 23, 24, 26, and 28) successfully executed early improvisation but did not develop the psychological safety and shared mental models required to manage sustained disruption. Under prolonged strain, the cohesion developed during the initial phase weakened, and relationships became more conflict-prone, preventing the transition to consolidated coordination. One founder reflected on this deterioration during the second year: “There have been times . . . I lost my temper with him, and we had some serious conflicts” (Team 23).

Third, two ventures (Teams 22 and 29) successfully reached the consolidated phase but did not develop sufficient meaning-based adaptation when the adversity intensified into a threat to venture survival. Lacking a reconstructed shared vision, these teams defaulted to short-term survival tactics. As one founder described: “At the end of 2022, I couldn’t accept it; I just escaped. . . I feel I’ve become a short-term opportunist . . . First earn the money in front of you and keep the company alive” (Team 29).

In summary, these comparative cases illustrate how resilience evolution can stop at different stages. They identify points at which specific capacities or mechanisms were not sufficiently formed, sustained, or transformed. Ultimate venture survival remains a complex outcome determined by the interplay between these internal adaptive processes and external structural conditions.

5. Discussion

This study develops a grounded, process-based explanation of how entrepreneurial team resilience evolves under persistent adversity. Building on process accounts of resilience (Hartmann *et al.*, 2025; Bisbey *et al.*, 2025), and using EST as a lens, our analysis of 39 entrepreneurial teams reveals a state-transition model (Figure 3): from a latent state, teams progress through foundational, consolidated, and transformational resilience before returning to a transformed latent state. Each transition is associated with a change in the configuration of novelty, disruption, and criticality. Each transition is also connected with a specific mechanism—improvisational adaptation, relational and cognitive integration, and meaning-based adaptation – associated with the adversity configuration at that phase. The study, therefore, advances a mechanism-based explanation of how resilience evolves through successive phases.

Figure 3 visualizes this state-transition logic as a process model and corresponds to the data structure in Figure 2. To make the link between coding and model reasoning transparent, the aggregate dimensions in Figure 2 appear in Figure 3 as resilience states, and the second-order themes appear under the same labels as the mechanisms and capacities that constitute each state: embedded relational capital, technical and operational capabilities, and team structures and role clarity in the latent state; team improvisational capability, team cohesion, and team

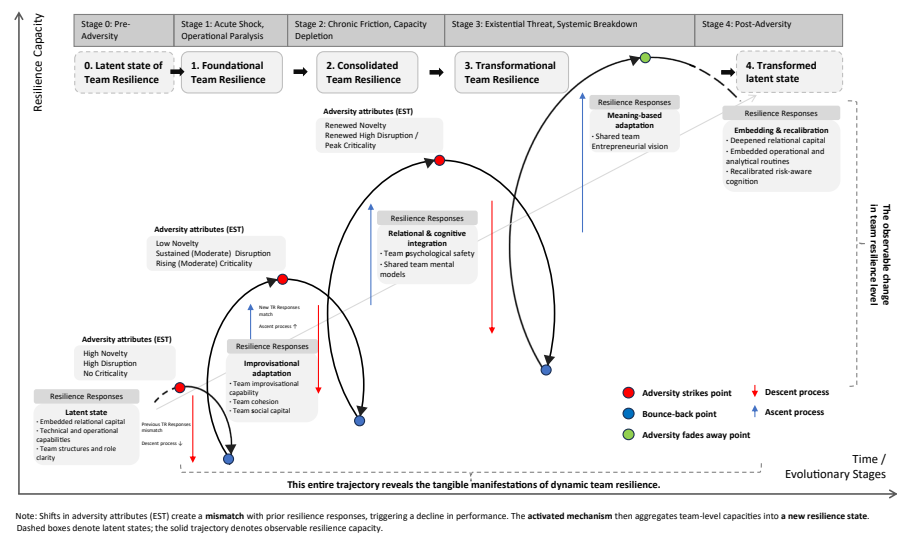


Figure 3. Process model of entrepreneurial team resilience. Source: Authors’ own work

social capital in foundational resilience; team psychological safety and shared team mental models in consolidated resilience; shared team entrepreneurial vision in transformational resilience; and deepened relational capital, embedded operational and analytical routines, and recalibrated risk-aware cognition in the transformed latent state. The trajectory shows resilience responses, while the dashed boxes at Stages 0 and 4 denote latent states in which resilience persists as a capacity that remains latent until adversity requires adaptive action. Each red node marks where changes in adversity attributes create a mismatch with prior responses and trigger a performance decline; the subsequent recovery represents activation of the corresponding mechanism, through which team capacities become expressed in a new resilience state at the blue bounce-back node.

Two features distinguish this model from linear recovery accounts. First, the trajectory is path-dependent: each mechanism builds on the capacities consolidated in the prior stage, with improvisation supporting the subsequent cognitive integration, which in turn enables the emergence of a shared vision. Second, the return to latency in Stage 4 is not a regression to the pre-adversity baseline, but a qualitatively transformed state, in which deepened relations, embedded routines, and recalibrated cognition form a more robust foundation for future shocks. Resilience thus becomes a cumulative feature of team functioning that develops across the trajectory beyond any single moment of recovery.

5.1 A state-transition view of team resilience

First, our findings clarify the structure of the resilience process: the states through which teams move and how each state connects to the next. This structure rests on a distinction between latent capacity, embedded in routine functioning and not yet enacted, and observable responses through which resilience manifests in the face of adversity (Stoverink *et al.*, 2020). These states are understood as analytically differentiated phases of a continuous process; their boundaries mark changes in the dominant response and remain analytical rather than categorical.

From this perspective, the trajectory is cumulative and path-dependent. Each state depends partly on the preceding state: the relationships strengthened during foundational resilience support the cognitive integration of the consolidated state. This, in turn, makes meaning-based strategic change possible. This structure contributes directly to the antecedent and capacity-based tradition reviewed earlier, which models resilience as resources and capacities available at a given point in time (Chen and Zhang, 2021; Ranucci and Wang, 2024; Stoverink *et al.*, 2020). That tradition explains which resources teams can use; our account adds how those resources change in their use and significance as adversity develops, tracing how they are used, exhausted, and reconfigured in qualitatively distinct forms across the trajectory. In doing so, it qualifies two assumptions often embedded in capacity-based measures: that resilience is a single property a team possesses to a greater or lesser degree, and that the team remains unchanged throughout the process. Our findings instead indicate a succession of analytically distinct states, each enacted through a different dominant mechanism and each reconfiguring the team – an observation that converges with Preller *et al.*'s (2023) account of teams that are changed by their response to adversity.

The final stage of the process extends the recovery-oriented conceptions that have framed much resilience research. Bounce-back accounts locate the outcome in the restoration of prior functioning (Williams *et al.*, 2017); our findings extend this process by showing that the post-adversity latent state differs from the pre-adversity latent state, with stronger underlying capabilities than before (as developed in Section 5.3). Resilience, on this view, develops cumulatively and becomes a more stable feature of team functioning.

5.2 Adversity as a dynamic driver: linking EST to resilience mechanisms

Second, our findings identify changing attributes of adversity as being central to resilience development. Integrating EST, the analysis traces a recurring decline–response–transition

pattern: as the configuration of novelty, disruption, and criticality changes, it makes the prevailing response insufficient and leads to a performance decline; the decline is associated with a qualitatively different response that, when effective, supports the team's transition to a new state.

Empirically, the pattern recurs with a distinct configuration of attributes at each turn. In Stage 1, high novelty and disruption make established routines ineffective, triggering a decline in functioning that is addressed through foundational responses such as improvisation and cohesion. As disruption persists and criticality rises in Stage 2, these initial responses prove insufficient, and the resulting decline triggers deeper, more consolidated responses (e.g. psychological safety and shared mental models) that stabilize the team under prolonged strain. In Stage 3, extreme criticality turns the challenge into a threat to the venture's survival; even consolidated capacities prove inadequate, leading to a severe decline and triggering a meaning-based response centered on a shared vision.

This pattern depends not on the level of any single attribute at any given moment, but on the way the configuration of attributes evolves. This temporal property is intrinsic to EST itself. Alongside event strength, Morgeson *et al.* (2015) theorize *change* in event strength: events are dynamic, growing or receding in novelty, disruption, and criticality as they develop, and this trajectory conditions how strongly an event ultimately shapes behavior (Proposition 9 in Morgeson *et al.*, 2015). The COVID-19 pandemic represented a sustained event of this kind. Each of our transitions is triggered by a directional change in the configuration – novelty receding while disruption accumulates, criticality increasing until venture survival became severely threatened – so that the trajectory of adversity shapes the timing and sequence of resilience development.

This temporal reading clarifies where the study builds on EST and where it moves beyond it. This study adopts from EST the event-strength vocabulary and the premise that the development trend of an event, alongside its average strength, governs its behavioral impact (Morgeson *et al.*, 2015). EST develops this premise for the effect of a single event on behavior and does not specify the response processes; our model applies this premise to prolonged, multi-wave adversity and specifies how teams respond as event strength changes. Two extensions follow. First, the analysis treats persistent adversity as an evolving event system whose strength changes over time, tracing how successive configurations of novelty, disruption, and criticality are associated with qualitatively distinct adaptation mechanisms. Second, it refines how the three attributes are interpreted: as the configurations show, they operate as distinct combinations of overall strength, each combination linked to a particular mechanism – high novelty and disruption with improvisation, sustained disruption and rising criticality with relational and cognitive integration, and peak criticality with meaning-based adaptation. In this sense, the decline–response–transition pattern instantiates EST's logic of event-strength change at the team level while adding the resilience-side mechanism that EST does not specify.

This adversity-side logic also distinguishes the model from the process perspectives reviewed earlier. The relational, cognitive-emotional, and emergent-capacity streams each show how teams adapt (Bisbey *et al.*, 2025; Hartmann *et al.*, 2025; Preller *et al.*, 2023; Williams *et al.*, 2017), while often treating adversity itself as a relatively stable analytical condition: a loss event, a destabilizing exit, or a stressor of given severity. Hartmann *et al.* (2025), for instance, trace in fine detail how teams enact resilience across episodes through the relational process of caring, while treating the adverse event as the trigger for that process. By specifying how the changing strength of adversity shapes the transition from one mechanism to the next, our model adds an adversity-side explanation to these process accounts and clarifies the link between an evolving adversity and the mechanisms through which teams respond.

5.3 From latent potential to transformed capacity: the latent state

Third, our findings establish a clear conceptual distinction between a team's latent capabilities and the observable resilience responses enacted in the face of adversity. Existing process

models tend to focus on resilience once it becomes visible, often overlooking the pre-adversity phase, when resilience remains latent (Stoverink *et al.*, 2020). Our findings address this gap by introducing and empirically grounding the concept of the *latent state (Stage 0)*. This state comprises embedded relational capital, accumulated technical and operational capabilities, and implicit team structures that together constitute a team's latent potential. These elements are latent resilience capacities because they are embedded in routine functioning and only become salient when activated by an external shock (Luthar *et al.*, 2000).

Activation occurs during the initial shock (Stage 1), in which adversity makes latent potential visible through team responses. This distinction between latent capacity (latent state) and enacted response (resilience responses) clarifies the micro-foundations of resilience, showing that adaptation does not emerge spontaneously but is achieved through the selective activation and recombination of prior capabilities under specific conditions of adversity.

Crucially, this process is not unidirectional. If resilience is cumulative, the process should also include the transformed latent state (Stage 4), which captures how resilience is incorporated into routine functioning after adversity subsides. Teams internalize the experience of managing adversity, leading to enduring changes in their operational routines, cognitive frames, and relational structures, and to an elevated baseline of capability. This transformation suggests a post-adversity mechanism through which enacted responses reshape the underlying capacity from which future resilience may emerge (Williams *et al.*, 2017).

This view highlights two phases that process perspectives have often paid less explicit attention to: the pre-adversity latent phase and the post-adversity re-embedding phase (Stoverink *et al.*, 2020; Williams *et al.*, 2017). The transformed latent state, in particular, identifies the point at which episodic adaptation becomes incorporated into durable routines, cognitive frames, and relations. It thereby connects resilience to organizational learning – experience that is retained as capability – and to the reconfiguration of a team's resource base, a concept central to the dynamic-capabilities perspective, while locating that conversion at the team level.

5.4 Implications for practice

Beyond aligning actions with specific stages in the resilience process, our model provides three practical lessons within clear scope conditions. These lessons apply specifically to small ventures facing a prolonged, exogenous, and escalating crisis. First, resilience relies heavily on relationships, expertise, and role clarity developed before the crisis. Because resilience draws on pre-existing capabilities, the ability to withstand prolonged adversity is shaped substantially before a crisis occurs. Consequently, pre-crisis relational capital, role clarity, and accumulated expertise can indicate how effectively a team is likely to absorb an initial shock. For teams already managing a crisis, attempting to develop new latent capacity under pressure is difficult. In such situations, teams should prioritize identifying, recombining, and using existing resources.

Second, successful phase transitions require switching between response modes. As adversity evolves, responses that worked earlier may become less effective. A renewed decline in performance may indicate that the prevailing strategy is no longer effective and should be reassessed. For instance, initial improvisation can become a liability during sustained disruption when teams continue to rely on ad hoc responses rather than developing relational and cognitive integration. Because these transitions appear broadly sequential in our setting, educators and incubators can design experiential training that simulates the moment when a previously successful approach begins to fail, thereby cultivating the skill of switching between response modes.

Third, external intervention requires careful sequencing. While public policy cannot reduce the novelty or disruption of an exogenous shock, it can mitigate the perceived criticality of prolonged adversity. Predictable and transparent regulations can reduce the perceived threat to venture survival during such crises by reducing uncertainty about future policy actions.

Polymakers can therefore support entrepreneurial resilience by providing immediate liquidity at the onset and subsequently prioritizing regulatory predictability as the main constraint shifts from short-term resource scarcity to longer-term survival risk.

5.5 Limitations and future research

While this study offers insights into the evolution of entrepreneurial team resilience, several limitations suggest avenues for future research. A primary methodological limitation is the reliance on retrospective interviews conducted after the pandemic, which introduces potential recall bias (Golden, 1992). Retrospective sensemaking may lead participants – particularly leaders of surviving firms – to unintentionally rationalize past strategic decisions, frame failures primarily as learning experiences, or reconstruct sequences of rapid, high-stress adaptation into a more coherent narrative than they appeared at that time. Although data triangulation was used to mitigate this bias, the temporal dynamics of resilience evolution may remain only partially captured. Future research would benefit from longitudinal, real-time designs – such as panel surveys, diaries, or archival analysis – to capture resilience mechanisms as they develop.

A second limitation concerns the limited depth of the intra-team perspective. Because the empirical evidence comes primarily from interviews with one or two key members per venture, the data may not fully capture the complexity of collective team dynamics (Hartmann et al., 2020). Future studies could incorporate data from all team members to better understand how individual-level emotions and cognitions converge or diverge within teams (Preller et al., 2023). Such an approach would clarify how internal interactions mediate the relationship between external shocks and team resilience.

Third, an important boundary condition of this study is the conceptual distinction between resilience evolution and venture survival. The model describes the temporal development of team resilience, treating venture survival as a separate, multifaceted outcome governed by internal adaptation and independent structural factors such as financial reserves, industry-specific demand shocks, and localized policy constraints (Doern et al., 2019; Korber and McNaughton, 2018; Williams et al., 2017). These structural variables can decouple resilience from survival outcomes: teams exhibiting robust resilience may fail under severe external conditions, while those with limited adaptive capacity may persist due to favorable financial reserves. Consequently, we conceptualize resilience as one contributing factor to survival, and we use the comparative analysis in Section 4.5 strictly to identify where resilience development stopped or remained incomplete. Although sampling across 12 cities and multiple industries partially mitigates this structural heterogeneity, future research could integrate resilience and external conditions into a comprehensive, contingency-based framework of entrepreneurial survival under prolonged adversity.

6. Conclusion

By examining entrepreneurial team resilience during the COVID pandemic, this study develops a dynamic, empirically grounded process model informed by EST. Building on process accounts of resilience, the findings specify how changing configurations of novelty, disruption, and criticality shape a team's transitions between resilience states. These changing attributes trigger distinct resilience responses, such as improvisation, relational and cognitive integration, and shared vision, which in turn drive transitions across resilience states.

The empirical evidence shows that resilience development originates in a latent state and develops through repeated cycles in which teams respond to adversity and move into new resilience states. Importantly, this process does not restore teams to their original baseline. Instead, prolonged adversity can provide a context in which teams develop stronger underlying capacities. As a result, resilience emerges as the development of previously latent team capacities into more stable routines, relationships, and ways of interpreting risk.

Table A1. Semi-structured interview guide

Section	Questions
<i>Part 1: enterprise and team profile</i>	
1. Venture	<i>Can you tell me about your firm?</i> • How many employees (excluding yourself) do you have now? • How many employees did you have before the pandemic? • Have you made any changes to your business in the last three years (since the pandemic)? Describe the major changes, the approximate timing, and the reasons for these changes
2. Entrepreneurial Team	<i>Can you tell me about your entrepreneurial team?</i> • How many team members (or co-founders) did you have when starting the business? • How do you know them, and how long have you known them? • What are their roles? • Have there been any changes in the past three years? • How many have left or joined the business in the last three years, and why did they leave or join?
3. Individuals	<i>Can you tell me about yourself?</i> • What is your age, education (highest degree and institution), and major? • Before this business, did you have any working experience, management experience, or entrepreneurial experience? • What motivated you to start this business? (e.g. family business background or influence from friends)
<i>Part 2: Stages of Adversity, Entrepreneurial Team Reactions and Reflections</i>	
4. COVID Pandemic Effects on Business	<i>How has the COVID pandemic (+/–) affected your business?</i> • How did your team react to these difficulties? • How have your company and team performed? <i>How would you break down the phases of the COVID pandemic?</i> • Why did you separate the pandemic into these phases?
5. Stage of the Pandemic (repeat these questions for each phase of the pandemic)	(1) Can you recall the greatest adversities your company experienced? (Provide an example.) (2) What were the impacts of these adversities on your venture and team? (Provide examples.) (3) In your opinion, what were the key causes of these adversities? (4) What was your company's main goal in the first year of COVID? (5) How did you and your team react to these adversities? (Provide examples of actions you took to address the pandemic's impact.) (6) Why and how did you and your team develop these actions? Follow-up question examples (used only if relevant to the participant's account) • Did your team collectively believe that you could successfully resolve this adversity? How? • Did you feel safe making risky decisions during this adversity? Why? • Did your team develop something new using existing resources to withstand the adversity? How? • Did you understand the roles of other members in managing the adversity? Why? • Did you receive external support during the adversity? How? • Did you feel your team members were passionate about the venture during adversity? (7) How did you assess your business and team's performance during this stage?

(continued)

Table A1. Continued

Section	Questions
6. Comparison of Experiences	(1) Can you summarize your team's experience over the last three years in terms of your feelings about the adversities? (2) Were there any differences in how adversities were handled? Can you elaborate on these differences? (3) What do you think were the main factors contributing to these differences?
Part 3: End	
7. Follow-up	(1) Can you recommend a team member for a follow-up interview? (2) Do you know of any other ventures willing to be interviewed for this project?
Note(s): The questions below served as a flexible guide to facilitate open discussion rather than as a fixed questionnaire. Interviewers used them adaptively to encourage participants to elaborate on their experiences in their own words. Follow-up prompts (e.g. questions about team confidence or risk-taking) were asked only when relevant to participants' narratives. They were intended to elicit richer descriptions rather than to test predefined constructs. This approach ensured that the data collection remained exploratory and inductive	
Source(s): Authors' own work	

Appendix 2

Table A2. Adversity attribute and intensity categorization examples

Adversity attribute	Key facts	Low intensity (+)	Moderate intensity (++)	High intensity (+++)
Novelty	Workstyle	Remote work had a limited effect on business	Some operations shifted online, but efficiency declined	Lockdown caused a complete business halt
	Client	Clients were initially unsure of the pandemic's impact	Sudden changes in clients' demand	The Shanghai lockdown caused clients' orders to stop suddenly
	Policy	Covid control policy is timely and effective	Covid control policy has a trend of rigidity	Covid control policy is getting rigid
	Team	The company was less affected, and the team remained stable	Team efficiency declined, but did not stop entirely	Mass employee departures, and the core team disintegrated
Disruption	Supply Chain	Supply chain restores after a transit stop, and delayed projects are resumed gradually	Purchasing and supply chain have bottlenecks	Suppliers are unable to fulfill contracts, causing delays Competitors went bankrupt, and the market was being reshaped
	Market	The market was volatile	Market's flexibility decreases, affecting customers	Material supply disruptions led to factory closures

(continued)

Table A2. Continued

Adversity attribute	Key facts	Low intensity (+)	Moderate intensity (++)	High intensity (+++)
Criticality	Layoffs	Reduced staff to lower operational costs	The company/team is increasing layoffs, requiring urgent financing	Massive layoffs make it difficult to run some operations
	Cost	Project costs rose, squeezing profit margins	The financial chain was heavily impacted, but still manageable	Core business halted, facing bankruptcy risk
	Financing and Cash Flow	Short-term cash flow difficulties; Government subsidies alleviated some pressure	External investment has decreased, making financing more challenging Investors were worried about the company's cash flow status	Facing a break in the funding chain, urgently needing external financing; The pandemic led to severe cash flow problems for the company

Source(s): Authors' own work

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